

Company Registration No. 07697158 (England and Wales)

**WEST KIRBY GRAMMAR SCHOOL  
(A COMPANY LIMITED BY GUARANTEE)**

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

WEDNESDAY



\*A5M9TZZE\*

A33

21/12/2016

#326

COMPANIES HOUSE

# WEST KIRBY GRAMMAR SCHOOL

## REFERENCE AND ADMINISTRATIVE DETAILS

---

### Members/Governors (Trustees)

Mr M Berry  
Mrs C Bilton  
Ms S Boyd  
Mrs L Broadbere  
Miss M Conboy  
Mrs A M Duffy  
Dr D Ellson (Resigned 1 January 2016)  
Mr L Hayes (Resigned 31 May 2016)  
Ms S McClennon (Chair)  
Mr A Milne  
Mr S Rampton  
Mr M Simmons  
Dr A Waller  
Mrs S Wallis  
Mr J Young  
Mrs D Favager  
Mr J Duffy (Resigned 30 June 2016)  
Mrs S Talbot (Appointed 21 September 2015)  
Mr A Saverimutto (Appointed 1 December 2015)  
Mr N Ledingham (Appointed 1 December 2015)  
Mrs R Kehoe (Appointed 30 March 2016)

### Senior management team

- Headteacher
- Deputy Headteacher
- Senior Assistant Headteacher
- Assistant Headteacher
- Assistant Headteacher
- Finance and Resources Manager

Mrs A M Duffy  
Mr M Scott  
Mrs J L Morrison  
Mr M Thomas  
Mrs K Cliffe  
Mr J G Duffy

### Company registration number

07697158 (England and Wales)

### Principal and Registered office

West Kirby Grammar School  
Graham Road  
West Kirby  
Wirral  
CH48 5DP

### Independent auditor

RSM UK Audit LLP  
Steam Mill  
Steam Mill Street  
Chester  
Cheshire  
CH3 5AN

# WEST KIRBY GRAMMAR SCHOOL

## REFERENCE AND ADMINISTRATIVE DETAILS

---

|                |   |
|----------------|---|
| <b>Bankers</b> | Lloyds Bank PLC<br>137 Telegraph Road<br>Heswall<br>Wirral<br>CH600AN |
|----------------|---|

|                   |  |
|-------------------|--|
| <b>Solicitors</b> | SAS Daniels LLP<br>30 Greek Street<br>Stockport<br>Cheshire<br>SK3 8AD |
|-------------------|--|

# **WEST KIRBY GRAMMAR SCHOOL**

## **TRUSTEES' REPORT**

---

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

The trust operates an academy for pupils aged 11 to 18 serving a catchment area in Wirral and North Wales. It has a pupil capacity of 1,250 and had a roll of 1,191 in the school census on 2 October 2015.

### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

#### **Constitution**

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust herewith referred to as West Kirby Grammar School.

The charitable company was incorporated on 7th July 2011 and West Kirby Grammar School converted to academy status on 1st August 2011.

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

#### **Members' liability**

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.

#### **Trustees' indemnities**

In accordance with normal commercial practice, the Academy has purchased insurance to protect trustees, local governors and officers from claims arising due to negligent acts, errors or omissions occurring on school business

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

There are 19 Governors representing various local stakeholders, six elected parent Governors from the prevailing parent body, three elected staff Governors, nine appointed Governors (reflecting the skills required of a modern academy as determined by the other Governors) and the Headteacher.

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

Governors undertake an induction programme in line with the school's induction policy for governors including meetings with the Chair of Governors and the Headteacher.

Governors are encouraged to attend the training sessions provided by the Local Authority.

# WEST KIRBY GRAMMAR SCHOOL

## TRUSTEES' REPORT (CONTINUED)

---

### Principal activities

The principal activity of West Kirby Grammar School is to provide an outstanding education for all its students whatever their age, ability or social and economic background by maintaining, operating and developing the school and ensuring a broad curriculum and enhancement opportunities are available to challenge, support and motivate students. In setting the school's objectives and planning its activities, Governors have given careful consideration to the Charity Commission's general guidance on public benefit.

Admission to this single sex (girls) school is by selection at 11 which is co-ordinated by the Local Authority. Priority admission is given to 'Looked After' children, those with siblings at the school and those who live within the local area.

Applications for places are made in accordance with Wirral's co-ordinated admissions arrangements and the school's Admission Policy. Boys are admitted to the sixth form, along with girls who have met the admissions requirements

The school works to promote a safe and healthy environment in which all students can develop their fullest potential academically, socially and personally and as a result achieve well.

### **Organisational structure**

The organisational structure consists of three levels - the Academy Trust Board (the trustees/governors - all governors are trustees), the Governing body and the Senior Management Team.

The Academy Trust Board (the trustees/governors) is responsible for those statutory duties which may not be delegated to the Governing Body.

They key purposes of the Governing Body are:

- monitoring standards to ensure that teaching and learning is first class
- monitoring the school's financial and academic performance
- developing the strategic policies which reflect the school's vision and ethos
- promoting the school and fostering links with the local community
- ensuring the school functions effectively as a learning community upholding British values

In fulfilling the above purposes, the Governing Body discharges the following responsibilities -

- develop and review the School's Improvement Plan,
- review and monitor the School's financial position on a regular basis and consider any significant contractual matters,
- monitor the educational performance of the school in line with outcomes and success criteria,
- approve and review the implementation and effectiveness of key operational policies,
- monitor the effectiveness of staffing policies including performance management and pay reviews,
- participate in marketing and communication with parents and the local and wider communities,
- monitor the effective management of the school's site and buildings,
- maintain an overview of the school's risk management procedures,
- ensure safeguarding policies, including the Prevent strategy, are upheld

The Senior Management team consists of the Headteacher, one Deputy Headteacher and three Assistant Headteachers. These leaders, along with the school's Finance Manager, manage the school at an executive level implementing the policies laid down by the Governing Body.

# WEST KIRBY GRAMMAR SCHOOL

## TRUSTEES' REPORT (CONTINUED)

---

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

'Key management personnel' is a term used by FRS 102 for those persons having authority and responsibility for planning, directing and controlling the activities of a reporting entity, directly or indirectly, including any director (whether executive or otherwise). This definition includes for WKGS includes the Headteacher, Deputy Headteacher and three Assistant Headteachers these staff are the senior management personnel to whom the trustees have delegated significant authority or responsibility in the day-to-day running of the academy trust. The setting of pay and remuneration of key personnel is managed by Governors who follow statutory guidance and the School's Pay Policy. This task is delegated to an appointed committee of three Governors who carry out the Headteacher's formal appraisal annually. Decisions are then taken to the Full Governing Body to be ratified. The Deputy Head and Assistant Heads have formal appraisals and reviews as set out in the pay policy. The School group and ranges of salaries are set in accordance with statutory guidance.

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

The Governing Body works with Wirral Local Authority, the DfE, the EFA, local primary and secondary schools. Through the Ogden Trust it works with the Queens School Chester, Woodchurch High School, Weatherhead High School, Neston High School and Upton Hall School FCJ. The school is a member of the Grammar School Heads' Association and Specialist Schools and Academies Trust.

### **OBJECTIVES AND ACTIVITIES**

The school aims:-

- To ensure each student is at the centre of all we do and encourage them to develop as thinking, creative and resilient individuals with a thirst for knowledge and excitement about the endless possibilities open to them.
- To celebrate the work and achievements of all staff and students encouraging excellence, effort and citizenship in our supportive community.
- To encourage and assist all students to maximise their potential, ensuring they feel happy and safe in our vibrant environment enabling them to achieve, explore and to overcome failure.
- To prepare students for life beyond school by providing a wealth of opportunities, encouraging them to be thoughtful, confident individuals able to apply themselves to any situation and prepare them for their future.
- To ensure teaching and learning is creative, outstanding and innovative across the curriculum, where teachers keep abreast of educational pedagogy using the best of new ideas to enhance teaching practice.
- To be a self-reviewing/reflective school constantly striving to improve, never complacent and always developing.
- To build upon the productive relationships we have with parents, carers, other educational establishments, business and the wider community, communicating effectively to enhance the work and life of the school.
- To use the latest technologies to give access to the best teaching and learning resources for all teachers and students and ensure the site and resources are continually developed to support first class teaching and learning.
- For everyone in our school community to aim to be "the best they can be" in everything they do.

For everyone in our school community to aim to be "the best they can be" in everything they do. In the year the Governors have continued to monitor the work and progress of the school by:

- regularly receiving information on financial performance against the approved budget
- review of the planned initiatives as outlined in the School Improvement Plan (2014-15) for maintaining and improving the academic provision and achievement of the school and its students
- receiving regular updates on key aspects of school life:
  - Health & Safety
  - Curriculum
  - Finance
  - Staffing

# WEST KIRBY GRAMMAR SCHOOL

## TRUSTEES' REPORT (CONTINUED)

---

### Our Aims for the Forthcoming Year

- Ensure the highest achievement possible for all and that targets are met (Whole School, Departmental and Individual)
- Introduce further bespoke packages where needed e.g. Pupil Premium, Gifted and Talented, underachieving students- (role for Form Tutors is crucial in this.)
- Enable all students to be resilient and able to think creatively, problem solve and bounce back when there are difficulties
- Foster a culture of happiness and success for all. Reward effort, achievement and acknowledge hard work
- Improve attendance – aim for at least 98%
- Further develop individual learning pathways for students and increase awareness of the diverse range of future opportunities e.g. university, apprenticeships, job opportunities, travel
- Build upon the extensive range of learning opportunities both in and out of the classroom.
- Individuals are valued for who they are and what they can bring to our community.

### How will we achieve these aims?

- Personalised learning pathways – tutorial sessions to monitor and guide
- Make students aware of transferable skills between curriculum areas – build on skills across school (especially literacy and numeracy)
- There are clear expectations, rules and procedures. Students will be taken to task if they do not follow guidance given.
- Increase professional dialogue in and between curriculum areas, sharing best practise and new ideas
- Student voice growing and they are encouraged to take more ownership of specific developments within the school.
- Lessons are more varied and more interactive-departments share ideas and opportunities provided for teachers to learn from each other
- Students take more ownership and responsibility for their work and achievements – rewards process enhanced and improved
- Different staff and students given opportunities for leadership roles
- Further building a pastoral programme that is meaningful, reflective and promotes the best of British values.

### Public benefit

The trustees have complied with their duty to have due regard to the guidance on public benefit issued by the Charity Commission in exercising their powers and duties. The main activities of the school which constitute the entity as a public benefit is the provision of education.

# WEST KIRBY GRAMMAR SCHOOL

## TRUSTEES' REPORT (CONTINUED)

---

### STRATEGIC REPORT

#### Achievements and performance

The year covered by these financial statements reflects the fourth year for West Kirby Grammar School as an academy. The following paragraphs present a review of the significant achievements during the year in pursuit of furthering its charitable purposes for public benefit.

Systems since converting to an academy are now embedded and working successfully. The finance team, senior management and teachers are all ensuring that high standards of governance are maintained.

The school has excelled academically with academic achievements taking the school to the top of the Progress8 tables in the Wirral.

#### Financial review

The financial position of the school is detailed in the following pages.

Most of the school's income is obtained from the EFA in the form of recurrent and capital grants, the use of which is restricted to particular purposes. The grants received during the year and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The school was successful in its bid to the EFA Condition Improvement Fund and secured funding of £576,769 for heating pipework and radiator system replacement and replacement of windows. The school agreed to fund part of the cost of the window replacement from reserves (£15k).

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 over the expected useful life of the assets concerned.

Recurrent grants of £5,475k (2015: £5,735) were received from the EFA, Local Authority and other Government bodies. Expenditure covered by these grants amounted to £5,475k (2015: £5,385k). Such grants and expenditure are shown in the restricted general fund in the Statements of Financial Activities. Unrestricted income and expenditure in the year amounts to £37k (2015: £28k) and £nil (2015: £nil) respectively.

At 31 August 2016 the net book value of fixed assets was £10,956k (2014: £10,253k) and movements in fixed assets are shown in Note 13 to the financial statements. The cost of fixed asset additions in the year amounted to £1,043k of which £931k was for works to the land and buildings, £46k computer equipment and £66k was for fixtures, fittings and equipment.

#### Financial and risk management objectives and policies

The objective of the Academy's Risk Management procedure is to identify the principal risks facing the academy so that existing controls may be considered and further action taken if required, including external insurance.

The Board of Trustees has a comprehensive risk management process to identify and monitor the risks faced by the Academy.

the financial risks considered include: economic/ financial uncertainty, liquidity and solvency, credit risk, the risk of fraud and compliance with financial/ statutory requirements.



# WEST KIRBY GRAMMAR SCHOOL

## TRUSTEES' REPORT (CONTINUED)

---

### Reserves policy

Governors review the level of reserves annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The trustees will ensure that the reserves policy continues to conform to the requirements laid down in the Academies' Financial Handbook produced by the EFA.

A deed of variation to the Funding Agreement was obtained on 15 January 2013 which amended the Academy's GAG requirement to carry forward up to 2% of GAG funding to be used for any purpose and up to 10% on capital expenditure. The Deed of Variation states that the Academy shall use carry forward amount for such purposes as for the time being specified in the Academies Financial Handbook or otherwise as the Secretary of State may specify by notice in writing to the Academy.

It is Governors' policy to build up unrestricted reserves which can be used for future education purposes in line with the academy's development plan.

The school's pension liability is £1,793k with sufficient assets to cover this figure.

The Board of Trustees reviews the Academy's Reserve Policy annually as part of the Financial Procedures Manual review. In addition the Board of Trustees have determined that the appropriate level of working capital should be a minimum of £150,000 and maximum of £300,000.

### Investment policy

Due to the nature of funding, the Academy may at times hold cash balances surplus to its short term requirements. The Governors have authorised the opening of additional short term bank investment accounts to take advantage of higher interest rates.

Governors are committed to ensuring that all funds under their control are managed in such a way as to maximise return whilst minimising risk. Day to day management of the surplus funds is delegated to the Business & Premises Manager under approvals by the Governing Body.

### Key performance indicators

The academy will sustain appropriate staffing levels to deliver a broad and balanced curriculum that meets the interests and aspirations of its students. The academy will sustain strong performance in external examinations and will provide a physical environment that is safe and secure for all.

The external examination results in 2016 were excellent

- 100% of GCSE students achieved 5 A\*-C including English.
- 47 girls achieved 10 A\*/A grades A\*/A.
- 71% of Advanced level results were graded A\*/A/B
- 12% of all Advanced level results were awarded A\*
- Exceptional performance was seen in the Pre-U Global perspectives course, with 18% Distinction (A\*) and 63% Merit (A-B equivalent)

The school's future plans are focused on maintaining the outstanding, all round education that it provides and continuing to provide excellent relevant professional development for all staff. It will continue to work with local schools, both primary and secondary, and endeavour to develop and strengthen its European and international links.

The financial situation has required Governors to limit spending apart from essential maintenance and focused improvements. Internal maintenance has been undertaken by the site team. ICT has continued to be a priority.

### Going concern

After making appropriate enquiries, the board of trustees has a reasonable expectation that the academy trust has adequate resources to continue in operational existence for the foreseeable future. For this reason the board of trustees 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.

# WEST KIRBY GRAMMAR SCHOOL

## TRUSTEES' REPORT (CONTINUED)

---

### Plans for future periods

The forecast for the 2016/17 financial year has been set and agreed by Governors and is expected to give rise to a slight deficit.

### Principal risks and uncertainties

Governors are responsible for the management of the risks to which the school is exposed and are assisted in this task by the Senior Management Group, the school's Health & Safety Officer, Health & Safety representatives from the Local Authority and Human Resources advisors from SAS Daniels LLP and the Local Authority. It has also sought professional advice and support from the Zurich Insurance Group. Operational risks are identified and assessed at school level and these are reviewed by Governors.

The key controls used by Governors include:

- detailed terms of reference for all committees
- formal agendas for all meetings and committee meetings of the Governing Body. Minutes of full Governing Body and committee meetings are reviewed by Governors
- schemes of delegation and formal financial regulations for staff
- formal written policies
- formal review of targets and progress reports clear authorisation and approved levels
- policies and procedures by law to protect the vulnerable.

Risk management procedures have been reviewed during the year and Governors are satisfied that the major risks identified have been reviewed and processes have been established to manage those risks where necessary.

Pupil numbers and forecast numbers are consistent. Sixth Form numbers have been maintained and are relatively consistent. Admission numbers are annually reviewed and actions are implemented to maintain and extend recruitment out of area.

The completion of a comprehensive risk register is an on-going project. The school was supported in this initially by the Zurich Insurance Group and during the reporting period by the Ecclesiastical Insurance Group.

### FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

The school does not hold funds on behalf of others.

### AUDITOR

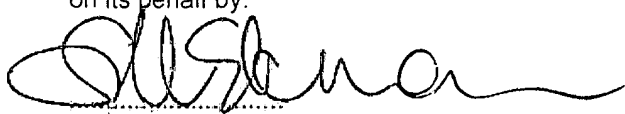
RSM UK Audit LLP has indicated its willingness to continue in office.

### Statement as to disclosure of information to auditor

In so far as the trustees are aware:

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

The trustees' report is approved by order of the board of trustees and the strategic report (included therein) is approved by the board of trustees in their capacity as the directors at a meeting on ..... and signed on its behalf by:



Ms S McClennon  
Chair

# WEST KIRBY GRAMMAR SCHOOL

## GOVERNANCE STATEMENT

---

### Scope of responsibility

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

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

### Governance

The information on governance included here supplements that described in the trustees' report and in the statement of trustees' responsibilities. The board of trustees has formally met four times during the year. Attendance during the year at meetings of the board of trustees was as follows:

| Trustees                                     | Meetings attended | Out of possible |
|--|-------------------|-----------------|
| Mr M Berry                                   | 4                 | 4               |
| Mrs C Bilton                                 | 4                 | 4               |
| Ms S Boyd                                    | 3                 | 4               |
| Mrs L Broadbere                              | 4                 | 4               |
| Miss M Conboy                                | 3                 | 3               |
| Mrs A M Duffy                                | 4                 | 4               |
| Dr D Ellson (Resigned 1 January 2016)        | 4                 | 4               |
| Mr L Hayes (Resigned 31 May 2016)            | 4                 | 4               |
| Ms S McClennon (Chair)                       | 4                 | 4               |
| Mr A Milne                                   | 3                 | 4               |
| Mr S Rampton                                 | 2                 | 4               |
| Mr M Simmons                                 | 4                 | 4               |
| Dr A Waller                                  | 3                 | 4               |
| Mrs S Wallis                                 | 3                 | 4               |
| Mr J Young                                   | 4                 | 4               |
| Mrs D Favager                                |                   |                 |
| Mr J Duffy (Resigned 30 June 2016)           | 1                 | 1               |
| Mrs S Talbot (Appointed 21 September 2015)   | 3                 | 3               |
| Mr A Saverimutto (Appointed 1 December 2015) | 3                 | 3               |
| Mr N Ledingham (Appointed 1 December 2015)   | 3                 | 3               |
| Mrs R Kehoe (Appointed 30 March 2016)        | 2                 | 2               |

# WEST KIRBY GRAMMAR SCHOOL

## GOVERNANCE STATEMENT (CONTINUED)

---

The finance and general purposes committee is a sub-committee of the main board of trustees. Its purpose is to monitor the financial administration of the school to ensure efficient and effective use of funds in accordance with current regulations by discussion, review and challenge at its meetings.

Attendance at meetings in the year was as follows:

| Trustees      | Meetings attended | Out of possible |
|---------------|-------------------|-----------------|
| Mr M Berry    | 3                 | 3               |
| Mrs A M Duffy | 3                 | 3               |
| Mr S Rampton  | 3                 | 3               |
| Mr M Simmons  | 3                 | 3               |
| Dr A Waller   | 3                 | 3               |

The Audit Committee is an advisory body with no executive powers. However, it is authorised by the Governing Body to investigate any activity within its terms of reference, and to seek any information it requires from staff, who are requested to co-operate with the Committee in the conduct of its inquiries. Requests for work, and reports received, from Internal Audit will be channelled through the Business & Premises Manager.

Attendance at meetings in the year was as follows:

| Trustees     | Meetings attended | Out of possible |
|--------------|-------------------|-----------------|
| Mr A Milne   | 1                 | 1               |
| Mr S Rampton | 0                 | 1               |

### Review of value for money

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

# WEST KIRBY GRAMMAR SCHOOL

## GOVERNANCE STATEMENT (CONTINUED)

---

The accounting officer considers how the academy trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where available. The accounting officer for the academy trust has delivered improved value for money during the year by improved examination results.

In 2015-16 results were as follows:

### A level

- The pass rate A\*-E was 99.8%
- 71% of the grades awarded were graded A\* - B
- 12% of all results were awarded A\*
- Exceptional performance was seen in the Pre-U Global perspectives course, with 18% Distinction (A\*) and 63% Merit (A-B equivalent)

### GCSE:

- 100% of students achieved A\* - C grades in English..
- 47 girls achieved 10 A\*/A grades .
- 46 students took Further Maths GCSE with 26 achieving A\*\*, A\* or A and 100% pass rate
- Students with English as an Additional Language achieved 1.1 grades higher than their national expectation

Again another impressive year with some outstanding achievements. A review of all results is undertaken with Department Improvement Plans and School Improvement Plans setting targets for the following year.

- Targeted Improvement

Targeted groups of girls are being supported to achieve their potential. These are pupil premium, LAC and G&T.

- Financial Governance & Oversight

This includes:-

- Monitoring the work of the Business & Finance manager and the work of the external auditor
- Regular reviews by the Finance Committee check expenditure, capital works, forecasts and so on.
- Delegation of authority for separate duties
- Risk management
- Better purchasing - a review of contracts, leases, etc to ensure value for money
- A clear and comprehensive tendering process
- Scrutiny- RSM UK (formerly Baker Tilly) have been appointed as external auditors
- Review of reserves in the light on budget constraints and the investment of balances

- Curriculum Review

The school reviews the curriculum annually to ensure breadth and balance. Individual learning pathways are supported to ensure students have the opportunity to follow their ambitions in the next phase of their lives.

New A level and GCSE syllabi have been implemented along with Assessment Without Levels.

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

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

# WEST KIRBY GRAMMAR SCHOOL

## GOVERNANCE STATEMENT (CONTINUED)

---

### Capacity to handle risk

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

### The risk and control framework

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

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

The Governing Body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However the governors have appointed RSM Risk Advisory Services LLP, to perform additional checks in accordance with the guidance in the Academies Financial Handbook in support of the Responsible Officer. The governors have appointed Mr A Milne, a governor, as Responsible Officer ('RO'). The RO's role in line with the EFA's requirement included giving advice on financial matters and performing a range of checks on the school's financial systems. On an annual basis the RO reports to the Governing Body on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities.

### Review of effectiveness

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

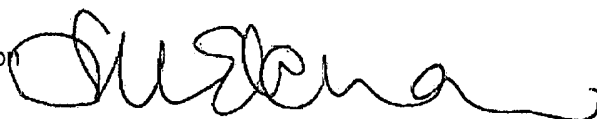
- the work of the RSM UK (formerly Baker Tilly) in support of the Responsible Officer;
- the work of the external auditor;
- the financial management and governance self-assessment process;
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

Approved by order of the board of trustees on 7/12/16 and signed on its behalf by:

Mrs A M Duffy



Ms S McClennon  
Chair



# WEST KIRBY GRAMMAR SCHOOL

## STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

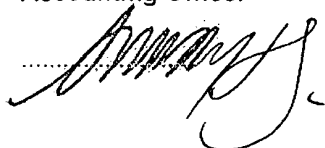
---

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

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

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

Mrs A M Duffy  
Accounting Officer



# WEST KIRBY GRAMMAR SCHOOL

## STATEMENT OF TRUSTEES' RESPONSIBILITIES

---

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

Company law requires the trustees to prepare financial statements for each financial year. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of 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 trustees 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 trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

Approved by order of the members of the board of trustees on 7/12/16 and signed on its behalf by:

Ms S McClennon  
Chair





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

**YEAR ENDED 31 AUGUST 2016**

---

We have audited the financial statements of West Kirby Grammar School for the year ended 31 August 2016 set out on pages 18 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and the Academies Accounts Direction 2015/6 issued by the Education Funding Agency.

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

## **Respective responsibilities of trustees and auditor**

As explained more fully in the statement of trustees' responsibilities set out on page 15, the trustees (who act as trustees for the charitable activities of the charitable company, and are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

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

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

## **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2016 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the Companies Act 2006; and
- have been prepared in accordance with the Academies Accounts Direction 2015/6 issued by the Education Funding Agency.

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

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

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

**YEAR ENDED 31 AUGUST 2016**

---

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

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

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

*RSM UK Audit LLP*

Anna Spencer-Gray (Senior Statutory Auditor)  
for and on behalf of RSM UK Audit LLP, Statutory Auditor  
Chartered Accountants  
Steam Mill  
Steam Mill Street  
Chester  
Cheshire  
CH3 5AN

Dated: *14 December 2016*

# WEST KIRBY GRAMMAR SCHOOL

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT


FOR THE YEAR ENDED 31 AUGUST 2016

|  |       | Unrestricted<br>Funds | Restricted<br>General<br>Funds | Restricted<br>Fixed asset<br>Funds | Total<br>2016 | Total<br>2015 |
|--|-------|-----------------------|--------------------------------|------------------------------------|---------------|---------------|
|  | Notes | £'000                 | £'000                          | £'000                              | £'000         | £'000         |
| <b>Income and endowments from:</b>               |       |                       |                                |                                    |               |               |
| Donations and capital grants                     | 4     | -                     | -                              | 605                                | 605           | 449           |
| Charitable activities:                           |       |                       |                                |                                    |               |               |
| - Funding for educational operations             | 5     | -                     | 5,990                          | -                                  | 5,990         | 5,917         |
| Other trading activities                         | 6     | 31                    | -                              | -                                  | 31            | 24            |
| Investments                                      | 7     | 6                     | -                              | -                                  | 6             | 4             |
| <b>Total income and endowments</b>               |       | <u>37</u>             | <u>5,990</u>                   | <u>605</u>                         | <u>6,632</u>  | <u>6,394</u>  |
| <b>Expenditure on:</b>                           |       |                       |                                |                                    |               |               |
| Charitable activities:                           |       |                       |                                |                                    |               |               |
| - Educational operations                         | 9     | -                     | 5,726                          | 340                                | 6,066         | 6,425         |
| <b>Total expenditure</b>                         | 8     | <u>-</u>              | <u>5,726</u>                   | <u>340</u>                         | <u>6,066</u>  | <u>6,425</u>  |
| <b>Net income/(expenditure)</b>                  |       | 37                    | 264                            | 265                                | 566           | (31)          |
| Transfers between funds                          |       | -                     | (315)                          | 315                                | -             | -             |
| <b>Other recognised gains and losses</b>         |       |                       |                                |                                    |               |               |
| Remeasurement of net defined benefit obligations | 25    | -                     | (614)                          | -                                  | (614)         | (59)          |
| <b>Net movement in funds</b>                     |       | 37                    | (665)                          | 580                                | (48)          | (90)          |
| <b>Reconciliation of funds</b>                   |       |                       |                                |                                    |               |               |
| Total funds brought forward                      |       | <u>498</u>            | <u>(1,094)</u>                 | <u>10,447</u>                      | <u>9,851</u>  | <u>9,941</u>  |
| Total funds carried forward                      |       | <u>535</u>            | <u>(1,759)</u>                 | <u>11,027</u>                      | <u>9,803</u>  | <u>9,851</u>  |

**WEST KIRBY GRAMMAR SCHOOL****BALANCE SHEET****AS AT 31 AUGUST 2016**

|   |       | 2016         |              | 2015         |              |
|---|-------|--------------|--------------|--------------|--------------|
|   | Notes | £'000        | £'000        | £'000        | £'000        |
| <b>Fixed assets</b>                                     |       |              |              |              |              |
| Tangible assets   | 13    |              | 10,957       |              | 10,253       |
| <b>Current assets</b>                                   |       |              |              |              |              |
| Debtors   | 14    | 262          |              | 93           |              |
| Cash at bank and in hand                                |       | 1,320        |              | 1,110        |              |
|   |       | <u>1,582</u> |              | <u>1,203</u> |              |
| <b>Current liabilities</b>                              |       |              |              |              |              |
| Creditors: amounts falling due within one year          | 15    | (933)        |              | (457)        |              |
| <b>Net current assets</b>                               |       |              | 649          |              | 746          |
| <b>Total assets less current liabilities</b>            |       |              | 11,606       |              | 10,999       |
| Creditors: amounts falling due after more than one year | 16    |              | (10)         |              | (13)         |
| <b>Net assets excluding pension liability</b>           |       |              | 11,596       |              | 10,986       |
| Defined benefit pension liability                       | 25    |              | (1,793)      |              | (1,135)      |
| <b>Net assets</b>                                       |       |              | <u>9,803</u> |              | <u>9,851</u> |
| <b>Funds of the academy trust:</b>                      |       |              |              |              |              |
| <b>Restricted funds</b>                                 | 19    |              |              |              |              |
| - Restricted fixed asset funds                          |       |              | 11,027       |              | 10,447       |
| - Restricted general funds                              |       |              | 34           |              | 41           |
| - Pension reserve                                       |       |              | (1,793)      |              | (1,135)      |
| <b>Total restricted funds</b>                           |       |              | <u>9,268</u> |              | <u>9,353</u> |
| <b>Unrestricted income funds</b>                        | 19    |              | 535          |              | 498          |
| <b>Total funds</b>                                      |       |              | <u>9,803</u> |              | <u>9,851</u> |

The financial statements set out on pages 18 to 40 were approved by the board of trustees and authorised for issue on 7/12/16 and are signed on its behalf by:



Ms S McClennon  
Chair

# WEST KIRBY GRAMMAR SCHOOL

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2016

|  |       | 2016    |       | 2015  |       |
|--|-------|---------|-------|-------|-------|
|  | Notes | £'000   | £'000 | £'000 | £'000 |
| <b>Cash flows from operating activities</b>                        |       |         |       |       |       |
| Net cash provided by (used in) operating activities                | 23    |         | 643   |       | (4)   |
| <b>Cash flows from investing activities</b>                        |       |         |       |       |       |
| Dividends, interest and rents from investments                     |       | 6       |       | 4     |       |
| Capital grants from DfE and EFA                                    |       | 605     |       | 449   |       |
| Payments to acquire tangible fixed assets                          |       | (1,044) |       | (293) |       |
|  |       |         | (433) |       | 160   |
| <b>Change in cash and cash equivalents in the reporting period</b> |       |         | 210   |       | 156   |
| Cash and cash equivalents at beginning of the year                 |       |         | 1,110 |       | 954   |
| <b>Cash and cash equivalents at end of the year</b>                |       |         | 1,320 |       | 1,110 |

# WEST KIRBY GRAMMAR SCHOOL

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

---

### 1 Accounting policies

#### General Information

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

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

#### Basis of preparation

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

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

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

An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in note 28.

The financial statements are presented in sterling which is also the functional currency of the academy trust.

Monetary amounts in the financial statements are rounded to the nearest whole £1,000 except where otherwise indicated.

#### Going concern

The trustees 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 trustees make this assessment in respect of a period of one year from the date of approval of the financial statements.

At the balance sheet date the Academy had net assets of £9.59m after providing for long term pension scheme commitments of £1,793k in respect of the support staff defined benefit pension scheme and had net current assets of £594k.

The Trustees have reviewed and approved budgets and cashflow forecasts for 2016/17 and future years, and consider in the light of this review that it is appropriate to prepare the financial statements on a going concern basis.

#### Income

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

# WEST KIRBY GRAMMAR SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2016

---

#### 1 Accounting policies (Continued)

##### Grants

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

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

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

##### Sponsorship income

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

##### Donations

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

##### Other income

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

##### Donated services and gifts in kind

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

##### Interest receivable

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

##### **Expenditure**

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

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

All resources expended are inclusive of irrecoverable VAT.

# WEST KIRBY GRAMMAR SCHOOL

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

---

### 1 Accounting policies (Continued)

#### Expenditure on raising funds

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

#### Charitable activities

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

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

Assets costing £2,500 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

Depreciation is provided on all tangible fixed assets other than freehold land, so as to write off the cost of assets less their residual values over their useful lives on the following bases:

|                                      |  |
|--------------------------------------|--|
| Freehold land and buildings          | Nil depreciation on land, 2% straight line on freehold buildings |
| Computer equipment/IT infrastructure | 4% - 50% straight line   |
| Fixtures, fittings and equipment     | 20% - 50% straight line  |

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.



# WEST KIRBY GRAMMAR SCHOOL

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

---

### 1 Accounting policies (Continued)

#### **Liabilities**

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

#### **Financial Instruments**

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

#### *Financial assets and liabilities*

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

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

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

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

#### **Leased assets**

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

#### **Taxation**

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

#### **Pensions benefits**

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

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

# WEST KIRBY GRAMMAR SCHOOL

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

---

### 1 Accounting policies (Continued)

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

#### **Fund accounting**

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the academy trust at the discretion of the trustees.

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

Where fixed assets are purchased out of unrestricted or general restricted funds then an amount equivalent to the additions are transferred to the restricted fixed asset fund in the year incurred and shown separately within the SOFA.

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

#### **Agency arrangements**

The academy trust 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 trust does not have control over the charitable application of the funds. The trust 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 27.

# WEST KIRBY GRAMMAR SCHOOL

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

---

### 2 Critical accounting estimates and areas of judgement

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

#### Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 25, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

#### Critical areas of judgement

The trustees believe that critical areas of judgement do not have a significant risk of causing a material difference to the carrying amounts of assets and liabilities within the next financial year.

# WEST KIRBY GRAMMAR SCHOOL

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

### 3 Comparative year information

| Year ended 31 August 2015                                   | Unrestricted<br>Funds<br>£'000 | Restricted funds:<br>General<br>£'000 | Fixed asset<br>£'000 | Total<br>2015<br>£'000 |
|---|--------------------------------|---------------------------------------|----------------------|------------------------|
| <b>Income and endowments from:</b>                          |                                |                                       |                      |                        |
| Donations and capital grants                                | -                              | -                                     | 449                  | 449                    |
| Charitable activities:                                      |                                |                                       |                      |                        |
| - Funding for educational operations                        | -                              | 5,917                                 | -                    | 5,917                  |
| Other trading activities                                    | 24                             | -                                     | -                    | 24                     |
| Investments   | 4                              | -                                     | -                    | 4                      |
| <b>Total income and endowments</b>                          | <b>28</b>                      | <b>5,917</b>                          | <b>449</b>           | <b>6,394</b>           |
| <b>Expenditure on:</b>                                      |                                |                                       |                      |                        |
| Charitable activities:                                      |                                |                                       |                      |                        |
| - Educational operations                                    | -                              | 6,121                                 | 304                  | 6,425                  |
| <b>Total expenditure</b>                                    | <b>-</b>                       | <b>6,121</b>                          | <b>304</b>           | <b>6,425</b>           |
| <b>Net income/(expenditure)</b>                             | <b>28</b>                      | <b>(204)</b>                          | <b>145</b>           | <b>(31)</b>            |
| Transfers between funds                                     | -                              | (38)                                  | 38                   | -                      |
| <b>Other recognised gains and losses</b>                    |                                |                                       |                      |                        |
| Actuarial gains/(losses) on defined benefit pension schemes | -                              | (59)                                  | -                    | (59)                   |
| <b>Net movement in funds</b>                                | <b>28</b>                      | <b>(301)</b>                          | <b>183</b>           | <b>(90)</b>            |

### 4 Donations and capital grants

|                | Unrestricted<br>funds<br>£'000 | Restricted<br>funds<br>£'000 | Total<br>2016<br>£'000 | Total<br>2015<br>£'000 |
|----------------|--------------------------------|------------------------------|------------------------|------------------------|
| Capital grants | -                              | 605                          | 605                    | 449                    |

# WEST KIRBY GRAMMAR SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

### 5 Funding for the academy trust's educational operations

|                            | Unrestricted<br>funds<br>£'000 | Restricted<br>funds<br>£'000 | Total<br>2016<br>£'000 | Total<br>2015<br>£'000 |
|----------------------------|--------------------------------|------------------------------|------------------------|------------------------|
| <b>DfE / EFA grants</b>    |                                |                              |                        |                        |
| General annual grant (GAG) | -                              | 5,374                        | 5,374                  | 5,629                  |
| Other DfE / EFA grants     | -                              | 101                          | 101                    | 106                    |
|                            | <u>-</u>                       | <u>5,475</u>                 | <u>5,475</u>           | <u>5,735</u>           |
| <b>Other funds</b>         |                                |                              |                        |                        |
| Other incoming resources   | -                              | 515                          | 515                    | 182                    |
|                            | <u>-</u>                       | <u>515</u>                   | <u>515</u>             | <u>182</u>             |
| <b>Total funding</b>       | <u>-</u>                       | <u>5,990</u>                 | <u>5,990</u>           | <u>5,917</u>           |

### 6 Other trading activities

|                    | Unrestricted<br>funds<br>£'000 | Restricted<br>funds<br>£'000 | Total<br>2016<br>£'000 | Total<br>2015<br>£'000 |
|--------------------|--------------------------------|------------------------------|------------------------|------------------------|
| Hire of facilities | 4                              | -                            | 4                      | 2                      |
| Other income       | 27                             | -                            | 27                     | 22                     |
|                    | <u>31</u>                      | <u>-</u>                     | <u>31</u>              | <u>24</u>              |

### 7 Investment income

|                     | Unrestricted<br>funds<br>£'000 | Restricted<br>funds<br>£'000 | Total<br>2016<br>£'000 | Total<br>2015<br>£'000 |
|---------------------|--------------------------------|------------------------------|------------------------|------------------------|
| Short term deposits | 6                              | -                            | 6                      | 4                      |
|                     | <u>6</u>                       | <u>-</u>                     | <u>6</u>               | <u>4</u>               |

### 8 Expenditure

|                                  | Staff<br>costs<br>£'000 | Premises<br>& equipment<br>£'000 | Other<br>costs<br>£'000 | Total<br>2016<br>£'000 | Total<br>2015<br>£'000 |
|----------------------------------|-------------------------|----------------------------------|-------------------------|------------------------|------------------------|
| Academy's educational operations |                         |                                  |                         |                        |                        |
| - Direct costs                   | 3,782                   | 340                              | 309                     | 4,431                  | 4,622                  |
| - Allocated support costs        | 735                     | 443                              | 457                     | 1,635                  | 1,803                  |
|                                  | <u>4,517</u>            | <u>783</u>                       | <u>766</u>              | <u>6,066</u>           | <u>6,425</u>           |
| <b>Total expenditure</b>         | <u>4,517</u>            | <u>783</u>                       | <u>766</u>              | <u>6,066</u>           | <u>6,425</u>           |

# WEST KIRBY GRAMMAR SCHOOL

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

### 8 Expenditure (Continued)

| Net income/(expenditure) for the year includes:   | 2016<br>£'000     | 2015<br>£'000     |
|---|-------------------|-------------------|
| Fees payable to auditor                           |                   |                   |
| - Audit   | 14                | 11                |
| - Other services                                  | 12                | 9                 |
| Operating lease rentals                           | 64                | 47                |
| Net interest on defined benefit pension liability | 44                | 41                |
| Depreciation of tangible fixed assets             | 340               | 304               |
|   | <u>          </u> | <u>          </u> |

### 9 Charitable activities

|  | 2016<br>£'000     | 2015<br>£'000     |
|--|-------------------|-------------------|
| <b>All from restricted funds:</b>      |                   |                   |
| Direct costs - educational operations  | 4,431             | 4,622             |
| Support costs - educational operations | 1,635             | 1,803             |
|  | <u>          </u> | <u>          </u> |
|  | 6,066             | 6,425             |
|  | <u>          </u> | <u>          </u> |

|                                  | 2016<br>£'000     | 2015<br>£'000     |
|----------------------------------|-------------------|-------------------|
| <b>Analysis of support costs</b> |                   |                   |
| Support staff costs              | 735               | 829               |
| Technology costs                 | 40                | 61                |
| Premises costs                   | 443               | 469               |
| Other support costs              | 389               | 423               |
| Governance costs                 | 28                | 21                |
|                                  | <u>          </u> | <u>          </u> |
|                                  | 1,635             | 1,803             |
|                                  | <u>          </u> | <u>          </u> |

### 10 Staff costs

|                           | 2016<br>£'000     | 2015<br>£'000     |
|---------------------------|-------------------|-------------------|
| Wages and salaries        | 3,505             | 3,759             |
| Social security costs     | 302               | 287               |
| Other pension costs       | 600               | 559               |
|                           | <u>          </u> | <u>          </u> |
| Total staff costs         | 4,407             | 4,605             |
| Supply staff costs        | 93                | 93                |
| Staff restructuring costs | 17                | 133               |
|                           | <u>          </u> | <u>          </u> |
|                           | 4,517             | 4,831             |
|                           | <u>          </u> | <u>          </u> |

# WEST KIRBY GRAMMAR SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2016

#### 10 Staff costs (Continued)

##### Staff numbers

The average number of persons employed by the academy trust during the year was as follows:

|                            | 2016<br>Number | 2015<br>Number |
|----------------------------|----------------|----------------|
| Teachers                   | 79             | 90             |
| Administration and support | 31             | 36             |
| Management                 | 5              | 6              |
|                            | <u>115</u>     | <u>132</u>     |

##### Higher paid staff

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

|                    | 2016<br>Number | 2015<br>Number |
|--------------------|----------------|----------------|
| £60,001 - £70,000  | 1              | 2              |
| £90,001 - £100,000 | 1              | 1              |
|                    | <u>2</u>       | <u>3</u>       |

Included in staff restructuring costs are non-statutory loan/non-contractual severance payments totalling £8,742 (2015: £11,146). Individually the payment was £8,742.

##### Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £420,072 (2015: £478,328).

#### 11 Trustees' remuneration and expenses

Principal and 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 services as governors. Other governors did not receive any payments from the Academy Trust in respect of their role as governors. Other governors were not paid any remuneration nor received any other benefits from employment within the academy trust.

The value of trustees' remuneration and other benefits was as follows:

The value of the Principal's remuneration was £96,938 (2015: £91,967). The Principal accrues retirement benefits under TPS and has accrued entitlement of £16,167 (2015: £13,046) under the scheme at the year end. The value of three staff governors' remuneration was £83,754 (2015: £99,720) and they are accruing retirement benefits under TPS and have an accrued entitlement of £14,768 (2015: £10,881) under the scheme at the year.

During the year ended 31 August 2016, travel and subsistence expenses totalling £Nil (2015: £Nil) were reimbursed to governors.

# WEST KIRBY GRAMMAR SCHOOL

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

### 12 Trustees and officers insurance

In accordance with normal commercial practice the Academy Trust has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy Trust business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2016 was £2,464 (2015: £2,464). The cost of this insurance is included in the total insurance cost.

### 13 Tangible fixed assets

|                       | Freehold<br>land and<br>buildings<br>£'000 | Computer<br>equipment/IT<br>infrastructure<br>£'000 | Fixtures,<br>fittings and<br>equipment<br>£'000 | Total<br>£'000 |
|-----------------------|--|---|---|----------------|
| <b>Cost</b>           |  |   |   |                |
| At 1 September 2015   | 10,613                                     | 492   | 240   | 11,345         |
| Additions             | 932  | 46  | 66  | 1,044          |
| At 31 August 2016     | 11,545                                     | 538   | 306   | 12,389         |
| <b>Depreciation</b>   |  |   |   |                |
| At 1 September 2015   | 749  | 237   | 106   | 1,092          |
| Charge for the year   | 213  | 84  | 43  | 340            |
| At 31 August 2016     | 962  | 321   | 149   | 1,432          |
| <b>Net book value</b> |  |   |   |                |
| At 31 August 2016     | 10,583                                     | 217   | 157   | 10,957         |
| At 31 August 2015     | 9,864                                      | 255   | 134   | 10,253         |

The land and buildings transferred on conversion were independently professionally valued as at 1 August 2011 by Mason Owen Chartered Surveyors and were included in the financial statements at this valuation on conversion to academy status.

Included within freehold land and buildings is land valued at £1,000,000.

| 14 Debtors                     | 2016<br>£'000 | 2015<br>£'000 |
|--------------------------------|---------------|---------------|
| Trade debtors                  | -             | 4             |
| VAT recoverable                | 109           | 49            |
| Prepayments and accrued income | 153           | 40            |
|                                | 262           | 93            |



# WEST KIRBY GRAMMAR SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2016

| <b>15 Creditors: amounts falling due within one year</b> | <b>2016<br/>£'000</b> | <b>2015<br/>£'000</b> |
|--|-----------------------|-----------------------|
| Trade creditors  | 543                   | 100                   |
| Other taxation and social security                       | 90                    | 88                    |
| Other creditors  | 141                   | 118                   |
| Accruals and deferred income                             | 159                   | 151                   |
|  | <u>933</u>            | <u>457</u>            |

| <b>16 Creditors: amounts falling due after more than one year</b> | <b>2016<br/>£'000</b> | <b>2015<br/>£'000</b> |
|---|-----------------------|-----------------------|
| Other creditors   | 10                    | 13                    |
|   | <u>10</u>             | <u>13</u>             |

Included within other creditors is an unsecured interest free loan of £12,500 from Salix. £2,500 is included within other creditors falling due within one year and £10,000 included in other creditors falling due after more than one year. The loan will be recovered in £5,000 instalments through abatement of the academy's General Annual Grant over 3 years to September 2018.

| <b>17 Deferred income</b>                | <b>2016<br/>£'000</b> | <b>2015<br/>£'000</b> |
|--|-----------------------|-----------------------|
| Deferred income is included within:      |                       |                       |
| Creditors due within one year            | -                     | 10                    |
|  | <u>-</u>              | <u>10</u>             |
| Deferred income at 1 September 2015      | 10                    | 21                    |
| Released from previous years             | (10)                  | (21)                  |
| Amounts deferred in the year             | -                     | 10                    |
|  | <u>-</u>              | <u>10</u>             |
| <b>Deferred income at 31 August 2016</b> | <u>-</u>              | <u>10</u>             |

Included within deferred income is £Nil (2015: £10,458) of ATS income.

| <b>18 Financial instruments</b>                  | <b>2016<br/>£'000</b> | <b>2015<br/>£'000</b> |
|--|-----------------------|-----------------------|
| <b>Carrying amount of financial assets</b>       |                       |                       |
| Debt instruments measured at amortised cost      | 156                   | 92                    |
|  | <u>156</u>            | <u>92</u>             |
| <b>Carrying amount of financial liabilities</b>  |                       |                       |
| Financial liabilities measured at amortised cost | (829)                 | (298)                 |
|  | <u>(829)</u>          | <u>(298)</u>          |

# WEST KIRBY GRAMMAR SCHOOL

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

### 19 Funds

|                                     | Balance at 1<br>September<br>2015<br>£'000 | Income<br>£'000 | Expenditure<br>£'000 | Gains, losses<br>& transfers<br>£'000 | Balance at 31<br>August 2016<br>£'000 |
|-------------------------------------|--|-----------------|----------------------|---------------------------------------|---------------------------------------|
| <b>Restricted general funds</b>     |  |                 |                      |                                       |                                       |
| General Annual Grant                | -  | 5,374           | (5,374)              | -                                     | -                                     |
| Other DfE / EFA grants              | -  | 101             | (101)                | -                                     | -                                     |
| Transfer on conversion              | 41   | -               | (41)                 | -                                     | -                                     |
| Other restricted funds              | -  | 515             | (166)                | (315)                                 | 34                                    |
|                                     | <u>41</u>                                  | <u>5,990</u>    | <u>(5,682)</u>       | <u>(315)</u>                          | <u>34</u>                             |
| Funds excluding pensions            | 41   | 5,990           | (5,682)              | (315)                                 | 34                                    |
| Pension reserve                     | (1,135)                                    | -               | (44)                 | (614)                                 | (1,793)                               |
|                                     | <u>(1,094)</u>                             | <u>5,990</u>    | <u>(5,726)</u>       | <u>(929)</u>                          | <u>(1,759)</u>                        |
| <b>Restricted fixed asset funds</b> |  |                 |                      |                                       |                                       |
| DfE / EFA capital grants            | 798  | 605             | (325)                | -                                     | 1,078                                 |
| Transfer on conversion              | 9,083                                      | -               | -                    | -                                     | 9,083                                 |
| Capital expenditure from GAG        | 566  | -               | (15)                 | 315                                   | 866                                   |
|                                     | <u>10,447</u>                              | <u>605</u>      | <u>(340)</u>         | <u>315</u>                            | <u>11,027</u>                         |
| <b>Total restricted funds</b>       | <u>9,353</u>                               | <u>6,595</u>    | <u>(6,066)</u>       | <u>(614)</u>                          | <u>9,268</u>                          |
| <b>Unrestricted funds</b>           |  |                 |                      |                                       |                                       |
| Unrestricted funds                  | <u>498</u>                                 | <u>37</u>       | <u>-</u>             | <u>-</u>                              | <u>535</u>                            |
| <b>Total funds</b>                  | <u>9,851</u>                               | <u>6,632</u>    | <u>(6,066)</u>       | <u>(614)</u>                          | <u>9,803</u>                          |

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

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

A total of £315k of restricted funds have been transferred to the restricted fixed asset fund to represent fixed assets purchased out of GAG income.

# WEST KIRBY GRAMMAR SCHOOL

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

### 20 Analysis of net assets between funds

|  | Unrestricted<br>Funds | Restricted<br>General<br>Funds | Restricted<br>Fixed Asset<br>Funds | Total<br>2016 |
|--|-----------------------|--------------------------------|------------------------------------|---------------|
|  | £'000                 | £'000                          | £'000                              | £'000         |
| <b>Fund balances at 31 August 2016 are represented by:</b> |                       |                                |                                    |               |
| Tangible fixed assets                                      | -                     | -                              | 10,957                             | 10,957        |
| Current assets   | 535                   | 976                            | 71                                 | 1,582         |
| Creditors falling due within one year                      | (1)                   | (932)                          | -                                  | (933)         |
| Creditors falling due after one year                       | -                     | (10)                           | -                                  | (10)          |
| Defined benefit pension liability                          | -                     | (1,793)                        | -                                  | (1,793)       |
|  | <u>534</u>            | <u>(1,759)</u>                 | <u>11,028</u>                      | <u>9,803</u>  |
| Balance to allocate  | 1                     | -                              | (1)                                | -             |
| Per balance sheet  | 535                   | (1,759)                        | 11,027                             | 9,803         |

### 21 Capital commitments

|   | 2016<br>£'000 | 2015<br>£'000 |
|---|---------------|---------------|
| Expenditure contracted for but not provided in the financial statements | <u>65</u>     | <u>214</u>    |

### 22 Commitments under operating leases

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

|  | 2016<br>£'000 | 2015<br>£'000 |
|--|---------------|---------------|
| Amounts due within one year            | 65            | 64            |
| Amounts due between one and five years | 20            | 79            |
|  | <u>85</u>     | <u>143</u>    |

# WEST KIRBY GRAMMAR SCHOOL

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

---

|  |              |              |
|--|--------------|--------------|
| <b>23 Reconciliation of net income/(expenditure) to net cash flows from operating activities</b> | <b>2016</b>  | <b>2015</b>  |
|  | <b>£'000</b> | <b>£'000</b> |
| Net income/(expenditure) for the reporting period  | 566          | (31)         |
| Adjusted for:  |              |              |
| Capital grants from DfE/EFA and other capital income   | (605)        | (449)        |
| Interest receivable  | (6)          | (4)          |
| Defined benefit pension scheme cost less contributions payable                                   | -            | 1            |
| Defined benefit pension scheme finance cost/(income)   | 44           | 41           |
| Depreciation of tangible fixed assets  | 340          | 304          |
| (Increase)/decrease in debtors   | (169)        | 328          |
| Increase/(decrease) in creditors   | 473          | (194)        |
|  | <hr/>        | <hr/>        |
| <b>Net cash provided by operating activities</b>   | <b>643</b>   | <b>(4)</b>   |
|  | <hr/>        | <hr/>        |

### 24 Members' liability

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

# WEST KIRBY GRAMMAR SCHOOL

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

---

### 25 Pensions and similar obligations

The academy trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Wirral Borough Council. Both are multi-employer defined benefit schemes.

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

Contributions amounting to £75,304 split TPS £61,588 and LGPS £13,716 (2015: £72,196 split TPS £59,321 and LGPS £12,875) were payable to the schemes at 31 August 2016 and are included within creditors.

#### Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions 2014.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions along with those made by employers are credited to the Exchequer.

#### 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. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014.

The key elements of the valuation and subsequent consultation are:

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

The new employer contribution rate was 14.1% until 1 September 2015, when it increased to 16.48% (including a 0.08% administration fees), with an employer cost cap of 10.9% of pensionable pay. The employer contribution rate will be payable 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 employer's pension costs paid to the TPS in the period amounted to £471,000 (2015: £ 423,000).

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

# WEST KIRBY GRAMMAR SCHOOL

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

### 25 Pensions and similar obligations (Continued)

#### Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 11.4% for employers and will be a range for employees.

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

| Total contributions made | 2016<br>£'000 | 2015<br>£'000 |
|--------------------------|---------------|---------------|
| Employer's contributions | 132           | 133           |
| Employees' contributions | 32            | 39            |
|                          | <hr/>         | <hr/>         |
| Total contributions      | 164           | 172           |
|                          | <hr/>         | <hr/>         |

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

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

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

|                      | 2016<br>Years | 2015<br>Years |
|----------------------|---------------|---------------|
| Retiring today       |               |               |
| - Males              | 22.5          | 22.4          |
| - Females            | 25.4          | 25.3          |
| Retiring in 20 years |               |               |
| - Males              | 24.9          | 24.8          |
| - Females            | 28.2          | 28.1          |
|                      | <hr/>         | <hr/>         |

# WEST KIRBY GRAMMAR SCHOOL

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

### 25 Pensions and similar obligations (Continued)

| The academy trust's share of the assets in the scheme       | 2016<br>Fair value<br>£'000 | 2015<br>Fair value<br>£'000 |
|---|-----------------------------|-----------------------------|
| Equities  | 864                         | 832                         |
| Government bonds  | 76                          | 191                         |
| Other bonds   | 194                         | 72                          |
| Cash/liquidity  | 61                          | 40                          |
| Property  | 135                         | 119                         |
| Other assets  | 316                         | 130                         |
| Total fair value of assets                                  | <u>1,646</u>                | <u>1,384</u>                |
| Actual return on scheme assets - gain/(loss)                | <u>267</u>                  | <u>(35)</u>                 |
| Amounts recognised in the statement of financial activities | 2016<br>£'000               | 2015<br>£'000               |
| Current service cost  | 132                         | 134                         |
| Net interest cost   | 44                          | 41                          |
| Total operating charge                                      | <u>176</u>                  | <u>175</u>                  |
| Changes in the present value of defined benefit obligations |                             | 2016<br>£'000               |
| Obligations at 1 September 2015                             |                             | 2,519                       |
| Current service cost  |                             | 132                         |
| Interest cost   |                             | 95                          |
| Employee contributions                                      |                             | 32                          |
| Actuarial loss  |                             | 830                         |
| Benefits paid   |                             | (169)                       |
| At 31 August 2016   |                             | <u>3,439</u>                |

# WEST KIRBY GRAMMAR SCHOOL

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

### 25 Pensions and similar obligations (Continued)

| Changes in the fair value of the academy trust's share of scheme assets             | 2016<br>£'000 |
|---|---------------|
| Assets at 1 September 2015  | 1,384         |
| Interest income   | 51            |
| Return on plan assets (excluding net interest on the net defined pension liability) | 216           |
| Employer contributions  | 132           |
| Employee contributions  | 32            |
| Benefits paid   | (169)         |
| At 31 August 2016   | <u>1,646</u>  |

### 26 Related party transactions

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

The following related party transaction took place in the period of account. All transactions involving such organisations are conducted at arm's length and in accordance with the trust's financial regulations and normal procurement procedures.

During the year a Community Governor received an amount of £570 (2015: £1,524) for services undertaken for the presentation of appeals for the school and consultancy services.

### 27 Agency arrangements

The Academy Trust administers the disbursement of the new discretionary support for learners, 16-19 Bursary Funds, on behalf of the EFA. In the year the Academy received £24,181 (2015: £22,960) and disbursed £14,750 (2015: £16,430) with an amount of £9,431 (2015: £6,260) included within other creditors as at 31 August 2016.



# WEST KIRBY GRAMMAR SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2016

---

#### 28 Reconciliations on adoption of FRS 102

Reconciliations and descriptions of the effect of the transition to FRS 102 and SORP 2015 on total funds at the transition date and the comparative year end and net income/(expenditure) for the comparative period reported under previous UK GAAP and SORP 2005 are given below:

##### Reconciliation of funds for the previous financial period

|  | 1 September<br>2014<br>£'000 | 31 August<br>2015<br>£'000 |
|--|------------------------------|----------------------------|
| Funds as reported under previous UK GAAP and under FRS 102 | 9,941                        | 9,851                      |
|  | <u>          </u>            | <u>          </u>          |

##### Reconciliation of net loss for the previous financial period

|  | 2015<br>£'000     |
|--|-------------------|
| Net movement in funds as reported under previous UK GAAP and under FRS 102 | (90)              |
|  | <u>          </u> |

#### Notes to reconciliations on adoption of FRS 102

##### a) Change in recognition of LGPS interest cost

Under previous UK GAAP the academy recognised an expected return on defined benefit plan assets in expense. Under FRS 102 a net interest expense, based on the net defined benefit liability using the discount rate applied to the defined benefit obligation, is recognised in expense. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to increase the debit to expense by £21,000 for the net interest expense, increase the debit to expense by £2,000 for the current service cost and decrease the credit in other recognised gains and losses in the SoFA by an equivalent amount.

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

---

In accordance with the terms of our engagement letter dated 7 September 2015 and further to the requirements of the Education Funding Agency ('EFA') as included in the Academies Accounts Direction 2015/6, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by West Kirby Grammar School during the period 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to West Kirby Grammar School and the EFA in accordance with the terms of our engagement letter dated 7 September 2015. Our work has been undertaken so that we might state to the West Kirby Grammar School and the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the West Kirby Grammar School and the EFA, for our work, for this report, or for the conclusion we have formed.

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

The accounting officer is responsible, under the requirements of West Kirby Grammar School's funding agreement with the Secretary of State for Education dated 7 September 2015 and the Academies Financial Handbook, extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance, and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2015/6. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

## **Approach**

We conducted our engagement in accordance with the Academies Accounts Direction 2015/6 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

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

---

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

---

**Conclusion**

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

*RSM UK Audit LLP*

**RSM UK Audit LLP**  
Chartered Accountants  
Steam Mill  
Steam Mill Street  
Chester  
Cheshire  
CH3 5AN

Dated: *14 December 2016*

## Financial statements

RSM UK Audit LLP  
Steam Mill  
Chester  
CH3 5AN

Dear Sirs

### Audit of Financial Statement – Year ended 31 August 2016

Graham Road, West Kirby, Wirral CH48 5DP  
T: 0151 632 3449 F: 0151 632 1224  
E: office@wkgs.net

www.westkirby-grammar.wirral.sch.uk

This representation letter is provided in connection with your audit of the financial statements of West Kirby Grammar School for the year ended 31 August 2016 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view, in accordance with the applicable financial reporting framework. The financial reporting framework that has been applied in the preparation of the Academy Trust financial statements is applicable law, Academies Accounts Direction 2015/16 issued by the Education Funding Agency ('EFA'), and United Kingdom Generally Accepted Accounting Practice.

We confirm that to the best of our knowledge and belief, and having made appropriate enquiries of other Governors and officials of the Academy Trust :

### Financial Statements

1. We acknowledge and have fulfilled our responsibilities, as set out in the terms of the audit engagement dated September 2015, for ensuring that the Academy Trust maintains adequate accounting records and for the preparation of the financial statements in accordance with the applicable financial reporting framework, in particular the financial statements give a true and fair view in accordance therewith.
2. Significant assumptions used by us in making accounting estimates, including those relating to items measured at fair value, are reasonable.
3. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the applicable financial reporting framework. In particular, full disclosure is made in the financial statements of:
  - a any advances and credits granted by the Academy Trust to Governors and guarantees of any kind entered into on behalf of the Governors;
  - b the identity of the party which controls the Academy Trust, and (if different) the party which ultimately controls the Academy Trust, if any;
  - c transactions and balances with related parties including:
    - the names of the transacting party or parties;
    - a description of the relationship between the parties (including the interest of the related party/parties in the transaction);
    - a description of the transactions;
    - the amounts involved (even if nil);
    - amounts written off in the period in respect of debts due to or from related parties;
    - the amounts due to or from related parties at the balance sheet date and provisions for doubtful debts due from such parties at that date;
    - the terms and conditions, including any security and the nature of the consideration to be provided in settlement;
    - details of any guarantees given or received; and
    - any other elements of the transactions necessary for an understanding of the financial statements..



A Science & Mathematics specialism within a Grammar School



4. Full disclosure is made in the financial statements of:
  - a outstanding capital commitments contracted for at the balance sheet date;
  - b all contingent liabilities including details of pending litigation and material claims against the Academy Trust;
  - c all guarantees or warranties or other financial commitments.
5. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.
6. There have been no events (e.g. loss or reduction of source of funding (including DfE and other grants, donations or private sponsorship), loss of supplier or member of staff, change in student numbers, change in credit terms offered by suppliers, breaches of bank or other covenants, changes in banking or insurance arrangements or facilities) since the balance sheet date that would impact on the ability of the Academy Trust to continue as a going concern. Should such events occur prior to your signature of the audit report we will advise you immediately. Except as already incorporated into our cash flow and profit forecasts we have no plans or intentions that would impact on the ability of the Academy Trust to continue as a going concern.
7. All events occurring subsequent to the date of the financial statements and for which the applicable financial reporting framework requires adjustment or disclosure have been adjusted or disclosed. Should such further material events occur prior to your signature of the audit report, we will advise you accordingly.
8. The effects of uncorrected misstatements (whether arising from differences in amount, classification, presentation or disclosure of a reported financial statement item and the amount, classification, presentation or disclosure that is required for the item to be in accordance with the applicable financial reporting framework) are immaterial, both individually and in the aggregate, to the financial statements as a whole. A list of the uncorrected misstatements including those in relation to disclosures is attached to this representation letter.
9. All charities, companies and trusts controlled by the Academy Trust have been consolidated in the group financial statements.
10. All designated and restricted fund balances are correctly shown in the accounts.

#### Information Provided

11. As agreed in the terms of engagement, we have provided you with:
  - a Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation (including correspondence with the Department for Education ('DfE'), and other matters including minutes of members the Audit Committee meetings, committees of the Audit Committee, and management held between the beginning of the accounting period and the date of this letter;
  - b Additional information that you have requested from us for the purpose of the audit; and
  - c Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
12. We confirm that all transactions have been recorded in the accounting records and are reflected in the financial statements.
13. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
14. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the Academy Trust and involves:
  - Management;
  - Employees who have significant roles in internal control; or
  - Others where the fraud could have a material effect on the financial statements.
15. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others.
16. We have disclosed to you all known instances of non-compliance or suspected non-compliance with the terms of the funding agreement with the DfE and the Academies Financial Handbook 2015, and those laws and regulations whose effects should be considered when preparing financial statements; including but not limited to the Education Act 1996 as amended by the Learning and Skills Act 2000 and the Education Act 2002. We have also notified you of the actual or contingent consequences which may arise from such non-compliance, including any potential effects on the Academy Trust's ability to conduct its activities.

17. We have disclosed to you the identity of the Academy Trust's related parties and all the related party relationships and transactions of which we are aware.
18. We have disclosed to you details of all known actual or possible litigation and claims whose effect should be considered when preparing the financial statements.
19. All grants, donations and other incoming resources, the receipt of which is subject to specific terms and conditions, have been notified to you. There have been no breaches of terms and conditions in the application of such incoming resources.
20. We confirm that we have disclosed to you details of all banking and financing arrangements including related contracts and hedging products.
21. We confirm that we have informed you of all tax avoidance schemes used by the Academy Trust.

#### Charitable Status

22. We have not conducted, or permitted to be conducted any activities which call into question the charitable nature of the Academy Trust.
23. There have been no communications with the Charity Commission or the Secretary of State for Education as Principal Regulator or other regulatory bodies during the year or subsequently concerning matters of non-compliance with any administrative duty.

We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and error.

We confirm that we have taken all the steps that we ought to have taken as directors in order to make ourselves aware of any relevant audit information and to establish that it has been communicated to the auditors. We confirm that, as far as we are aware, there is no relevant audit information of which the auditors are unaware.

We confirm that the above representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, of inspection of supporting documentation) sufficient to satisfy ourselves that we can properly make each of the above representations to you.

The contents of this letter were considered and approved by the board at its meeting on [insert date of board approval of financial statements].

Yours faithfully

Signed on behalf of the board of West Kirby Grammar School



Governors

Date 7/12/16.

Attachment: List of uncorrected misstatements including those in relation to disclosures

| Unadjusted misstatements Factual | Dr/(Cr) | Dr/(Cr) |   |
|----------------------------------|---------|---------|---|
| Trade Debtors                    | -       | 1,713   | Being the transfer of debit balances on the creditors ledger to the debtors ledger: |
| Trade Creditors                  | -       | (1,713) |   |
| Underlying total                 | Nil     | Nil     |   |

## Regularity

RSM UK Audit LLP  
Steam Mill  
Chester  
CH3 5AN

Graham Road, West Kirby, Wirral CH48 5DP  
T: 0151 632 3449 F: 0151 632 1224  
E: office@wkgs.net  
www.westkirby-grammar.wirral.sch.uk

Dear Sirs

### Regularity Assurance Engagement – Year ended 31 August 2016

We confirm, to the best of our knowledge and belief, and having made appropriate enquiries of other officials of the Academy Trust, the following representations given to you in connection with your regularity assurance engagement for the year ending 31 August 2016.

#### Regularity, Accounting records and transactions

- a. We acknowledge and have fulfilled our responsibility for ensuring that expenditure and income are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities which govern them.
- b. Neither the board of trustees nor the academy trust management have knowingly authorised a course of action, the financial impact of which was that transactions infringe the requirements of regularity.
- c. All transactions undertaken by the Academy Trust have been properly reflected and recorded in the accounting records.

#### Information provided

- d. As agreed in the terms of engagement, we have provided you with full and free access at all times to the financial records correspondence and other records of the academy trust, and such information and explanation as are necessary for the performance of your duties.

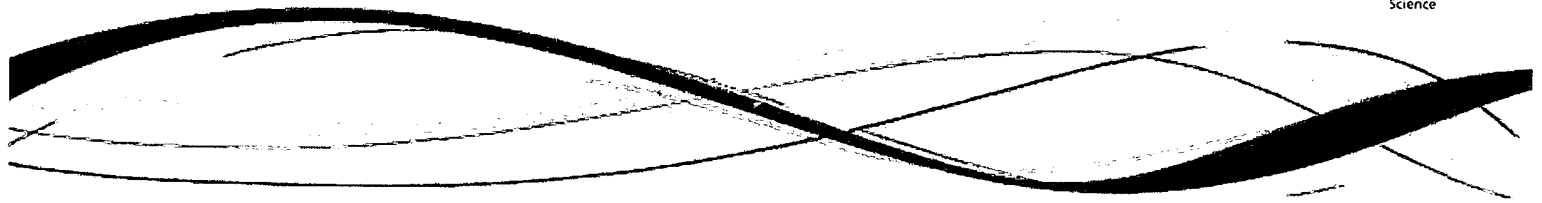
#### Compliance with laws and regulations

- e. We have disclosed all events of which we are aware which involve suspected non-compliance with the framework of authorities including:
  - the funding agreement with the Secretary of State for Education
  - the Academies Financial Handbook 2015;
  - Company law and Charity law;
  - Specific terms and conditions of income received

which provide a legal and contractual framework within which the academy trust conducts its business and which are central to its ability to conduct that business. We have also notified you of the actual or contingent consequences that may arise from such non-compliance.



A Science & Mathematics specialism within a Grammar School



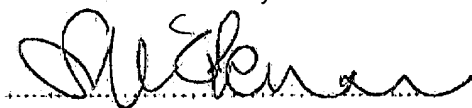
We confirm that the above representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, of inspection of supporting documentation) sufficient to satisfy ourselves that we can properly make each of the above representations to you.

The contents of this letter were considered and approved by the board at its meeting on [insert date of board approval of financial statements].

Yours faithfully

Signed on behalf of the board of West Kirby Grammar School

Chair



Accounting Officer



Date

7/12/16