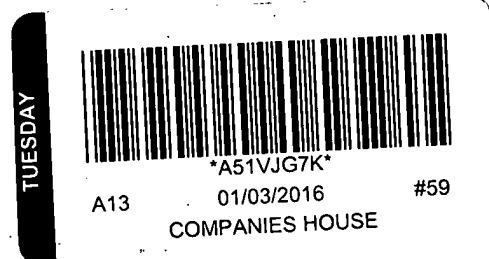




**Watford Grammar School for Boys**  
(A Company Limited by Guarantee)

## **Annual Report and Financial Statements**

**Year ended 31 August 2015**



**Company Registration Number:**  
**07348288 (England and Wales)**

**Watford Grammar School for Boys**  
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**Academy Trust Company**

*Members*

Sir J. S. Holman (Chair)  
Mr L. Arlow  
Mr D. Arrighi  
Mrs H. Hyde  
Mr P. Shearring

**Governors (Trustees):**

*Foundation Governors*

Mr M. Allchorn \* (Acting Headmaster & Accounting Officer)  
Mr P. Shearring \* (Chair of Governors)  
Mr L. Arlow \* (Chair of F&GP Committee)  
Mrs S. Branch  
Mr T. W. Cosgrove \* (resigned 04 September 2014)  
Mrs A. Dawkins  
Prof J. Hoppit (University College London)  
Mr S. Kotecha \* (resigned 17 October 2014)  
Rev T. Rindl (Vicar)  
Prof D. Ritchie (University of Cambridge)  
Mrs S. Scott \*  
Ms B. Shahedian (resigned 04 September 2014)  
Mrs S. Smith (appointed 05 November 2014)  
Mr B. Speel \*  
Mr T. Sweeney \* (appointed 05 November 2014)  
Mrs M. Thompson (resigned 04 September 2014)  
Mr D. Weston (appointed 04 March 2015)  
Dr J. Whiteley (University of Oxford)  
(resigned 19 December 2014)  
Ms L. Wood

*Staff Governors*

Miss J. Callow  
Mrs C. Cox \*  
Mrs R. Dunsby (appointed 13 February 2015)  
Ms O. Wallis \* (resigned 17 December 2014)

\* - member of the Finance and General Purpose Committee

*Company Secretary*

Mrs C Brown

**Watford Grammar School for Boys**  
**Reference and Administrative Details**

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**Senior Leadership Team:**

*Acting Headmaster* Mr M. Allchorn

*Acting Deputy Headmaster* Mr R. Carr

*Assistant Head Teachers* Mr G. Curwen  
Mrs M. J. Hill  
Mr J. Macleod  
Mr K. Thorold (Finance Director)

**Principal and Registered Office:** Rickmansworth Road  
Watford  
Hertfordshire  
WD18 7JF

**Company Registration Number:** 07348288 (England and Wales)

**Independent Auditor:** Hillier Hopkins LLP  
Chartered Accountants  
Radius House,  
51 Clarendon Road,  
Watford  
Hertfordshire.  
WD17 1HP

**Bankers:** Lloyds TSB PLC  
Intu Watford Centre  
Unit 32 + 32a  
Watford  
Hertfordshire  
WD17 2UB

**Solicitors:** Winckworth Sherwood  
Minerva House  
5 Montague Close  
London  
SE1 9BB

**Internal Auditor:** Campbell Wilson ACA ATII  
Howard Wilson  
36 Crown Rise  
Watford  
Hertfordshire  
WD25 0NE

The governors present their annual report together with the financial statements and auditors' report of the charitable company for the period 1 September 2014 to 31 August 2015. The annual report serves the purpose of both a governors' report and a directors' report under company law.

The Academy Trust operates a School for pupils aged 11 to 18 serving a catchment area in Watford. It has a pupil capacity of 1,310 and had a roll of 1,313 in the January 2015 school census.

The governors would like to take this opportunity to thank all the staff, both teaching and non-teaching, for their continued commitment to the excellence of both the School and its students. They would also like to give special thanks to Mr Allchorn for his excellent leadership of the School during his one year appointment as Acting Headmaster, and to Mr Carr for his excellent support throughout the year as Acting Deputy Headmaster. The governors have appointed Mr Ian Cooksey, currently Headmaster of Dr Challoner's High School, as the new Headmaster from 1 September 2015, and they wish him every success as he takes over the leadership of this outstanding school. Mr Cooksey will take over as Accounting Officer from 1 September 2015.

## **Structure, Governance and Management**

### *Constitution*

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

The Academy Trust is constituted of two parts: the Academy Trust company members, who ratify all major governance issues, and the governors, who are the directors of the academy trust and make both strategic and operational decisions.

The governors of Watford Grammar School for Boys are also directors of the charitable company for the purposes of company law. They are responsible for managing the school at a strategic and operational level. The charitable company is known as Watford Grammar School for Boys.

Details of the governors who served during the year are included in the Reference and Administrative Details on page 3.

### *Members' Liability*

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, for the debts and liabilities contracted before they ceased to be a member.

### *Governors' Indemnities*

The governors are indemnified in respect of their duties on behalf of Watford Grammar School for Boys to the extent that they are covered within the specific provisions contained within the School's insurance policy arranged through Zurich Municipal.

### *Principal Activities*

The Academy Trust's principal activity is the provision of secondary education for boys in the Watford and surrounding areas in accordance with section 78 of the Education Act of 2002, with an emphasis on Science, Mathematics and Modern Foreign Languages. It provides education for pupils of different abilities who are mainly drawn from the area in which the School is situated.

### *Method of Recruitment and Appointment or Election of Governors*

#### *1 Foundation Governors*

The Watford Grammar Schools Foundation appoints 11 governors of whom:

- a) no fewer than 3 are parents of registered pupils attending the School at the date of appointment;
- b) if a recommendation is made, three are appointed on the recommendation of each of the University of Cambridge, the University of Oxford and the University of London; and
- c) one is the vicar for the time being of the Ecclesiastical Parish of Watford (or his/her alternate appointed by the Diocese of St Albans).

#### *2 Ex-Officio*

The Headmaster shall be treated for all purposes as being an ex officio Governor.

#### *3 Parent Governors*

Parent governors must be parents of pupils at the School at the time when they are elected by parents of registered pupils at the School or, where it is not reasonably practical to do so, a person who is the parent of a child of compulsory school age. Any election of a parent governor which is contested shall be held by secret ballot. The arrangements made for the election of a parent governor provides for every person who is entitled to vote in the election to have an opportunity to do so by post or, if they prefer, by having a ballot paper returned to the School trust by a registered pupil at the School.

#### *4 Staff Governors*

Staff governors are invited for nomination and if required are elected by a secret ballot of all staff employed under a contract of employment or a contract for services or otherwise engaged to provide services to the School (excluding the Headmaster). All arrangements for the calling and the conduct of the election and resolution of questions as to whether any person is an eligible candidate is determined by the governors. If a staff governor ceases to work at the School then they are deemed to have resigned and shall cease to be a governor automatically on termination of their work at the School.

### *Policies and Procedures Adopted for the Induction and Training of Governors*

Newly appointed governors are provided with recent minutes and other key documents prior to an induction session with the Headmaster, Chair of Governors and the Finance Director. Training opportunities are discussed with the Governor Training Co-ordinator.

*Organisational Structure*

Subject to provisions of the Companies Act 2006, the articles and to any directions given by special resolution, the business of the charitable company shall be managed by the governors who may exercise all the powers of the charitable company. All major strategic decisions must, however, be ratified by the Academy Trust company. No alteration of the articles and no such direction shall invalidate any prior act of the governors which would have been valid if that alteration had not been made or that direction had not been given. The powers given by this Article shall not be limited by any special power given to the governors by the articles and a meeting of governors at which a quorum is present may exercise all the powers exercisable by the governors.

In addition to all powers hereby expressly conferred upon them and without detracting from the generality of their powers under the articles the governors shall have the following powers, namely to expend the funds of the charitable company in such manner as they shall consider most beneficial for the achievement of the object and to invest in the name of the charitable company such part of the funds as they may see fit and to direct the sale or transposition of any such investments and to expend the proceeds of any such sale in furtherance of the object.

The Governing Body may delegate to any governor, committee, the Headmaster or any other holder of an executive office, such of their powers or functions as they consider desirable to be exercised by them. Any such delegation may be made subject to any conditions the governors may impose and may be revoked or altered. Where any power or function of the governors is exercised by any committee, any governor, Headmaster or any other holder of an executive office, that person or committee shall report to the governors in respect of any action taken or decision made with respect to the exercise of that power or function at the meeting of the governors immediately following the taking of the action or the making of the decision.

*Related Parties and other Connected Charities and Organisations*

The Watford Fuller Foundation (Charity Number 1062184) is a charitable trust established to advance the education of the pupils of the Watford Grammar School for Boys by providing or assisting in the provision of educational, recreational and other charitable facilities to further the education and advancement in life of the pupils.

Watford Grammar School for Girls is the sister school to Watford Grammar School for Boys. The two schools operate with a shared head of Trustees and with a shared admissions policy. The Governors of the Watford Grammar Schools are the representatives of the old Foundation of the two Watford Grammar Schools.

The Friends of Watford Grammar School for Boys is a Charity (Charity Number 1073843) set up by the parents of the School to support educational activity in the School.

The School is linked with Verulam School in St Albans as sponsor for their Academy Status which was achieved in 2011.

Last year the School carried out NLE/NSS consultancy work with Redbridge School, Ashlyns School, Westfield School, Francis Coombe Academy, Southend High School for Girls, Laurence Haines School, Bushey Manor School, Cassiobury School and Charter School.

## Objectives and Activities

### *Objects and Aims*

The Academy Trust's object is specifically restricted to the following: to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a selective school offering a broad and balanced curriculum.

Recognising its historic foundation, the School shall preserve and develop its traditional character including the teaching of religious education consistent with the principles of the Church of England, whilst taking account of the teaching and practices of other religions. The School aims to serve its community by providing education of the highest quality within the context of religious belief. It encourages an understanding of the meaning and significance of faith, knowledge and appreciation of other faiths including the promotion of Christian values through the experience it offers to all its pupils.

### *Objectives, Strategies and Activities*

The key objective of the School can be summarised by the governor's mission statement:

*"To provide an education of the highest quality which meets both individually and collectively the needs and aspirations of students"*

The governors have identified a set of core values that underpins this mission statement:

1. Aspire to be the best in all that we do.
2. Develop a sense of personal worth for all students.
3. Ensure that every student thinks, learns, is caring and has the opportunity to progress.
4. Develop the strengths and skills needed to meet the challenges of life after school.
5. Provide and maintain an environment where staff can develop their skills and career paths and work to the best of their abilities.

The strategic objectives and direction of the School as determined by the governors and the Senior Leadership Group are summarised below:

#### *Students*

- to ensure that students enjoy high quality education in terms of opportunity, tuition and care;
- to raise the standards of academic and personal achievement and enable students to aspire to be the best they can;
- to make certain that students develop the qualities of honesty, respect and appropriate behaviour;
- to deliver a curriculum that is suitably broad yet firmly rooted in traditional academic subjects;
- to provide a range of opportunities for personal and social development by participating in extra-curricular activities and assuming responsibilities both in the School and the wider community.

#### *Staff*

- to recruit, develop and retain excellent staff who make a difference and add value to all students;
- to preserve the ethos, traditions and reputation of the School;
- to provide a supportive environment that will enable staff to excel in their roles. Ensure that training programmes and support are in place to meet the needs of all staff in their professional development;
- to seek opportunities for staff to offer support and consultancy to other schools and bring back shared learning.



#### *Leadership*

- to provide strong Leadership, Management and Governance;
- to give clear direction to all staff enabling delivery of the core values of the School;
- to implement and comply with all statutory requirements;
- to ensure teaching and learning is outstanding. Ensure attainment and progress of all students meet or exceed national benchmarks of similar cohorts and schools and that no significant group of students underperforms;
- to keep all members of the school community safe and supported;
- to ensure that the Management Structures meet the changing needs of the School;
- the Governing Body, working with the Headmaster and senior leaders, to agree a Strategic Plan and to review it annually;
- to ensure there are the right skills on the Governing Body to support and hold the Headmaster to account to achieve the strategic objectives of the School;
- to set relevant performance indicators to monitor and challenge performance against these objectives;
- to successfully implement any changes to the curriculum and national accountability measures.

#### *Finance*

- to ensure best value and sound financial discipline in the forecasting and management of the School Budget and the day to day running costs of the School;
- to keep aware and informed of the fast changing world of technology and to budget to ensure we have the best available facilities;
- to increase existing and find additional capital resources and income streams. Explore ways to optimise student numbers and increase revenues while maintaining academic excellence;
- to maintain the level of Parental Contributions and ensure best value in their expenditure, to support the School;
- to review and investigate ways in which the financial and professional resources of our Alumni can benefit the School.

#### *Community*

- to build and strengthen our existing partnerships with local community, sports and charitable groups and look for opportunities to develop new relationships;
- to increase our collaboration with businesses in terms of student and educational links and financial relationships;
- based on the success of the STEM lab, further develop our links and partnerships with universities;
- through local and national bodies continue our wide ranging support of other schools and their students;
- to maintain and encourage student engagement with all our partners;
- to develop further the communication with parents.

### *Public Benefit*

The governors are satisfied that the School has complied with its requirement to have due regard for the public benefit of secondary education for boys in the Watford and surrounding areas in accordance with its charitable purpose.

This can be demonstrated by:

- a. continued excellent public examination results achieved by the students of the School, who continue to perform well at national level. The Telegraph has placed the School as one of the top fifty schools in the country. At GCSE the Telegraph placed the School in the top fifty schools nationally for five A\*-C results and in the top five for A\*/A results. These achievements are exceptional and are a testament to the hard work of the students and staff.
- b. the destination of choice of the majority of its students at Universities, many of which belong to the leading Russell Group of Universities. In 2014 the Sutton Trust named Watford Grammar School for Boys as the leading state School for Oxbridge and Russell Group university entry.
- c. the extensive use of the School and its buildings by the local community. The Aviv Dance Studios continues to operate six days a week from the School's dance studio, and supplementary schools (The Al Amana School, Watford Gujarati School and the Watford Chinese School) continue to thrive.
- d. the long-term partnership that the School has with West Herts Hockey Club. This partnership, together with other sports partners such as Watford FC (men and ladies teams) which has been strengthened following the newly constructed Household Pavilion.
- e. the continued expansion of links with the local community. Long term partnerships have been established with Mencap and SHINE. The 'Climbing Higher' Saturday school is very popular and has a cohort of forty students drawn from Rickmansworth, St Clement Danes, St Joan of Arc, Bushey Meads, Francis Combe Academy, Bushey Academy and Parmiters.

### **Strategic Report**

#### *Achievements and Performance*

This year's results are extremely strong at the top end of the ability range for both the A level and GCSE examinations. The A level results for the top grade of A\* were up 5% to 22% whilst nationally the figure remained at 8.2%. Our A\*/A remained broadly the same as last year at 50% , compared to the national figure of 25.9%. AS level results at A grade were up to 43% compared with 39% in 2014 whilst the A/B rate stayed broadly the same. The GCSE results for five A\*/Cs (89%) and A\* (28.8%) were broadly the same as last year and continue to be very high when compared with national performance, 5A\*/C (69%) and A\* (6.6%).

### *Key Performance Indicators*

The Public Examination results for 2015 are as follows:

#### **A2 Level**

There were 168 students who sat A2 Level examinations in the Upper Sixth in 2015 and they achieved the following results:

	L3VA Summary grades	% A grades	% A*/A grades	% A/B grades	% A-E grades
Watford Grammar School for Boys 2015	+0.20	21.7	49.5	79.4	98.9
Watford Grammar School for Boys 2014	+0.09	17.0	51.0	81.0	100.0
Watford Grammar School for Boys 2013		22.5	57.0	82.0	99.7
Watford Grammar School for Boys 2012		17.9	49.6	81.7	99.6
National Average for England 2015		8.2	26.0	52.4	98.0

#### **AS Level**

There were 190 students who sat AS Level examinations in the Lower Sixth in 2015 and they achieved the following results:

	L3VA Summary grades	% A grades	% A/B grades	% A-E grades
Watford Grammar School for Boys 2015	+0.15	43.0	63.9	97.4
Watford Grammar School for Boys 2014	+0.07	39.0	65.0	98.0
Watford Grammar School for Boys 2013		44.1	67.0	96.0
Watford Grammar School for Boys 2012		45.7	66.8	96.6
National Average for England 2015		20.2	40.9	88.8

#### **GCSE Level**

There were 189 students who sat GCSE Level examinations in Year Eleven in 2015 and they achieved the following results:

- 56% achieved 5+ A\*/A grades
- The average points score per entry was 473
- The average points score per student was 48

	% Entered for 5+ GCSEs	students achieving % 5 A*-C	C inc. English & Maths	% A*/A grades	% Attainment 8
Watford Grammar School for Boys 2015	100.0	89.3	81.0	56.3	66.3
Watford Grammar School for Boys 2014	100.0	92.5	86.2	56.0	63.3
Watford Grammar School for Boys 2013	100.0	93.7	91.1	57.6	
Watford Grammar School for Boys 2012	100.0	96.5	95.6	64.5	
National Average for England 2015		69.0	53.4*	21.2	

\* only 2014 figure available for 5 A\*/C inc. English and Maths

### *Going Concern*

After making appropriate enquiries, the governors have a reasonable expectation that Watford Grammar School for Boys has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

### **Financial Review**

The majority of the School's income is obtained from the Education Funding Agency (EFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the EFA during the year ended 31 August 2015 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

### *Key Financial Performance Indicators*

The KPIs based on the period 1 September 2014 to 31 August 2015 are as follows:

<b>Key Performance Indicators</b>	<b>2015 (£k)</b>	<b>2014 (£k)</b>
GAG Income	6,453	6,564
Salary Costs to GAG Income (%)	93.44%	90.69%
Salary costs to Total Revenue Income (%)	77.82%	76.87%
<b>Total Revenue Income</b>	<b>7,749</b>	<b>7,744</b>
Staff Costs	6,030	5,953
Educational Supplies (Learning Resources)	398	366
ICT Resources	107	231
Salary Costs as % Total Expense	76.87%	78.04%
<b>Total Revenue Expenditure</b>	<b>7,844</b>	<b>7,628</b>

The School receives grants for capital assets from the EFA and the Watford Fuller Foundation Trust (WFF). In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2005), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During the period ended 31 August 2015, total expenditure of £8,515,822 (2014: £8,504,294) (see note 7 of the Notes to the Financial Statements) and this not covered by its recurrent grant funding from the EFA and other incoming resources. The School took the decision to spend some of its unrestricted general fund carry forward from the previous year on capital investment. The building costs of the three new English Block classrooms (£500,000) was entirely funded by grants from the WFF using funds so generously donated by parents.

The net incoming/(outgoing) resources before transfers of expenditure over income (excluding restricted fixed asset funds) for the year was £(95,653). At the year end, the net book value of tangible fixed assets was £16,099,541 (see note 13 of the notes to the Financial Statements). Assets are used exclusively for providing education and the associated support services to the pupils of the School.

### *Reserves Policy*

The reserves policy of the School is to carry forward the maximum amount of unrestricted reserves as is prudent in case of any unexpected expenditure to meet its aims and objectives as long as this does not affect its current activities. The School reviews the reserve levels of the School annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The School also maintains two designated funds which are the All Weather Pitch and The Clarendon Muse funds. The purpose of the All Weather Pitch fund is to create a sinking fund that will pay for the complete refurbishment of the facility every seven to ten years. The Clarendon Muse fund was set up to provide a matched reserve to the Hertfordshire Music Service, which shares the usage of the building, and is used to pay for large maintenance projects that could not be sustained from the revenue budget.

### *Investment Policy*

The School aims to manage its cash balances to provide for the day-to-day working capital requirements of its operations, whilst protecting the real long-term value of any surplus cash balances against inflation. The School has a policy of investing its surplus cash balances with a view to maximising returns, but where greater weight is assigned to the safety of the investment ensuring that there is no risk to the loss of these surplus cash funds. The policy aims to invest cash such that its cash balances and liquid investments at least equal the figure outlined in the reserves policy.

### *Principal Risks and Uncertainties*

The principal risk to the School continues to be the reduction funding grants from the EFA, caused by continuing economic uncertainties, together with increased payroll costs imposed by external bodies. The School has mitigated this risk by increasing student numbers at both key Stage 3 and 5. Failure to achieve this planned increase in pupil numbers, however, would present a further risk to the School, although the School continues to be heavily oversubscribed for entry at both 11 and 17. Further reductions in funding are likely to occur when the budget guidelines are announced for 2016-2017.

### *Financial and Risk Management Objectives and Policies*

The School recognises a number of potential risks and uncertainties to which the School is exposed.

These include the risk that:

- the profile of aged debtors deteriorates which impacts on its cash flow position;
- the debtors record is not complete;
- cash flow requirements are not forecast;
- the School has entered into future commitments without having the future funding available to meet them;
- that pension scheme is in significant deficit; and
- that the fixed asset depreciation rate is not appropriate.

The School does, however, maintain a comprehensive risk register which mitigates the principle risks that it faces.

### **Plans for Future Periods**

In addition to the Schools objectives listed on page 8, the primary focus for 2015-2016 is to ensure that:

- all students make progress towards their targets and achieve success in all they undertake;
- all students receive a first-class education and it continues to raise the standards of educational achievement of *all* its pupils;
- every student enjoys the same high quality education in terms of resourcing, tuition and care;
- the School conducts its business in accordance with the highest standards of integrity, probity and transparency;
- it improves the effectiveness of the School by keeping the curriculum and organisational structure under continual review whilst complying with all appropriate statutory requirements;
- it continues to provide value for money for the funds expended ensuring all resources are spent wisely for the benefit of all students;
- it maintains close links with other schools and academies through its associations with the LEA and its National Support Schools status; and
- all opportunities for grant funding are explored for capital programmes, specifically for the construction of a new STEM building to develop the existing links with business and universities.

### **Funds Held as Custodian Trustee on Behalf of Others**

The School does not hold any assets on behalf of any other charity or organisation.

### **Auditor**

Insofar as the governors are aware:

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

Baker Tilly resigned as the School's auditors with effect from the 22 May 2015. After a short tendering process, the School appointed Hillier Hopkins LLP as its auditors for the financial year 2014 – 2015.

It is the intention of the Governing Body to re-appoint the auditors Hillier Hopkins LLP for the financial year 2015-2016.

The Governor's Annual Report, including a strategic report, approved by order of the Governing Body on 1 December 2015 and signed on the board's behalf by:



[Signed]  
[Mr P. Shearring]  
[Chair of Governors]

### *Scope of Responsibility*

As governors, we acknowledge we have overall responsibility for ensuring that Watford Grammar School for Boys 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 Governing Body has delegated the day-to-day responsibility to the Headmaster, 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 Watford Grammar School for Boys and the Secretary of State for Education. The Headmaster is also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

### *Governance*

The information on governance included here supplements that described in the Governors' Report and in the Statement of Governors Responsibilities. The governing body has formally met three times during the year.

Attendance during the year at meetings of the governing body was as follows:

<b>Governor</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
M Allchorn (Acting Headmaster & Accounting Officer)	3	3
L Arlow	1	3
S Branch	3	3
J Callow	3	3
T Cosgrove	0	0
C Cox	3	3
A Dawkins	3	3
R Dunsby	2	2
J Hoppit	2	3
S Kotecha	0	0
T Rindl	2	3
D Ritchie	1	3
S Scott	2	3
B Shahedian	0	0
P Shearring (Chair of Governors)	3	3
S Smith	3	3
B Speel	3	3
T Sweeney	3	3
M Thompson	0	0
O Wallis	1	1
D Weston	2	2
J Whiteley	1	1
L Wood	3	3

### *Governance Reviews*

In the summer term the governors hold an annual Strategy Day that reviews performance and also determines the strategy of the governing body for the year ahead. The Senior Leadership Team are also in attendance.

The Finance and General Purposes Committee (F&GP) is a sub-committee of the main governing body. Its purpose is to approve the recommendations of the annual estimates of the school's budget and annual out-turn budget, to approve the financial returns sent to the Education Funding Agency (EFA) and to monitor the short and medium term budget plans and projected outturns.

Attendance during the year at meetings of the F&GP Committee was as follows:

<b>Governor</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
M Allchorn	3	3
L Arlow (Chair of F&GP)	2	3
T Cosgrove	0	0
C Cox	1	1
S Kotecha	0	0
S Scott	3	3
P Shearring	3	3
B Speel (Vice Chair of F&GP)	3	3
T Sweeney	2	2
O Wallis	0	1

### **Review of Value for Money**

As accounting officer the headmaster has responsibility for ensuring that the School 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 School'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 School has delivered improved value for money during the year by:

- Ensuring that financial procedures are followed for purchasing of goods and services, including three quotes wherever possible.
- Using Expense Reduction Analysts to monitor and review spend data on stationary and cleaning products.
- Using Synergy to value engineer the costs of the English Block classrooms to ensure it was completed within the budget set by the governors.



### **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 ongoing process designed to identify and prioritise the risks to the achievement of Watford Grammar School for Boys 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 controls is reviewed annually and has been in place in Watford Grammar School for Boys for the year ended 31 August 2015 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 the School is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governing Body is of the view that there is a formal ongoing process for identifying, evaluating and managing the School's significant risks that has been in place for the period ending 31 August 2015 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Governing Body.

#### *The Risk and Control Framework*

The governors have assessed the major risks to which the School is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the School, and its finances. The Governors have implemented a number of systems to assess risks that the School faces, especially in the operational areas (e.g. in relation to teaching, health and safety and school trips) and in relation to the control of finance. They have introduced systems, including operational procedures and internal financial controls in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover. The School has an effective system of internal financial controls which are reviewed and renewed annually.

The School'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 Governing Body;
- regular reviews by the F&GP 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 governing body has considered the need for a specific internal audit function and decided:

- to appoint Campbell Wilson of Howard Wilson as its internal auditor.

The internal auditor role includes giving advice on financial matters and performing a range of checks on the School's financial systems. On a termly basis, the internal auditor reports to the F&GP committee on the operation of the systems of control and on the discharge of the governing body's financial responsibilities. In particular the checks carried out in the current period include:

- testing of payroll systems
- testing of purchase systems
- testing of control account/bank reconciliations

The School can confirm that the internal auditor has carried out the schedule of work as planned and has not identified any material control issues as a result of these internal checks.

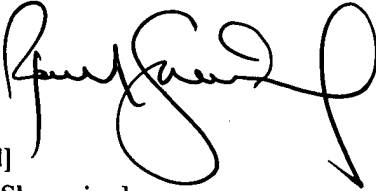
*Review of Effectiveness*

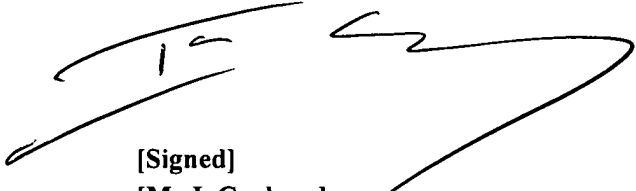
As Accounting Officer, the Headmaster has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the internal auditor;
- the work of the external auditor; and
- the work of the Finance Director within the School who is responsible for the development and maintenance of the internal control framework.

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the F&GP committee and it ensures continuous improvements of the systems are in place.

Approved by order of the members of the Governing Body on 1 December 2015 and signed on its behalf by:

  
[Signed]  
[Mr P. Shearring]  
[Chair of Governors]

  
[Signed]  
[Mr I. Cooksey]  
[Accounting Officer]

**Watford Grammar School for Boys**  
**Statement on Regularity, Propriety and Compliance**

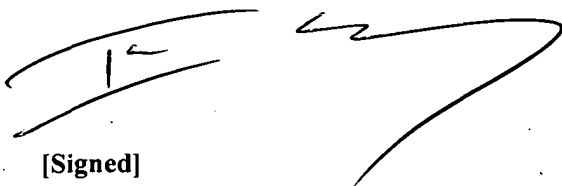
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**Statement on Regularity, Propriety and Compliance**

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

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

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 governing body and EFA.



[Signed]  
[Mr I. Cooksey]  
[Accounting Officer]

**1 December 2015**

### **Statement of Governors' Responsibilities**

The governors (who act as trustees of Watford Grammar School for Boys and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Governors' Annual Report (including the Strategic Report) and the financial statements in accordance with the Annual Accounts Direction published by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- 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 governors 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 governors are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform to the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the EFA/DfE have been applied for the purposes intended.

The governors 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 Governing Body on 1 December 2015 and signed on its behalf by:



[Signed]  
[Mr P. Shearring]  
[Chair of Governors]

**Watford Grammar School for Boys**  
**Independent Auditors Report on the Financial Statements**

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**Independent Auditors Report on the Financial Statements to the Members of Watford Grammar School for Boys**

We have audited the financial statements of Watford Grammar School for Boys in respect of the year ended 31 August 2015 on pages 25 to 44.

The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an 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.

***Respective responsibilities of governors and auditors***

As explained more fully in the Statement of Governors' Responsibilities set out on page 20, the governors (who act as trustees for the charitable activities of the charitable company, and are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the academy's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Governor; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Governors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Watford Grammar School for Boys**  
**Independent Auditors Report on the Financial Statements**

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**Independent Auditors Report on the Financial Statements to the Members of Watford Grammar School for Boys**

***Opinion on financial statements***

In our opinion the financial statements:

- give a true and fair view of the state of the academy's affairs as at 31 August 2015 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; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

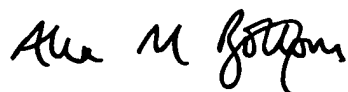
***Opinion on other matter prescribed by the Companies Act 2006***

In our opinion the information given in the Governors Report (including the Strategic Report) for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

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

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



**Alexander Bottom ACA**  
**Senior Statutory Auditor**  
**for and on behalf of Hillier Hopkins LLP, Statutory Auditor**  
Chartered Accountants  
Radius House  
51 Clarendon Road,  
Watford,  
Hertfordshire.  
WD17 1HP

Date: 14th December 2015

**Watford Grammar School for Boys**  
**Independent Reporting Accountant's Assurance Report on Regularity**

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**Independent Reporting Accountant's Assurance Report on Regularity to Watford Grammar School for Boys and the Education Funding Agency**

In accordance with the terms of our engagement letter dated 19 August 2015 and further to the requirements of the Education Funding Agency (EFA), as included in the Academies Accounts Direction 2014 to 2015, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Watford Grammar School for Boys during the period 1 September 2014 to 31 August 2015 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

***Respective responsibilities of Watford Grammar School for Boys' accounting officer and the reporting accountant***

The accounting officer is responsible, under the requirements of Watford Grammar School for Boys's funding agreement with the Secretary of State for Education dated 30 June 2011 and the Academies Financial Handbook extant from 1 September 2014, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2014 to 2015. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2014 to 31 August 2015 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

***Approach***

We conducted our engagement in accordance with the Academies Accounts Direction 2014 to 2015 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity. A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

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

**Watford Grammar School for Boys**  
**Independent Reporting Accountant's Assurance Report on Regularity**

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**Independent Reporting Accountant's Assurance Report on Regularity to Watford Grammar School for Boys and the Education Funding Agency**

The work undertaken to draw to our conclusion includes:

- An assessment of the risk of material misstatement and irregularity across the Academy Trust's activities;
- Testing and review of areas identified through risk assessment including enquiry, observation, inspection and review of supporting evidence;
- Review of system controls, policies and procedures in place to ensure compliance with the regularity regime;
- Consideration of evidence obtained through the work performed as part of our financial statements audit in order to support the regularity conclusion.

**Conclusion**

In the course of our work, nothing has come to our attention which suggest that in all material respects the expenditure disbursed and income received during the period 1 September 2014 to 31 August 2015 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

*Hillier Hopkins LLP*

**Hillier Hopkins LLP**  
Chartered Accountants  
Radius House  
51 Clarendon Road,  
Watford,  
Hertfordshire.  
WD17 1HP

Date: *14<sup>th</sup> December 2015*



**Watford Grammar School for Boys**  
**Statement of Financial Activities**

**Statement of Financial Activities for the year ended 31 August 2015**  
**(including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)**

	Note	Unrestricted Funds £	Designated Funds £	Restricted General Funds £	Restricted Other Funds £	Restricted Fixed Asset Funds £	Total 2015 £	Total 2014 £
<b>Incoming resources</b>								
<i>Incoming resources from generated funds:</i>								
Voluntary income	2	14,914	-	11,242	75,884	1,118,000	1,220,040	216,515
Activities for generating funds	3	861,160	-	66,701	-	-	927,861	781,912
Investment income	4	1,733	-	-	-	-	1,733	3,393
<i>Incoming resources from charitable activities:</i>								
Funding for the academy trust's educational operations	5	-	-	6,693,048	-	72,873	6,765,921	7,287,958
Other income	6	23,818	-	-	-	-	23,818	79,818
<b>Total incoming resources</b>		<b>901,625</b>	<b>-</b>	<b>6,770,991</b>	<b>75,884</b>	<b>1,190,873</b>	<b>8,939,373</b>	<b>8,369,596</b>
<b>Resources expended</b>								
<i>Cost of generating funds:</i>								
Costs of generating voluntary income		5,118	-	-	8,440	-	13,558	9,749
Fundraising trading		510,848	-	-	540	-	511,388	315,246
<i>Charitable activities:</i>								
Academy trust educational operations	8	240,377	-	6,964,566	64,733	671,669	7,941,345	8,140,602
Governance costs	9	8,660	-	40,871	-	-	49,531	38,697
<b>Total resources expended</b>	7	<b>765,003</b>	<b>-</b>	<b>7,005,437</b>	<b>73,713</b>	<b>671,669</b>	<b>8,515,822</b>	<b>8,504,294</b>
<b>Net incoming/(outgoing) resources before transfers</b>		<b>136,622</b>	<b>-</b>	<b>(234,446)</b>	<b>2,171</b>	<b>519,204</b>	<b>423,551</b>	<b>(134,698)</b>
Gross transfers between funds	17	(325,186)	(70,643)	151,798	10,339	233,692	-	-
<b>Net income/(expenditure) for the year</b>		<b>(188,564)</b>	<b>(70,643)</b>	<b>(82,648)</b>	<b>12,510</b>	<b>752,896</b>	<b>423,551</b>	<b>(134,698)</b>
<b>Other recognised gains and losses</b>								
Actuarial (losses)/gains on defined benefit pension schemes	17, 26	-	-	33,000	-	-	33,000	(316,000)
Gains/(losses) on investment	14	-	-	-	240	-	240	1,249
<b>Net movement in funds</b>		<b>(188,564)</b>	<b>(70,643)</b>	<b>(49,648)</b>	<b>12,750</b>	<b>752,896</b>	<b>456,791</b>	<b>(449,449)</b>
<b>Reconciliation of funds</b>								
Total funds brought forward at 1 September 2014	17	294,953	295,643	(1,054,927)	100,160	15,355,558	14,991,387	15,440,836
<b>Total funds carried forward at 31 August 2015</b>	17	<b>106,389</b>	<b>225,000</b>	<b>(1,104,575)</b>	<b>112,910</b>	<b>16,108,454</b>	<b>15,448,178</b>	<b>14,991,387</b>

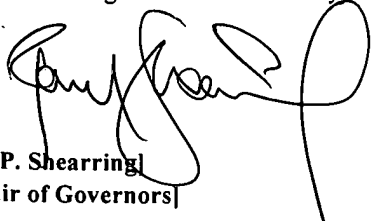
All of the academy trust's activities derive from continuing operations during the above two financial periods.

**Watford Grammar School for Boys**  
**Balance Sheet**

**Balance sheet as at 31 August 2015**

	Notes	2015 £	2015 £	2014 £	2014 £
<b>Fixed assets</b>					
Tangible assets	13		16,099,541		15,336,105
Investments	14		17,767		17,527
			<u>16,117,308</u>		<u>15,353,632</u>
<b>Current assets</b>					
Debtors	15	689,178		731,756	
Cash at bank and in hand		718,011		801,855	
		<u>1,407,189</u>		<u>1,533,611</u>	
<b>Liabilities</b>					
Creditors: Amounts falling due within one	16	(966,319)		(809,856)	
<b>Net current assets</b>			<u>440,870</u>		<u>723,755</u>
<b>Total assets less current liabilities / net assets excluding pension liability</b>			<u>16,558,178</u>		<u>16,077,387</u>
Pension scheme liability	26		(1,110,000)		(1,086,000)
<b>Net assets including pension liability</b>			<u>15,448,178</u>		<u>14,991,387</u>
<b>Funds of the academy trust:</b>					
<b>Restricted income funds</b>					
Fixed asset fund	17	16,108,454		15,355,558	
General fund	17	5,425		31,073	
Other restricted fund	17	112,910		100,160	
Pension reserve	17	(1,110,000)		(1,086,000)	
<b>Total restricted funds</b>			<u>15,116,789</u>		<u>14,400,791</u>
<b>Unrestricted income funds</b>					
General fund	17	106,389		294,953	
Designated fund	17	225,000		295,643	
<b>Total unrestricted funds</b>			<u>331,389</u>		<u>590,596</u>
<b>Total funds</b>			<u>15,448,178</u>		<u>14,991,387</u>

The financial statements on pages 25 to 44 were approved by the governors, and authorised for issue on 1 December 2015 and are signed on their behalf by:



[Mr P. Shearring]  
[Chair of Governors]

Company Registration Number: 07348288 (England and Wales)

**Watford Grammar School for Boys**  
**Cash Flow Statement**

**Cash Flow Statement for the year ended 31 August 2015**

	Notes	2015 £	2014 £
Net cash inflow from operating activities	21	70,207	(323,405)
Returns on investments and servicing of finance	22	1,733	3,393
Capital expenditure	23	(155,784)	20,903
(Decrease)/increase in cash in the year	24	<u>(83,844)</u>	<u>(299,109)</u>
<b>Reconciliation of net cash flow to movement in net funds</b>			
Net funds at 1 September 2014		801,855	1,100,964
Net funds at 31 August 2015		<u>718,011</u>	<u>801,855</u>

**Notes to the Financial Statements for the Year Ended 31 August 2015**

**1 Statement of Accounting Policies**

**Basis of Preparation**

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the 'Statement of Recommended Practice: Accounting and Reporting by Charities' ('SORP 2005'), the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

**Going Concern**

The governors assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The governors make this assessment in respect of a period of one year from the date of approval of the financial statements.

The governors have assessed the ability of the company to continue as a going concern through a review of all available information and can confirm that there are no material uncertainties that would cast significant doubt on the ability of the company to continue as a going concern.

**Incoming Resources**

All incoming resources are recognised when the Academy Trust has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

**Grants receivable**

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 entitlement of receipt its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund.

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

**Sponsorship income**

Sponsorship income provided to the Academy Trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable, where there is certainty of receipt and it is measurable.

**Donations**

Donations are recognised on a receivable basis where there is certainty of receipt and the amount can be reliably measured.

**Investment income**

Investment income is accounted for on an accrued basis.

**Other income**

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the goods have been provided or on completion of the service.

**Donated Services and gifts in kind**

The value of donated services and gifts in kind provided to the Academy Trust are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the Academy Trust can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of Financial Activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with Academy Trust's accounting policies.

**Notes to the Financial Statements for the Year Ended 31 August 2015**

**1 Statement of Accounting Policies**

**Resources Expended**

All expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

**Costs of generating funds**

These are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

**Charitable activities**

These are costs incurred on the academy trust's educational operations.

**Governance Costs**

These include the costs attributable to the Academy Trust's compliance with constitutional and statutory requirements, including audit, strategic management and Governor's meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

**Tangible Fixed Assets**

Assets costing £5,000 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 basis over its expected useful lives, as follows:

Freehold Land is not depreciated	
Freehold Buildings	16.75 - 50 years
Plant and Machinery	4 - 10 years
Computer Equipment	3 years
Motor Vehicles	4 years

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

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

**Leased Assets**

Rentals under operating leases are charged on a straight line basis over the lease term.

**Notes to the Financial Statements for the Year Ended 31 August 2015**

**1 Statement of Accounting Policies**

**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.

**Pension Benefits**

Retirement benefits to employees of the Academy Trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes and the assets are held separately from those of the Academy Trust.

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 prospective benefit method. As stated in Note 26, the TPS is a multi employer scheme and the Academy Trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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 method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

**16 - 19 Bursary Fund**

The School acts as an agent in distributing 16-19 bursary funds from EFA. Payments received from EFA and subsequent disbursements to students are excluded from the statement of financial activities as the school does not have control over the charitable application of the funds. The School can use up to 5% of the allocation towards its own administration costs and this is recognised in the statement of financial activities. The funds received and paid and any balances held are disclosed in note 28.

**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 governors.

Designated funds represent those resources which have been set aside at the discretion of the Board of Governors for specific purposes. The purposes and uses of these funds are set out in the notes to the financial statements.

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder/donor and include grants from the Education Funding Agency and Department for Education.

Restricted other funds comprise all other restricted funds received with restrictions imposed by the funder/donor.

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

**Watford Grammar School for Boys**  
**Notes to the Financial Statements**

**Notes to the Financial Statements for the year ended 31 August 2015 (continued)**

<b>2 Voluntary Income</b>	<b>Unrestricted Funds £</b>	<b>Restricted Funds £</b>	<b>Total 2015 £</b>	<b>Total 2014 £</b>
Other Donations	13,833	687,184	701,017	169,944
Legacy Income	1,081	-	1,081	2,500
Grant Income - Revenue	-	6,700	6,700	21,883
Grant Income - Capital	-	500,000	500,000	-
Contribution to educational activities	-	11,242	11,242	22,188
	<u>14,914</u>	<u>1,205,126</u>	<u>1,220,040</u>	<u>216,515</u>
<b>3 Activities for Generating Funds</b>	<b>Unrestricted Funds £</b>	<b>Restricted Funds £</b>	<b>Total 2015 £</b>	<b>Total 2014 £</b>
Hire of Facilities	117,654	-	117,654	114,391
Catering Income	63,362	-	63,362	44,905
Music Income	107,605	-	107,605	109,876
Trip & Journey Income	512,700	-	512,700	283,776
Placement Income	-	8,405	8,405	4,616
Secondment Income	-	-	-	45,878
Other Local Income	59,839	57,809	117,648	178,470
Sale of Assets	-	487	487	-
	<u>861,160</u>	<u>66,701</u>	<u>927,861</u>	<u>781,912</u>
<b>4 Investment Income</b>	<b>Unrestricted Funds £</b>	<b>Restricted Funds £</b>	<b>Total 2015 £</b>	<b>Total 2014 £</b>
Bank Interest	1,733	-	1,733	3,393
	<u>1,733</u>	<u>-</u>	<u>1,733</u>	<u>3,393</u>
<b>5 Funding for the Academy Trust's Educational Operations</b>	<b>Unrestricted Funds £</b>	<b>Restricted Funds £</b>	<b>Total 2015 £</b>	<b>Total 2014 £</b>
<b>DfE / EFA grants</b>				
General Annual Grant (GAG)	-	6,378,116	6,378,116	6,482,421
Pupil Premium	-	70,588	70,588	62,590
16 - 19 Bursary Grant	-	-	-	14,779
Year 7 Catch-up Grant	-	4,000	4,000	3,000
Capital Grants	-	72,873	72,873	525,735
Other DfE / EFA grants	-	105	105	1,000
<b>Total DfE / EFA grants</b>	<u>-</u>	<u>6,525,682</u>	<u>6,525,682</u>	<u>7,089,525</u>
<b>Other Government Grants</b>				
Local authority grants	-	240,239	240,239	198,433
<b>Total Other Government Grants</b>	<u>-</u>	<u>240,239</u>	<u>240,239</u>	<u>198,433</u>
	<u>-</u>	<u>6,765,921</u>	<u>6,765,921</u>	<u>7,287,958</u>

**Watford Grammar School for Boys**  
**Notes to the Financial Statements**

**Notes to the Financial Statements for the year ended 31 August 2015 (continued)**

<b>6 Other Incoming Resources</b>	<b>Unrestricted Funds £</b>	<b>Restricted Funds £</b>	<b>Total 2015 £</b>	<b>Total 2014 £</b>
Insurance Claim Income	-	-	-	59,685
Sundry Income	23,818	-	23,818	20,133
	<u>23,818</u>	<u>-</u>	<u>23,818</u>	<u>79,818</u>

<b>7 Resources Expended</b>	<b>Staff Costs</b>	<b>Non Pay Expenditure</b>		<b>Total 2015 £</b>	<b>Total 2014 £</b>
		<b>Premises £</b>	<b>Other Costs £</b>		
Costs of generating voluntary income	-	-	13,558	13,558	9,749
Costs of activities for generating funds	-	-	511,388	511,388	315,246
School's educational operations					
Direct costs	5,432,398	548,234	488,495	6,469,127	6,581,447
Allocated support costs	606,616	330,703	534,899	1,472,218	1,559,155
	<u>6,039,014</u>	<u>878,937</u>	<u>1,023,394</u>	<u>7,941,345</u>	<u>8,140,602</u>
Governance costs including allocated support costs	-	-	49,531	49,531	38,697
	<u>6,039,014</u>	<u>878,937</u>	<u>1,597,871</u>	<u>8,515,822</u>	<u>8,504,294</u>

<b>Incoming / outgoing resources for the year include:</b>	<b>2015 £</b>	<b>2014 £</b>
Depreciation:		
- owned assets	583,221	574,360
Operating leases:		
- other	7,226	11,221
Fees payable to auditor for:		
- current auditor	6,750	-
- previous auditor	-	9,100

Included within resources expended are the following transactions.

	<b>Total £</b>	<b>Individual items above £5,000 Amount £</b>	<b>Reason</b>
Unrecoverable debts	1,648	-	There are no individual items over £5,000



**Watford Grammar School for Boys**  
**Notes to the Financial Statements**

**Notes to the Financial Statements for the year ended 31 August 2015 (continued)**

<b>8 Charitable Activities - Academy's Educational Operations</b>	<b>Unrestricted Funds £</b>	<b>Restricted Funds £</b>	<b>Total 2015 £</b>	<b>Total 2014 £</b>
<b>Direct costs</b>				
Teaching and educational support staff costs	96,967	5,335,431	5,432,398	5,402,196
Depreciation	-	548,234	548,234	537,674
Technology costs	-	107,029	107,029	231,184
Educational supplies	871	167,818	168,689	228,346
Examination fees	-	128,061	128,061	113,220
Staff development	-	35,886	35,886	31,075
Educational consultancy	-	48,830	48,830	37,752
<b>Total Direct costs</b>	<b>97,838</b>	<b>6,371,289</b>	<b>6,469,127</b>	<b>6,581,447</b>
<b>Allocated support costs</b>				
Support staff costs	26,374	580,242	606,616	556,169
Depreciation	-	34,987	34,987	36,686
Recruitment and support	-	53,197	53,197	14,864
Administration costs	-	31,717	31,717	38,284
Maintenance of premises and equipment	57,210	246,126	303,336	522,889
Cleaning	10,835	92,022	102,857	105,640
Rent and rates	-	27,367	27,367	29,207
Energy Costs	6,990	102,150	109,140	99,657
Insurance	-	45,120	45,120	42,617
Security and transport	6,434	74,007	80,441	55,723
Catering	29,682	20,661	50,343	36,377
Bank interest and charges	-	13,127	13,127	7,157
Prizes	3,366	4,368	7,734	10,217
Bad Debts	1,648	-	1,648	1,912
Other support costs	-	4,588	4,588	1,756
<b>Total Allocated support costs</b>	<b>142,539</b>	<b>1,329,679</b>	<b>1,472,218</b>	<b>1,559,155</b>
	<b>240,377</b>	<b>7,700,968</b>	<b>7,941,345</b>	<b>8,140,602</b>
<b>9 Governance Costs</b>	<b>Unrestricted Funds £</b>	<b>Restricted Funds £</b>	<b>Total 2015 £</b>	<b>Total 2014 £</b>
Legal and professional fees	8,660	24,121	32,781	22,279
Auditors remuneration				
Audit of financial statements - current auditor	-	6,750	6,750	-
Audit of financial statements - previous auditor	-	-	-	8,750
Audit of Teachers Pension Scheme - previous auditor	-	375	375	350
Accountancy services	-	7,350	7,350	5,500
Responsible officer costs	-	1,500	1,500	1,500
Governors' meeting and training costs	-	775	775	318
	<b>8,660</b>	<b>40,871</b>	<b>49,531</b>	<b>38,697</b>

**Watford Grammar School for Boys**  
**Notes to the Financial Statements**

**Notes to the Financial Statements for the year ended 31 August 2015 (continued)**

**10 Staff**

**a. Staff costs**

	2015	2014
	£	£
Staff costs during the period were:		
Wages and salaries	4,861,457	4,840,503
Social security costs	354,130	362,624
Operating costs of defined benefit pension schemes	788,350	746,440
	<u>6,003,937</u>	<u>5,949,567</u>
Supply teacher costs	17,617	3,805
Staff restructuring costs	8,650	-
	<u>6,030,204</u>	<u>5,953,372</u>

**b. Staff severance payments**

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £8,650 (2014: £nil). This is one individual payment.

**c. Staff numbers**

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

	2015	2014
	No.	No.
<b>Charitable Activities</b>		
Teachers	88	88
Administration and support	42	44
Management	6	6
	<u>136</u>	<u>138</u>

**d. Higher paid staff**

The number of employees whose emoluments exceeded £60,000 was:

	2015	2014
	No.	No.
£60,001 - £70,000	4	1
£80,001 - £90,000	-	1
£90,001 - £100,000	1	-
£100,001 - £110,000	-	1

All of the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2015, employer's pension contributions for these staff amounted to £49,674 (2014 £35,373). No employees participated in the Local Government Pension Scheme, pension contributions amounted to £nil (2014 £nil).

**Notes to the Financial Statements for the year ended 31 August 2015 (continued)**

**11 Related Party Transactions - Trustees' Remuneration & Expenses**

One or more trustees has been paid remuneration or has received other benefits from an employment with the School. The Principal and other staff governors only receive remuneration in respect of services they provide undertaking the roles of Principal and staff members under their contracts of employment and not in respect of their role as governors. The value of governors' remuneration and other benefits was as follows:

Mr M Allchorn	Acting Principal and trustee
Remuneration	£95k - £100k (2014: £0k - £5k)
Employer's pension contributions	£10k - £15k (2014: £0k - £5k)
Miss J. Callow	Staff Governor and trustee
Remuneration	£45k - £50k (2014: £40k - £45k)
Employer's pension contributions	£5k - £10k (2014: £5k - £10k)
Mrs C. Cox	Staff Governor and trustee
Remuneration	£45k - £50k (2014: £40k - £45k)
Employer's pension contributions	£5k - £10k (2014: £5k - £10k)
Mrs R. Dunsby	Staff Governor and trustee
Remuneration	£20k - £25k (2014: n/a)
Employer's pension contributions	£0k - £5k (2014: n/a)
Mrs A. M. Petty	Staff Governor and trustee
Remuneration	n/a (2014: £25k - £30k)
Employer's pension contributions	n/a (2014: £5k - £10k)
Ms O. Wallis	Staff Governor and trustee
Remuneration	£10k - £15k (2014: £40k - £45k)
Employer's pension contributions	£0k - £5k (2014: £5k - £10k)

None of the governors received any reimbursement of expenses from the School during the year (2014: £nil).

Other related party transactions involving the trustees are set out in note 27.

**12 Trustees' and Officers' Insurance**

In accordance with normal commercial practice the School has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on School business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the year ended 31 August 2015 was £850 (2014: £850). The cost of this insurance is included in the total insurance cost.

**Watford Grammar School for Boys**  
**Notes to the Financial Statements**

**Notes to the Financial Statements for the year ended 31 August 2015 (continued)**

<b>13 Tangible Fixed Assets</b>	<b>Freehold Land and Buildings £</b>	<b>Assets under construction £</b>	<b>Plant and Machinery £</b>	<b>Computer Equipment £</b>	<b>Motor Vehicles £</b>	<b>Total £</b>
<b>Cost</b>						
At 1 September 2014	16,283,960	480,547	179,718	16,496	24,543	16,985,264
Additions	722,403	588,663	24,281	11,310	-	1,346,657
Transfer on completion	480,547	(480,547)				-
At 31 August 2015	17,486,910	588,663	203,999	27,806	24,543	18,331,921
<b>Depreciation</b>						
At 1 September 2014	1,552,253	-	59,608	14,624	22,674	1,649,159
Charged in year	548,234	-	29,668	3,946	1,373	583,221
At 31 August 2015	2,100,487	-	89,276	18,570	24,047	2,232,380
<b>Net Book Values</b>						
At 31 August 2015	15,386,423	588,663	114,723	9,236	496	16,099,541
At 31 August 2014	14,731,707	480,547	120,110	1,872	1,869	15,336,105

The freehold land and buildings were valued using the depreciated replacement cost method as at 31 August 2012 by DTZ. A proportion of the land included within freehold land and buildings is leased from Watford Grammar Schools Foundation. The land is occupied rent free by the school. It is not practical to separate the value of the leasehold element from the total value.

<b>14 Investments</b>	<b>2015 £</b>	<b>2014 £</b>
Market value at 1 September 2014	17,527	16,278
Net investment gains/(losses)	240	1,249
Market value at 31 August 2015	17,767	17,527

UK listed investments are represented by:

	<b>2015 Historical Cost £</b>	<b>2014 Market Value £</b>	<b>2014 Market Value £</b>
Investment trusts and unit trusts	14,911	17,767	17,527
<b>Total</b>	<b>14,911</b>	<b>17,767</b>	<b>17,527</b>

<b>15 Debtors</b>	<b>2015 £</b>	<b>2014 £</b>
Trade debtors	38,174	69,823
VAT Recoverable	72,096	98,263
Other debtors	466,692	427,780
Prepayments and accrued income	112,216	135,890
	<b>689,178</b>	<b>731,756</b>

**Watford Grammar School for Boys**  
**Notes to the Financial Statements**

**Notes to the Financial Statements for the year ended 31 August 2015 (continued)**

<b>16 Creditors: Amounts Falling due within one Year</b>	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Trade creditors	504,184	271,819
Taxation and social security	102,945	103,585
Other creditors	67,650	120,385
Accruals and deferred income	291,540	314,067
	<u>966,319</u>	<u>809,856</u>
 <b>Deferred income</b>	 <b>2015</b>	 <b>2014</b>
	<b>£</b>	<b>£</b>
Deferred income at 1 September 2014	191,325	215,132
Resources deferred in the year	148,360	191,325
Amounts released from previous years	(191,325)	(215,132)
Deferred income at 31 August 2015	<u>148,360</u>	<u>191,325</u>

At the balance sheet date the School was holding funds received in advance for trip income and music fees for the autumn term 2015.

**Watford Grammar School for Boys**  
**Notes to the Financial Statements**

**Notes to the Financial Statements for the year ended 31 August 2015 (continued)**

<b>17 Funds</b>	<b>Balance at 1 September 2014 £</b>	<b>Incoming Resources £</b>	<b>Resources Expended £</b>	<b>Gains, Losses and Transfers £</b>	<b>Balance at 31 August 2015 £</b>
<b>Restricted general funds</b>					
General Annual Grant (GAG)	14,827	6,378,116	(6,603,722)	210,779	-
Pupil Premium	-	70,588	(11,607)	(58,981)	-
16-19 Bursary Fund	14,169	-	(14,169)	-	-
Year 7 Catch-up grant	2,077	4,000	(652)	-	5,425
Other DfE / EFA grants	-	105	(105)	-	-
Local Authority Grants	-	240,239	(240,239)	-	-
Pension reserve	(1,086,000)	-	(57,000)	33,000	(1,110,000)
Other restricted general funds	-	77,943	(77,943)	-	-
	<u>(1,054,927)</u>	<u>6,770,991</u>	<u>(7,005,437)</u>	<u>184,798</u>	<u>(1,104,575)</u>
<b>Restricted other funds</b>					
SHINE Project	29,831	34,664	(32,802)	-	31,693
SAPG - Climbing Wall	30,000	-	-	-	30,000
Dragons Den Project	3,534	-	(1,273)	-	2,261
James Theatre Trust Fund	23,180	-	(540)	240	22,880
Ogden Lancaster Partnership	-	5,700	(7,691)	1,991	-
National College for Learning	-	1,000	-	(1,000)	-
Games Supper Fund	-	8,908	(8,440)	9,348	9,816
Prizes Fund	13,615	5,612	(4,368)	-	14,859
Other restricted funds	-	20,000	(18,599)	-	1,401
	<u>100,160</u>	<u>75,884</u>	<u>(73,713)</u>	<u>10,579</u>	<u>112,910</u>
<b>Restricted fixed asset funds</b>					
Freehold Buildings	14,731,707	-	(548,234)	1,202,950	15,386,423
Assets under construction	480,547	-	-	108,116	588,663
Plant and Machinery	120,110	-	(29,668)	24,281	114,723
Computer Equipment	1,872	-	(3,946)	11,310	9,236
Motor Vehicles	1,869	-	(1,373)	-	496
DfE/EFA capital grants	-	27,873	(25,980)	-	1,893
Academies Capital Maintenance Fund	19,453	-	-	(19,453)	-
Conditional Improvement Fund	-	45,000	(37,980)	-	7,020
Capital expenditure from GAG	-	-	(24,488)	24,488	-
Private Funded Capital Projects	-	1,118,000	-	(1,118,000)	-
	<u>15,355,558</u>	<u>1,190,873</u>	<u>(671,669)</u>	<u>233,692</u>	<u>16,108,454</u>
<b>Total restricted funds</b>	<u><b>14,400,791</b></u>	<u><b>8,037,748</b></u>	<u><b>(7,750,819)</b></u>	<u><b>429,069</b></u>	<u><b>15,116,789</b></u>
<b>Unrestricted funds</b>					
Unrestricted funds	294,953	901,625	(765,003)	(325,186)	106,389
Designated funds	295,643	-	-	(70,643)	225,000
<b>Total unrestricted funds</b>	<u><b>590,596</b></u>	<u><b>901,625</b></u>	<u><b>(765,003)</b></u>	<u><b>(395,829)</b></u>	<u><b>331,389</b></u>
<b>Total funds</b>	<u><b>14,991,387</b></u>	<u><b>8,939,373</b></u>	<u><b>(8,515,822)</b></u>	<u><b>33,240</b></u>	<u><b>15,448,178</b></u>

**Watford Grammar School for Boys**  
**Notes to the Financial Statements**

**Notes to the Financial Statements for the year ended 31 August 2015 (continued)**

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

*Restricted general funds*

This fund represents grants received from EFA/DfE and other Government Bodies for the School's operational activities and development.

The transfer between funds for Pupil Premium and National College represent a transfer of costs associated with the various funds for which the fulfilment of the conditions of the funding have been met but where the individual costs have been allocated against General Annual Grant and where such costs are not easily identifiable as separately reported items.

*General Annual Grant (GAG)*

Under the funding agreement with the Secretary of State, the School was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2015.

*Restricted other funds*

These funds represent grants received from other organisations for the School's operational activities and development.

*Restricted fixed asset funds*

These grants relate to the funding received from the DfE, EFA and private sponsors to carry out works of a capital nature.

*Designated funds*

These funds represent unrestricted reserves earmarked by the Governors for particular purposes.

**18 Analysis of Net Assets between Funds**

Fund balances at 31 August 2015 are represented by:

	Unrestricted Funds £	Restricted general Funds £	Restricted other Funds £	Restricted fixed asset Funds £	Total Funds £
Tangible fixed assets	-	-	-	16,099,541	16,099,541
Investments	-	-	17,767	-	17,767
Current assets	331,389	971,744	95,143	8,913	1,407,189
Current liabilities	-	(966,319)	-	-	(966,319)
Pension scheme liability	-	(1,110,000)	-	-	(1,110,000)
	<u>331,389</u>	<u>(1,104,575)</u>	<u>112,910</u>	<u>16,108,454</u>	<u>15,448,178</u>

**19 Capital Commitments**

Contracted for, but not provided in the financial statements

	2015 £	2014 £
	-	728,381

**20 Financial Commitments**

*Operating leases*

At 31 August 2015 the School had annual commitments under non-cancellable operating leases as follows:

Other

Expiring within one year  
Expiring within two and five years inclusive

	2015 £	2014 £
	2,343	-
	5,738	8,082
	<u>8,081</u>	<u>8,082</u>

**Notes to the Financial Statements for the year ended 31 August 2015 (continued)**

<b>21 Reconciliation of Net Income to Net Cash Inflow from Operating Activities</b>	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Net income/(outgoings)	423,551	(134,698)
Deprecation (note 13)	583,221	574,360
Capital grants from DfE and other capital income (notes 2 and 5)	(1,190,873)	(525,735)
Interest receivable (note 4)	(1,733)	(3,393)
FRS 17 pension cost less contributions payable (note 26)	47,000	2,000
FRS 17 pension finance income (note 26)	10,000	18,000
Decrease/(increase) in debtors	42,578	(335,799)
Increase in creditors	156,463	81,860
<b>Net cash inflow/(outflow) from operating activities</b>	<b>70,207</b>	<b>(323,405)</b>

**22 Returns on Investments and Servicing of Finance**

Interest receivable (note 4)	1,733	3,393
<b>Net cash inflow from returns on investments and servicing of finance</b>	<b>1,733</b>	<b>3,393</b>

**23 Capital Expenditure and Financial Investment**

Purchase of tangible fixed assets	(1,346,657)	(504,832)
Capital grants from DfE / EFA	72,873	525,735
Capital funding received from sponsors and others	1,118,000	-
<b>Net cash (outflow)/inflow from capital expenditure and financial investment</b>	<b>(155,784)</b>	<b>20,903</b>

**24 Analysis of Changes in Net Funds**

	<b>At 1 September 2014</b>	<b>Cash flows</b>	<b>At 31 August 2015</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Cash in hand and at bank	801,855	(83,844)	718,011
	<b>801,855</b>	<b>(83,844)</b>	<b>718,011</b>

**25 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/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he/she ceases to be a member.



**Notes to the Financial Statements for the year ended 31 August 2015 (continued)**

**26 Pension and Similar Obligations**

The School'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 Hertfordshire County Council Pension Fund. Both are multi-employer defined benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 2012 and of the LGPS was 31 March 2013.

Contributions amounting to £21,917 (2014: £22,150) were payable to the schemes at 31 August 2015 and are included within creditors.

**Teachers' Pension Scheme**

**Introduction**

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

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

**Valuation of the Teachers' Pension Scheme**

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

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge)(currently 14.1%)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earning growth is assumed to be 2.76%. The assumed nominal rate of return is 5.06%

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

The pension costs paid to TPS in the year amounted to £531,671 (2014: £527,259).

A copy of the valuation report and supporting documentation is on the [Teachers' Pensions website](#).

Under the definitions set out in Financial Standards (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The trust has set out above the information available on the scheme.

**Notes to the Financial Statements for the year ended 31 August 2015 (continued)**

**Local Government Pension Scheme**

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2015 was £248,000, of which employer's contributions totalled £200,000 and employees' contributions totalled £48,000. The agreed contribution rates for future years are 25.3 per cent for employers and 5.5 per cent to 7.5 per cent 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.

**Principal Actuarial Assumptions**

	At 31 August 2015	At 31 August 2014
Rate of increase in salaries	4.10%	4.00%
Rate of increase for pensions in payment / inflation	2.70%	2.70%
Discount rate for scheme liabilities	3.80%	3.70%
Inflation assumption (CPI)	3.80%	5.40%

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

	At 31 August 2015	At 31 August 2014
<i>Retiring today</i>		
Males	22.3	22.3
Females	24.5	24.5
<i>Retiring in 20 years</i>		
Males	24.3	24.3
Females	26.7	26.7

The School's share of the assets and liabilities in the scheme and the expected rates of return were:

	Expected return at 31 August 2015	Fair value at 31 August 2015 £	Expected return at 31 August 2014	Fair value at 31 August 2014 £
UK Equities	3.80%	1,244,000	6.30%	1,127,000
Other Bonds	3.80%	541,000	3.30%	387,000
Property	3.80%	140,000	4.50%	118,000
Cash	3.80%	80,000	3.30%	50,000
<b>Total market value of assets</b>		<b>2,005,000</b>		<b>1,682,000</b>
<b>Present value of scheme liabilities</b>				
- Funded		(3,115,000)		(2,768,000)
<b>Deficit in the scheme</b>		<b>(1,110,000)</b>		<b>(1,086,000)</b>

The actual return on scheme assets was £85,000 (2014: £150,000).

**Watford Grammar School for Boys**  
**Notes to the Financial Statements**

**Notes to the Financial Statements for the year ended 31 August 2015 (continued)**

<b>Amounts recognised in the statement of financial activities</b>	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Current service cost (net of employee contributions)	238,000	189,000
Past service cost	-	11,000
Losses on Curtailments	9,000	-
<b>Total operating charge</b>	<b>247,000</b>	<b>200,000</b>

<b>Analysis of pension finance income</b>	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Expected return on pension scheme assets	(98,000)	(72,000)
Interest on pension liabilities	108,000	90,000
<b>Pension finance income</b>	<b>10,000</b>	<b>18,000</b>

The actuarial gains and losses for the current year are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is a £328,000 loss (2014: £361,000 loss).

<b>Movements in the present value of defined benefit obligations were as follows:</b>	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
<b>At 1 September</b>	<b>2,768,000</b>	<b>1,844,000</b>
Current service cost	238,000	189,000
Interest cost	108,000	90,000
Employee contributions	48,000	47,000
Actuarial (gain)/loss	(46,000)	596,000
Benefits paid	(10,000)	(9,000)
Past Service cost	-	11,000
Losses on curtailments	9,000	-
<b>At 31 August</b>	<b>3,115,000</b>	<b>2,768,000</b>

<b>Movements in the fair value of the School's share of scheme assets:</b>	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
<b>At 1 September</b>	<b>1,682,000</b>	<b>1,094,000</b>
Expected return on assets	98,000	72,000
Actuarial (loss)/gain	(13,000)	280,000
Employer contributions	200,000	198,000
Employee contributions	48,000	47,000
Benefits paid	(10,000)	(9,000)
<b>At 31 August</b>	<b>2,005,000</b>	<b>1,682,000</b>

The estimated value of employer contributions for the year ended 31 August 2016 is £190,000.

**Notes to the Financial Statements for the year ended 31 August 2015 (continued)**

The five-year history of experience adjustments is as follows:

	2015 £	2014 £	2013 £	2012 £	2011 £
<b>Present value of defined benefit</b>	(3,115,000)	(2,768,000)	(1,844,000)	(1,519,000)	(1,065,000)
<b>Fair value of share of scheme assets</b>	2,005,000	1,682,000	1,094,000	785,000	493,000
<b>Deficit in the scheme</b>	<u>(1,110,000)</u>	<u>(1,086,000)</u>	<u>(750,000)</u>	<u>(734,000)</u>	<u>(572,000)</u>
<b>Experience adjustments on share of scheme assets</b>					
Amount	<u>(13,000)</u>	<u>280,000</u>	<u>79,000</u>	<u>20,000</u>	<u>-</u>
<b>Experience adjustments on share of scheme liabilities</b>					
Amount	<u>3,000</u>	<u>(422,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>

**27 Related Party Transactions**

Owing to the nature of the School's operations and the composition of the board of governors being drawn from local public and private sector organisations, transactions may take place with organisations in which the trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the trust's financial regulations and normal procurement procedures.

The following related party transaction took place in the period of account.

During the period, Mrs Arlow was paid £278 (2014: £nil) in respect of her employment by Watford Grammar School for Boys. Mrs Arlow is the spouse of Mr L. Arlow, a governor of the School.

During the period, Mr Wallis was paid £12,142 (2014: £nil) in respect of his employment by Watford Grammar School for Boys. Mr Wallis is the spouse of Ms O. Wallis, a governor of the School.

During the period, Mr C Dunsby was paid £312 (2014: £nil) in respect of his employment by Watford Grammar School for Boys. Mr C Dunsby is the son of Mrs R. Dunsby, a governor of the School.

During the period, Miss S Dunsby was paid £338 (2014: £nil) in respect of her employment by Watford Grammar School for Boys. Miss S Dunsby is the daughter of Mrs R. Dunsby, a governor of the School.

During the period to 31 August 2015 the School received funds in the form of grants and donations from organisations that are connected to the School, either through common Trustees and/or through charitable objects to support the function of the School. The amounts received were:

	2015	2014
Watford Fuller Foundation (charity number: 1062184)	<u>603,766</u>	<u>108,174</u>

Two of the School's governors, Mr L Arlow and Mr P Shearring act as Trustees for the charity. At the year end there was a balance due to the school of £355,593 (2014: £nil)

**28 Agency Arrangements**

The School distributes 16-19 bursary funds to students as an agent for EFA. In the accounting period ending 31 August 2015 the school received £14,461 and disbursed £12,200 from the fund. An amount of £16,430 is included in other creditors relating to undistributed funds that is repayable to EFA.