

Company Registration No. 07844587 (England and Wales)

**TOWNLEY GRAMMAR SCHOOL**  
**(A COMPANY LIMITED BY GUARANTEE)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

TUESDAY



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COMPANIES HOUSE

# TOWNLEY GRAMMAR SCHOOL

## REFERENCE AND ADMINISTRATIVE DETAILS

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### Members

John Paterson  
Jane Wrigley  
Sharon Massey  
Michael Timoney (Resigned 11 January 2016)  
Lucy Follis  
Desmond Deehan  
Fabian Gupta De Fabiani (Appointed 8 December 2015)  
Richard Symes  
Aamer Safdar  
Jude Greene-Steward  
Stephen Hailes  
Yunita Ramgoolam (Appointed 6 May 2016)  
Karen Lindridge (Appointed 23 September 2015)

### Trustees and Governing Body

John Paterson (Chair)  
Jane Wrigley (Vice-Chair )  
Desmond Deehan (Head Teacher (Accounting Officer))  
Aamer Safdar (Governor)  
Jude Greene-Steward (Governor)  
Stephen Hailes (Governor)  
Sharon Massey (LA Governor)  
Richard Symes (Staff Governor)  
Fabian Gupta De Fabiani (Staff Governor) (Appointed 8 December 2015)  
Michael Timoney (Parent Governor) (Resigned 11 January 2016)  
Yunita Ramgoolam (Parent Governor) (Appointed 6 May 2016)  
Lucy Follis (Parent Governor)  
Karen Lindridge (Governor) (Appointed 23 September 2015)

### Senior Leadership Team (SLT)

Desmond Deehan	Head Teacher
Richard Booth (Resigned 31 August 2016)	Deputy Head Teacher
Richard Beaumont	Assistant Head Teacher
Kim Anderson (Resigned 31 August 2016)	Assistant Head Teacher
Nevita Pandya	Assistant Head Teacher
Sarina Totty	Assistant Head Teacher
Heather Whitmore	Assistant Head Teacher
Kerry Loomes	School Business Manager

### Company secretary

Kerry Loomes

### Company registration number

07844587 (England and Wales)

### Registered office

Townley Road  
Bexleyheath  
Kent  
DA6 7AB

# TOWNLEY GRAMMAR SCHOOL

## REFERENCE AND ADMINISTRATIVE DETAILS

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**Independent auditor**

RSM UK Audit LLP  
25 Farringdon Street  
London  
EC4A 4AB  
United Kingdom

**Bankers**

Lloyds TSB  
Stratford Westfield Branch  
PO Box 1000  
BX1 1LT

**Solicitors**

Lee Bolton Monier-Williams Solicitors  
1 The Sanctuary  
Westminster  
London  
SW1P 3JT

# TOWNLEY GRAMMAR SCHOOL

## TRUSTEES' REPORT

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The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 1 September 2015 to 31 August 2016. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The Academy Trust operates an academy for pupils aged 11 to 19 serving a catchment area in Bexleyheath and neighbouring boroughs. It has a pupil capacity of 1550 and had a roll of 1502 in the school census on 28th January 2016.

### STRUCTURE, GOVERNANCE AND MANAGEMENT

#### Constitution

The Academy Trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Academy Trust.

Townley Grammar School is a high performing selective school providing free education for girls in years 7 to 11 and both girls and boys in years 12 to 13. Charges only apply to activities to which the law allows. The School offers a broad curriculum and holds Specialist Status in Performing and Visual Arts together with Mathematics and Computing. In addition to a high standard of education, the School provides a supportive environment and targeted support which develops well rounded students, keen to take a leading role in the society of the future. The School is at the heart of the community, promoting community cohesion and sharing facilities with other schools in the wider community. Emphasis is also placed upon the needs of individual pupils including pupils with special educational needs (SEN). The comprehensive Student Services department includes a dedicated team that provides support for such students, which includes in school counselling for emotional and behavioural concerns, one to one tuition and mentoring and the co-ordination of external agencies. Pupil Premium funding supports students on Free School Meals (FSM) by subsidising school visits and extra-curricular activities, targeting teaching/academic support, supporting in the purchase of equipment and uniform and supporting the use of Academic Mentors.

The trustees of Townley Grammar School are also the directors of the charitable company for the purposes of company law. Details of the Trustees who served during the year are included in the Reference and Administrative Details on page 1.

#### Members' liability

The Risk Protection Arrangement (RPA) Administrator's limit of liability in respect of each academy shall be £10,000,000 each and every loss and shall be the maximum aggregate liability of the RPA Administrator from all losses from an academy whose Academy Trust is a member during any one membership year.

#### Trustees' indemnities

The RPA Administrator will subject to the definitions, extensions, exclusions and conditions of the rules indemnify the member for all sums that the member shall become legally liable to pay for damages or compensation in respect of or arising out of claims made against the member during a membership year.

# TOWNLEY GRAMMAR SCHOOL

## TRUSTEES' REPORT (CONTINUED)

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### **Method of recruitment and appointment or election of Trustees**

The members of the Academy Trust may appoint up to five Trustees, including Staff Trustees. The members may appoint two staff Trustees through such process as they may determine, provided that the total number of Trustees (including the Principal) who are employees of the Academy Trust does not exceed one third of the total number of Trustees. The members have chosen to select Staff Trustees through the Head Teacher's nomination.

Parent Trustees are elected by parents of registered pupils of the Academy Trust. A Parent Trustee must be a parent of a pupil attending the Academy Trust at the time elected. The members will ensure that there is a minimum of two Parent Trustees. Where a vacancy for Parent Trustee is required to be filled by election, the Governing Body shall take all reasonable steps to ensure persons eligible are informed of the vacancy and informed of their entitlement to stand.

The Trustees make all necessary arrangements for, and determine all other matters relating to, the election of Parent Trustees. Should the election of a Parent Trustee be contested, it will be addressed by a secret ballot. This has not been necessary during the year.

The Principal shall be treated for all purposes as an ex-officio Trustee.

Up to one Local Authority Trustee may be appointed.

The Trustees may appoint up to three Co-opted Trustees. A Co-opted Trustee means a person who is appointed to be a Trustee by being co-opted by Trustees who have not themselves been so appointed. The Trustees may not co-opt an employee of the Academy Trust as a Co-opted Trustee if thereby the number of Trustees who are employees of the Academy Trust would exceed one third of the total number of Trustees (including the Principal). The Trustees co-opted two new Trustees during the year, selected on the basis of the relevance of their skills to the Trustees priorities.

The Secretary of State may give a warning notice to the Trustees and appoint Additional Trustees under the following circumstances:

- The standards of performance of pupils at the Academy are unacceptably low;
- There has been a serious breakdown in the way the Academy is managed or governed; or
- The safety of pupils or staff of the Academy is threatened (whether by a breakdown of discipline or otherwise).

This has not occurred during the year.

The term of office for any Trustee shall be four years with the exception of the following:

- This time limit does not apply to the Principal; and
- Staff Trustees only hold office for the length of time they are employed by the Academy Trust.

### **Policies and procedures adopted for the induction and training of Trustees**

In order to support the training of the Trustees, the Academy Trust purchases, on an annual basis, the Service Level Agreement offered by the Local Authority for Governor Support and Development.

All new Trustees are actively encouraged and expected to participate in the induction training offered enabling them to understand their role within the Academy Trust. Trustees are expected to continue to develop through participating in training relevant to the roles that they undertake as Trustees during the year, and to be engaged with the School during the school day on at least a termly basis.

# TOWNLEY GRAMMAR SCHOOL

## TRUSTEES' REPORT (CONTINUED)

### Organisational structure

The Academy Trust adopts a layered management structure in order to improve the efficiency and effectiveness of Townley Grammar School. The structure consists of the Trustees (including the Head Teacher); Senior Leadership Team; Strategic Leadership Group; Curriculum Leaders; Teachers and Support Staff. The aim of the management structure is to devolve responsibility and encourage involvement throughout decision making at all levels within the School.

The Trustees are responsible for setting general policy; adopting an annual plan and budget; monitoring the Academy Trust by the use of budgets; and making major decisions about the direction of the School, the curriculum offered, capital expenditure and senior staff appointments.

The Senior Leadership Team consists of the Head Teacher; one Deputy Head Teacher and five Assistant Head Teachers and the School Business Manager. These managers control the Academy Trust at an executive level implementing the policies laid down by the Trustees and reporting back to them on a regular basis. The Trustees role is to set and maintain the direction of the School.

The Strategic Leadership Group (Clusters Leaders), under the leadership of the Deputy Head Teacher, and the Strategic Leadership Group (Learning Managers), under the leadership of the Assistant Head Teacher implement and monitor the strategic direction of the School.

The above management teams are responsible for the day to day operation of the School, in particular organising the teaching staff, support staff, facilities and students.

Curriculum Cluster Groups feed into the above. They share common themes or methodology and are grouped together to facilitate joint working and sharing of expertise.

<b>Deputy Headteacher: School Improvement, Standards and Achievement</b>	<b>Assistant Headteacher: Sixth Form and Guidance</b>	<b>Assistant Headteacher: Student Care, Support and achievement of vulnerable students, Behaviour and Safety</b>	<b>Assistant Headteacher: STEM, E-learning and Global Learning and Attainment</b>	<b>Assistant Headteacher: Community and Curriculum</b>	<b>Assistant Headteacher: Teaching and Learning Assessment</b>
<b>Richard Booth</b>	<b>Sarina Totty</b>	<b>Kim Anderson</b>	<b>Nevita Pandya</b>	<b>Richard Beaumont</b>	<b>Heather Whitmore</b>
Year 11 SLG- Curriculum Leaders Examinations	Sixth Form Alumni Careers	Years 7 MFL SLG-Learning Managers Primary Transition	Years 9 Science/ Maths/ D&T / CS –STEM	Year 10 Humanities & English Timetable/Options	Year 8 Performing & Visual Arts

### Arrangements for setting pay and remuneration of key management personnel

The Governing Body determines the salary of key management staff and the pay range.

In making such determinations, the Governing Body take into account a range of factors including:

- the nature of the post
- the level of qualifications, skills and experience required
- market conditions
- the wider school context
- budget availability

### Related parties and co-operation with other organisations

Not applicable to the Academy Trust at present. During the year the Head Teacher played an active role in developing the link with similar local selective schools in the borough, to share best practice and negotiation of issues of common concern such as with the local authority on the administration of selective tests.

# TOWNLEY GRAMMAR SCHOOL

## TRUSTEES' REPORT (CONTINUED)

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### OBJECTIVES AND ACTIVITIES

The principal object and activity of the Academy Trust is to provide excellent educational facilities and services to girls from Year 7 to 11 and girls and boys in Years 12 and 13. The School educates children from the local area and beyond who are deemed selective in Years 7 to 11 and who meet the admissions criteria in the sixth form. The School admits 210 students in Year 7 and maintained a sixth form of approximately 471 students during the year.

The School offers a broad, balanced and inspiring curriculum, which is designed to match the educational needs of the students with the requirements of the National Curriculum. Creativity and imagination are valued in all aspects of the curriculum. The School was awarded Specialist Status for the Performing and Visual Arts in September 2004. This specialist status has enriched the arts education offered by the School and encouraged the development of creativity in staff and students. The School was awarded a second specialism in Mathematics and Computing in 2009. The School strives to maximise student potential – many students go on to study at specialist schools in the performing arts, or progress to high quality universities.

The Academy balances good order and discipline with the motivational power of praise and celebration. It takes every opportunity to celebrate students' achievements whether through exhibitions, performances, concerts or awards ceremonies.

The key public benefit provided by the Academy Trust is to provide a world class education to able girls, as well as boys in Years 12 & 13, from the wider community. It thus promotes the advancement of young people in the professions and industry. Together with first class academic qualifications students become responsible citizens with a social conscience, able to lead others and act as change agents for a better society.

It also deploys a strong mix of newly qualified and experienced teaching and trained support staff, providing them with a stimulating environment on which to develop their skills.

### Objects and Aims

The main objects and aims of the Academy Trust are:

- To advance for the public benefit education in the United Kingdom by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum;
- Offer prizes and awards etc. to pupils and former pupils;
- Encourage and assist pupils and former pupils;
- Maintain close links with the community;
- Raise the standard of education;
- Raise the achievement of all students; and
- Improve efficiency and effectiveness in all areas.

The Academy's aims are:

- To inspire and challenge our students through providing outstanding teaching, rich opportunities for learning, and encouragement and support for each individual.
- To create a School community that fosters academic, emotional and physical confidence and where students develop the courage to take risks and the wisdom to learn from their mistakes.
- To encourage in students a sense of dignity, integrity, responsibility and self-esteem.
- To educate students to be mature, confident, articulate and caring individuals who grow into responsible citizens with a social conscience, able to lead others and act as change agents for a better society.
- To provide students with first class academic qualifications and help them to acquire the attitudes, knowledge and skills to succeed within the world in which they will live.
- To encourage all students to have an open mind, a desire to be challenged and a respect for learning, each other and our environment.
- To develop students who are reflective and resourceful with a passion for learning.
- To use the power of creativity and performance to support our students in their emotional development and creative potential.
- To provide an outstanding education based on excellent and imaginative lessons, combining academic rigour with modern technology and creative techniques.
- To balance good order and discipline with the motivational power of praise and celebration.

# TOWNLEY GRAMMAR SCHOOL

## TRUSTEES' REPORT (CONTINUED)

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### **Objectives, strategies and activities**

Townley Grammar School is a high performing selective Academy with specialisms in Performing and Visual Arts together with mathematics, computing and science. It is one of the top performing grammar schools in the country with outstanding results at GCSE and A-level.

Townley Grammar School provides a world class education through inspiring teaching and excellent facilities. Its broad objectives are to continue to achieve outstanding academic results for its students, to advance their futures by enabling them to achieve places at the very best universities and pursue the careers of their dreams.

The main objectives for the year were:

### **A. Outcomes for Pupils**

#### Key Stage 3

To raise rates of progress in English, Science and Mathematics.

#### Key Stage 4

To raise achievement in Art, English Language, French, German and Physics.

To improve rates of progress in English, Biology and Physics.

To improve rates of progress in Mathematics for disadvantaged, middle ability students.

To develop new progress measures at Key Stage 3 in light of the removal of National Curriculum levels.

To implement effective timely intervention and support strategies for underperforming students, especially at Key Stage 3.

To raise standards in literacy, with a particular focus on Year 7 and transition, and work with all departments to implement the school's literacy strategy.

To closely monitor disadvantaged students, including making more effective use of 'in year' progress data, and to address any persistent absence.

### **B. Quality of Teaching, Learning and Assessment**

To make sure teaching challenges all students and meets their needs, especially at Key Stage 3, and in particular for higher attainers and disadvantaged students

*To further develop the use of formative assessment with a focus on consistency, frequency and quality of feedback.*

To improve the consistency of learning in Mathematics.

To further develop the use of summative assessment to refine tracking and monitoring at department level.

### **C. Personal Development, Behaviour & Welfare**

To make sure the consistent application of the School's Behaviour Policy, including improving the effectiveness of communication, recording of incidents and the role of the House Tutor.

To improve the safety of the School site.



# TOWNLEY GRAMMAR SCHOOL

## TRUSTEES' REPORT (CONTINUED)

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### D. Effectiveness of Leadership and Management

To further develop the effectiveness of the Middle Leadership including monitoring, review and self-evaluation of departments and to ensure that Senior Leadership Team (SLT) rigorously hold Middle Leaders to account.

To evaluate the quality of teaching over time effectively through the use of lesson observations, work scrutiny, progress data and student voice to better support self-evaluation, staff development and the sharing of best practice.

To improve communication between staff at all levels.

To establish the effective use of benchmarking data with similar schools.

To implement the new curriculum and assessment at Key Stages 4 and 5.

### E. Sixth Form Provision

#### Key Stage 5:

To raise achievement in English Literature and Economics.

To continue to raise achievement in Physics, Sociology & Further Mathematics.

To focus on raising achievement at A2 level, particularly in high achieving students and girls.

To review and agree the future curriculum structure at Key Stage 5 in light of national assessment changes.

#### **Public benefit**

The Trustees have complied with their duty to have due regard to the guidance on public benefit issued by the Charity Commission in exercising their powers and duties.

## STRATEGIC REPORT

### Achievements and performance

Townley Grammar School received its Ofsted Inspection in November 2015 with the report published in January 2016. The school received an Outstanding Ofsted Report with Outstanding judgements in all areas.

Academic results were also outstanding at both GCSE and A level with Townley Grammar once more achieving the highest results in the borough.

#### Results Summary 2016

Qualification	Measure	2016	Previous three year average
GCSE	A*/A%	60.21%	61%
	5A*/C	100%	-
	%Eng + Maths	97%	98%
AS level	A/B%	52%	58%
	A/C%	72.24%	78%
	A*/B%	71%	72%
A level	A*	8.3%	8%
	A*/A%	32%	36%
	A/C%	89%	91%

# TOWNLEY GRAMMAR SCHOOL

## TRUSTEES' REPORT (CONTINUED)

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- This year's A\* % at A-Level has risen from last year – there has been a national fall
- The AS results were the second best ever achieved

Building works continued during the year with new toilets and replacement windows in addition to the new boilers. All due for completion at the start of the new academic year.

Jack Petchey Speak Out Challenge – a Year 10 student won the regional finals of the Jack Petchey Speak Out Challenge and was selected to represent the school in the National Finals.

Another student from Y10 was successful in her application to Technovation as a Student Ambassador for the programme. She was selected from thousands of students from around the world and attended a 4 day training programme in Silicon Valley, San Francisco; all funded by Technovation; a global initiative to encourage girls into technology.

Our Assistant Head Teacher (AHT) for Science, Technology, Engineering and Mathematics (STEM) was also successful as a Master Educator for Technovation; bringing with it the opportunity to be partnered with a prestigious organisation such as Technovation, and further opportunity to partner with industry in both Silicon Valley and the UK.

This year due to consistent excellence within the programme, Townley Grammar School was selected as the flagship First Give School from a total of over 100 other schools in England. The school hosted the MET Police Commissioner as well as other First Give VIP guests and trustees to showcase our excellence and commitment to the programme. Alongside this, First Give endorsed our bespoke Spiritual, Moral, Social and Cultural (SMSC) training package due to our excellence within this field.

We were also nominated for the Department for Education (DfE) Character Awards and while we did not win we were Highly Commended.

### Sixth Form University Admissions 2015-2016

	2013	2014	2015	2016
Application to university	90.7%	88%	91.3%	92.8%
First choice	71%	72%	77%	60%
Oxbridge	1.3%	0.6%	3.7%	2%
Russell Group	30.8%	37.5%	41%	42%
Medicine (incl. Dent & Vet)	4.1%	0.6%	4.4%	5.3%

Individually another former Townley student competed in the Rio Olympics. Lauren Ugen competed in the Long Jump and a Year 11 student competed in the national schools athletics championships. 4 out of our 5 Oxbridge candidates secured their place and there has been an overall increase in Russell Group admissions.

2015-2016 has seen the highest percentage of students applying to university and the highest number of students attending Russell group universities.

# TOWNLEY GRAMMAR SCHOOL

## TRUSTEES' REPORT (CONTINUED)

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### Trips and Visits

**India.** In November 2015 4 of our students and a member of staff attended the Community Development and Leadership Summit (CDLS) hosted by the Modern School in Delhi, India; this was extremely successful and the students returned with glowing reports of their experience. Since attending the summit, the students have been involved in setting up the Global Committee and embedding global learning in the school. In addition to this, we have been fortunate enough to be invited to a number of global leadership conferences by other schools around the world who were present at the CDLS, including invitations from Thailand and Malaysia.

**Russia.** We hosted a delegation from the Russian Ministry (in collaboration with Intel) which included the Minister for Science & Technology from Moscow. The minister was extremely impressed with our students, our facility and STEM enrichment programme. We have since been contacted with reference to furthering this relationship; including hosting students from Moscow and a visit from Townley to the Russian National STEM Centre.

**Silicon Valley.** We had another very successful Computing trip to California and the students benefitted from the visit to all the top computing companies including Google, Microsoft, Facebook, Intel and Drop Box.

### **Financial review**

Townley Grammar School continues to be prudent with its budget. The School produces a five year plan that allows us to predict the impact of uncertain changes in the funding stream received from the Education Funding Agency and the increase or decrease in our staffing structure. The Academy Trust's funds for the year ended 31 August 2016 were £22,086k and are broken down as follows:

- GAG Funding - £415k
- Other DfE/EFA Funding – £181k
- General non-GAG Restricted Fund - £Nil
- Restricted Fixed Assets - £23,012k
- Unrestricted Revenue - £353k
- Pension Reserve - (£1,875)

Most of the Academy's income is obtained from the Education Funding Agency in the form of recurrent grants, the use of which is restricted for particular purposes. During the year ended 31 August 2016, the total expenditure was covered by our recurrent grant funding from the Education Funding Agency and excluded income from other sources, such as voluntary income, activities for generating funds and lettings. The availability of Devolved Formula Capital is very limited however, during the year 1 September 2015 to 31 August 2016, the Academy Trust was successful with its bidding for the Condition Improvement Fund direct with the Education Funding Agency and were awarded funding for New Washroom Facilities and New Windows in certain parts of the school. This project will be completed by December 2016. Staff, students and stakeholders are thoroughly enjoying and benefiting from all of the new and improved facilities during the last five years.

The Academy will be using the reserves wisely and will be investing and addressing the immediate needs of the School. This includes the continued refurbishment and development of facilities for students. The aim is to invest in quality educational resources such as Information Technology. Performing and Visual Arts spaces are a key priority as part of our specialist area and we continue to improve the social facilities for our students.

# TOWNLEY GRAMMAR SCHOOL

## TRUSTEES' REPORT (CONTINUED)

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### Reserves policy

The Trustees review the reserve levels of Townley Grammar School on an annual basis. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Trustees have determined that the appropriate level of free reserves should be in accordance with the funding agreement with the Secretary of State for Education. The Trustees have reviewed these reserve levels and believe that they should provide sufficient working capital to cover delays between spending and receipt of grants and to allow for unexpected situations such as urgent maintenance work.

The pensions reserve is in deficit due to the historic liability taken on by the Academy Trust upon conversion. It is expected to be reduced over a number of years in line with crystallisation of the liability and is considered separately in our financial planning in accordance with the report received from the actuaries.

As at 31 August 2016, total reserves including the restricted fixed asset funds and the pension reserve amounted to £22,086,000 (2015: £22,530,000), of which £596,000 was restricted general funds and £353,000 unrestricted funds. There is a pension fund deficit of £1,875,000 (2015: £994,000).

### Investment policy

The Governing Body's policy is to invest surplus funds in low risk short term bank deposits with Lloyds TSB (the Academy's own bank).

### Key performance indicators

During the year September 2015 – August 2016, the school were awarded an **Outstanding Ofsted** in November 2015:

1. <b>Effectiveness of Leadership and Management</b>	<b>Outstanding</b>
2. <b>Quality of Teaching, Learning and Assessment</b>	<b>Outstanding</b>
3. <b>Personal Development, Behaviour and Welfare</b>	<b>Outstanding</b>
4. <b>16 – 19 Study Programmes</b>	<b>Outstanding</b>
5. <b>Overall Effectiveness at Previous Inspection</b>	<b>Not Previously Inspected</b>

### **Ofsted Outcomes for Pupils**

Our Ofsted inspection revealed that our students make excellent progress in all subjects and at the end of Year 11, pupils' attainment is exceptional. Disadvantaged Pupils, Disabled Pupils and those with Special Educational Needs do as well and in some cases better than other pupils in the academy.

The academy provides excellent targeted support and individual intervention. Pupil Premium Funding is used very effectively to enable pupils to make rapid progress.

We actively challenge gender stereotyping in career choices and as a result, 25 former students are studying computing at University.

Our results summary on previous pages highlights our pupil's achievements and plans for future periods enabling us to measure trends over time, set targets and monitor and review outcomes.

### **Pupil Attendance Figures for September 2015 – August 2016**

<b>Year Group</b>	<b>Attendance</b>	<b>School Standard</b>
Year 7	97.95%	96.00%
Year 8	96.55%	96.00%
Year 9	96.85%	96.00%
Year 10	97.31%	96.00%
Year 11	97.33%	96.00%
Year 12	94.88%	95.00%
Year 13	94.58%	95.00%
<b>All Years</b>	<b>96.46%</b>	<b>95.71%</b>

# TOWNLEY GRAMMAR SCHOOL

## TRUSTEES' REPORT (CONTINUED)

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### Financial KPI

The Academy began the financial year 2015 – 2016 with the following Financial Key Performance Indicators:

KPI	2015-16
Total Staff Costs (£)	6142524.00
Salary Costs to EFA Revenue Income (%)	87.59
Salary Costs to Total Income (%)	86.76
Salary Costs as Proportion of Total Expense (%)	81.98
FTE Teaching Staff	85.40
FTE Support Staff	56.30
Total FTE	141.70
Total Pupil Numbers by Lagged Pupil Numbers	1444.00
Pupil Teacher Ratio as per Lagged Pupil Numbers	16.91
Average Teacher Cost (£)	52547.18
Proportion of Budget Spent on the Leadership Team (%)	7.77
Spend per Pupil not Associated with Staffing Costs (£)	935.05

Various measures took place throughout the year and our overall staffing costs were reduced by £45,272 and further action to reduce overall costs will take place in future years.

### Going concern

Rising on-costs associated with staffing and the reduction in funding has had a major impact upon our budget. After making appropriate enquiries, the Board of Trustees has an expectation that the Academy Trust has adequate resources to continue in operational existence. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

The Academy has been operating for nearly five full years. We are constantly monitoring and reviewing our policies and procedures in connection with academy status. An initial deficit budget for 2016 – 2017 has been set and agreed by the trustees on the basis that we had enough reserves.

We have set up a working group / sub-committee who have been working on reducing the in-year deficit by taking the following action:

- Increase our planned admission numbers (PAN) years 7 – 11
- Increase our pupil numbers years 12 – 13
- Increase our letting revenue
- Promotion of our gift aid scheme
- General fund raising
- Condition improvement fund bids
- Summer school activities
- Hosting international students
- Reduce associate staff costs
- Reduce academic staff costs
- Reduce overtime
- Introduction of a premises team site rota to cover the site for school events and lettings
- Increase class sizes
- Reduce subject offers
- Review Teaching and Learning Responsibilities (TLR) structure
- Reduce supply cover by using both academic and associate staff working for the Academy
- Natural wastage / non replacement of staff
- Maternity cover – covered in-house where possible
- Formation of a fund raising committee for the Academy to work alongside the Parents' Association.

The Academy need to remain prudent with the budget and the working group / sub-committee must continue to meet in order to achieve savings and increase revenue.

# **TOWNLEY GRAMMAR SCHOOL**

## **TRUSTEES' REPORT (CONTINUED)**

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### **Plans for future periods**

The Academy Trust has a range of plans for the coming years including:

#### **Effectiveness of Leadership and Management**

- To further develop the effectiveness of all leaders with a particular focus on the use of tracking data
- To ensure the evaluation of teaching over time links effectively with continued professional development (CPD)
- To embed the effective use of benchmarking data
- To develop further opportunities for student leadership at KS3
- To further secure the financial viability of the school

#### **Outcomes for Pupils**

- To raise achievement in sciences, technology and modern foreign languages (MFL)
- To review how progress is tracked and measured across all key stages
- To embed and evaluate the new assessment measures at KS3
- To raise standards in literacy across KS3

#### **Quality of Teaching, Learning and Assessment**

- To ensure teaching and learning challenges all students and deepens their thinking
- To review and further develop opportunities for collaboration and co-curricular activities
- To embed the transition to new KS4 arrangements
- To develop and implement a review of Y7/8 to evaluate standards

#### **Personal Development, Behaviour and Welfare**

- To further develop the role of the House/Form Tutor to ensure consistency and effectiveness across all Key Stages (with a particular focus on behaviour)
- To continue to improve the safety of the school site with particular consideration for lettings
- To coordinate and develop an effective Personal Development, Character & Welfare programme for Y7-Y13
- To develop a programme to support mental health awareness and wellbeing of the school community

#### **Sixth Form Provision**

- To raise achievement in sciences, technology and MFL
- To develop the co-curricular support of high achievers
- To develop a rigorous induction programme for Sixth Form
- To improve the wider provision for male students in the sixth form
- Further develop the School's website, and the way that it is used to increase engagement with the School
- Fundraising
- Continue outsourcing non-core activities
- Target disadvantaged students
- Adopt electronic on-line facilities

# TOWNLEY GRAMMAR SCHOOL

## TRUSTEES' REPORT (CONTINUED)

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### Principal risks and uncertainties

The Academy Trust is exposed to three common categories of risk:

- External Risk: Arising from the external environment, not wholly within the organisation's control, but where action can be taken to mitigate the risk.
- Operational Risk: Relating to delivery of current activities and building capacity and capability.
- Change Risk: Created by decisions to pursue new endeavours beyond current capability.

Principal risks and uncertainties identified that concern the Academy Trust are:

- Fair Funding Formula – Delayed
- Unknown inflation.
- Changes in demographic growth.
- Current systems becoming obsolete, changing technology to achieve objectives.
- Energy efficiency and meeting relevant standards – investment required in certain areas.
- Public sector targets met through Audit / Ofsted / Performance Management.
- Local Government Pension Scheme Deficit.
- Possible increase in Pension Scheme Employers Contribution Rates (Teachers) (Pending)
- Changes in the School funding stream.
- Local Authority top slicing, via Schools Forum, of Age Weighted Pupil Unit (AWPU) to fund High Needs expenditure

In order to manage and mitigate these risks, budget planning; advanced planning; systems; procedures; constant monitoring, evaluating and reviewing processes are being updated and developed throughout the School.

**Risk Management Process:** Major risks to which the Academy Trust is exposed have been identified and reviewed by the Trustees through regular meetings. Systems and procedures have been established to manage risk through the Risk Management Team within the School. This is formed of senior members of support staff and a teaching member of the Senior Leadership Team. The team are led by the School Business Manager. The group reports to the management and the Trustees through the relevant committee meetings whereby exposure to risk is considered on a regular basis.

The Risk Management Team have been concentrating on the Academy's comprehensive risk register in order to identify risks in the following areas whilst considering the major categories of risk (i.e. external risk; operational risk and change risk):

- Strategic and Reputational Risk
- Operational Risks
- Compliance Risks
- Financial Risks

Other sources of identifying risk are through the School's System of Internal Control adopted throughout the Academy, Ofsted Report, Audit Report and Responsible Officer Report.

**Financial and Risk Management Objectives and Policies:** The Academy Trust will mitigate these risks through comprehensive Risk Management Policies, Financial Procedures and Cash Flow Forecasts.

# TOWNLEY GRAMMAR SCHOOL

## TRUSTEES' REPORT (CONTINUED)

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### AUDITOR

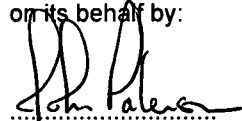
RSM UK Audit LLP has indicated its willingness to continue in office.

### Statement as to disclosure of information to auditor

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The Trustees' report is approved by order of the Board of Trustees and the strategic report (included therein) is approved by the Board of Trustees in their capacity as the directors at a meeting on 15/12/16 and signed on its behalf by:



John Paterson  
Chair



# TOWNLEY GRAMMAR SCHOOL

## GOVERNANCE STATEMENT

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### Scope of responsibility

As Trustees we acknowledge we have overall responsibility for ensuring that Townley Grammar School has an effective and appropriate system of control, financial and otherwise. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Board of Trustees has delegated the day-to-day responsibility to the principal, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Townley Grammar School and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

### Governance

The information on governance included here supplements that described in the Trustees' report and in the statement of Trustees' responsibilities. The Trustees have formally met 4 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustees	Meetings attended	Out of possible
John Paterson (Chair)	4	4
Jane Wrigley (Vice-Chair)	3	4
Desmond Deehan (Head Teacher (Accounting Officer))	4	4
Aamer Safdar (Governor)	4	4
Jude Greene-Steward (Governor)	1	4
Stephen Hailes (Governor)	4	4
Sharon Massey (LA Governor)	4	4
Richard Symes (Staff Governor)	4	4
Fabian Gupta De Fabiani (Staff Governor) (Appointed 8 December 2015)	2	2
Michael Timoney (Parent Governor) (Resigned 11 January 2016)	1	1
Yunita Ramgoolam (Parent Governor) (Appointed 6 May 2016)	1	1
Lucy Follis (Parent Governor)	4	4
Karen Lindridge (Governor) (Appointed 23 September 2015)	0	4

A key change in the composition of the board of trustees is the introduction of a parent governor with a financial background. This has strengthened the board with the additional skill sets to include financial experience. Our largest challenge relates to the setting of the budget and identifying savings in accordance with value for money to achieve a balanced budget and compliance in future years.

### Governance reviews

Annually, we review the composition of sub committees, i.e. Finance & General Management, Staffing and Curriculum. Also a review is carried out of the smaller committees i.e. Pay Committee, Admissions and Disciplinary Panels. The purpose of the review is to ensure that Trustees with the appropriate skills are allocated to the relevant committees and panels.

Trustees attend regular training seminars and events to broaden their knowledge in support of School activity. Additionally, Trustees' forum has been established whereby discussions are held concerning future training and engagement with the school.

# TOWNLEY GRAMMAR SCHOOL

## GOVERNANCE STATEMENT (CONTINUED)

The finance and general purposes committee is a sub-committee of the main Board of Trustees. Its purpose is to assist the decision making of the Trustees by enabling more detailed consideration to be given to the best means of fulfilling the governing body's responsibility to ensure sound management of Townley Grammar School's finances and resources, including proper planning, monitoring and probity. They will make appropriate comments and recommendation on such matters to the governing body on a regular basis. Any major issues will be referred to the full governing body for ratification.

Subject to the requirements of current legislation, the committee is authorised to:

- Consider Townley Grammar School's indicative funding, notified by the DfE and to assess its implications for the academy, in consultation with the Head Teacher, in advance of the financial year, drawing any matters of significance or concern to the attention of the governing body.
- Consider and recommend acceptance / non acceptance of Townley Grammar School's budget, at the start of each financial year.
- Contribute to the formulation of Townley Grammar School's development plan, through the consideration of financial priorities and proposals, in consultation with the Head Teacher, with the stated and agreed aims and objectives of the school.
- Receive and make recommendations on the broad budget headings and areas of expenditure to be adopted each year, including the level and use of any contingency fund or balances, ensuring the compatibility of all such proposals with the development priorities set out in the development plan.
- Liaise with and receive reports from the staffing / remuneration and curriculum committees, as appropriate and make recommendations to those committees about the financial aspects of matters being considered.
- Monitor and review expenditure on a regular basis; ensure compliance with the overall financial plan for the Townley Grammar School and with the financial regulations of the DfE, draw any matters of concern to the attention of the governing body.
- Monitor and review procedures for ensuring the effective implementation and operation of financial procedures, on a regular basis, including the implementation of bank account arrangements and where appropriate to make recommendations for improvement.
- Prepare the financial statement to form part of the annual report of the governing body to parents and for filing in accordance with the DfE, Companies Act and the Charity Commission requirements.
- Receive auditors' reports (both internal and external) and to recommend to the full governing body action as appropriate in response to audit findings.
- Recommend to the full governing body, the appointment or reappointment of the auditors of Townley Grammar School.

Attendance at meetings in the year was as follows:

Trustees	Meetings attended	Out of possible
John Paterson (Chair)	3	3
Jane Wrigley (Vice-Chair)	3	3
Desmond Deehan (Head Teacher (Accounting Officer))	3	3
Aamer Safdar (Governor)	3	3
Jude Greene-Steward (Governor)	2	3
Stephen Hailes (Governor)	2	3
Sharon Massey (LA Governor)	1	3
Richard Symes (Staff Governor)	3	3
Fabian Gupta De Fabiani (Staff Governor) (Appointed 8 December 2015)	1	2
Lucy Follis (Parent Governor)	3	3

# TOWNLEY GRAMMAR SCHOOL

## GOVERNANCE STATEMENT (CONTINUED)

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### **Review of value for money**

As accounting officer the principal has responsibility for ensuring that the Academy Trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The accounting officer considers how the Academy Trust's use of its resources has provided good value for money during each academic year, and reports to the Board of Trustees where value for money can be improved, including the use of benchmarking data where available. The accounting officer for the Academy Trust has delivered improved value for money during the year by:

I accept that as accounting officer of Townley Grammar School I am responsible and accountable for ensuring that the academy trust delivers good value in the use of public resources. I am aware of the guide to academy value for money statements published by the Education Funding Agency and understand that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

I set out below how I have ensured that the academy trust's use of its resources has provided good value for money during the academic year by:

- We have continued to review the Curriculum offer to ensure that courses that were not financially viable have been withdrawn and to ensure that sufficient curriculum time has been allocated to those subjects that form a core element of the curriculum for our students. As a result the post 16 offer has been reduced to match the school's resources. Similar action has been taken with the rest of the curriculum, phasing out Italian as an MFL option and subsequently reducing staffing.
- We have completed the planned building project opening the Ada Lovelace computing suite and Bytes dining hall in September 2015. The majority of the costs were met by government funding with the use of School Reserves to ensure the facility provides a world class school environment for our students. Additional subject specific classroom space and extensive dining facilities are now available to all students. We have continued to improve facilities through Conditions Improvement Funding with successful bids for boilers, windows and toilets.
- Outstanding outcomes for students have once more been achieved as outlined in the schools achievements. This has included not only GCSE and A level results but recognition for the high standard of Character education from the DfE and our Outstanding Ofsted Report.
- In response to our popularity and to increase funding we have admitted an additional 14 Year 7 students with minimal additional expense and maintaining comparable class sizes with neighbouring Grammar schools.

### **Value for Money Financial Governance and Oversight**

Value for money is about achieving the best possible educational and wider societal outcomes through the economic, efficient and effective use of all the resources in the trust's charge.

As accounting officer, I ensure that Townley Grammar School is accountable for 'taxpayers' money and achieves 'value for money' by:

- Avoiding waste and extravagance.
- Ensuring the organisation is carefully structured.
- Ensuring the organisation has sound systems of financial governance.
- Ensuring that there are sound financial controls in place for income and expenditure and that all goods and services are procured in an open and transparent way.
- Ensuring that financial records are up to date allowing us to reconcile our accounts on a monthly basis and monitor cash flow.
- Ensuring that financial monitoring and timely reporting takes place each month and through the relevant trustee committee meetings.
- Ensuring that there are robust controls for payroll arrangements and segregation of duty for all involved in the process.

# TOWNLEY GRAMMAR SCHOOL

## GOVERNANCE STATEMENT (CONTINUED)

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- Ensuring that segregation of duty applies within the finance department.
- Ensuring that all financial transactions represent value for money and procurement procedures are followed with particular attention paid to areas of large spending and capital projects.
- Ensuring that we have arrangements for internal audit to carry out a service that further safeguards the trustees.
- Ensuring that our building is let to the local community and raises additional funds in support of the development of the academy.

As accounting officer I have ensured that the trusts finances have been managed in a transparent and effective way and that financial records have been monitored, evaluated, reviewed and audited by our internal and external auditors.

We have engaged in a thorough analysis of strengths and weaknesses since before September. The publication of Raise on Line brings this to a point whereby we can make some confident assessments of our priorities. This relates to our School Improvement Plan priorities.

We have identified that increased costs coupled with reduced income places the school in a challenging situation regarding financial stability. Much of these factors are outside the school's control, such as increased on-costs for staffing and changes to the funding of post 16 students. However we have taken a robust approach to managing these challenges by continuing to review the curriculum and staffing levels and increasing numbers in the sixth form. Collaboration with other Grammar Schools has enabled useful benchmarking and cost saving exercises.

### **The purpose of the system of internal control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Townley Grammar School for the period 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

### **Capacity to handle risk**

The Board of Trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the period 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

### **The risk and control framework**

The Academy Trust's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular it includes:

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees;
- regular reviews by the finance and general purposes committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks.

# TOWNLEY GRAMMAR SCHOOL

## GOVERNANCE STATEMENT (CONTINUED)

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The Board of Trustees has considered the need for a specific internal audit function and has decided to appoint Liberata as Internal Auditor.

Liberata's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. In particular the checks carried out in the current period included:

The current internal audit service includes termly visits where checks are made on a sample of:

- Payroll (sample of 10 employees) – salary assessments for correct payment amounts / pension payments / CRBs / amendments to pay i.e. additional hours /deductions.
- Authorisation of salaries.
- Purchasing of goods and services (sample of 10 purchases) as per School's financial regulations and authorisation list including payments by credit card.
- Contracts for goods and services are agreed and are compliant with the schools financial regulations.
- Leasing arrangement.
- DFE and sponsors receipts are received and agree to source documentation.
- Invoiced income is correctly prepared and promptly received (sample of 10).
- Bank reconciliations.
- Aged debtor and creditor reports to identify any problems.
- Petty cash.
- Governance arrangements i.e. Finance and General Management Committee.
- Surplus of funds from GAG grants.

On a termly basis, Liberata reports to the finance and general management committee on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities. A report on their findings is circulated to the committee.

Townley Grammar School confirm that our internal auditor (Liberata) have delivered their schedule of work as planned. From this report, an action plan is produced identifying the key issues that outlines the on-going work that takes place in addressing such matters. The most recent report highlighted the following material control issues:

- Salary assessments should be authorised for all staff as described in the school's pay policy.
- The school should hold an authorised signatory list and credit card procedures.
- Orders should be authorised at the time of commitment of spending on the school's credit card. Credit card reconciliations should be authorised.
- The contracts / lease list should detail the value of each contract and termination arrangements.
- The school's financial system should be updated promptly on receipt of remittance advices from the EFA to ensure accurate up-to-date financial information is available.
- Income should be collected, receipted and banked promptly from debtors.
- Bank reconciliations should be reconciled and authorised promptly.
- The aged creditor report should be reviewed immediately and authorised payments should be made promptly for service and goods received by the school.
- Budget holders should ensure finance staff are notified of all correctly valued orders to be raised at the time of commitment to spend. Invoices should be authorised promptly by the budget holders to ensure payments are paid within 30 days.
- When making invoice payments to individuals the school should carry out an employment indicator check to confirm the person is engaged correctly in tax and employment law to dissolve any potential penalties from HM Revenue & Customs.
- The school should provide evidence to confirm value for money has been achieved where accumulated payments to suppliers exceed £10,000.
- Business charge card statements should be checked and authorised to confirm all transactions were correct and no additional fraudulent transactions had taken place.
- Application forms for hire of premises should be completed, authorised and signed by all hirer's and made available to audit.
- Monthly bank reconciliation forms should be properly to confirm that the bank statement less un-presented cheques plus un-presented income reconciles to the current ledger balance. Then these should be authorised.
- The terms of reference of the finance and general management committee should define the audit functions of the committee as detailed in the academies financial handbook 2.4. Staff may be member but should not participate as members when audit matters are discussed as 2.4.3.

# TOWNLEY GRAMMAR SCHOOL

## GOVERNANCE STATEMENT (CONTINUED)

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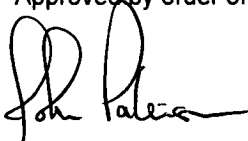
### Review of effectiveness

As accounting officer the principal has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

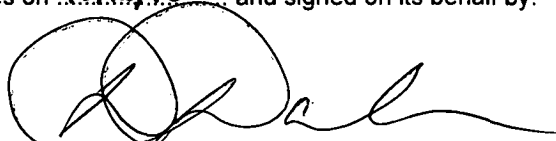
- the work of Liberata;
- the work of the external auditor (RSM UK Audit LLP);
- the financial management and governance self-assessment process ;
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.
- School Business Manager / Finance and General Management Committee

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Finance and General Management Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the Board of Trustees on 15/12/16 and signed on its behalf by:



John Paterson  
Chair



Desmond Deehan  
Head Teacher (Accounting Officer)

# TOWNLEY GRAMMAR SCHOOL

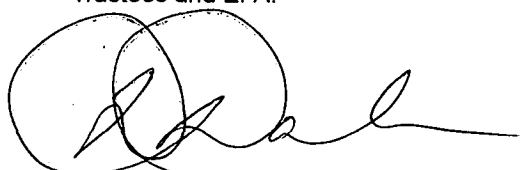
## STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

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As accounting officer of Townley Grammar School I have considered my responsibility to notify the Academy Trust Board of Trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

I confirm that I and the Academy Trust's Board of Trustees are able to identify any material irregular or improper use of funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's funding agreement and the Academies Financial Handbook 2015.

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the Board of Trustees and EFA.



Desmond Deehan  
Accounting Officer

15/12/16

# TOWNLEY GRAMMAR SCHOOL

## STATEMENT OF TRUSTEES' RESPONSIBILITIES

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The trustees (who are also the directors of Townley Grammar School for the purposes of company law) are responsible for preparing the Trustees' Report (including the strategic report) and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of Townley Grammar School and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:

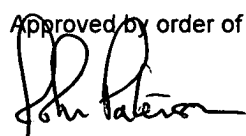
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring that grants received from the DfE/EFA have been applied for the purposes intended.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by order of the members of the Board of Trustees on 15/12/16 and signed on its behalf by:



John Paterson  
Chair



# **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TOWNLEY GRAMMAR SCHOOL**

**YEAR ENDED 31 AUGUST 2016**

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We have audited the financial statements of Townley Grammar School for the year ended 31 August 2016 set out on pages 26 to 45. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and the Academies Accounts Direction 2015/16 issued by the Education Funding Agency.

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

## **Respective responsibilities of Trustees and auditor**

As explained more fully in the statement of Trustees' responsibilities set out on page 23, the Trustees (who act as trustees for the charitable activities of the charitable company, and are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

## **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>

## **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2016 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the Companies Act 2006; and
- have been prepared in accordance with the Academies Accounts Direction 2015/16 issued by the Education Funding Agency.

## **Opinion on other requirement of the Companies Act 2006**

In our opinion the information given in the Trustees' report and the incorporated strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TOWNLEY GRAMMAR  
SCHOOL (CONTINUED)**

**YEAR ENDED 31 AUGUST 2016**

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**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- the charity has not kept adequate accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

*RSM UK Audit LLP*

Nicholas Sladden (Senior Statutory Auditor)  
for and on behalf of RSM UK Audit LLP, Statutory Auditor  
Chartered Accountants  
25 Farringdon Street  
London  
EC4A 4AB  
United Kingdom

Dated: *21 December 2016*

# TOWNLEY GRAMMAR SCHOOL

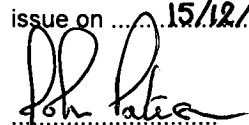
## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2016

		Unrestricted Funds	Restricted General Funds	Restricted Fixed asset Funds	Total 2016	Total 2015
	Notes	£'000	£'000	£'000	£'000	£'000
<b>Income and endowments from:</b>						
Donations and capital grants	3	4	36	718	758	1,818
Charitable activities:						
- Funding for educational operations	4	-	7,045	-	7,045	7,118
Other trading activities	5	506	17	-	523	380
Investments	6	2	-	-	2	2
<b>Total income and endowments</b>		<u>512</u>	<u>7,098</u>	<u>718</u>	<u>8,328</u>	<u>9,318</u>
<b>Expenditure on:</b>						
Charitable activities:						
- Educational operations	8	346	7,315	275	7,936	8,153
<b>Total expenditure</b>	7	<u>346</u>	<u>7,315</u>	<u>275</u>	<u>7,936</u>	<u>8,153</u>
<b>Net income/(expenditure)</b>		166	(217)	443	392	1,165
Transfers between funds		-	(6)	6	-	-
<b>Other recognised gains and losses</b>						
Actuarial losses on defined benefit pension schemes	17	-	(836)	-	(836)	(70)
<b>Net movement in funds</b>		166	(1,059)	449	(444)	1,095
<b>Reconciliation of funds</b>						
Total funds brought forward		187	(220)	22,563	22,530	21,435
Total funds carried forward		<u>353</u>	<u>(1,279)</u>	<u>23,012</u>	<u>22,086</u>	<u>22,530</u>

**TOWNLEY GRAMMAR SCHOOL****BALANCE SHEET****AS AT 31 AUGUST 2016**

		2016		2015	
	Notes	£'000	£'000	£'000	£'000
<b>Fixed assets</b>					
Tangible assets	12		23,012		22,563
<b>Current assets</b>					
Debtors	13	468		162	
Cash at bank and in hand		906		1,566	
		1,374		1,728	
<b>Current liabilities</b>					
Creditors: amounts falling due within one year	14	(389)		(716)	
<b>Net current assets</b>			985		1,012
<b>Total assets less current liabilities</b>			23,997		23,575
Creditors: amounts falling due after more than one year	15		(36)		(51)
<b>Net assets excluding pension liability</b>			23,961		23,524
Defined benefit pension liability	24		(1,875)		(994)
<b>Net assets</b>			22,086		22,530
<b>Funds of the Academy Trust:</b>					
<b>Restricted funds</b>	18				
- Restricted fixed asset funds			23,012		22,563
- Restricted general funds			596		774
- Pension reserve			(1,875)		(994)
<b>Total restricted funds</b>			21,733		22,343
<b>Unrestricted income funds</b>	18		353		187
<b>Total funds</b>			22,086		22,530

The financial statements set out on pages 26 to 45 were approved by the Board of Trustees and authorised for issue on 15/12/16 and are signed on its behalf by:



John Paterson  
Chair

# TOWNLEY GRAMMAR SCHOOL

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2016

	Notes	2016 £'000	£'000	2015 £'000	£'000
<b>Cash flows from operating activities</b>					
Net cash provided by (used in) operating activities	22		(656)		260
<b>Cash flows from investing activities</b>					
Dividends, interest and rents from investments		2		2	
Capital grants from DfE and EFA		692		1,771	
Capital funding from sponsors and others		26		14	
Payments to acquire tangible fixed assets		(724)		(2,967)	
			(4)		(1,180)
<b>Change in cash and cash equivalents in the reporting period</b>			(660)		(920)
Cash and cash equivalents at beginning of the year			1,566		2,486
<b>Cash and cash equivalents at end of the year</b>			906		1,566

# TOWNLEY GRAMMAR SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016

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### 1 Accounting policies

Townley Grammar School is a charitable company. The address of its principal place of business is given on page 1 and the nature of its operations are set out in the Trustees' report.

A summary of the principal accounting policies adopted (which have been applied consistently, except where noted), judgements and key sources of estimation uncertainty, is set out below.

#### **Basis of preparation**

The financial statements of the Academy Trust have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

Townley Grammar School meets the definition of a public benefit entity under FRS 102 and has therefore applied the relevant public benefit requirements of FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the charitable company. Monetary amounts in these financial statements are rounded to the nearest £'000.

These financial statements are the first financial statements of Townley Grammar School prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102). The financial statements of Townley Grammar School for the year ended 31 August 2015 were prepared in accordance with previous UK GAAP.

#### **Reconciliation with previous generally accepted accounting practice**

In preparing the financial statements, the governors have considered whether, in applying the accounting policies required by the Charities SORP FRS 102, a restatement of comparative items was needed. Restatements required were of a reclassification or presentational nature and are set out below:

<b>Reconciliation of reported net expenditure</b>	<b>£000</b>
Net income as previously stated	1,209
Interest on pension scheme liability treated as component income	(44)
<b>2015 net income as restated</b>	<b>1,165</b>

#### **Going concern**

The Trustees assess whether the use of going concern is appropriate, ie whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charitable company to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Academy Trust's ability to continue as a going concern. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

#### **Income**

All incoming resources are recognised when the Academy Trust has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

# TOWNLEY GRAMMAR SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

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### 1 Accounting policies (Continued)

#### Grants

Grants are included in the statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the statement of financial activities in the period for which it is receivable, and any abatement in respect of the period is deducted from income and recognised as a liability.

Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

#### Sponsorship income

Sponsorship income provided to the Academy Trust which amounts to a donation is recognised in the statement of financial activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

#### Donations

Donations are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable and the amount can be reliably measured.

#### Other income

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the Academy Trust has provided the goods or services.

#### Donated goods, facilities and services

Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the Academy Trust's accounting policies.

#### Interest receivable

Interest receivable is included in the Statement of Financial Activities on a receivable basis, and is stated inclusive of related tax credits.

#### Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

# TOWNLEY GRAMMAR SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

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### 1 Accounting policies (Continued)

#### Expenditure on raising funds

This includes all expenditure incurred by the Academy Trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

#### Charitable activities

These are costs incurred on the Academy Trust's educational operations, including support costs and costs relating to the governance of the Academy Trust apportioned to charitable activities.

#### Short term employee benefits

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### **Tangible fixed assets and depreciation**

Assets costing £1,500 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the statement of financial activities and carried forward in the balance sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the statement of financial activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy Trust's depreciation policy. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset on a straight-line or reducing balance basis over its expected useful life, as follows:

Land and buildings	20 years / over the life of the lease
Computer equipment	33% straight line
Fixtures, fittings and equipment	25% reducing balance
Motor vehicles	25% reducing balance

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the statement of financial activities.

#### **Liabilities**

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the Academy Trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

#### **Leased assets**

Rentals payable under operating leases are charged against income on a straight line basis over the period of the lease.



# TOWNLEY GRAMMAR SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2016

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#### 1 Accounting policies (Continued)

##### **Taxation**

The Academy Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Academy Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by chapter 3 part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

##### **Pensions benefits**

Retirement benefits to employees of the Academy Trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'), which are multi-employer defined benefit schemes.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a projected unit method. The TPS is a multi-employer scheme but there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions are recognised in the period to which they relate. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

The LGPS is a funded scheme and the assets are held separately from those of the Academy Trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to net income are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the statement of financial activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses. Actuarial gains and losses are recognised immediately in other recognised gains and losses.

##### **Fund accounting**

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the Academy Trust at the discretion of the Trustees.

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Education Funding Agency, and other funders, where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received and include grants from the Education Funding Agency and the Department for Education.

# TOWNLEY GRAMMAR SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

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### 1 Accounting policies (Continued)

#### **Financial instruments**

The Academy Trust has chosen to adopt Sections 11 and 12 of FRS 102 in full in respect of financial instruments.

#### *Financial assets and liabilities*

Financial assets and financial liabilities are recognised when the Academy becomes a party to the contractual provisions of the instrument.

Financial liabilities are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), unless the arrangement constitutes a financing transaction.

A financial asset or financial liability that is payable or receivable in one year is measured at the undiscounted amount expected to be received or paid net of impairment, unless it is a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and financial liabilities are offset only when there is a current legally enforceable right to set off the recognised amounts and the intention to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

#### **Agency arrangements**

The Academy Trust acts as an agent in the administering of 16-19 Bursary Funds from the EFA. Related payments received from the EFA and subsequent disbursements to students are excluded from the statement of financial activities to the extent that the Academy Trust does not have a beneficial interest in the individual transactions. The allowance of 5% as a contribution to administration costs is however recognised in the statement of financial activities. Where funds have not been fully applied in the year then an amount will be included as amounts due to the EFA.

### 2 Critical accounting estimates and areas of judgement

Accounting estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### Critical accounting estimates and assumptions

The Academy Trust makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 24, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

# TOWNLEY GRAMMAR SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2016

#### 3 Donations and capital grants

	Unrestricted funds £'000	Restricted funds £'000	Total 2016 £'000	Total 2015 £'000
Capital grants	-	692	692	1,771
Other donations	4	62	66	47
	<u>4</u>	<u>754</u>	<u>758</u>	<u>1,818</u>

The income from donations and capital grants was £758,000 (2015: £1,818,000) of which £4,000 was unrestricted (2015: £8,000), £36,000 was restricted (2015: £25,000) and £718,000 was restricted fixed assets (2015: £1,785,000).

#### 4 Funding for the Academy Trust's educational operations

	Unrestricted funds £'000	Restricted funds £'000	Total 2016 £'000	Total 2015 £'000
<b>DfE / EFA grants</b>				
General annual grant (GAG)	-	6,875	6,875	6,929
Other DfE / EFA grants	-	164	164	174
	<u>-</u>	<u>7,039</u>	<u>7,039</u>	<u>7,103</u>
<b>Other government grants</b>				
Local authority grants	-	6	6	15
	<u>-</u>	<u>6</u>	<u>6</u>	<u>15</u>
<b>Total funding</b>	<u>-</u>	<u>7,045</u>	<u>7,045</u>	<u>7,118</u>

The income from funding for educational operations was £7,045,000 (2015: £7,118,000) of which £7,045,000 was restricted (2015: £7,118,000).

#### 5 Other trading activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2016 £'000	Total 2015 £'000
Hire of facilities	127	-	127	78
Catering income	327	-	327	288
Other income	52	17	69	14
	<u>506</u>	<u>17</u>	<u>523</u>	<u>380</u>

The income from other trading activities was £523,000 (2015: £380,000) of which £506,000 was unrestricted (2015: £370,000) and £17,000 was restricted (2015: £10,000).

# TOWNLEY GRAMMAR SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

### 6 Investment income

	Unrestricted funds £'000	Restricted funds £'000	Total 2016 £'000	Total 2015 £'000
Short term deposits	2	-	2	2

The income from funding for investment income was £2,000 (2015: £2,000) of which £2,000 was unrestricted (2015: £2,000).

### 7 Expenditure

	Staff costs £'000	Premises & equipment £'000	Other costs £'000	Total 2016 £'000	Total 2015 £'000
Academy's educational operations					
- Direct costs	5,201	21	410	5,632	5,817
- Allocated support costs	1,005	546	753	2,304	2,336
<b>Total expenditure</b>	<b>6,206</b>	<b>567</b>	<b>1,163</b>	<b>7,936</b>	<b>8,153</b>

#### Net income/(expenditure) for the year includes:

	2016 £'000	2015 £'000
Fees payable to auditor		
- Audit	19	19
- Other services	8	15
Operating lease rentals	10	29
Net interest on defined benefit pension liability	33	29
Depreciation of tangible fixed assets	275	234

### 8 Charitable activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2016 £'000	Total 2015 £'000
Direct costs - educational operations	1	5,631	5,632	5,817
Support costs - educational operations	345	1,959	2,304	2,336
	<b>346</b>	<b>7,590</b>	<b>7,936</b>	<b>8,153</b>

The expenditure on educational operations was £7,936,000 (2015: £8,153,000) of which £346,000 was unrestricted (2015: £359,000), £7,315,000 was restricted (2015: £7,560,000) and £275,000 was restricted fixed assets (2015: £234,000).

# TOWNLEY GRAMMAR SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2016

#### 8 Charitable activities (Continued)

	2016 £'000	2015 £'000
<b>Analysis of support costs</b>		
Support staff costs	1,005	864
Depreciation and amortisation	254	211
Premises costs	292	415
Other support costs	722	802
Governance costs	31	44
	<u>2,304</u>	<u>2,336</u>

#### 9 Staff costs

	2016 £'000	2015 £'000
Wages and salaries	4,919	5,117
Social security costs	407	389
Other pension costs	754	781
	<u>6,080</u>	<u>6,287</u>
Total staff costs	6,080	6,287
Supply staff costs	35	49
Staff restructuring costs	54	-
Staff development and other staff costs	37	-
	<u>6,206</u>	<u>6,336</u>

#### Staff numbers

The average number of persons employed by the Academy Trust during the year was as follows:

	2016 Number	2015 Number
Teachers	88	97
Administration and support	76	75
Management	8	8
	<u>172</u>	<u>180</u>

The number of persons employed by the Academy Trust expressed as full time equivalents during the year was as follows:

Teachers	85	94
Administration and support	56	55
Management	8	8
	<u>149</u>	<u>157</u>

# TOWNLEY GRAMMAR SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

### 9 Staff costs (Continued)

#### Higher paid staff

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	2016 Number	2015 Number
£70,001 - £80,000	1	2
£100,001 - £110,000	1	1
	<u>      </u>	<u>      </u>

Staff restructuring costs comprise redundancy payments of £44,783 (2015: £Nil) and severance payments of £8,604 (2015: £nil).

#### Key management personnel

The key management personnel of the Academy Trust comprise the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the Academy Trust was £601,026 (2015: 600,701).

### 10 Trustees' remuneration and expenses

Principal and staff governors only receive remuneration in respect of services they provide undertaking the roles of principal and staff and not in respect of their services as governors. Travel and subsistence expenses of £498 (2015: £nil) were reimbursed or paid directly to two governors (2015: no governors). The value of governors' remuneration and other benefits are as follows:

Desmond Deehan (principal and governor)

Remuneration £106,125 (2015: £102,588)

Employer's pension contribution £17,489 (2015: £14,465)

Richard Symes (staff governor)

Remuneration £44,270 (2015: £43,833)

Employer's pension contribution £7,296 (2015: £6,180)

Fabian Gupta de Fabiani (staff governor)

Remuneration £41,349 (2015: £Nil)

Employer's pension contribution £Nil (2015: £Nil)

### 11 Trustees and officers insurance

The academy trust has opted into the Department for Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business, and provides cover up to £10,000,000. It is not possible to quantify the trustees and officers indemnity element from the overall cost of the RPA scheme.

# TOWNLEY GRAMMAR SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2016

#### 12 Tangible fixed assets

	Land and buildings	Computer equipment	Fixtures, fittings and equipment	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>					
At 1 September 2015	23,034	110	123	-	23,267
Additions	657	24	17	26	724
	<u>23,691</u>	<u>134</u>	<u>140</u>	<u>26</u>	<u>23,991</u>
At 31 August 2016	23,691	134	140	26	23,991
<b>Depreciation</b>					
At 1 September 2015	588	62	54	-	704
Charge for the year	210	38	21	6	275
	<u>798</u>	<u>100</u>	<u>75</u>	<u>6</u>	<u>979</u>
At 31 August 2016	798	100	75	6	979
<b>Net book value</b>					
At 31 August 2016	22,893	34	65	20	23,012
	<u>22,446</u>	<u>48</u>	<u>69</u>	<u>-</u>	<u>22,563</u>
At 31 August 2015	22,446	48	69	-	22,563

The net book value of land and buildings comprises:

	2016 £'000	2015 £'000
Long leaseholds (over 50 years)	22,893	22,446

On conversion to an academy in 2012 the main school building was transferred from The Local Authority at cost of £5.3m on a 125 year lease.

#### 13 Debtors

	2016 £'000	2015 £'000
Trade debtors	55	24
VAT recoverable	325	27
Prepayments and accrued income	88	111
	<u>468</u>	<u>162</u>

# TOWNLEY GRAMMAR SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

<b>14</b>	<b>Creditors: amounts falling due within one year</b>	<b>2016</b>	<b>2015</b>
		<b>£'000</b>	<b>£'000</b>
	Trade creditors	42	286
	Other creditors	265	288
	Accruals and deferred income	82	142
		<u>389</u>	<u>716</u>
		<u><u>389</u></u>	<u><u>716</u></u>
<b>15</b>	<b>Creditors: amounts falling due after more than one year</b>	<b>2016</b>	<b>2015</b>
		<b>£'000</b>	<b>£'000</b>
	Other creditors	36	51
		<u>36</u>	<u>51</u>
		<u><u>36</u></u>	<u><u>51</u></u>
<b>16</b>	<b>Deferred income</b>	<b>2016</b>	<b>2015</b>
		<b>£'000</b>	<b>£'000</b>
	Deferred income is included within:		
	Creditors due within one year	40	-
		<u>40</u>	<u>-</u>
		<u><u>40</u></u>	<u><u>-</u></u>
	Amounts deferred in the year	40	-
		<u>40</u>	<u>-</u>
		<u><u>40</u></u>	<u><u>-</u></u>
	<b>Deferred income at 31 August 2016</b>	<b>40</b>	<b>-</b>
		<u>40</u>	<u>-</u>
		<u><u>40</u></u>	<u><u>-</u></u>
	Deferred income comprises:		
	£40,000 (2015: £nil) in relation to a grant from The Wolfson Foundation towards the cost of science equipment.		
<b>17</b>	<b>Financial instruments</b>	<b>2016</b>	<b>2015</b>
		<b>£'000</b>	<b>£'000</b>
	<b>Carrying amount of financial assets</b>		
	Debt instruments measured at amortised cost	38	24
		<u>38</u>	<u>24</u>
		<u><u>38</u></u>	<u><u>24</u></u>
	<b>Carrying amount of financial liabilities</b>		
	Financial liabilities measured at amortised cost	385	767
		<u>385</u>	<u>767</u>
		<u><u>385</u></u>	<u><u>767</u></u>



# TOWNLEY GRAMMAR SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2016

#### 18 Funds

	Balance at 1 September 2015 £'000	Income £'000	Expenditure £'000	Gains, losses & transfers £'000	Balance at 31 August 2016 £'000
<b>Restricted general funds</b>					
General Annual Grant	570	6,875	(7,024)	(6)	415
Other DfE / EFA grants	204	164	(187)	-	181
Other government grants	-	6	(6)	-	-
Other restricted funds	-	53	(53)	-	-
	<u>774</u>	<u>7,098</u>	<u>(7,270)</u>	<u>(6)</u>	<u>596</u>
Funds excluding pensions	774	7,098	(7,270)	(6)	596
Pension reserve	(994)	-	(45)	(836)	(1,875)
	<u>(220)</u>	<u>7,098</u>	<u>(7,315)</u>	<u>(842)</u>	<u>(1,279)</u>
<b>Restricted fixed asset funds</b>					
DfE / EFA capital grants	3,501	692	(55)	-	4,138
Inherited funds	18,641	-	(155)	-	18,486
Capital expenditure from GAG	407	-	(57)	6	356
Private sector capital sponsorship	14	26	(8)	-	32
	<u>22,563</u>	<u>718</u>	<u>(275)</u>	<u>6</u>	<u>23,012</u>
<b>Total restricted funds</b>	<u>22,343</u>	<u>7,816</u>	<u>(7,590)</u>	<u>(836)</u>	<u>21,733</u>
<b>Unrestricted funds</b>					
General funds	187	512	(346)	-	353
	<u>187</u>	<u>512</u>	<u>(346)</u>	<u>-</u>	<u>353</u>
<b>Total funds</b>	<u>22,530</u>	<u>8,328</u>	<u>(7,936)</u>	<u>(836)</u>	<u>22,086</u>

The specific purposes for which the funds are to be applied are as follows:

**Restricted General Funds** – This fund is for income and expenses relating to the running of the school.

**Restricted Fixed Asset Fund** – This fund relates to the income which is contributed towards the purchase of assets, and any relating expenses.

**Unrestricted Fund** – This fund is for any income and expenditure not relating to either of the other two funds.

Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2016.

# TOWNLEY GRAMMAR SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

### 19 Analysis of net assets between funds

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total 2016
	£'000	£'000	£'000	£'000
<b>Fund balances at 31 August 2016 are represented by:</b>				
Tangible fixed assets	-	-	23,012	23,012
Current assets	778	596	-	1,374
Creditors falling due within one year	(389)	-	-	(389)
Creditors falling due after one year	(36)	-	-	(36)
Defined benefit pension liability	-	(1,875)	-	(1,875)
	<u>353</u>	<u>(1,279)</u>	<u>23,012</u>	<u>22,086</u>

### 20 Capital commitments

	2016 £'000	2015 £'000
Expenditure contracted for but not provided in the financial statements	<u>560</u>	<u>-</u>

### 21 Commitments under operating leases

At 31 August 2016 the total future minimum lease payments under non-cancellable operating leases were as follows:

	2016 £'000	2015 £'000
Amounts due within one year	16	12
Amounts due between one and five years	<u>24</u>	<u>-</u>
	<u>40</u>	<u>12</u>

# TOWNLEY GRAMMAR SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2016

#### 22 Reconciliation of net income to net cash flows from operating activities

	2016 £'000	2015 £'000
Net income for the reporting period	392	1,165
Adjusted for:		
Capital grants from DfE/EFA and other capital income	(718)	(1,785)
Interest receivable	(2)	(2)
Defined benefit pension scheme cost less contributions payable	12	74
Defined benefit pension scheme finance cost/(income)	33	29
Depreciation of tangible fixed assets	275	234
(Increase)/decrease in stocks	-	5
(Increase)/decrease in debtors	(306)	89
Increase/(decrease) in creditors	(342)	451
<b>Net cash used in operating activities</b>	<b>(656)</b>	<b>260</b>

#### 23 Members' liability

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he or she is a member, or within one year after he or she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he or she ceases to be a member.

#### 24 Pensions and similar obligations

The Academy Trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed in accordance with the Local Government Pension Scheme Regulations 2007/2008. Both are multi-employer defined benefit schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012, and that of the LGPS related to the period ended 31 March 2013.

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

##### Teachers' Pension Scheme

##### Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis - these contributions along with those made by employers are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

# TOWNLEY GRAMMAR SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

### 24 Pensions and similar obligations (Continued)

#### Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014.

The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%))
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS will be as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The pension costs paid to the TPS in the period amounted to £548,093 (2015: £514,000).

The TPS is a multi-employer pension scheme and there is insufficient information to account for the scheme as a defined benefit scheme so it is accounted for as a defined contribution scheme.

#### Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 20.1% for employers and 5.5% to 12.5% for employees.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of academy closure, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

Total contributions made	2016 £'000	2015 £'000
Employer's contributions	293	192
Employees' contributions	64	63
	<hr/>	<hr/>
Total contributions	357	255
	<hr/>	<hr/>

# TOWNLEY GRAMMAR SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

### 24 Pensions and similar obligations (Continued)

The following information is based upon a full actuarial valuation of the fund at 31 March 2013 updated to 31 August 2016 by a qualified independent actuary.

Principal actuarial assumptions	2016 %	2015 %
Rate of increases in salaries	3.3	3.7
Rate of increase for pensions in payment	1.9	2.2
Discount rate	2.1	3.9
Inflation assumption (CPI)	1.8	2.2

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement age 65 are:

	2016 Years	2015 Years
Retiring today		
- Males	23.2	23.1
- Females	25.6	25.5
Retiring in 20 years		
- Males	25.5	25.4
- Females	28.5	28.4

#### The Academy Trust's share of the assets in the scheme

	2016 Fair value £'000	2015 Fair value £'000
Equities	1,628	1,170
Other bonds	211	172
Cash	24	38
Property	308	229
Other assets	532	368
Total fair value of assets	2,703	1,977
Actual return on scheme assets - gain/(loss)	435	(62)

#### Amounts recognised in the statement of financial activities

	2016 £'000	2015 £'000
Current service cost	261	255
Net interest cost	33	29
Plan introductions, benefit changes, curtailments and settlements	44	11
Total operating charge	338	295

# TOWNLEY GRAMMAR SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

### 24 Pensions and similar obligations (Continued)

Changes in the present value of defined benefit obligations	2016 £'000
Obligations at 1 September 2015	2,971
Current service cost	261
Interest cost	116
Employee contributions	64
Actuarial loss	1,188
Benefits paid	(55)
Plan introductions, benefit changes, curtailments and settlements	33
At 31 August 2016	4,578

Changes in the fair value of the Academy Trust's share of scheme assets	2016 £'000
Assets at 1 September 2015	1,977
Interest income	83
Return on plan assets (excluding net interest on the net defined pension liability)	352
Employer contributions	293
Employee contributions	64
Benefits paid	(55)
Plan introductions, benefit changes, curtailments and settlements	(11)
At 31 August 2016	2,703

### 25 Related party transactions

Owing to the nature of the academy's operations and the composition of the board of governors being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the board of governors may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the academy's financial regulations and normal procurement procedures.

No further transactions with related parties were undertaken during the year.

### 26 Agency arrangements

The Academy Trust administers the disbursement of the discretionary support for learners, 16-19 Bursary Funds, on behalf of the EFA. In the year under review it received £23,602 (2015: £22,718) and disbursed £39,382 (2015: £15,204) with therefore an amount £466 (2015: £16,246) repayable by the Academy Trust at the 31 August 2016 and included in creditors. The Academy Trust has retained a beneficial interest in individual transactions totalling £1,180 (2015: £1,136).

# **INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO TOWNLEY GRAMMAR SCHOOL AND THE EDUCATION FUNDING AGENCY**

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In accordance with the terms of our engagement letter dated 29 September 2015 and further to the requirements of the Education Funding Agency ('EFA') as included in the Academies Accounts Direction 2015/16, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Townley Grammar School during the period 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Townley Grammar School and the EFA in accordance with the terms of our engagement letter dated 29 September 2015. Our work has been undertaken so that we might state to the Townley Grammar School and the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Townley Grammar School and the EFA, for our work, for this report, or for the conclusion we have formed.

## **Respective responsibilities of Townley Grammar School's accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of Townley Grammar School's funding agreement with the Secretary of State for Education dated 3 March 2011 and the Academies Financial Handbook, extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance, and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2015/16. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

## **Approach**

We conducted our engagement in accordance with the Academies Accounts Direction 2015/16 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity.

A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the Academy Trust's income and expenditure.

Our work included identification and assessment of the design and operational effectiveness of the controls, policies and procedures that have been implemented to ensure compliance with the framework of authorities including high level financial control areas and areas assessed of presenting a higher risk of impropriety. We undertook detailed testing, based on our assessment of risk of material irregularity, where such controls, policies and procedures apply to classes of transactions. This work was integrated with our audit on the financial statements to the extent evidence from the conduct of the audit supports the regularity conclusion.

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**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON  
REGULARITY TO TOWNLEY GRAMMAR SCHOOL AND THE EDUCATION FUNDING  
AGENCY (CONTINUED)**

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**Conclusion**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2015 to 31 August 2016 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

*RSM UK Audit LLP*

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Dated: *21 December 2016*