



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

Annual Report and Financial Statements

Year ended 31 August 2014

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Company Registration Number:
07348288 (England and Wales)

Watford Grammar School for Boys
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Academy Trust Company

<i>Members</i>	Sir J. S. Holman	(Chair)
	Mr L. Arlow	
	Mr D. Arrighi	
	Mrs H. Hyde	
	Mr P. Shearring	

Governors (Trustees):

<i>Foundation Governors</i>	Mr M. R. Post	(Headmaster & Accounting Officer)*	(resigned 17/08/2014)
	Mr M. Allchorn	(Acting Headmaster & Accounting Officer)	(appointed 18/08/2014)
	Mr P. Shearring	(Chair of Governors)*	
	Mr L. Arlow	(Chair of F&GP Committee)*	
	Mrs S. Branch		
	Mr T. W. Cosgrove	*	(resigned 04/09/2014)
	Mrs A. Dawkins		
	Prof. J. Hoppit	(University College London)	
	Mr S. Kotecha	*	(resigned 04/09/2014)
	Rev T. Rindl	(Vicar)	(appointed 12/02/2013)
	Prof. D. Ritchie	(University of Cambridge)	
	Mrs S. Scott	*	
	Ms B Shahedian		
	Mr B Speel	*	(resigned 04/09/2014)
	Mrs M Thompson		(resigned 04/09/2014)
	Dr. J. Whiteley	(Univerisity of Oxford)	
	Ms L Wood		
<i>Staff Governors</i>	Miss J. Callow		(appointed 21/11/2013)
	Mrs C. Cox		(appointed 21/11/2013)
	Mrs A. M. Petty		(resigned 20/11/2013)
	Ms O. Wallis (nee Slater)	*	

* - member of the Finance and General Purpose Committee

<i>Company Secretary</i>	Mrs C Brown
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Leadership Group:

<i>Deputy Headmaster</i>	Mr M. Allchorn	(Acting Headmaster)	(appointed 18/08/2014)
<i>Assistant Head Teachers</i>	Mr R. Carr		
	Mr G. Curwen		
	Mrs M. J. Hill		
	Mr J. Macleod		
	Mr M. Monks		(resigned 31/08/2014)
	Mr K. Thorold	(Finance Director)	
	Mrs M. F. Wort		(resigned 31/08/2014)

Watford Grammar School for Boys
Reference and Administrative Details

Principal and Registered Office Rickmansworth Road
Watford
Hertfordshire
WD18 7JF

Company Registration Number 07348288 (England and Wales)

Independent Auditor: Baker Tilly UK Audit LLP
Chartered Accountants
The Pinnacle
170 Midsummer Boulevard
Milton Keynes
Buckinghamshire
MK9 1BP

Bankers: Lloyds TSB PLC
99 St Albans Road
Watford
Hertfordshire
WD17 1SN

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

Responsible Officer: 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 2013 to 31 August 2014. The annual report serves the purpose of both a governors' report and a directors' report under company law.

The trust operates an academy for pupils aged 11 to 18 serving a catchment area in Watford. It has a pupil capacity of 1,300 and had a roll of 1,297 in the school census on January 2014.

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 the school. They would also like to congratulate Mr Post on his well-deserved appointment as one of the eight Regional Schools Commissioners by the Department for Education. They would like to thank him for his outstanding work over the past fourteen years as headmaster. He has transformed the school site and has ensured that the school's outstanding academic reputation continues into the future. Interviews for a new headmaster will take place in December 2014 with an appointment starting in 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 Academy'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 academy 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 academy at the time when they are elected by parents of registered pupils at the academy 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 academy trust by a registered pupil at the academy.

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 academy (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 academy then they are deemed to have resigned and shall cease to be a governor automatically on termination of their work at the academy.

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.

Risk Management

The governors have assessed the major risks to which the academy is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Academy, 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 Academy Trust has an effective system of internal financial controls which are reviewed and renewed annually.

Connected Organisations, including Related Party Relationships

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 academy is linked with Verulam School (St Albans) as sponsor for their Academy Status, achieved in 2011.

The academy's Deputy Headmaster was seconded at the end of the summer term 2013 to act as Headmaster for Rickmansworth School until 31st December 2013.

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.

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 Academy 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 academy 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 academy 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:



Aspire to be the best in all that we do.



Develop a sense of personal worth for all students.



Ensure that every student thinks, learns, is caring and has the opportunity to progress.



Develop the strengths and skills needed to meet the challenges of life after school.



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 academy 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 academy 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 the continued excellent public examination results achieved by the students of the academy and the destination of choice of the majority of its students at Universities.
- b the extensive use of the school and its buildings by the 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. The longstanding link with the U3A whereby the school continues to provide a program of free ICT lessons.
- c the long-term partnership that the academy has with West Herts Hockey Club. This partnership, together with other sports partners such as Watford FC (men and ladies teams) helped the academy secure a grant for £500,000 towards rebuilding the school's sports pavilion. This will be completed in November 2014 and will help to further develop the schools links with the local sporting community.
- d 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

Watford Grammar School for Boys has now completed its fourth year as an academy and continues to achieve the forecast numbers of students compared to the period before conversion. In the year ended 31st August 2014, there were a total of 1297 students in the academy, 357 of who were in the Sixth Form. The academy has a full complement in all year groups.

Examination performance at GCSE, AS and A2 levels remains consistently high when compared against all national standards. This is particularly true when you measure the school's results against the national standards achieved by boys only.

The Sutton Trust recently named Watford Grammar School for Boys as the leading state school for Oxbridge and Russell Group university entry.

The Public Examination results for 2014 are as follows:

A2 Level

Of the 167 students who sat A2 Levels in Year 13:

- The average points score per entry was 252 (2013 England: 209; Hertfordshire 218)
- The average points score per student was 853 (2013 England: 754; Hertfordshire 766)

	% A grades	% A*/A grades	% A/B grades	% A-E grades
Watford Grammar School for Boys 2014	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 2013	7.0	26.0	53.0	98.0

AS Level

Of the 185 students who sat AS Levels in Year 12:

- The average points score per entry was 230 (2013 England: 209.3; Hertfordshire 216.1)
- The average points score per student was 942 (2013 England: 714.3; Hertfordshire 722.8)

	% A grades	% A/B grades	% A-E grades
Watford Grammar School for Boys 2014	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 2013	17.0	36.9	86.7

GCSE Level

Of the 181 students who sat GCSE in Year 11:

- 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	No of students achieving % 5 A*-C grades	5 5+ A*-C inc English & Maths	% A*/A grades	% 5+ A*-C grades
Watford Grammar School for Boys 2014	100.0	92.5	86.2	56.0	99.9
Watford Grammar School for Boys 2013	100.0	93.7	91.1	57.6	99.9
Watford Grammar School for Boys 2012	100.0	96.5	95.6	64.5	99.9
National Average for England 2013		82.7	60.4	21.0	99.0

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 academy'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 2014 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 2013 to 31 August 2014 are as follows:

Key Performance Indicators	2014 (£k)
GAG Income	6,564
Salary Costs to GAG Income (%)	90.69%
Salary costs to Total Revenue Income (%)	76.87%
Total Revenue Income	7,744
Staff Costs	5,953
Educational Supplies (Learning Resources)	362
ICT Resources	231
Salary Costs as % Total Expense	78.63%
Total Revenue Expenditure	7,571

The academy also receives grants for fixed assets from the EFA and the Watford Fuller Foundation Trust. 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 2014, total expenditure of £8,504,294 (2013: £8,212,154) (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. This was because the Academy had taken the decision to spend some of its unrestricted general fund carry forward from the previous year on capital investment.

The net incoming/(outgoing) resources before transfers of expenditure over income (excluding restricted fixed asset funds) for the year was £115,859. At the year end, the net book value of tangible fixed assets was £15,336,105 (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 Academy.

Reserves Policy

The reserves policy of the academy is to carry forward the maximum amount in case of any unexpected expenditure to meet its aims and objectives as long as this does not affect its current activities. The academy trust reviews the reserve levels of the academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. In normal circumstances, the governors have determined that the appropriate level of free reserves should be equivalent to a half-term's gross salary expenditure (approximately £600,000). The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance.

Investment Policy

The academy 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 academy 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 academy continues to be the reduction funding grants from the EFA, caused by continuing economic uncertainties. The academy has mitigated this risk by increasing 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 academy, 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 2015-2016.

Financial and Risk Management Objectives and Policies

The academy trust recognises a number of potential risks and uncertainties to which the academy 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 trust 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 academy trust does however have a comprehensive risk register which mitigates the principle risks that it faces.

Plans for Future Periods

In addition to the academy trust's objectives listed on page 8, the primary focus for 2014-2015 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 academy conduct its business in accordance with the highest standards of integrity, probity and transparency;
- it improves the effectiveness of the academy 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 redevelopment of the English block and a new STEM building to develop the existing links with business and universities.

Funds Held as Custodian Trustee on Behalf of Others

The trust 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.

It is the intention of the Governing Body to re-appoint the auditors Baker Tilly UK Audit LLP for the financial year 2014-2015.

The Governor's Annual Report, including a strategic report, approved by order of the Governing Body on 2nd December 2014 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:

Governor	Meetings attended	Out of a possible
M Allchorn (Acting Headmaster & Accounting Officer appointed 18/08/2014)	0	0
L Arlow	3	3
S Branch	3	3
J Callow (appointed 21/11/2013)	2	2
T Cosgrove	3	3
C Cox (appointed 21/11/2013)	2	2
A Dawkins	2	3
J Hoppi	3	3
A Petty (resigned 21/11/2013)	1	1
S Kotecha	2	3
M Post (Headmaster & Accounting Officer resigned 17/08/2014))	3	3
T Rindl	2	3
D Ritchie	2	3
S Scott	3	3
B Shahedian	2	3
P Shearring (Chair of Governors)	3	3
O Wallis (nee Slater)	2	3
B Speel	3	3
M Thompson	3	3
J Whiteley	3	3
L Wood	2	3

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:

Governor	Meetings attended	Out of a possible
L Arlow (Chair of F&GP)	3	3
T Cosgrove	1	3
S Kotecha	1	3
M Post	3	3
S Scott	2	3
P Shearring	2	3
B Speel	2	3
O Wallis (nee Slater)	1	2

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 2014 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 Academy Trust 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 Academy Trust's significant risks that has been in place for the period ending 31 August 2014 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 Academy Trust's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes:

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the 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 Reporting Officer.

The Reporting Officer role includes giving advice on financial matters and performing a range of checks on the academy trust'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. The academy trust confirms that the Reporting Officer function has been fully delivered in line with the EFA's requirements and that no significant material control issues have arisen during the year.

The academy trust 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 Headteacher 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 Responsible Officer;
- the work of the external auditor;
- the financial management and governance self-assessment process; and
- the work of the Finance Director within the academy who is responsible for the development and maintenance of the internal control framework.

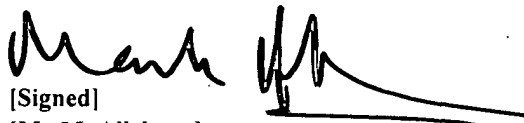
The accounting officer has been advised of the implications of the result of their review of the system of internal control by the F&GP committee and it ensures continuous improvements of the systems are in place.

Approved by order of the members of the Governing Body on 2nd December 2014 and signed on its behalf by:

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



[Signed]
[Mr M. Allchorn]
[Accounting Officer]



Statement on Regularity, Propriety and Compliance

As accounting officer of Watford Grammar School for Boys Academy Trust I have considered my responsibility to notify the academy trust 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 academy trust 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 academy trust governing body are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook.

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.

A handwritten signature in black ink, appearing to read 'Mark Allchorn', followed by a horizontal line.

[Signed]
[M Allchorn]
[Accounting Officer]

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 2nd December 2014 and signed on its behalf by:



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

Independent Auditors Report on the Financial Statements to the Governing Body 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 2014 on pages 22 to 40.

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 Annual Accounts Direction 2013 to 2014 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 17, 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

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view, of the state of the charitable company's affairs as at 31 August 2014 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the Companies Act 2006; and
- have been prepared in accordance with the Academies Accounts Direction 2013 to 2014 issued by the Education Funding Agency.

Opinion on other matter prescribed by the Companies Act 2006

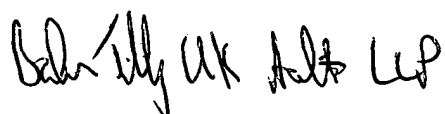
In our opinion the information given in the Governors Report (including the Strategic Report) for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent Auditors Report on the Financial Statements to the Governing Body of Watford Grammar School for Boys

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.



Philip Coleman
Senior Statutory Auditor
for and on behalf of Baker Tilly UK Audit LLP, Statutory Auditor
Chartered Accountants
The Pinnacle
170 Midsummer Boulevard
Milton Keynes
Buckinghamshire
MK9 1BP

Date: 10th December 2014

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 10 September 2014 and further to the requirements of the Education Funding Agency (EFA), as included in the Academies Accounts Direction 2013 to 2014, 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 2013 to 31 August 2014 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 2013, 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 2013 to 2014. 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 2013 to 31 August 2014 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 2013 to 2014 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

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

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 2013 to 31 August 2014 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Baker Tilly UK Audit LLP
Chartered Accountants
The Pinnacle
170 Midsummer Boulevard
Milton Keynes
Buckinghamshire
MK9 1BP

Date: 10 December 2014

Watford Grammar School for Boys
Statement of Financial Activities

Statement of Financial Activities for the year ended 31 August 2014
(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 2014 £	Total 2013 £
Incoming resources								
<i>Incoming resources from generated funds:</i>								
Voluntary income	2	28,469	-	22,188	65,858	100,000	216,515	156,177
Activities for generating funds	3	626,372	-	154,880	660	-	781,912	730,299
Investment income	4	3,393	-	-	-	-	3,393	3,747
<i>Incoming resources from charitable activities:</i>								
Funding for the academy trust's educational operations	5	-	-	6,761,223	1,000	525,735	7,287,958	7,126,136
Other income	6	14,068	-	65,750	-	-	79,818	11,888
Total incoming resources		672,302	-	7,004,041	67,518	625,735	8,369,596	8,028,247
Resources expended								
<i>Cost of generating funds:</i>								
Costs of generating voluntary income		9,341	-	-	408	-	9,749	13,506
Fundraising trading		315,259	-	-	(13)	-	315,246	284,426
<i>Charitable activities:</i>								
Academy trust educational operations	8	223,292	-	6,984,894	56,124	876,292	8,140,602	7,880,078
Governance costs	9	-	-	38,697	-	-	38,697	34,144
Total resources expended	7	547,892	-	7,023,591	56,519	876,292	8,504,294	8,212,154
Net incoming/(outgoing) resources before transfers		124,410	-	(19,550)	10,999	(250,557)	(134,698)	(183,907)
Gross transfers between funds	17	(46,643)	(73,357)	(72,551)	(7,931)	200,482	-	-
Net income/(expenditure) for the year		77,767	(73,357)	(92,101)	3,068	(50,075)	(134,698)	(183,907)
Other recognised gains and losses								
Actuarial (losses)/gains on defined benefit pension schemes	17, 26	-	-	(316,000)	-	-	(316,000)	36,000
Gains/(losses) on investment	14	-	-	-	1,249	-	1,249	1,367
Net movement in funds		77,767	(73,357)	(408,101)	4,317	(50,075)	(449,449)	(146,540)
Reconciliation of funds								
Total funds brought forward at 1 September 2013	17	217,186	369,000	(646,826)	95,843	15,405,633	15,440,836	15,587,376
Total funds carried forward at 31 August 2014	17	294,953	295,643	(1,054,927)	100,160	15,355,558	14,991,387	15,440,836

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

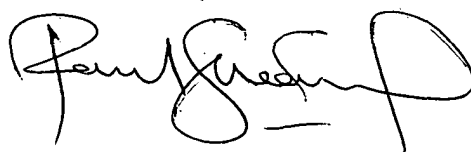
Watford Grammar School for Boys
Balance Sheet

Balance sheet as at 31 August 2014

	Notes	2014 £	2014 £	2013 £	2013 £
Fixed assets					
Tangible assets	13		15,336,105		15,405,633
Investments	14		17,527		16,278
			<u>15,353,632</u>		<u>15,421,911</u>
Current assets					
Debtors	15	731,756		395,957	
Cash at bank and in hand		801,855		1,100,964	
		<u>1,533,611</u>		<u>1,496,921</u>	
Liabilities					
Creditors: Amounts falling due within one	16	(809,856)		(727,996)	
Net current assets			<u>723,755</u>		<u>768,925</u>
Total assets less current liabilities / net assets excluding pension liability			<u>16,077,387</u>		<u>16,190,836</u>
Pension scheme liability	26		(1,086,000)		(750,000)
Net assets including pension liability			<u>14,991,387</u>		<u>15,440,836</u>
Funds of the academy trust:					
Restricted income funds					
Fixed asset fund	17		15,355,558		15,405,633
General fund	17		31,073		103,174
Other restricted fund	17		100,160		95,843
Pension reserve	17		(1,086,000)		(750,000)
Total restricted funds			<u>14,400,791</u>		<u>14,854,650</u>
Unrestricted income funds					
General fund	17		294,953		217,186
Designated fund	17		295,643		369,000
Total unrestricted funds			<u>590,596</u>		<u>586,186</u>
Total funds			<u>14,991,387</u>		<u>15,440,836</u>

The financial statements on pages 22 to 40 were approved by the governors, and authorised for issue on 2nd December 2014 and are signed on their behalf by:

Mr P. Shearring
Chairperson



Company Registration Number: 07348288

Watford Grammar School for Boys
Cash Flow Statement

Cash Flow Statement for the year ended 31 August 2014

	Notes	2014 £	2013 £
Net cash inflow from operating activities	21	(323,405)	(143,148)
Returns on investments and servicing of finance	22	3,393	3,747
Capital expenditure	23	20,903	210,440
(Decrease)/increase in cash in the year	24	(299,109)	71,039
Reconciliation of net cash flow to movement in net funds			
Net funds at 1 September 2013		1,100,964	1,029,925
Net funds at 31 August 2014		801,855	1,100,964

Notes to the Financial Statements for the Year Ended 31 August 2014

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 2013 to 2014 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 2014

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 £1,000 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 and Buildings	16.75 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 2014

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 Academy Trust acts as an agent in respect of the operation of the fund. The Trust is able to withhold 5% of the income received to cover its administration costs in relation to the fund. During the year the Academy Trust has accounted for the fund through its Restricted Funds, showing the income received and expenditure incurred in the SOFA.

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.

Notes to the Financial Statements for the year ended 31 August 2014 (continued)

2 Voluntary Income	Unrestricted Funds £	Restricted Funds £	Total 2014 £	Total 2013 £
Other Donations	28,469	143,975	172,444	107,061
Grant Income	-	21,883	21,883	39,220
Contribution to educational activities	-	22,188	22,188	9,896
	<u>28,469</u>	<u>188,046</u>	<u>216,515</u>	<u>156,177</u>
3 Activities for Generating Funds	Unrestricted Funds £	Restricted Funds £	Total 2014 £	Total 2013 £
Hire of Facilities	114,391	-	114,391	107,648
Catering Income	44,905	-	44,905	21,051
Music Income	109,876	-	109,876	129,113
Trip & Journey Income	283,776	-	283,776	266,988
Placement Income	-	4,616	4,616	26,725
Secondment Income	-	45,878	45,878	29,383
Other Local Income	73,424	105,046	178,470	149,391
	<u>626,372</u>	<u>155,540</u>	<u>781,912</u>	<u>730,299</u>
4 Investment Income	Unrestricted Funds £	Restricted Funds £	Total 2014 £	Total 2013 £
Bank Interest	3,393	-	3,393	3,747
5 Funding for the Academy Trust's Educational Operations	Unrestricted Funds £	Restricted Funds £	Total 2014 £	Total 2013 £
DfE / EFA grants				
General Annual Grant (GAG)	-	6,456,621	6,456,621	6,400,529
Pupil Premium	-	62,590	62,590	61,398
16 - 19 Bursary Grant	-	14,779	14,779	18,430
Year 7 Catchup Grant	-	3,000	3,000	-
Capital Grants	-	525,735	525,735	450,164
Other DfE / EFA grants	-	26,800	26,800	50,852
Total DfE / EFA grants	<u>-</u>	<u>7,089,525</u>	<u>7,089,525</u>	<u>6,981,373</u>
Other Government Grants				
Local authority grants	-	198,433	198,433	144,763
Total Other Government Grants	<u>-</u>	<u>198,433</u>	<u>198,433</u>	<u>144,763</u>
	<u>-</u>	<u>7,287,958</u>	<u>7,287,958</u>	<u>7,126,136</u>

Notes to the Financial Statements for the year ended 31 August 2014 (continued)

6 Other Incoming Resources	Unrestricted Funds £	Restricted Funds £	Total 2014 £	Total 2013 £
Insurance Claim Income	-	59,685	59,685	67
Sundry Income	14,068	6,065	20,133	11,821
	<u>14,068</u>	<u>65,750</u>	<u>79,818</u>	<u>11,888</u>

7 Resources Expended	Staff Costs £	Non Pay Expenditure		Total 2014 £	Total 2013 £
		Premises £	Other Costs £		
Costs of generating voluntary income	-	-	9,749	9,749	13,506
Costs of activities for generating funds	-	-	315,246	315,246	284,426
Academy's educational operations					
Direct costs	5,402,196	537,674	641,577	6,581,447	6,353,355
Allocated support costs	556,169	552,096	450,890	1,559,155	1,526,723
	<u>5,958,365</u>	<u>1,089,770</u>	<u>1,092,467</u>	<u>8,140,602</u>	<u>7,880,078</u>
Governance costs including allocated support costs	-	-	38,697	38,697	34,144
	<u>5,958,365</u>	<u>1,089,770</u>	<u>1,456,159</u>	<u>8,504,294</u>	<u>8,212,154</u>

Incoming / outgoing resources for the year include:	2014 £	2013 £
Operating leases - other	11,221	11,460
Fees payable to auditor	<u>9,100</u>	<u>8,750</u>

Watford Grammar School for Boys
Notes to the Financial Statements

Notes to the Financial Statements for the year ended 31 August 2014 (continued)

8 Charitable Activities - Academy's Educational Operations	Unrestricted Funds £	Restricted Funds £	Total 2014 £	Total 2013 £
Direct costs				
Teaching and educational support staff costs	133,302	5,268,894	5,402,196	5,277,647
Depreciation	-	537,674	537,674	530,544
Technology costs	-	231,184	231,184	137,756
Educational supplies	10,835	217,511	228,346	209,038
Examination fees	-	113,220	113,220	130,574
Staff development	-	31,075	31,075	23,858
Educational consultancy	-	37,752	37,752	43,938
Total Direct costs	144,137	6,437,310	6,581,447	6,353,355
Allocated support costs				
Support staff costs	25,612	530,557	556,169	484,819
Depreciation	-	36,686	36,686	29,839
Recruitment and support	-	14,864	14,864	5,965
Administration costs	4	38,280	38,284	25,319
Maintenance of premises and equipment	16,253	506,636	522,889	567,993
Cleaning	-	105,640	105,640	110,412
Rent and rates	-	29,207	29,207	28,472
Energy Costs	-	99,657	99,657	148,311
Insurance	-	42,617	42,617	50,224
Security and transport	10,221	45,502	55,723	32,938
Catering	15,545	20,832	36,377	32,590
Bank interest and charges	-	7,157	7,157	6,172
Prizes	8,152	2,065	10,217	3,669
Bad Debts	1,912	-	1,912	-
Other support costs	1,456	300	1,756	-
Total Allocated support costs	79,155	1,480,000	1,559,155	1,526,723
	223,292	7,917,310	8,140,602	7,880,078
9 Governance Costs	Unrestricted Funds £	Restricted Funds £	Total 2014 £	Total 2013 £
Legal and professional fees	-	22,279	22,279	20,213
Auditors remuneration				
Audit of financial statements	-	9,100	9,100	8,750
Accountancy services	-	5,500	5,500	2,900
Responsible officer costs	-	1,500	1,500	1,060
Governors' reimbursed expenses	-	318	318	1,221
	-	38,697	38,697	34,144

Notes to the Financial Statements for the year ended 31 August 2014 (continued)

10 Staff

a. Staff costs

	2014	2013
	£	£
Staff costs during the period were:		
Wages and salaries	4,840,503	4,686,544
Social security costs	362,624	354,232
Pension costs	746,440	703,323
	<u>5,949,567</u>	<u>5,744,099</u>
Supply teacher costs	3,805	-
Staff restructuring costs	-	11,614
	<u>5,953,372</u>	<u>5,755,713</u>

b. Staff numbers

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

	2014	2013
	No.	No.
Charitable Activities		
Teachers	88	86
Administration and support	44	40
Management	6	10
	<u>138</u>	<u>136</u>

c. Higher paid staff

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

	2014	2013
	No.	No.
£60,001 - £70,000	1	1
£70,001 - £80,000	-	1
£80,001 - £90,000	1	-
£100,001 - £110,000	1	1

All of the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2014, employer's pension contributions for these staff amounted to £35,373 (2013 £34,580). No employees participated in the Local Government Pension Scheme, pension contributions amounted to £nil (2013 £nil).

Notes to the Financial Statements for the year ended 31 August 2014 (continued)

11 Related Party Transactions - Trustees' Remuneration & Expenses

The Principal and other staff governors only receive remuneration in respect of services they provide undertaking the roles of Principal and staff and not in respect of their services as governors. Other governors did not receive any payments, other than expenses, from the academy in respect of their role as governors. The value of governors' remuneration was as follows:

M Post, the Principal (until 17 August 2014), received remuneration of £107,848 in the year (2013: £106,137) and is accruing retirements benefits under the Teachers' Pension Scheme. The contributions paid in the year amounts to £15,206 (2013: £14,965).

M Allchorn, the Acting Principal (from 18 August 2014), received remuneration of £3,572 in the year (2013: £nil) and is accruing retirements benefits under the Teachers' Pension Scheme. The contributions paid in the year amounts to £504 (2013: £nil).

Miss J. Callow	Staff Governor and trustee	£45k - £50k	(2013: £45k - £50k)
Mrs C. Cox	Staff Governor and trustee	£40k - £45k	(2013: £40k - £45k)
Mrs A. M. Petty	Staff Governor and trustee	£25k - £30k	(2013: £25k - £30k)
Ms O. Wallis (nee Slater)	Staff Governor and trustee	£40k - £45k	(2013: £40k - £45k)

During the year ended 31 August 2014, travel and subsistence expenses totalling £nil (2013 - £nil) was reimbursed to 0 governor (2013 - 0).

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 academy has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the year ended 31 August 2014 was £850 (2013: £970). The cost of this insurance is included in the total insurance cost.

13 Tangible Fixed Assets	Freehold Land and Buildings £	Assets under construction £	Plant and Machinery £	Computer Equipment £	Motor Vehicles £	Total £
Cost						
At 1 September 2013	16,283,960	-	155,433	16,496	24,543	16,480,432
Additions	-	480,547	24,285	-	-	504,832
At 31 August 2014	16,283,960	480,547	179,718	16,496	24,543	16,985,264
Depreciation						
At 1 September 2013	1,014,579	-	34,557	9,125	16,538	1,074,799
Charged in year	537,674	-	25,051	5,499	6,136	574,360
At 31 August 2014	1,552,253	-	59,608	14,624	22,674	1,649,159
Net Book Values						
At 31 August 2014	14,731,707	480,547	120,110	1,872	1,869	15,336,105
At 31 August 2013	15,269,381	-	120,876	7,371	8,005	15,405,633

Notes to the Financial Statements for the year ended 31 August 2014 (continued)

14 Investments	2014	2013
	£	£
Market value at 1 September 2013	16,278	14,911
Additions	-	-
Net investment gains/(losses)	1,249	1,367
Market value at 31 August 2014	<u>17,527</u>	<u>16,278</u>
UK listed investments are represented by:	2014	2013
	Historical Cost	Market Value
	£	£
Investment trusts and unit trusts	14,911	16,278
Total	<u>14,911</u>	<u>16,278</u>
15 Debtors	2014	2013
	£	£
Trade debtors	69,823	31,379
Other debtors	427,780	92,706
VAT Recoverable	98,263	53,778
Prepayments and accrued income	135,890	218,094
	<u>731,756</u>	<u>395,957</u>
16 Creditors: Amounts Falling due within one Year	2014	2013
	£	£
Trade creditors	271,819	210,358
Taxation and social security	103,585	101,785
Other creditors	120,385	48,632
Accruals and deferred income	314,067	367,221
	<u>809,856</u>	<u>727,996</u>
Deferred income	2014	2013
	£	£
Deferred income at 1 September 2013	215,132	110,405
Resources deferred in the year	191,325	130,057
Amounts released from previous years	(215,132)	(25,330)
Deferred income at 31 August 2014	<u>191,325</u>	<u>215,132</u>

At the balance sheet date the academy trust was holding funds received in advance for trip income and music fees for the autumn term 2014.

Notes to the Financial Statements for the year ended 31 August 2014 (continued)

17 Funds	Balance at 1 September 2013 £	Incoming Resources £	Resources Expended £	Gains, Losses and Transfers £	Balance at 31 August 2014 £
Restricted general funds					
General Annual Grant (GAG)	91,685	6,456,621	(6,511,539)	(21,940)	14,827
Pupil Premium	-	62,590	(12,598)	(49,992)	-
16-19 Bursary Fund	11,489	14,779	(11,480)	(619)	14,169
Year 7 Catchup grant	-	3,000	(923)	-	2,077
Other DfE / EFA grants	-	26,800	(26,800)	-	-
Local Authority Grants	-	198,433	(198,433)	-	-
Pension reserve	(750,000)	-	(20,000)	(316,000)	(1,086,000)
Other restricted general funds	-	241,818	(241,818)	-	-
	<u>(646,826)</u>	<u>7,004,041</u>	<u>(7,023,591)</u>	<u>(388,551)</u>	<u>(1,054,927)</u>
Restricted other funds					
SHINE Project	32,143	36,624	(38,936)	-	29,831
SAPG - Climbing Wall	30,000	-	(240)	240	30,000
Peter Harrison Foundation	-	14,583	(14,583)	-	-
Dragons Den Project	3,534	-	-	-	3,534
James Theatre Trust Fund	20,837	660	13	1,670	23,180
Ogden Lancaster Partnership	-	300	(300)	-	-
National College for Learning	-	7,000	-	(7,000)	-
Prizes Fund	9,329	6,351	(2,065)	-	13,615
Other restricted funds	-	2,000	(408)	(1,592)	-
	<u>95,843</u>	<u>67,518</u>	<u>(56,519)</u>	<u>(6,682)</u>	<u>100,160</u>
Restricted fixed asset funds					
Freehold Land and Buildings	15,269,381	-	(537,674)	-	14,731,707
Assets under construction	-	480,547	-	-	480,547
Plant and Machinery	20,993	-	(10,851)	24,285	34,427
Solar Panel Project	97,924	-	(12,241)	-	85,683
Climbing Wall Project	1,959	-	(1,959)	-	-
Computer Equipment	7,371	-	(5,499)	-	1,872
Motor Vehicles	8,005	-	(6,136)	-	1,869
DfE/EFA capital grants	-	25,735	(26,669)	934	-
Academies Capital Maintenance Fund	-	19,453	-	-	19,453
Maths Refurbishment	-	100,000	(270,422)	170,422	-
Other capital works	-	-	(4,841)	4,841	-
	<u>15,405,633</u>	<u>625,735</u>	<u>(876,292)</u>	<u>200,482</u>	<u>15,355,558</u>
Total restricted funds	<u>14,854,650</u>	<u>7,697,294</u>	<u>(7,956,402)</u>	<u>(194,751)</u>	<u>14,400,791</u>
Unrestricted funds					
Unrestricted funds	217,186	672,302	(547,892)	(46,643)	294,953
Designated funds	369,000	-	-	(73,357)	295,643
Total unrestricted funds	<u>586,186</u>	<u>672,302</u>	<u>(547,892)</u>	<u>(120,000)</u>	<u>590,596</u>
Total funds	<u>15,440,836</u>	<u>8,369,596</u>	<u>(8,504,294)</u>	<u>(314,751)</u>	<u>14,991,387</u>

Notes to the Financial Statements for the year ended 31 August 2014 (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 academy'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 fulfillment 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 academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2014.

Restricted other funds

These funds represent grants received from other organisations for the academy'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 2014 are represented by:

	Unrestricted Funds £	Restricted general Funds £	Restricted other Funds £	Restricted fixed asset Funds £	Total Funds £
Tangible fixed assets	-	-	-	15,336,105	15,336,105
Investments	-	-	17,527	-	17,527
Current assets	1,400,452	31,073	82,633	19,453	1,533,611
Current liabilities	(809,856)	-	-	-	(809,856)
Pension scheme liability	-	(1,086,000)	-	-	(1,086,000)
	<u>590,596</u>	<u>(1,054,927)</u>	<u>100,160</u>	<u>15,355,558</u>	<u>14,991,387</u>

19 Capital Commitments

	2014 £	2013 £
Contracted for, but not provided in the financial statements	<u>728,381</u>	<u>825,000</u>

20 Financial Commitments

Operating leases

At 31 August 2014 the academy trust had annual commitments under non-cancellable operating leases as follows:

	2014 £	2013 £
<u>Other</u>		
Expiring within one year	-	7,517
Expiring within two and five years inclusive	8,082	3,383
	<u>8,082</u>	<u>10,900</u>

Notes to the Financial Statements for the year ended 31 August 2014 (continued)

21 Reconciliation of Net Income to Net Cash Inflow from Operating Activities	2014	2013
	£	£
Net outgoings	(134,698)	(183,907)
Deprecation (note 13)	574,360	560,383
Capital grants from DfE and other capital income	(525,735)	(450,164)
Interest receivable (note 4)	(3,393)	(3,747)
FRS 17 pension cost less contributions payable (note 26)	2,000	-
FRS 17 pension finance income (note 26)	18,000	25,000
(Increase)/decrease in debtors	(335,799)	(57,108)
Increase/(decrease) in creditors	81,860	(33,605)
Net outflow from operating activities	(323,405)	(143,148)

22 Returns on Investments and Servicing of Finance

Interest receivable (note 4)	3,393	3,747
Net cash inflow from returns on investments and servicing of finance	3,393	3,747

23 Capital Expenditure and Financial Investment

Purchase of tangible fixed assets	(504,832)	(239,724)
Capital grants from DfE / EFA	-	215,324
Capital funding received from sponsors and others	525,735	234,840
Net cash inflow from capital expenditure and financial investment	20,903	210,440

24 Analysis of Changes in Net Funds

	At 1 September 2013 £	Cash flows £	At 31 August 2014 £
Cash in hand and at bank	1,100,964	(299,109)	801,855
	<u>1,100,964</u>	<u>(299,109)</u>	<u>801,855</u>

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 2014 (continued)

26 Pension and Similar Obligations

The academy'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 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 £22,150 (2013: £nil) were payable to the schemes at 31 August and are included within creditors.

Teachers' Pension Scheme

Introduction

The Teachers' Pensions Scheme ("TPS") is a statutory, contributory, defined benefit scheme. The regulations under which the TPS operates are the Teachers' Pensions Regulations 2010. Retirement and other pension benefits, including annual increases payable under the Pensions (Increase) Acts are, as provided for in the Superannuation Act 1972, paid out of monies provided by Parliament. Under the unfunded TPS, teachers' contributions on a 'pay as-you-go' basis, and employers' contributions, are credited to the Exchequer under arrangements governed by the above Act.

The Teachers' Pensions Regulations require an annual account, the Teachers' Pensions Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001 to 31 March 2011, the Account has been credited with a real rate of return (in excess of price increases and currently set at 3.5%), which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary ("GA"), using normal actuarial principles, conducts a formal actuarial review of the TPS. 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. Many of these were being discussed in the context of the design for a reformed TPS, and as set out in the Proposed Final Agreement scheme valuations had been suspended since the last valuation in 2004.

The contribution rate paid into the TPS is assessed in two parts. First, a standard contribution rate ("SCR") is determined. This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service during the period over which the contribution rate applies, which if it were paid over the entire active service of these teachers and lecturers would broadly defray the cost of benefits payable in respect of that service. Secondly, a supplementary contribution is payable if, as a result of the actuarial investigation, it is found that accumulated liabilities of the Account for benefits to past and present teachers, are not fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions. The total contribution rate payable is the sum of the SCR and the supplementary contribution rate.

Valuations of the TPS are now required under the Public Service Pensions Act 2013 every 4 years and are required to be carried out in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury.

An actuarial valuation of the TPS in accordance with these Directions was published in June 2014 assessing the TPS as at 31 March 2012. The GA's report revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £191,500 million. The value of the notional assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £176,600 million. The assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

Notes to the Financial Statements for the year ended 31 August 2014 (continued)

Employer and employee contribution rates

As from 1 January 2007, and as part of the cost-sharing agreement between employers' and teachers' representatives, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable. The cost-sharing agreement also introduced – effective for the first time for the 2008 valuation – a 14% cap on employer contributions payable.

From 1 April 2013 to 31 March 2014, the employee contribution rate ranged between 6.4% and 11.2%, depending on a member's Full Time Equivalent salary and for 2014/15 will range between 6.4% and 12.4%. Thereafter members will be expected to pay an average contribution rate of 9.6%.

The TPS valuation for 2012 determined an employer contribution rate of 16.4% from September 2015 and an employer cost cap of 10.9%, both to be set in regulations. The employer contribution rate 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.

There will be further reforms and changes to the TPS with a new 2015 scheme.

The pension costs paid to TPS in the year amounted to £527,259 (2013: £506,698).

Under the definitions set out in Financial Standards (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The Academy Trust is unable to identify its share of the underlying assets and liabilities of the scheme.

Accordingly, the Academy Trust has taken the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined-contribution scheme. The Academy Trust has set out above the information available on the scheme and the implications for the Academy Trust in terms of the anticipated rates.

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2014 was £245,000, of which employer's contributions totalled £198,000 and employees' contributions totalled £47,000. 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 2014	At 31 August 2013
Rate of increase for pensions in payment / inflation	2.70%	2.80%
Rate of increase in salaries	4.00%	5.10%
Inflation assumption (CPI)	5.40%	5.90%
Discount rate for scheme liabilities	3.70%	4.60%

Notes to the Financial Statements for the year ended 31 August 2014 (continued)

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 2014	At 31 August 2013
<i>Retiring today</i>		
Males	22.3	21.0
Females	24.5	23.8
<i>Retiring in 20 years</i>		
Males	24.3	22.9
Females	26.7	25.7

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

	Expected return at 31 August	Fair value at 31 August £	Expected return at 31 August 2013	Fair value at 31 August 2013 £
UK Equities	6.30%	1,127,000	6.60%	809,000
Other Bonds	3.30%	387,000	3.90%	197,000
Property	4.50%	118,000	4.70%	55,000
Alternative assets	3.30%	50,000	3.60%	33,000
Total market value of assets		1,682,000		1,094,000
Present value of scheme liabilities				
- Funded		(2,768,000)		(1,844,000)
Surplus/(deficit) in the scheme		(1,086,000)		(750,000)

The actual return on scheme assets was £150,000 (2013: £121,000).

Amounts recognised in the statement of financial activities

	2014 £	2013 £
Current service cost (net of employee contributions)	189,000	172,000
Past service cost	11,000	-
Total operating charge	200,000	172,000

Analysis of pension finance income / (costs)

	2014 £	2013 £
Expected return on pension scheme assets	(72,000)	(42,000)
Interest on pension liabilities	90,000	67,000
Pension finance income / (costs)	18,000	25,000

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 £361,000 loss (2013: £45,000 loss).

Notes to the Financial Statements for the year ended 31 August 2014 (continued)

Movement in the present value of defined benefit obligations were as follows:	2014	2013
	£	£
At 1 September	1,844,000	1,519,000
Current service cost	189,000	172,000
Interest cost	90,000	67,000
Employee contributions	47,000	43,000
Actuarial (gain)/loss	596,000	43,000
Estimated Benefits paid	(9,000)	-
Past Service cost	11,000	-
At 31 August	2,768,000	1,844,000

Movement in the fair value of academy's share of scheme assets:	2014	2013
	£	£
At 1 September	1,094,000	758,000
Expected return on assets	72,000	42,000
Actuarial gain/(loss)	280,000	79,000
Employer contributions	198,000	172,000
Employee contributions	47,000	43,000
Estimated Benefits paid	(9,000)	-
At 31 August	1,682,000	1,094,000

The estimated value of employer contributions for the year ended 31 August 2015 is £196,000.

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

	2014	2013	2012	2011
		£	£	£
Present value of defined benefit	(2,768,000)	(1,844,000)	(1,519,000)	(1,065,000)
Fair value of share of scheme assets	1,682,000	1,094,000	758,000	493,000
Deficit in the scheme	(1,086,000)	(750,000)	(761,000)	(572,000)
Experience adjustments on share of scheme assets				
Amount	280,000	79,000	20,000	-
Experience adjustments on share of scheme liabilities				
Amount	(422,000)	-	-	-

27 Related Party Transactions

Owing to the nature of the academy's operations and the composition of the board of governors being drawn from local public and private sector organisations, 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 to 31 August 2014 the school received funds in the form of grants and donations from Watford Fuller Foundation (charity number: 1062184) of £108,174 (2013: £154,764). Two of the school governors, Mr L Arlow and Mr P Shearring act as Trustees for the charity. There was no balance outstanding at the period end.