

**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 2017**

**SATURDAY**



**\*A6LFJ520\***

**A29**

**16/12/2017**

**#52**

**COMPANIES HOUSE**

# TOWNLEY GRAMMAR SCHOOL

## REFERENCE AND ADMINISTRATIVE DETAILS

---

### Members

John Paterson  
Jane Wrigley  
Sharon Massey (Resigned April 2017)  
Lucy Follis (Resigned April 2017)  
Desmond Deehan  
Fabian Gupta De Fabiani  
Richard Symes  
Aamer Safdar  
Jude Greene-Steward (Resigned March 2017)  
Stephen Hailes  
Yunita Ramgoolam  
Karen Lindridge  
Karen Nathan (Appointed May 2017)

### Trustees and Governing Body

John Paterson (Chair)  
Jane Wrigley (Vice-Chair)  
Desmond Deehan (Head Teacher (Accounting Officer))  
Aamer Safdar  
Jude Greene-Steward (Resigned 31 March 2017)  
Stephen Hailes  
Sharon Massey (LA Governor) (Resigned 30 April 2017)  
Richard Symes (Staff Governor)  
Fabian Gupta De Fabiani (Staff Governor)  
Yunita Ramgoolam (Parent Governor)  
Lucy Follis (Parent Governor) (Resigned 31 May 2017)  
Karen Lindridge  
Karen Nathan (Appointed 24 April 2017)

### Senior Leadership Team (SLT)

Desmond Deehan	Head Teacher
Nevita Pandya	Deputy Head Teacher (Acting Sept - April 2017, Permanent from May 2017)
Sarina Totty	Deputy Head Teacher (Acting Sept - April 2017, Permanent from May 2017)
Heather Whitmore	Assistant Head Teacher
Meriel Franz	Assistant Head Teacher
Linda Blazeby	Assistant Head Teacher
Hannah Mitchem	Assistant Head Teacher
Richard Beaumont	Assistant Head Teacher (Resigned 31 August 2017)
Kerry Loomes	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

---

<b>Independent auditor</b>	RSM UK Audit LLP Hanover House 18 Mount Ephraim Road Tunbridge Wells Kent TN1 1ED
<b>Bankers</b>	Lloyds TSB Stratford Westfield Branch PO Box 1000 BX1 1LT
<b>Solicitors</b>	Lee Bolton Monier-Williams Solicitors 1 The Sanctuary Westminster London SW1P 3JT

# TOWNLEY GRAMMAR SCHOOL

## TRUSTEES' REPORT

---

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 1 September 2016 to 31 August 2017. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The Academy Trust operates as an academy for students aged 11 to 19 serving a catchment area in Bexleyheath and neighbouring boroughs. It has a pupil capacity of 1500 and had a roll of 1501 in the school census on 27th May 2017.

### STRUCTURE, GOVERNANCE AND MANAGEMENT

#### **Constitution**

Townley Grammar School 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 Townley Grammar School.

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 which 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, supporting in the purchase of equipment and uniform and supporting the use of Academic Mentors.

The Governors act as the Trustees for the charitable activities of Townley Grammar School and are also the Directors of the Charitable Company for the purposes of company law. They are known by the term "Trustee", and that term is used for the purpose of this report. The Members of the Academy Trust are also Trustees.

Details of the Trustees who served throughout the year are included in the Reference and Administrative Details on page 1 and 2.

#### **Members' liability**

The liability of the Members of the Academy Trust is limited. Each Member of the Charitable Company undertakes to contribute to the assets of the Charitable Company in the event of it being wound up while they are a Member, or within one year after they cease to be a Member, such amount as may be required, not exceeding £10 (ten pounds only) for the debts and liabilities contracted before they ceased to be a Member.

#### **Trustees' indemnities**

Indemnity Insurance is provided to cover the liability of Trustees, which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default, breach of duty or breach of trust, of which they may be guilty of in relation to the affairs of the Academy Trust.

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.

The RPA Administrator will be 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)

---

### **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.

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 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.

### **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.

# TOWNLEY GRAMMAR SCHOOL

## TRUSTEES' REPORT (CONTINUED)

The Senior Leadership Team at the start of the Academic year consisted of the Head teacher; two Acting Deputy Head teachers and four Assistant Head Teachers and the Director of Finance (School Business Manager). In the summer 2017 the two Deputy Head teachers were successful at interview and appointed as permanent Deputies at the school. An Assistant Head teacher responsible for Teaching School, teacher development and SENCO was also appointed internally. At the end of the summer one existing Assistant Head teacher departed due to promotion. 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.

<b>Nevita Pandya</b> <b>Deputy Headteacher</b> Standards, School Improvement, STEM, Global Learning and Attainment Science, Technology, Computer Science & Mathematics	<b>Sarina Totty</b> <b>Deputy Headteacher</b> Standards and Achievement Sixth Form and Guidance Sixth Form Careers Examinations SLG-Learning Managers	<b>Linda Blazeby</b> <b>Assistant Headteacher</b> Student Progress, Behaviour for Learning, Welfare & Safety Yr 7-11 Primary Transition	<b>Heather Whitmore</b> <b>Assistant Headteacher</b> Teaching and Learning Assessment Humanities & Performing & Visual Arts SLG- cluster leaders	<b>Richard Beaumont</b> <b>Assistant Headteacher</b> Community and Curriculum Timetable/ Options Premises
			<b>Meriel Franz</b> <b>Assistant Headteacher</b> Assessment, Reporting, Pupil Premium English & MFL	<b>Hannah Mitchem</b> <b>Assistant Headteacher</b> Teaching Schools SENCo Teacher Development

The Strategic Leadership Group (Clusters Leaders), under the leadership of the Assistant Head Teacher, and the Strategic Leadership Group (Learning Managers), under the leadership of one of the Deputy Heads 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.

### 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, and
- budget availability

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

There were no related party transactions in this financial year. 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. The Head Teacher supported the development of a local non-selective secondary school. A number of connections were made in exploring the opportunities to form a future Multi Academy Trust.

# **TOWNLEY GRAMMAR SCHOOL**

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

---

### **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 224 students in Year 7 and maintains a sixth form of approximately 500 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.

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)

---

### 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 to:

#### A. 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 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

#### B. Outcomes for Pupils

- To raise achievement in sciences, technology and 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

#### C. 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

#### D. 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 PD, Character & Welfare programme for Y7-Y13
- To develop a programme to support mental health awareness and wellbeing of the school community

#### E. 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

### Public benefit

The Trustees have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission in defining the strategic direction of Townley Grammar School and supporting its primary objectives.

# TOWNLEY GRAMMAR SCHOOL

## TRUSTEES' REPORT (CONTINUED)

### STRATEGIC REPORT

#### Achievements and performance

Townley Grammar School received its most recent 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 2017

Qualification	Measure	2017	Previous Year
	A*/A%	69%	60%
<b>GCSE</b>	5A*-C	100%	100%
	%Eng + Maths	99%	97%
<b>AS level</b>	A/B%	53%	52%
	A/C%	71%	72%
<b>A level</b>	A*/B%	68%	71%
	A*	11%	9%
	A*/A%	32%	32%
	A/C%	90%	89%

- This year's A\* % at A-Level has risen from last year with the highest Townley has seen since they were introduced.
- GCSE top grades have increased by 9% - they have fallen nationally.

#### Sixth Form University Admissions 2016-2017

2016-2017 has seen the highest percentage of students going to Russell Group Universities.

	2013	2014	2015	2016	2017
Application to university	90.7%	88%	91.3%	92.8%	89%
First choice	71%	72%	77%	60%	66%
Oxbridge	1.3%	0.6%	3.7%	2%	1.04%
Russell Group	30.8%	37.5%	41%	42%	46.5%
Medicine (incl. Dent & Vet)	4.1%	0.6%	4.4%	5.3%	0.52%
Performing Arts	3.7%	3.1%	5%	7.2%	4.2%
Gap year/seeking employment	9.3%	12%	8.7%	7.2%	12.5%

# TOWNLEY GRAMMAR SCHOOL

## TRUSTEES' REPORT (CONTINUED)

---

### Results Summary 2017

#### **Achievements**

Townley Grammar students competed at Wellington College and, having won, were awarded the Global Social Leaders' Society of the Year Award. They were invited to COBIS (Council of British International Schools) Conference, a prestigious event held at the Intercontinental Hotel at the O2 in Greenwich.

The Kinetic Dance Company performed 'Our Body, Our Stories' at the prestigious Royal Festival Hall, Southbank as part of Jack Petchey's Step into Dance's 10 year anniversary.

On 17th October at City Hall, Townley Grammar School won the "School of the Year 2016" award at the 2016 First Give Awards.

This year has seen record results for the school in the Intermediate and Junior Math's Challenges and an excellent performance in the Junior Team Challenge, from years 9 to 11 170 girls completed the Intermediate Math's Challenge, a one hour multiple choice paper containing challenging problems. In addition to the impressive number of certificates achieved (12 Gold, 42 Silver, 55 Bronze), an unprecedented 13 girls qualified for the follow-up round, the Kangaroo.

The subject of mental health continued to be a key focus for the school community and the Mental Health Champion scheme was introduced to the students as an opportunity to join something more than just an extra-curricular. It gave students in Years 10, 11 and 12 the chance to make a long-lasting impact on our community and enable them to not only speak vigorously about their passion, but also gain knowledge and insight about mental health itself. Only seven students from each Year group could be chosen to become a mental health representative (Champion) for the school and attend the introductory training session held at the school on Friday 11th November.

Linked to this was our work on Mindfulness and so in collaboration with Bexley LA we took 18 staff through a mindfulness training course. It proved very popular and we plan to repeat it in the next academic year.

The number of students with mental health needs is rising nationally in schools. With this in mind, Townley recruited Maisy, our therapy dog. Maisy is a calming influence to those students who need to take some time out from certain situations. She has become very popular with students, parents and visitors.

On Tuesday 18th October a hand-picked selection of rowers travelled to Chobham Academy in Newham to attend the Schools Indoor Rowing Challenge. They left with medals round their necks and enjoyed a really great day.

In November 2016 the TIMSS (Trends in International Mathematics and Science Study) was published based on 2015 data. Townley took part in the testing for this and the report showed the performance of our students against schools internationally.

# TOWNLEY GRAMMAR SCHOOL

## TRUSTEES' REPORT (CONTINUED)

Mean score and percentage of pupils at the international benchmark levels for Maths, including highest and lowest achieving European and International countries

Countries	Mean Score	Cumulative % Reaching Stated International Benchmark			
		Advanced	High	Intermediate	Low
Singapore	621	54	81	94	99
School	609	27	96	100	100
Ireland	523	7	38	76	94
England	518	10	36	69	93
International Median	500	5	26	62	84
Malta	494	5	29	62	84
Saudi Arabia	396	0	2	11	34

Mean score and percentage of pupils at the international benchmark levels for Science, including highest and lowest achieving European and International countries

Countries	Mean Score	Cumulative % Reaching Stated International Benchmark			
		Advanced	High	Intermediate	Low
School	612	29	96	100	100
Singapore	597	42	74	90	97
Ireland	551	17	52	84	97
England	537	14	45	77	95
International Median	500	7	29	64	84
Malta	481	7	28	57	79
Saudi Arabia	358	1	5	14	32

# TOWNLEY GRAMMAR SCHOOL

## TRUSTEES' REPORT (CONTINUED)

---

### Key Headline figures:

Overall England performed well against other countries in both Mathematics and Science. England came 10th and 8th out of 40 respectively, with Singapore topping both categories. Townley Grammar School when considered as a separate entity to England performed exceptionally well. Mathematics was ranked second only to Singapore and higher than Singapore and top at Science.

### Events

Events included the Dance and Drama Showcase, the Intermediate and Junior Maths Challenge and on Thursday 22nd June, entering our 4th year of collaboration with First Give, Townley Grammar School hosted its First Give School Final.

The Summer Dance Festival involved Years 7 and 8 taking part in a week's worth of Dance workshops ranging from Jazz, Ballet, Contemporary to Musical Theatre. On 3rd May the Junior Choir and Schola Cantorum performed a lunchtime concert at Christchurch Bexleyheath and the Summer Concert, on 11th July, took place in the theatre. Once again Townley took part in the ARTiculation prize, organised and sponsored by The Roche Court Educational Trust.

GCSE and A Level Dance students travelled to Sadler's Wells Theatre to watch the world renowned and record breaking Alvin Ailey American Dance Theatre and the Department of Music held its annual Christmas Concert on 6th December to a full house.

On the 6th June Townley Grammar School was privileged to welcome Hannah Lewis, who came to speak to us about her experiences during the Holocaust in Poland.

Townley's Question Time debate "Are Grammar schools a force for good in society?" took place early on in the year. The guest panelist for the Debate was Schools Week and regular Guardian columnist, Laura McInerney. Our students acquitted themselves well presenting an informed and balanced argument. The Guardian columnist was immovable however and preferred to write a cursory account of the debate rather than engage with the topic.

Townley students took part in the Micro-Tyco challenge. The Micro-Tyco for Schools is an entrepreneurial business challenge run by the WildHearts Foundation in partnership with Deloitte. Teams from schools across the country have just thirty days to turn a £1 seed capital micro-loan into as much money as possible.

The National Launch of Digital School House was held at Townley Grammar in September 2016. Sponsored by Sony Playstation over 30 VIP Teachers and guests from Education and Business were totally impressed by the teaching and learning provide to Primary students and our Computing facility.

On 15th November 25 Year 9 students took part in Digital Day organised by BIMA. An event set up and run by industry professionals with an aim to inspire students and give them insight into a world of digital careers.

Year 11 students and all Sixth Form students who study Physics, Media Studies, Computer Science, Art, Maths and DT assembled in the Hall on Thursday 1st December to gain some insight into the film and gaming industries within the UK as part of IntoFilm STEM Day.

This year we introduced House Prizewinners rather than by year groups. This has meant that all of the students across year groups in each of our 7 houses were able to come together to celebrate their achievements over the past year. It was also an opportunity to celebrate success and recognition of the house values and school values.

# TOWNLEY GRAMMAR SCHOOL

## TRUSTEES' REPORT (CONTINUED)

---

### **Trips and Visits**

A vast array of trips and visits continued throughout the year. Thirty students from the Sixth Form, along with their teachers, spent a fantastic five days in the Italian capital. A mix of Classical Civilisation and Art students were given the opportunity to see some of the most impressive works of ancient architecture and archaeology, as well as some of the greatest works of art ever produced. The trip included visits to the Vatican Museums, the Colosseum, the Roman Forum, Capitoline Museums, Museo Massimo, Pantheon, Trevi Fountain and the Spanish Steps.

The Junior Choir, made up of 87 students, travelled to Disneyland Paris where they performed in one of the main performance venues of the park.

The French Exchange continued and the Year 12 Work Experience/Exchange programme with our twin school in the South of France and Design Technology, Drama and Dance students and teachers travelled to New York in the autumn.

The trip to India for CDLS 2016 (International Student Leadership Conference) took place in the Autumn 2016 and allowed a select group of students to engage with their peers from 26 different countries. This is now an annual event and connects Townley with a range of schools across the globe.

This year also saw our first trip to Russia as part of a collaborative rocket-building project with Moscow State University and a science school in Moscow. Russian students joined us at Townley for the first stage of the project before a very excited group of Townley Year 9 students set off for wintry Moscow to complete the build and launch stage. It was also our first trip to Japan. We have collaborated with a high achieving Science specialist school in Osaka to set up an exchange programme. We visited Osaka and Tokyo (as well as Hiroshima, Kyoto, Mount Fuji and Kumakara) with 29 students from Y10-Y12 in July 2017. It was a highly successful experience for all involved and we are excited about the future prospects of collaborative projects with Tennoji High school.

At the other side of the globe in February our computing students set off for California and our regular Silicon Valley trip to the tech companies of Mountain View. Our international work culminated in an expedition to Japan with an exchange school on Osaka. A mixed group of students from Year 10 up to sixth form travelled to Osaka, Tokyo and Kyoto taking in Hiroshima and Mount Fuji at the end of the summer term; truly remarkable experience for them all.

On Wednesday the 28th of June, the Maths department took 60 year 10 students from the top sets to Greenwich Maths Time, the IMA Festival of Mathematics and its Applications. The event was hosted by The University of Greenwich Department of Mathematical Sciences and the Greenwich Maths Centre. On Thursday 6th July, 5 Year 8's went to The Savoy Hotel in London for the annual Faraday Challenge.

### **Community**

Outreach programmes continued to be a key focus. As part of the Year 5 Outreach Programme, the Art Department taught a six-week Art Textiles project to local primary school students, promoting modern female role models. The project was also inspired by the book 'Goodnight Stories for Rebel girls' which aims to promote aspirations for young girls to widen their horizons and know that they can achieve their biggest dreams inspired by artists, activists, engineers, scientists and more.

In October, as Harvest started, we began our fourth FoodBank appeal for Greenwich FoodBank. Townley students were challenged by the Global Ambassadors, who prepared and took all the assemblies on the FoodBank that week, to increase their giving and beat last year's total of 662kg of food. The total weight of Townley's collection was 1288.4 kilos, almost double last year's total. This means it fed 184 people for three days and 1655 meals.

The Headteacher's Board has approved the formation of a Multi Academy Trust with Erith school and this has therefore progressed. The anticipated transfer will be March or April 2018 and a due diligence exercise will take place in the New Year. Discussions have taken place with the ESFA regarding the financial recovery of Erith and to ensure there is no risk to the Financial stability of Townley.

# TOWNLEY GRAMMAR SCHOOL

## TRUSTEES' REPORT (CONTINUED)

---

### Financial review

Townley Grammar School continues to be prudent with its budget. We produce a five year plan that allows us to predict the impact of uncertain changes in the funding stream received from the Education and Skills Funding Agency and the increase or decrease in our staffing structure. Our budget outturn figure for the year ending 31 August 2017 was £22,337,000 and is broken down as follows:

	£000's
GAG Funding	462
Other DfE/ESFA Funding	-
General non-GAG Restricted Fund	-
Restricted Fixed Assets	23,383
Unrestricted Revenue	-
Pension Reserve	(1,508)
Total	<u>22,337</u>

Most of the Academy's income is obtained from the Education and Skills Funding Agency in the form of recurrent grants, the use of which is restricted for particular purposes. During the year ending 31, August 2017, 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 2016 to 31 August 2017, we were successful with our bidding for the Condition Improvement Fund direct with the Education Funding Agency and were awarded funding for Windows Phase 2 for New Windows in certain parts of the school. This project will be completed by Easter 2018. 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.

### Reserves policy

The Trustees review the reserve levels of Townley Grammar 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 2017, total reserves including the restricted fixed asset funds and pension reserve amounted to £22,337,000 (2016: £22,086,000), of which £nil (2016: £353,000) was unrestricted funds and £462,000 (2016: £596,000) was restricted general funds. There is pension fund deficit of £1,508,000 (2016: £1,875,000).

### 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).

# TOWNLEY GRAMMAR SCHOOL

## TRUSTEES' REPORT (CONTINUED)

### Key performance indicators

#### **Pupil Attendance Figures for September 2016 – August 2017**

YEAR GROUP	ATTENDANCE	SCHOOL STANDARD
YEAR 7	97.63%	96.00%
YEAR 8	96.93%	96.00%
YEAR 9	96.76%	96.00%
YEAR 10	96.64%	96.00%
YEAR 11	97.68%	96.00%
YEAR 12	96.55%	95.00%
YEAR 13	94.45%	95.00%
<b>ALL YEARS</b>	<b>96.62%</b>	<b>95.71%</b>

### **Financial KPI**

The Academy began the financial year 2016 - 2017 with the following Financial Key Performance Indicators:

KPI	2016-17	2015-16
Total Staff Costs (£)	6,150,000	6,194,000
Salary Costs to ESFA Revenue Income (%)	86	88
Salary Costs to total Income (%)	77	81
Salary Costs as a Proportion to Total Expense (%)	75	81
FTE Teaching Staff	77	85
FTE Support Staff	49	56
FTE Management Staff	8	8
Total FTE	134	149
Total Pupil Numbers as per Lagged Pupil Numbers	1,501	1,502
Pupil Teacher Ratio as per Lagged Pupil Numbers	19	18
Average Teacher Cost (£)	57,556	51,792
Proportion of Budget Spent on the Leadership Team (%)	8	8

The school continues to reduce its staffing costs, therefore this year the academy as expected has achieved an overall reduction in staff costs of £44k compared to prior year. However, at the same time, has seen a rise in on costs combined with an increase in maternity and long-term sickness.

Salary costs as a % of ESFA revenue is an improvement from prior year as the Trust was able to reduce staff costs, as well as GAG income was higher than prior year.

Salary costs as a % of Total income is lower than prior year, as teaching costs are lower and DfE/ESFA Grants are higher compared to prior year as we see higher allocation of funding per pupil compared to prior year. Further, due to increase in other trading activity income in particular catering income.

Salary costs as % of total expenditure is lower due to reduction in staffing in both teaching and non-teaching. However, academy non-staff costs have increased primarily due to increase in utility costs.

Overall, Staff FTE is lower as expected as we have reduced staffing in both teaching and support staff costs.

Pupil numbers are similar as expected.

Average teaching cost has increased as we see increase in on costs. (£467k this year compared to £407k prior year).

# TOWNLEY GRAMMAR SCHOOL

## TRUSTEES' REPORT (CONTINUED)

---

### Going concern

Rising on-costs associated with staffing and the reduction in school funding has had a major impact upon the Academy Trust's budget necessitating drawing on reserves. Over the course of the year, the Academy Trust had an in year deficit budget with an amount of reserves to cover the shortfall.

A series of actions were undertaken to address the financial pressure including:

- Increasing PAN years 7 – 11
- Increase 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
- Reducing Associate Staff Costs
- Reducing Academic Staff Costs
- Reduction of Overtime
- Introduction of a Premises Team Site Rota to Cover the Site for School Events and Lettings
- Increasing Class Sizes
- Reducing Subject Offers
- Review the Teaching TLR Structure
- Reducing 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.

After making appropriate enquiries, and careful continuous monitoring of opportunities for reducing costs the Board of Trustees retained a reasonable 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 2017 – 2018 has been set and agreed by the trustees with a commitment to fund deficits from reserves in the short term.

In the light of continuing budget pressure, the academy needs to remain prudent with the budget. This will be closely monitored by the Governing Body. Other options under active consideration were the opportunities that might be obtained through the formation of a multi academy trust, and those opportunities will continue to be explored.

### **Plans for future periods**

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

#### **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 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

# TOWNLEY GRAMMAR SCHOOL

## TRUSTEES' REPORT (CONTINUED)

---

### Outcomes for Pupils

- To raise achievement in sciences, technology and 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 PD, 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

### 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 AWPU to fund High Needs expenditure

# TOWNLEY GRAMMAR SCHOOL

## TRUSTEES' REPORT (CONTINUED)

---

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 Academies 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.

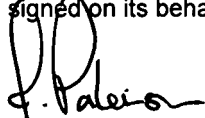
### **Auditor**

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

### **Statement as to disclosure of information to auditor**

The Trustees have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the Trustees have confirmed that they have taken all the steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

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 11 December 2017 and signed on its behalf by:



John Paterson  
Chair

# TOWNLEY GRAMMAR SCHOOL

## GOVERNANCE STATEMENT

---

### 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 Board of Trustees has 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)	4	4
Desmond Deehan (Head Teacher (Accounting Officer))	4	4
Aamer Safdar	4	4
Jude Greene-Steward (Resigned 31 March 2017)	3	3
Stephen Hailes	4	4
Sharon Massey (LA Governor) (Resigned 30 April 2017)	3	3
Richard Symes (Staff Governor)	4	4
Fabian Gupta De Fabiani (Staff Governor)	4	4
Yunita Ramgoolam (Parent Governor)	4	4
Lucy Follis (Parent Governor) (Resigned 31 May 2017)	3	3
Karen Lindridge	1	4
Karen Nathan (Appointed 24 April 2017)	2	2

Key changes in the composition of the Board of Trustees are the resignation of two, and removal of one Trustee during the second half of the year, and the election of a new Trustee. The loss of experience has not adversely impacted due to the experience of the continuing Trustees, and the new Trustee brings financial knowledge and strength for our work on forming a strong alumni network. Our two largest challenges have related 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, and secondly to the preparation work needed towards the possible future creation of a Multi Academy Trust.

**Senior appointments:** Following the resignation of the Deputy Head Teacher in July 2016, the Senior Leadership Team was restructured resulting in two Deputy Head Teacher roles. The selection process included two Trustees leading the interview panel, along with a third independent member of the panel who was a governor at a different school. An internal appointment of an Assistant Headteacher was also made, effective from the Summer Term 2017; responsibilities to include SEN and Teaching School Status.

### Governance reviews

Annually, we review the composition of sub committees, i.e. Financial & 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 Governors with the appropriate skills are allocated to the relevant committees and panels. Governors attend regular training seminars and events to broaden their knowledge in support of School activity.

# 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 following functions are delegated to the committee:

- (a) To propose with advice from the Head Teacher, the Annual School Budget and 3 Year Budget Plan for approval by the Governing Body.
- (b) To monitor the expenditure of the budget share and report on reserves and balances.
- (c) To authorise virement between budget accounts, provided that the committee refer to the Governing Body, without taking any other action, any question relating to:
  - (i) virement from earmarked funding, or funding provided to the school in addition to the budget share;
  - (ii) virement involving £10,000 or more.
- (d) To authorise the purchase of any item costing more than £75,000.
- (e) To receive an annual inventory report for resources on behalf of the Governing Body and to authorise the disposal of individual items of equipment and materials that have become surplus to requirements, unusable or obsolete (ICT equipment over 5 years old is not subject to this requirement) and reporting such authorisations to the Governing Body.
- (f) To plan with advice from the Head Teacher, the securing of goods, services and works, and establishing, reviewing and maintaining all contracts concerned with the maintenance of the school.
- (g) To write off goods to the value of £1,000 where the item has become obsolete and is no longer adequate for the purpose intended or the item is broken or worn and is of no further useful purpose.
- (h) To enter into agreement for the provision of the following:
  - (i) grounds maintenance
  - (ii) school catering
  - (iii) cleaning of buildings
  - (iv) construction and maintenance of buildings and
  - (v) repair and maintenance of vehicles.
- (i) To consider, and in consultation with the Head Teacher, advise the governing body on their response to any report from internal or external auditors and to be updated re the action plan developed as a result.
- (j) To set up and monitor banking arrangements in accordance with the Academy Trust's scheme.
- (k) To receive reports from the Responsible Officer on the effectiveness of the financial procedures and control.
- (l) To receive information on and monitor all gifts / donations to the school, staff and governors in accordance with the Gift and Hospitality Policy.
- (m) To review the draft financial statements, highlighting any significant issues to the Governing Body, prior to submission to the Secretary of State by 31 December.

# TOWNLEY GRAMMAR SCHOOL

## GOVERNANCE STATEMENT (CONTINUED)

---

- (n) To secure adequate insurance cover for the school and Governing Body's liabilities to include appropriate levels of insurance for buildings, contents, employees and public liability.
- (o) To ensure best value principles of comparison, challenge, consultation and competition are applied to purchase of goods and services.
- (p) To receive a report annually on how to ensure the school receives its full entitlement to funding and that no resources of income are overlooked.
- (q) To consider the financial implications of the School Development Plan (SDP) in consultation with the Head Teacher, before it is submitted to the Governing Body.
- (r) To consider the financial implications from other committees.
- (s) To ensure that the governors' fund or other such fund is audited and appropriate records are kept.
- (t) To agree the policy on reserves and balances and monitor the expenditure of the budget share and report on reserves and balances.
- (u) Preparing and submitting to the Governing Body for approval any capital expenditure projects and overseeing agreed programmes and monitoring costs concerned.
- (v) To report to the Governing Body on the adequacy of resources including number of computers per pupil.
- (w) To monitor numbers of pupils on roll, age range and prepare strategically for increase / decrease in school roll.
- (x) To determine the limit for petty cash transactions.
- (y) To approve signatories for cheques.
- (z) To establish a Tendering Policy as part of the school's Finance Policy.

### **General Management**

The following functions are delegated to the committee:

- (a) To monitor the state of internal and external maintenance and repair of buildings.
- (b) To secure such remedial work as may be necessary and ensure approval for works has been obtained.
- (c) To oversee arrangements for the use of the school premises, other than by the school, subject to:
  - (i) any direction given by an appropriate body in relation to its policy regarding community use;
  - (ii) the policy on the use of the school premises as approved by the Governing Body;
  - (iii) the scale of charges for lettings as approved by the Governing Body.
- (d) Subject to any directions by the Academy Trust, to oversee the arrangements for the security and caretaking of the school premises.
- (e) To ensure a risk assessment is regularly carried out.
- (f) To prioritise work identified on the Asset Management Plan.
- (g) To prepare and monitor an Accessibility Plan.
- (h) To consider ways to achieve maximum energy conservation.

# TOWNLEY GRAMMAR SCHOOL

## GOVERNANCE STATEMENT (CONTINUED)

---

### Health and Safety

- (j) To ensure compliance, as far as is within the committee's power to do so, with the Governing Body's statement of health and safety Policy and with any direction concerning health and safety at the school issued by an appropriate body and by required legislation.
- (k) To draw the attention of the Governing Body to any equipment, repair or cleaning which needs to be provided from the school's budget in order to secure compliance with the Governing Body's statement of health and safety policy or with any direction concerning health and safety issued by an appropriate body.
- (l) In consultation with the Head Teacher, to make representation to the LA concerning any health and safety hazard at the school arising from circumstances which fall within the responsibility of the LA.
- (m) To receive regular reports from the school's health and safety committee.
- (n) To ensure a risk assessment is carried out at regular intervals.
- (o) To receive a report on the termly fire drill.

Throughout the year, the committee have adhered to the above and addressed issues that have arisen in connection with our budget and the strengthening of policies and procedures throughout the 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	3	3
Jude Greene-Steward (Resigned 31 March 2017)	2	2
Stephen Hailes	2	3
Sharon Massey (LA Governor) (Resigned 30 April 2017)	1	2
Richard Symes (Staff Governor)	3	3
Fabian Gupta De Fabiani (Staff Governor)	3	3
Yunita Ramgoolam (Parent Governor)	3	3
Lucy Follis (Parent Governor) (Resigned 31 May 2017)	2	2
Karen Lindridge	1	3
Karen Nathan (Appointed 24 April 2017)	1	1

# TOWNLEY GRAMMAR SCHOOL

## GOVERNANCE STATEMENT (CONTINUED)

---

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

As Accounting Officer, the Head Teacher 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 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 and Skills 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:

- 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. Our Progress 8 score puts Townley as the top achieving school in Bexley.
- 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.
- New revenue streams have continued to be built, with expanded lettings and funding received from our participation in school integration programmes which involves hosting international students within the school day for a fixed number of days.

### **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.

# TOWNLEY GRAMMAR SCHOOL

## GOVERNANCE STATEMENT (CONTINUED)

---

- 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.
- 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 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements.

### **Capacity to handle risk**

The Governing Body has reviewed the key risks to which Townley Grammar School is exposed together with the operating, financial and compliance controls that has been implemented to mitigate those risks. They are of the view that there is a formal on-going process for identifying, evaluating and managing Townley Grammar School's risks that has been in place for the year ending 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Governing Body.

# TOWNLEY GRAMMAR SCHOOL

## GOVERNANCE STATEMENT (CONTINUED)

---

### 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.

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. Audit Committee / other.
- 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 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 schools pay policy 2015-16.
- 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 ESFA 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.

# TOWNLEY GRAMMAR SCHOOL

## GOVERNANCE STATEMENT (CONTINUED)

---

### 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 11 December 2017 and signed on its behalf by:



John Paterson  
Chair



Desmond Deehan  
Head Teacher (Accounting Officer)

# **TOWNLEY GRAMMAR SCHOOL**

## **STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE**

---

As accounting officer of Townley Grammar School I have considered my responsibility to notify the Academy Trust Board of Trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA 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 2016.

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 2016.

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 ESFA.



**Desmond Deehan**  
**Accounting Officer**

11 December 2017

# TOWNLEY GRAMMAR SCHOOL

## STATEMENT OF TRUSTEES' RESPONSIBILITIES

---

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 and Skills 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:

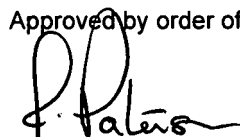
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting 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 ESFA/DfE 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 11 December 2017 and signed on its behalf by:



John Paterson  
Chair

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

---

## **Opinion on financial statements**

We have audited the financial statements of Townley Grammar School (the "academy trust") for the year ended 31 August 2017 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice), and the Academies: Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

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 2017 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 requirements of the Companies Act 2006; and
- have been prepared in accordance with the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

## **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## **Other information**

The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the Trustees' Report and the incorporated Strategic Report have been prepared in accordance with applicable legal requirements.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TOWNLEY GRAMMAR SCHOOL (CONTINUED)

---

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

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report and the incorporated Strategic Report.

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

- adequate accounting records have not been kept by the charitable company, 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.

### Responsibilities of Trustees

As explained more fully in the Statement of Trustees' Responsibilities set out on page 27, 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, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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 auditors' 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.

*RSM UK Audit LLP*

James Saunders (Senior Statutory Auditor)  
For and on behalf of RSM UK Audit LLP, Statutory Auditor  
Chartered Accountants  
Hanover House  
18 Mount Ephraim Road  
Tunbridge Wells  
Kent, TN11 1ED

*13/12/2017*

# TOWNLEY GRAMMAR SCHOOL

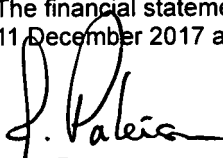
## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2017

		Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total 2017	Total 2016
	Notes	£'000	£'000	£'000	£'000	£'000
<b>Income and endowments from:</b>						
Donations and capital grants	3	18	2	232	252	758
Charitable activities:						
- Funding for educational operations	4	-	7,174	-	7,174	7,045
Other trading activities	5	656	59	-	715	523
Investments	6	1	-	-	1	2
<b>Total</b>		<u>675</u>	<u>7,235</u>	<u>232</u>	<u>8,142</u>	<u>8,328</u>
<b>Expenditure on:</b>						
Charitable activities:						
- Educational operations	8	512	7,551	396	8,459	7,936
<b>Total</b>	7	<u>512</u>	<u>7,551</u>	<u>396</u>	<u>8,459</u>	<u>7,936</u>
<b>Net income/(expenditure)</b>		163	(316)	(164)	(317)	392
Transfers between funds		(516)	(19)	535	-	-
<b>Other recognised gains/(losses)</b>						
Actuarial gains/(losses) on defined benefit pension schemes	24	-	568	-	568	(836)
<b>Net movement in funds</b>		<u>(353)</u>	<u>233</u>	<u>371</u>	<u>251</u>	<u>(444)</u>
<b>Reconciliation of funds</b>						
Total funds brought forward		353	(1,279)	23,012	22,086	22,530
Total funds carried forward		<u>-</u>	<u>(1,046)</u>	<u>23,383</u>	<u>22,337</u>	<u>22,086</u>

**TOWNLEY GRAMMAR SCHOOL****BALANCE SHEET****AS AT 31 AUGUST 2017**

		2017	2016
	Notes	£'000	£'000
<b>Fixed assets</b>			
Tangible assets	12	23,383	23,012
<b>Current assets</b>			
Debtors	13	227	468
Cash at bank and in hand		1,200	906
		1,427	1,374
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	14	(943)	(389)
<b>Net current assets</b>		484	985
<b>Total assets less current liabilities</b>		23,867	23,997
Creditors: amounts falling due after more than one year	15	(22)	(36)
<b>Net assets excluding pension liability</b>		23,845	23,961
Defined benefit pension scheme liability	24	(1,508)	(1,875)
<b>Net assets</b>		22,337	22,086
<b>Funds of the Academy Trust:</b>			
<b>Restricted funds</b>	18		
- Restricted fixed asset funds		23,383	23,012
- Restricted income funds		462	596
- Pension reserve		(1,508)	(1,875)
<b>Total restricted funds</b>		22,337	21,733
<b>Unrestricted income funds</b>	18	-	353
<b>Total funds</b>		22,337	22,086

The financial statements on pages 30 to 50 were approved by the Board of Trustees and authorised for issue on 11 December 2017 and are signed on their behalf by:

  
 John Paterson  
 Chair

# TOWNLEY GRAMMAR SCHOOL

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 AUGUST 2017

	Notes	2017 £'000	2016 £'000
<b>Cash flows from operating activities</b>			
Net cash provided by (used in) operating activities	22	828	(656)
<b>Cash flows from investing activities</b>			
Dividends, interest and rents from investments		1	2
Capital grants from DfE and ESFA		193	692
Capital funding from sponsors and others		39	26
Purchase of tangible fixed assets		(767)	(724)
<b>Net cash used in investing activities</b>		(534)	(4)
<b>Net increase/(decrease) in cash and cash equivalents in the reporting period</b>		294	(660)
Cash and cash equivalents at beginning of the year		906	1,566
<b>Cash and cash equivalents at end of the year</b>		<u>1,200</u>	<u>906</u>

# TOWNLEY GRAMMAR SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2017

---

### 1 Accounting policies

#### General information

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 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

The Academy Trust is a public benefit entity under FRS 102 and has therefore applied the relevant public benefit requirements of FRS 102.

The financial statements are presented in sterling which is also the functional currency of the Academy Trust. Monetary amounts in these financial statements are rounded to the nearest whole £1,000.

#### 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.

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

# TOWNLEY GRAMMAR SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2017

---

#### 1 Accounting policies (Continued)

##### 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 at fair value of the consideration received or receivable in the period it is receivable and to the extent the Academy Trust has provided the goods or services.

##### Donated fixed assets

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 is 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.

##### Charitable activities

These are costs incurred on the Academy Trust's educational operations to further its charitable aims for the benefit of the beneficiaries, 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.

# TOWNLEY GRAMMAR SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2017

---

#### 1 Accounting policies (Continued)

##### **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

##### **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.

##### **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 Trust 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 agreement 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.

# TOWNLEY GRAMMAR SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2017

---

#### 1 Accounting policies (Continued)

##### Derecognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flow expire or are settled, or substantially all the risks and the rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

##### **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 reporting 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 and Skills 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 and Skills Funding Agency and the Department for Education.

# TOWNLEY GRAMMAR SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2017

#### 1 Accounting policies (Continued)

##### Agency arrangements

The Academy Trust acts as an agent in the administering of 16-19 Bursary Funds from the ESFA. Related payments received from the ESFA 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 ESFA.

#### 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 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. 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.

#### 3 Donations and capital grants

	Unrestricted funds £'000	Restricted funds £'000	Total 2017 £'000	Total 2016 £'000
Capital grants	-	193	193	692
Other donations	18	41	59	66
	<u>18</u>	<u>234</u>	<u>252</u>	<u>758</u>

The income from donations and capital grants was £252,000 (2016: £758,000) of which £18,000 was unrestricted (2016: £4,000), £2,000 was restricted (2016: £36,000) and £232,000 was restricted fixed assets (2016: £718,000).

# TOWNLEY GRAMMAR SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2017

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

	Unrestricted funds £'000	Restricted funds £'000	Total 2017 £'000	Total 2016 £'000
<b>DfE / ESFA grants</b>				
General annual grant (GAG)	-	7,055	7,055	6,875
Other DfE / ESFA grants	-	119	119	164
	<u>-</u>	<u>7,174</u>	<u>7,174</u>	<u>7,039</u>
<b>Other government grants</b>				
Local authority grants	-	-	-	6
	<u>-</u>	<u>-</u>	<u>-</u>	<u>6</u>
	<u>-</u>	<u>7,174</u>	<u>7,174</u>	<u>7,045</u>

The income from funding for educational operations was £7,174,000 (2016: £7,045,000) of which £7,174,000 was restricted (2016: £7,045,000).

#### 5 Other trading activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2017 £'000	Total 2016 £'000
Hire of facilities	123	-	123	127
Catering income	367	-	367	327
Other income	166	59	225	69
	<u>656</u>	<u>59</u>	<u>715</u>	<u>523</u>

The income from other trading activities was £715,000 (2016: £523,000) of which £656,000 was unrestricted (2016: £506,000) and £59,000 was restricted (2016: £17,000).

#### 6 Investment income

	Unrestricted funds £'000	Restricted funds £'000	Total 2017 £'000	Total 2016 £'000
Interest from short term deposits	1	-	1	2
	<u>1</u>	<u>-</u>	<u>1</u>	<u>2</u>

The income from funding for investment income was £1,000 (2016: £2,000) of which £1,000 was unrestricted (2016: £2,000).

# TOWNLEY GRAMMAR SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

### 7 Expenditure

	Staff costs £'000	Non Pay Expenditure Premises £'000	Other £'000	Total 2017 £'000	Total 2016 £'000
Academy's educational operations					
- Direct costs	5,156	147	494	5,797	5,632
- Allocated support costs	1,156	675	831	2,662	2,304
	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>
Total expenditure	6,312	822	1,325	8,459	7,936
	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>

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

	2017 £'000	2016 £'000
Operating lease rentals	15	10
Depreciation of tangible fixed assets	396	275
Net interest on defined benefit pension liability	39	33
Fees payable to RSM UK Audit LLP and its associates in respect of both audit and non-audit services are as follows:		
- Audit	18	19
- Other services	4	8
	<u>        </u>	<u>        </u>

### 8 Charitable activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2017 £'000	Total 2016 £'000
Direct costs - educational operations	124	5,673	5,797	5,632
Support costs - educational operations	388	2,274	2,662	2,304
	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>
	512	7,947	8,459	7,936
	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>

The expenditure on educational operations was £8,459,000 (2016: £7,936,000) of which £512,000 was unrestricted (2016: £346,000), £7,551,000 was restricted (2016: £7,315,000) and £396,000 was restricted fixed assets (2016: £275,000).

	2017 £'000	2016 £'000
<b>Analysis of support costs</b>		
Support staff costs	1,156	1,005
Depreciation	249	254
Premises costs	374	292
Other support costs	824	722
Governance costs	59	31
	<u>        </u>	<u>        </u>
	2,662	2,304
	<u>        </u>	<u>        </u>

# TOWNLEY GRAMMAR SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

### 9 Staff

#### Staff costs

Staff costs during the year were:

	2017 £'000	2016 £'000
Wages and salaries	4,804	4,919
Social security costs	467	407
Operating costs of defined benefit pension schemes	899	754
Total staff costs	6,170	6,080
Supply staff costs	96	35
Staff restructuring costs	8	54
Staff development and other staff costs	38	37
	6,312	6,206

Staff restructuring costs comprise redundancy payments of £7,853 (2016: £44,783) and severance payments of £Nil (2016: £8,604).

#### Staff numbers

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

	2017 Number	2016 Number
Teachers	90	88
Administration and support	71	76
Management	9	8
	170	172

The number of persons employed, expressed as a full time equivalent, was as follows:

	2017 Number	2016 Number
Teachers	77	85
Administration and support	49	56
Management	8	8
	134	149

# TOWNLEY GRAMMAR SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

### 9 Staff (Continued)

#### Higher paid staff

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

	2017 Number	2016 Number
£60,001 - £70,000	2	-
£70,001 - £80,000	-	1
£100,001 - £110,000	1	1
	<u>      </u>	<u>      </u>

#### Key management personnel

The key management personnel of the Academy Trust comprise the Trustees and the Senior Leadership 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 £622,321 (2016: 601,026).

### 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 £661 (2016: £498) were reimbursed or paid directly to 2 governors (2016: 2). The value of governors' remuneration and other benefits are as follows:

Desmond Deehan (principal and governor)

Remuneration £107,187 (2016: £106,125)

Employer's pension contribution £17,664 (2016: £17,489)

Richard Symes (staff governor)

Remuneration £44,717 (2016: £44,270)

Employer's pension contribution £7,369 (2016: £7,296)

Fabian Gupta de Fabiani (staff governor)

Remuneration £43,524 (2016: £41,349)

Employer's pension contribution £Nil (2016: £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 Trust 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 2017

### 12 Tangible fixed assets

	Land and buildings	Assets in the course of construction	Computer equipment	Fixtures, fittings and equipment	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>						
At 1 September 2016	23,691	-	134	140	26	23,991
Additions	156	9	26	576	-	767
At 31 August 2017	23,847	9	160	716	26	24,758
<b>Depreciation</b>						
At 1 September 2016	798	-	100	75	6	979
Charge for the year	210	-	34	147	5	396
At 31 August 2017	1,008	-	134	222	11	1,375
<b>Net book value</b>						
At 31 August 2017	22,839	9	26	494	15	23,383
At 31 August 2016	22,893	-	34	65	20	23,012

The net book value of land and buildings comprises:

	2017 £'000	2016 £'000
Long leaseholds (over 50 years)	22,839	22,893

### 13 Debtors

	2017 £'000	2016 £'000
Trade debtors	45	55
VAT recoverable	96	325
Prepayments and accrued income	86	88
	227	468

### 14 Creditors: amounts falling due within one year

	2017 £'000	2016 £'000
Trade creditors	303	42
Other taxation and social security	121	-
Other creditors	443	265
Accruals and deferred income (see note 16)	76	82
	943	389

# TOWNLEY GRAMMAR SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2017

15	Creditors: amounts falling due after more than one year	2017 £'000	2016 £'000
	Other creditors	22	36

Included within creditors is a Salix loan as part of a grant from the Academies Capital Maintenance Grant. The amount is repayable at £14,506 per annum. No interest is charged on this loan. At the balance sheet date the amount outstanding in respect of this loan was £36,265 (2016 - £50,771).

16	Deferred income	2017 £'000	2016 £'000
	Deferred income is included within:		
	Creditors due within one year	-	40
	Deferred income at 1 September 2016	40	-
	Released from previous years	(40)	-
	Amounts deferred in the year	-	40
	<b>Deferred income at 31 August 2017</b>	<b>-</b>	<b>40</b>

Deferred income comprises:

£Nil (2016: £40,000) in relation to a grant from The Wolfson Foundation towards the cost of science equipment.

17	Financial instruments	2017 £'000	2016 £'000
	<b>Carrying amount of financial assets</b>		
	Debt instruments measured at amortised cost	85	78
	<b>Carrying amount of financial liabilities</b>		
	Measured at amortised cost	822	386

# TOWNLEY GRAMMAR SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

### 18 Funds

	Balance at 1 September 2016 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2017 £'000
<b>Restricted general funds</b>					
General Annual Grant	415	7,055	(7,161)	153	462
Other DfE / ESFA grants	181	119	(128)	(172)	-
Other restricted funds	-	61	(61)	-	-
Pension reserve	(1,875)	-	(201)	568	(1,508)
	<u>(1,279)</u>	<u>7,235</u>	<u>(7,551)</u>	<u>549</u>	<u>(1,046)</u>
<b>Restricted fixed asset funds</b>					
Transferred on conversion	18,486	-	(155)	-	18,331
DfE / ESFA capital grants	4,138	193	(166)	-	4,165
Capital expenditure from GAG	356	-	(57)	535	834
Private sector capital sponsorship	32	39	(18)	-	53
	<u>23,012</u>	<u>232</u>	<u>(396)</u>	<u>535</u>	<u>23,383</u>
<b>Total restricted funds</b>	<u>21,733</u>	<u>7,467</u>	<u>(7,947)</u>	<u>1,084</u>	<u>22,337</u>
<b>Unrestricted funds</b>					
General funds	353	675	(512)	(516)	-
<b>Total funds</b>	<u>22,086</u>	<u>8,142</u>	<u>(8,459)</u>	<u>568</u>	<u>22,337</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.

During the year the following transfers between funds occurred:

- £172,000 unspent funds from DfE / ESFA was transferred to the GAG to help cover the in year deficit.
- £516,000 was transferred from unrestricted funds to restricted fixed assets funds for fixed asset additions in the year which were not covered by capital grants or donations.
- £19,000 was transferred from the GAG to cover capital spend in the year.

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 2017.

# TOWNLEY GRAMMAR SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

### 18 Funds (Continued)

#### Funds prior year

	Balance at 1 September 2015 £'000	Income £'000	Expenditure £'000	Gains, losses and 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 / ESFA grants	204	164	(187)	-	181
Other government grants	-	6	(6)	-	-
Other restricted funds	-	53	(53)	-	-
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>					
Transferred on conversion	18,641	-	(155)	-	18,486
DfE / ESFA capital grants	3,501	692	(55)	-	4,138
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
<b>Total funds</b>	<u>22,530</u>	<u>8,328</u>	<u>(7,936)</u>	<u>(836)</u>	<u>22,086</u>

### 19 Analysis of net assets between funds

	Unrestricted Funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	Total Funds £'000
<b>Fund balances at 31 August 2017 are represented by:</b>				
Tangible fixed assets	-	-	23,383	23,383
Current assets	-	1,427	-	1,427
Creditors falling due within one year	-	(943)	-	(943)
Creditors falling due after one year	-	(22)	-	(22)
Defined benefit pension scheme liability	-	(1,508)	-	(1,508)
<b>Total net assets</b>	<u>-</u>	<u>(1,046)</u>	<u>23,383</u>	<u>22,337</u>

# TOWNLEY GRAMMAR SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

### 19 Analysis of net assets between funds (Continued)

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total Funds
	£'000	£'000	£'000	£'000
<b>Fund balances at 31 August 2016 are represented by:</b>				
Tangible fixed assets	-	-	23,012	23,012
Current assets	353	1,021	-	1,374
Creditors falling due within one year	-	(389)	-	(389)
Creditors falling due after one year	-	(36)	-	(36)
Defined benefit pension scheme liability	-	(1,875)	-	(1,875)
<b>Total net assets</b>	<b>353</b>	<b>(1,279)</b>	<b>23,012</b>	<b>22,086</b>

### 20 Commitments under operating leases

At 31 August 2017 the total of the academy trust's future minimum lease payments under non-cancellable operating leases was:

	2017 £'000	2016 £'000
Amounts due within one year	16	16
Amounts due between one and five years	12	24
	<b>28</b>	<b>40</b>

### 21 Capital commitments

	2017 £'000	2016 £'000
Expenditure contracted for but not provided in the financial statements	661	560

# TOWNLEY GRAMMAR SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2017

#### 22 Reconciliation of net income/(expenditure) to net cash flow from operating activities

	2017 £'000	2016 £'000
Net (expenditure)/income for the reporting period (as per the statement of financial activities)	(317)	392
<b>Adjusted for:</b>		
Capital grants from DfE/ESFA and other capital income	(232)	(718)
Interest receivable	(1)	(2)
Defined benefit pension scheme cost less contributions payable	162	12
Defined benefit pension scheme finance cost	39	33
Depreciation of tangible fixed assets	396	275
<b>Movements in working capital:</b>		
Decrease/(increase) in debtors	241	(306)
Increase/(decrease) in creditors	540	(342)
Net cash provided by operating activities	<u>828</u>	<u>(656)</u>

#### 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 Pension 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 by Kent County Council. Both are multi-employer defined benefit schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012, and of the LGPS 31 March 2016.

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 2014.

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.

# TOWNLEY GRAMMAR SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

### 24 Pension and similar obligations (Continued)

#### Valuation of the Teachers' Pension Scheme

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 in 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%

The TPS valuation for 2012 determined an employer rate of 16.48% (including a 0.08% administration fee), which was payable from September 2015. The next valuation of the TPS is currently underway based on March 2016 data, 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 £542,563 (2016: £548,093).

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

#### 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% for employers and 5.5 - 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	2017 £'000	2016 £'000
Employer's contributions	221	293
Employees' contributions	65	64
Total contributions	286	357

# TOWNLEY GRAMMAR SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2017

#### 24 Pension and similar obligations (Continued)

##### Principal actuarial assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2013 updated to 31 August 2017 by a qualified independent actuary.

	2017 %	2016 %
Rate of increases in salaries	3.7	3.3
Rate of increase for pensions in payment/inflation	2.2	1.9
Discount rate for scheme liabilities	2.4	2.1
Inflation assumption (CPI)	2.2	1.8

The assumed life expectations on retirement age 65 are:

	2017 Years	2016 Years
Retiring today		
- Males	23	23.2
- Females	26	25.6
Retiring in 20 years		
- Males	25.2	25.5
- Females	28.3	28.5

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

	2017 Fair value £'000	2016 Fair value £'000
Equities	2,031	1,628
Other bonds	294	211
Cash	24	24
Property	358	308
Other assets	673	532
Total fair value of assets	3,380	2,703

The actual return on scheme assets was £338,000 (2016: £435,000).

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

	2017 £'000	2016 £'000
Current service cost	369	261
Net interest cost	39	33
Plan introductions, changes, gain/(loss) on curtailment and gain/(loss) on settlement	14	44
Total operating charge	422	338

# TOWNLEY GRAMMAR SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

### 24 Pension and similar obligations (Continued)

<b>Changes in the present value of defined benefit obligations</b>	<b>2017 £'000</b>
At 1 September 2016	4,578
Current service cost	369
Interest cost	98
Employee contributions	65
Actuarial gain	(199)
Benefits paid	(28)
Plan introductions, benefit changes, curtailments and settlements	5
At 31 August 2017	4,888
<b>Changes in the fair value of the Academy Trust's share of scheme assets</b>	<b>2017 £'000</b>
At 1 September 2016	2,703
Interest income	59
Return on plan assets (excluding net interest on the net defined pension liability)	369
Employer contributions	221
Employee contributions	65
Benefits paid	(28)
Plan introductions, benefit changes, curtailments and settlements	(9)
At 31 August 2017	3,380

### 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.

However no 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 ESFA. In the year under review it received £29,518 (2016: £23,602) and disbursed £28,576 (2016: £39,382) with therefore an amount £1,408 (2016: £466) repayable by the Academy Trust at the 31 August 2017 and included in creditors. The Academy Trust has retained a beneficial interest in individual transactions totalling £nil (2016: £1,180).