

Company Registration Number: 09250153 (England & Wales)

THE ROYAL SCHOOL, WOLVERHAMPTON
(A Company Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020



THE ROYAL SCHOOL, WOLVERHAMPTON
(A Company Limited by Guarantee)

CONTENTS

	Page
Reference and Administrative Details	1 - 2
Trustees' Report	3 - 20
Governance Statement	21 - 25
Statement on Regularity, Propriety and Compliance	26
Statement of Trustees' Responsibilities	27
Independent Auditor's Report on the Financial Statements	28 - 30
Independent Reporting Accountant's Report on Regularity	31 - 32
Consolidated Statement of Financial Activities Incorporating Income and Expenditure Account	33
Consolidated Balance Sheet	34
Free School Balance Sheet	35
Consolidated Statement of Cash Flows	36
Notes to the Financial Statements	37 - 61

THE ROYAL SCHOOL, WOLVERHAMPTON
(A Company Limited by Guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS

Members

P. Hill
M. R. White
K. Bradshaw (appointed 1 May 2020)
P. Freeth (resigned 2 September 2020)

Trustees

Steve Bunn
Mark Heywood, Principal
Peter Hill, Chair
Linda Lang
Cherry Reynolds
Neil Lloyd
Jas Kaur Tawana
Lukasz Rzeczkowski
Jon Eagle, Parent Governor
Steve Hawke
Kiran Midha, Parent Governor (resigned 25 May 2020)

Company registered number

09250153

Company name

The Royal School, Wolverhampton

Principal and registered office

Penn Road
Wolverhampton
West Midlands
WV3 0EG

Senior management team

M. Heywood, Principal
J. Phillips, Director of Finance & Services
L. Hale, Vice Principal, Curriculum, Learning & Teaching
A. Dent, Vice Principal, Safeguarding & Pupil Welfare
M. Mitchell, Head of Primary School
K. Jefferson, Deputy Primary Headteacher
R. Jones, Head of Sixth Form
J. Hodgson, Director of Communications
A. Large, Head of Boarding
S. Afifi, SENCO

THE ROYAL SCHOOL, WOLVERHAMPTON
(A Company Limited by Guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Independent auditor

Crowe U.K. LLP
Black Country House
Rounds Green Road
Oldbury
West Midlands
B69 2DG

Bankers

Barclays Bank PLC
Queen Square
Wolverhampton
West Midlands
WV1 1DS

Solicitors

Veale Wasbrough Vizards LLP
Narrow Quay House
Narrow Quay
Bristol
BS1 4QA

THE ROYAL SCHOOL, WOLVERHAMPTON
(A Company Limited by Guarantee)

GOVERNORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2020

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year to 31 August 2020. The annual report serves the purposes of both a trustees' report, and a directors' report under company law. The School refers to trustees and directors of the company as 'Governors' and this term is used throughout the report.

The academy trust operates a Free School for pupils aged 4 to 19. It is an all-through, non-selective, non-denominational school for boys and girls comprising a Primary School, a Senior School and 6th Form. It is both a day and boarding school.

It is situated on a campus of around 25 acres, separated by two roads, just outside Wolverhampton city centre.

The school serves a catchment area in south west Wolverhampton for Primary School children and a wider area for Senior School pupils across Wolverhampton and surrounding districts. It has a pupil capacity of 1484 and had a roll of 1363, 1265 day pupils and 98 boarders in the school recorded in the census on October 2019.

The Royal School Wolverhampton converted from an independent school in September 2016. Every year since then it has been the most over-subscribed school in the area, and DfE statistics repeatedly show the Senior School to be the hardest to get into in the country with typically around 900 applications for 33 year-7 places. Primary School is similarly over-subscribed with typically 400 applications for 90 places in Reception. It has plans to grow.

Structure, governance and management

a. Constitution

The Free School is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The trustees (known in the school as 'Governors' and hereinafter referred to as such) of the Royal School, Wolverhampton are also the directors of the charitable company for the purposes of company law. The charitable company operates as the Royal School, Wolverhampton.

The school has a commercial subsidiary on one part of the campus, RWS Enterprises Limited, which operates a sports facility, primarily a swimming pool with one of the largest community Learn to Swim programmes in the country and an astro-turf pitch. Both serve the school and the local community.

Details of the Governors and Members who served during the year, and to the date these accounts are approved are included in the Reference and Administrative Details on page 1.

b. 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.

c. Governors' indemnities

Governors benefit from indemnity insurance to cover the liability of the Governors which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Free School.

THE ROYAL SCHOOL, WOLVERHAMPTON
(A Company Limited by Guarantee)

GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Structure, governance and management (continued)

d. Method of recruitment and appointment or election of Trustees

Members may appoint up to 6 Governors and as at 31st August 2020 there were 4 Appointed Governors. The Members may appoint staff governors through such process that they determine. The total number of Governors who are employees of the school, must not exceed one third of the total number of Governors.

A minimum of 2 Parent Governors are elected by parents of the school. A parent governor must be the parent of a pupil registered at the school at the time of their election. Elections for Parent Governors took place in spring 2019 and two parent governors were elected and joined the board, taking an active role in sub committees and in visiting the school and working with staff, parents and pupils. One Parent Governor resigned in May 2020 as her child was moving onto another school. It is intended an election will take place as soon as the COVID-19 pandemic permits.

The Governors have appointed up to the permitted maximum of 4 Co-opted Governors.

The Principal may be a Governor, providing he/she wishes to be and the appointment is approved by an ordinary resolution of the Members. This has been done and the Principal is a Governor. When the Principal attends a Governor meeting for agenda items in his role as Accounting Officer he is not permitted to vote as a Governor on those items.

THE ROYAL SCHOOL, WOLVERHAMPTON
(A Company Limited by Guarantee)

GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Structure, governance and management (continued)

e. Policies and procedures adopted for the induction and training of Trustees

All Governors are inducted formally into the Governing Body (GB) and receive a welcome pack containing all the relevant documents needed to know the school. New Governors are 'buddied' up with existing experienced Governors who can provide support and help with any gaps in knowledge.

Governors keep abreast of national governance developments through automatic membership of the National Governors Association (NGA). All Governors are provided with membership to the NGA and should receive a weekly email containing the most relevant information and issues regarding governance. Governors also have access, via the School's subscription, to The Key which provides training and reference materials for Governors and teaching staff.

Training is also provided through a training course subscription to Sandwell Inspired Partnerships (SIPS) who clerk Governor meetings. A termly programme of Governor training is available covering the wide range of issues concerning school and Governor responsibilities. Seminars and webinars for Governors and staff are also available from VWV, our legal advisers. COVID-19 constraints have meant that much training is virtual.

A day of training for Governors and the Senior Leadership Team (SLT) is carried out annually. The latest was carried out in June 2020 and focused on the future strategic options for the School in the light of the local, regional and national agendas for MAT formation and the future direction of Free Schools.

The Clerk to the Governors provides ongoing guidance on governance issues and requirements, helping ensure that meetings and Governors meet the requirements for good governance and conform to the Academies Financial Handbook and the Funding Agreement.

Prior to each Data, Standards and Achievement Committee meeting there is often a training session covering key priorities such as interpreting and evaluating school and national data. The priorities are decided between Governors and Senior Leadership Team (SLT). Governors frequently visit lessons as part of a 'Governor Walk' programme or to see an aspect of education in practice.

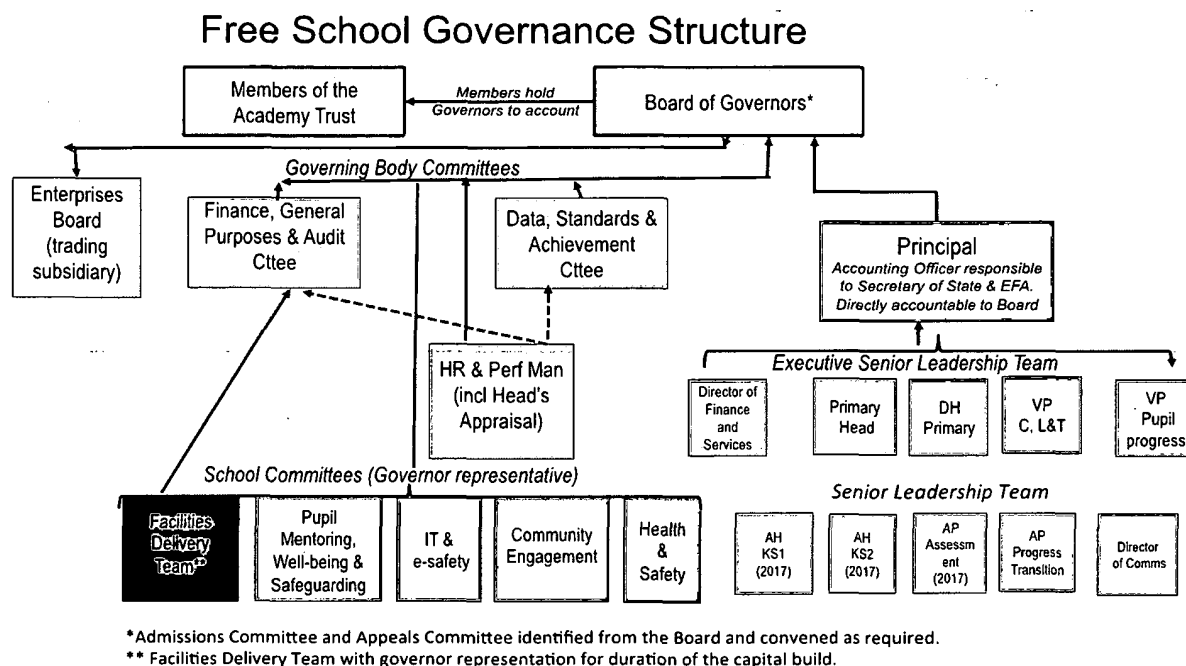
Typically, a day of training for Governors and the Senior Leadership Team (SLT) is carried out annually, with part devoted to strategic thinking. In 2019/20 there were 2 sessions. The first, in October 2019, focused on safeguarding training and on developing the broad strategic direction for the school. The second, in June 2020 focused firstly on lessons learned from the COVID-19 disruption including remote learning, skills required and developed and on the blending of remote and live teaching. The second, strategic, element focused on an analysis of strengths, weaknesses, opportunities and threats as a basis on which to develop a 3-5-year strategy. Subsequently a Governor-led Strategy Group has been set up to further refine the strategy and initiate action.

THE ROYAL SCHOOL, WOLVERHAMPTON
(A Company Limited by Guarantee)

GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Structure, governance and management (continued)

f. Organisational structure



The Principal is a member of the Board of Governors and is the Accounting Officer (AO). The Director of Finance is the Chief Financial Officer (CFO). The Principal acts as Chief Executive Officer (CEO) and is responsible for the day to day operation of the School and for the implementation of the Governing Body's (GB) decisions in addition to his responsibility as AO. The SLT is responsible to the Principal for implementation.

Review of committees and delegation

The governing board must review the establishment, terms of reference, constitution and membership of any committee annually. In addition, the governing board must review the delegation of functions to committees and individuals annually.

The Governing Body operates under the following terms of reference:

Terms of Reference

1. To hold at least four Full Board meetings a year and approve the school's annual published cycle for decision making. The Academies Financial Handbook (AFH) requires any GB to meet at least six times a year or explain how it maintains effective oversight of funds. The RSW meets this requirement. It met 7 times in the 2019/20 academic year.
2. To hold an annual Strategic Planning Session, in co-ordination with the Senior Leadership Team, setting the strategic vision and aims for the coming year, approving the School Development and Improvement Plan and establishing Key Performance Indicators/Targets and reporting milestones (both academic and financial) to ensure that RSW, as a Free School, delivers against these, and that the school is effectively held to account

THE ROYAL SCHOOL, WOLVERHAMPTON
(A Company Limited by Guarantee)

GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Structure, governance and management (continued)

3. As part of the above, ensuring that strategy is shared with key stakeholders, and that Governors are properly accountable to pupils and parents for the impact of their strategy
4. To agree constitutional matters, including procedures where the Governing Board has discretion
5. To keep under review on an annual basis the most effective way of managing the business of Governance, including the committees of the Governing Board, their membership and Chair, terms of reference and areas of delegation (including the process for determining whether any further action by the GB is required); and publishing the annual meeting cycle/programme of business to support informed decision making and ensure statutory compliance.
6. To appoint (or remove) the Chair and Vice Chair, the former on an annual basis, and keep under review the effectiveness of Clerking, in enabling Governors to fully discharge their legal and fiduciary duties
7. To keep under review and approve key RSW Free School policies and their practice as determined from time to time by the GB, but to include Safeguarding, RSW's Health and Safety Policy, Risk Management Strategy, RSW's overall Pay Policy and its Performance Review and Development Policy (PRDP);
8. To receive an annual report on the performance of the Principal and the Head of the Primary through the PRDP and, as part of the normal cycle of events, responsibility for the appointment, remuneration, and/or dismissal of the same
9. To approve the school's budget, and to ensure that there are robust operational controls in place at all times for all financial processes within the Free School, and consider budgetary control reports from the Finance, General Purposes and Audit Committee (FGPA) at every meeting, with relevant explanations of any variances and documentation, as required
10. To oversee the latest financial statements as presented by the FGPA at each of its meetings
11. To establish and keep under annual review the Scheme of Financial Delegation, to include:
 - Determining levels of expenditure to be approved by the GB itself (e.g. committing to contracts over certain values), and levels to be delegated
 - Approving transfers between budgets over certain limits
 - Approving specific accommodation proposals
 - Approving any significant change to the staffing establishment/structure
12. To ensure that audit arrangements for RSW as a Free School and, separately, its trading subsidiary RWS Enterprises Ltd. reflect best financial and accounting practice, including the appointment of and receipt of reports from the external auditors, approval of the audited financial statements and Annual Report prior to their submission to Companies House.
13. As part of the above, to appoint, determine the programme for and maintain oversight of the reports on and actions resulting from the work of the internal auditor, on the use of resources, systems of internal financial control, and discharge of financial responsibilities; ensuring that this externally sourced programme of work has a specific focus on potential areas of risk, including but not limited to the full separation of boarding costs from those which are met through the Funding Agreement, and the transparency of operations of RSW's on-going Trading Subsidiary.
14. To ensure that the GB keeps under regular review the impact of its work; has the necessary skills and expertise available, through a managed programme of recruitment, training and succession planning; and that all Governors adhere to its Code of Practice and specification for the role and conduct of Governors,

THE ROYAL SCHOOL, WOLVERHAMPTON
(A Company Limited by Guarantee)

GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Structure, governance and management (continued)

as amended from time to time, and the Seven Principles of Public Life.

15. The above to include maintaining an up to date Register of Business Interests and Related Party Transactions for all governors, and those Free School staff with financial responsibilities and adhering to the Free School's Conflict of Interest Policy.

The Chair of the GB, who is permitted under the Articles to serve as a Member from time to time and does so currently, has a responsibility to ensure Members are kept abreast of relevant developments, and can attend a meeting at least annually to challenge the Board on the impact of its stewardship, and on how the ethos is being delivered.

Committees

1. To operate solely within the TOR and delegations, as agreed by the Governing Board on an annual basis, ensuring that papers are available at least a week in advance of the meeting and stored on the confidential Governor portal; with a record of the meeting, highlighting any key actions/recommendations available to each meeting of the GB.
2. To ensure each Committee agrees its work priorities and their programming for the forthcoming year, at its first meeting of the academic year, having due regard to the annual cycle of meetings and the timing of key decisions and/or areas of compliance.
3. The quorum for each Governor-led committee is fixed at 2 governors who are members of that committee.
4. Only governors who are members of the committee may vote at committee meetings. Where necessary, the elected Chair of the committee has a second or casting vote.
5. The Principal and GB Chair are ex-officio members of each committee.
6. Extraordinary decisions, where necessary, to be taken by a majority of committee members through written correspondence, either physical or electronic, or by the Governing Board Chair's action in consultation with the Principal and Chair of that Committee.
7. Notwithstanding the delegated powers given to a committee, the GB may at any time call for a key matter still under discussion to be referred to it for decision.

The governing board cannot delegate any functions relating to:

- The constitution of the governing board (unless otherwise provided by the constitution regulations),
- The appointment or removal of the chair and vice chair/clerk,
- The appointment or removal of governors,
- The suspension of governors,
- The delegation of functions and establishment of committees,
- Change of school name or status,
- Salary range for the Principal/Vice Principals.

There are 2 key committees of the Governing Board:

Finance, General Purposes and Audit (FGPA)
Data, Standards and Achievement (DSA)

A third Governor led committee, the HR and Performance Management Committee, reports formally through the

THE ROYAL SCHOOL, WOLVERHAMPTON
(A Company Limited by Guarantee)

GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Structure, governance and management (continued)

DSA but submits recommendations that have financial or strategic policy implications either through the mediation of the FGPA or directly to the GB.

The Admissions Committee, meets at least once a year and, as required:

The Appeals Committee is convened from the GB, as required.

There are, additionally, 4 school based working groups chaired by an executive lead, each of which includes Governor representation during the period of transition, as the Free School vision and strategic aims are implemented. The strategy will be reviewed annually thereafter:

- . Pupil Mentoring, Well-being and Safeguarding
- . IT and E-Safety
- . Community Engagement
- . Health and Safety

g. Arrangements for setting pay and remuneration of key management personnel

The Principal,(or the Chair of Governors if the post to be filled is the Principal) in consultation with the HRPm (and FGPA) when appointing the Principal) determines the pay range for a vacant post, in line with the School's staffing structure and budget, prior to advertising the position. An appropriate offer will be made to the successful applicant which may take into account all or any of the following factors at the School's discretion:

- the employee's current pay grade;
- the nature of the post;
- the level of qualifications, skills and experience required;
- market conditions;
- the School's development plan;
- the wider school context; and
- the School's budget from time to time.

h. Related parties and other connected charities and organisations

The school has a trading subsidiary RWS Enterprises Ltd. This is accountable directly to the Governing Board for the transparency, rigour and effectiveness of its operations, and submits regular reports to each meeting of the FGPA for scrutiny. Its membership includes at least 1 Director who is independent of the school.

THE ROYAL SCHOOL, WOLVERHAMPTON
(A Company Limited by Guarantee)

GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Structure, governance and management (continued)

i. Engagement with employees (including disabled persons)

Employees have been consulted on issues of concern to them by means of regular consultative committee and staff meetings and have been kept informed on specific matters directly by management. The Free School carry out exit interviews for all staff leaving the organisation and have adopted a procedure of upward feedback for senior management and the Governors.

The Free School have implemented a number of detailed policies in relation to all aspects of personnel matters including:

- Equal opportunities policy
- Volunteers' policy
- Health & safety policy

In accordance with the Free School's equal opportunities policy, the Free School has long-established fair employment practices in the recruitment, selection, retention and training of disabled staff.

Full details of these policies are available from the Free School's offices.

Objectives and activities

a. Objects and aims

The Free School's object is specifically restricted to the following;

a) To advance for the public benefit, education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum.

b) To promote for the benefit of the inhabitants of Wolverhampton and the surrounding area the provision of facilities for recreation or other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances or for the public at large in the interests of social welfare and with the objects of improving the condition of life of the said inhabitants.

THE ROYAL SCHOOL, WOLVERHAMPTON
(A Company Limited by Guarantee)

GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Objectives and activities (continued)

b. Objectives, strategies and activities

Through its curriculum and co-curriculum, underpinned by the creative challenge-based pedagogy and 4-19 context, The Royal School, Wolverhampton (RSW) will open up the very best of an independent Free School education to the local and wider community.

The strategic objectives are to:

- Establish and consolidate a wider, cohesive and aspirational community of learners with a local and international perspective;
- Be the school of choice for pupils, parents and staff;
- Enable all pupils, at whatever point of entry, to excel and to live up to their potential, in terms of academic success and a wider range of talents, developing character and intellect, and instilling a sense of responsibility and service to the wider community;
- Close the gap between the performance of pupils identified as 'disadvantaged' and other pupil groups;
- Ensure effective transition through the 4-19 school with absolutely no NEET pupils. (Not in education, employment or training);
- Increase aspiration and successful progression to outstanding quality destinations and into the world of employment and training.
- Be recognised as outperforming local and national trends and as providers of an outstanding learning experience against OFSTED and other national and, as appropriate, international indicators.
- Maintain and extend RSW's contribution to the wider community.

c. Public benefit

In setting objectives and planning the Academy's activities, the Governors have paid due regard to the published guidance from the Charity Commission regarding the principle of public benefit.

THE ROYAL SCHOOL, WOLVERHAMPTON
(A Company Limited by Guarantee)

GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Strategic report

Achievements and performance

The School's objective to be the school of choice locally has been realised as it was the most oversubscribed school within the City of Wolverhampton in September 2016 through to September 2020 where the DFE identified it as 'the most difficult school to secure a Year 7 place in England'. All PAN places were full as of September 2019 with significant oversubscription at Reception (YR), Year 7, Year 12 and also for boarding places from UK and EU. Boarding numbers have reached capacity at 100, reduced from previous year due to impeding capital works and includes a number of UASC young people (Unaccompanied Asylum Seeking Children) and LAC pupils (Looked After Children) which continues to celebrate the diversity and strength of the community provision on offer. More than 18 nationalities were represented in the boarding population. Extensive waiting lists operate in each year group, and for boarding places, and the school was the most oversubscribed school at Reception Year and Year 7 in the city region, with many appeals being lodged for places in the school, such is the demand. The Governors and leadership team believe that the school has achieved the objective, and interest from parents continues to grow.

The school achieved an Ofsted 'Good' judgement at the full inspection from EYFS through to Post 16 education in July 2019 (Personal development, SEND and wellbeing was identified as 'outstanding'). Then followed in January 2020 an Ofsted full boarding social care inspection of 100 pupil setting which also achieved a 'good' outcome identifying strengths for the collaborative approach to working with local authorities and external agencies. This was followed by the recognition from the Boarding Schools Association an award of boarding school of the year for 'Working with vulnerable children 2020.'

Attendance up to the point of school closure for COVID-19 lockdown on 23 March 2020 has been strong with a target of 97% attendance being achieved during the year at 97% for all pupils.

During the lockdown period the school remained open, as did the boarding setting, for children of key workers and our identified vulnerable children. On a daily basis between 50 and 80 pupils across the key stages attended, including some 'guest children' from local schools that had closed, and received individual learning support and wellbeing care. Later in the summer when key year groups were invited back to identify learning gaps and support learning, up to 400 pupils attended each day. We were able to adapt the use of our site safely during this period through ongoing risk assessments and adaptations to enable the identified groups of pupils to return, whilst continuing the remote learning for those prevented from doing so. For those studying at home online learning was provided for all pupils and staff engaged enthusiastically with new technologies; Teams, YouTube, Zoom, Kerboodle and other software packages to support children's continued learning throughout the period. A programme of welfare checks, phone calls and meetings supported those pupils for whom differentiating had been identified as a need. Online assemblies, 'prize giving's' and special events were delivered along with regular pastoral messages.

There were 170 pupils with SEND (Special Educational Needs and Disabilities) and 6 pupils in primary and 17 in secondary with EHCP (Education Health Care Plans), all of whom have their needs well met by the SEND team and teachers. During the lockdown period 'support staff including HLTA and TAs were directed to differentiate, scaffold and monitor learning plans for children on the SEND register. This led to a bespoke package of learning resources for children most at risk academically and emotionally during this period. Key worker/vulnerable children who attended benefited greatly from the rigorous support they received and they made remarkable progress.

A further objective, to enable pupils at whatever point of entry to excel and live up to their potential, has been achieved at all key stages, whilst developing their range of talents and developing character and intellect despite the challenges of the year.

All primary assessment reporting was abandoned by the government following the national lockdown in March 2020. Throughout the year the school had engaged with key professionals from the local authority and other

THE ROYAL SCHOOL, WOLVERHAMPTON
(A Company Limited by Guarantee)

GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Strategic report (continued)

Achievements and performance (continued)

organisations and up to the point of lockdown it was the expectation that children by the end of key stage 2 were expected to outperform all national measures. Tracking data relating to Early Years and KS 1 also indicated the strength of progress being made by children in all of the subsets of reported data.

At Key Stages 3, 4 and 5, progress was steady prior to school closure with pupils predicted to reach end of year targets in all cohorts. However, with lockdown all externally assessed exams were cancelled and a centre assessed grades (CAGs) process was followed by teachers in the senior phase. Teachers awarded grades to pupils, following Ofqual guidance, using a range of evidence including mock exam grades, classwork, homework, end of unit tests and prior attainment data. This process was conducted, and quality assured by SLT members through a number of online Teams meetings where teachers had to justify each grade awarded to each child. We are confident that every child received a grade that reflected their performance, they deserved and would have achieved if exams were taken. The CAG grades given were then adjusted by the government's algorithm, much to the detriment of many of our Y13 pupils who resultantly missed out on their first-choice university places. The government then changed their guidance to include grades based on mock exams and finally the U-turn by the government came after the weekend where grades reverted to the CAGs originally submitted by teachers. During this distressing time pupils were supported throughout by the Sixth Form team and SLT members to secure suitable future destinations. Once the final CAGs were reverted to, the Y13 pupils achieved an average point score of 33.35 and average grade of a C+ reflecting the best performance of pupils at The Royal for a number of years. At KS5 the outcomes exceeded the target of an average grade of C with an average of C+ and 84% of pupils leaving with 3 or more A levels from a non-selective intake. There were 10 subject areas that achieved Alps grades 1-3 (top 25% nationally) with computing and physics achieving Alps grade 1 (top 5% nationally). 100% of pupils applying to university achieved their choice of placement along with a range of apprenticeships and employment opportunities resulting in no NEETs (Not in Education, Employment or Training) as was the target for the legacy year and in the future.

At Key Stage 4, the same rigorous and robust CAG process was followed diligently by teaching staff in the senior phase. The government's algorithm was not applied to the GCSE grades and results day was a much happier, socially distanced, occasion where pupils could celebrate their success. Despite performance tables not being published this year, based on 2019 estimates, the Y11 cohort achieved a Progress 8 score of +0.71 and attainment 8 grade of 53.68. The Y11 cohort achieved above last year's good results and above national (2019) in each performance measure. There were 15/19 subject areas that achieved Alps grades 1-3 (top 25% nationally) including alps grade 1 for Music, PE and Spanish. We truly believe these results would have been achieved if pupils had actually sat their GCSE exams as progress in the Spring mocks, just 3 days prior to lockdown, was particularly strong. The positive progress 8 score indicates that pupils made approximately 2/3 grade better than predicted by their KS2 attainment score in each of their GCSE's ensuring they were well prepared for the next stages of their academic life, which forms one of the school's key objectives. Outcomes at GCSE in English and Maths were significantly above National and local levels and all pupils progressed to their chosen course and destination for their next stage of their academic careers. There were no differences between groups of pupils, and the School has successfully closed the gap between 'disadvantaged' pupils and their peers at every stage of a pupil's life in the school as Ofsted identified in July 2019. The school retained 49 Royal pupils into the Sixth Form and many of our highest attainers are studying a wide range of academic A levels. The vocational BTEC route also provides an alternative pathway for our pupils who prefer a learning style suited to both coursework and exams and has helped to retain some of our middle prior attainers where BTEC qualifications are more suitable than the academic A level programme. The first results of the new BTEC qualifications are due for Y13 in Summer 2021 and Y11 in Summer 2022.

The target of ensuring that there is an effective transition through 4-19 is supported by the outcomes identified above and the fact that there were no NEET pupils at the end of their time of study with the school. The Ofsted outcome in school and boarding agreed with the School's self-assessment that pupils are very well prepared for life in modern, diverse Britain. They experience a wide range of carefully planned experiences both in and

THE ROYAL SCHOOL, WOLVERHAMPTON
(A Company Limited by Guarantee)

GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Strategic report (continued)

Achievements and performance (continued)

outside school, such as art, music and sport. This broadens their self-esteem and confidence. There are over eighty extra-curricular activities weekly in the senior school in addition to the 75 in Primary phase which is identified as a significant strength of the school. Sport continues to be central to much of the success of pupils, and in the year 2019-20 there were multiple teams across primary and secondary phases up until lockdown occurred. This includes swimming, football, netball, basketball, table tennis, Dodgeball, tennis, badminton, rugby and a range of other sports.

In addition, the Elite Swimming programme has placed many pupils at National and International competitions but had to be curtailed due to the COVID-19 situation. Training continued and swimmers made strong progress during the time the pool was allowed to be open. One swimmer in Y12 was selected for the ISL professional swimming international competition swimming for New York Breakers in Hungary. The programme, begun in 2009, continues to be over-subscribed for places and results at Regional, National and International competitions have improved year on year. There are also 5 professional football academy players at U-15, U16 and U18 (Wolverhampton Wanderers, West Bromwich and Walsall and many other individual representative sportsmen and women). The School believes that this demonstrates that the pupils outperform local and national trends and shows an outstanding learning experience is available and continues to develop further.

The School also sets out to extend RSW's contribution to the wider community and, with the Learn to Swim programme in the School's 25m pool, more than 1400 young and old people from the local community benefit from outstanding teaching and learning experiences weekly. The AstroTurf pitch, dance studio, gymnasium and seminar room are booked by the wider community each evening and at weekends and are at capacity.

Working with the local Finchfield Hockey Club, the School resurfaced the AstroTurf pitch in 2019 and extended the opportunities for pupils and local people to play hockey on a first-class surface. The community hire of the surface for football and hockey extended throughout the year and was permitted with social distancing.

The School's Chapel and Queen Victoria Hall have been used extensively by local faith groups and other organisations as are the Sports facilities, dance studio, theatre and drama facilities.

THE ROYAL SCHOOL, WOLVERHAMPTON
(A Company Limited by Guarantee)

GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Strategic report (continued)

Achievements and performance (continued)

a. Key performance indicators

Alongside the School Improvement Plan (SIP) priorities identified below, 2018/19 was the third year of operation as a free school and consequently the school was due to have a Section 5 Ofsted inspection.

The main KPI was for the school to achieve a 'Good' rating by Ofsted in all areas, of EYFS, primary, secondary and post 16 education as an all through school. Ofsted visited 23 July 2019. The School was judged to be 'a Good school'. All areas were judged to be good with Personal development and welfare as 'outstanding'. During feedback from the Ofsted team it was recognised that a number of areas were very close to the outstanding grading and all areas were securely 'good'.

Ofsted found that Senior leaders are ambitious for the school and have ensured that high standards and the school's distinctive ethos have been maintained throughout a period of rapid expansion since 2016.

A number of benchmarks were used to compare the school's performance indicators, including

	Benchmark	Actual
Average teacher cost	£50k-£54k	£53k
Pupil Adult ratio	11.5-12.5	7.9
Contact ratio	0.78-0.80	0.74
Average class size	23-26	23.17
Staffing costs as a percentage of income	72%-75%	72.8%
Teaching staff costs as a percentage of income	45%-49%	47.2%

Average cost per lesson is also within the optimum benchmark threshold of £2,550 - £2,750.

b. Going concern

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

The planned building and refurbishment programme for the Royal Primary and Secondary phases was temporarily paused in July 2019 having completed some 25% of the expected scheme. This has resulted in substantial additional costs incurred by the school for heating, energy, maintenance and repairs that have impacted on the budget. Some funds have been recouped from the ESFA, but remaining costs hit the school budget.

As a post-event note, the building programme restarted in November 2020 with increased surveys and planning meetings scheduled for the substantive works to be planned. The new programme is expected to now reach fruition in 2023 (Primary) and 2024 (Secondary).

COVID-19 had a major impact on the financial outturn for this academic year and this is enumerated elsewhere in the report. The largest impact was in Enterprises with income-generating facilities being closed for many months by Governmental decree. Despite this the School returned an operational surplus. It is expected to generate an operating surplus, helped by increasing pupil numbers, in this coming academic year but this could be impacted by any further action which restricted Enterprises' ability to generate income.

THE ROYAL SCHOOL, WOLVERHAMPTON
(A Company Limited by Guarantee)

GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Strategic report (continued)

Financial review

In the financial year 2019/20, the school received income into its restricted fund, unrestricted fund and fixed asset fund.

The School continued to operate during the pandemic. It was open for key worker/vulnerable children, as well as some vulnerable boarding pupils (UASC/LAC). The numbers rose from 30 at the beginning of lockdown to 80 when the school broke up for the summer holidays. Numbers for our key worker provision increased when the partial re-opening of the School happened on 1 June 2020. From this point our pupil numbers reached 413 pupils on site per day at its most busy across Primary and Secondary with some pupils returning to boarding for social care reasons. This had a financial impact on H&S costs, in particular cleaning and catering. The school has submitted a claim from the COVID-19 support funding for the exceptional costs incurred during this period amounting to £25,567.

Several strategic decisions were taken to ensure the School could meet the budget plan prior to COVID-19 and beyond. These included essential-spend-only to ease the cashflow burden (from January 2020), a pay-freeze for all staff (apart from statutory rises due to NLW) and furloughing of support staff in areas of school where income is generated and which are not GAG funded, for example Learn to Swim and catering.

Staff were furloughed as soon as reasonably practicable in April, with other cost reduction measures continuing from the additional controls introduced in January (savings of £187k generated).

The School reduced the deficit on its revenue funds by £152k. While this is a positive outcome given the substantial financial impact of COVID-19 on the school, the pay freeze is only a temporary measure that will be reversed next year to avoid a further deterioration of staff morale, given the limited pay rises that the school has been able to implement in the last two years.

Restricted fund

The majority of the school's funding was received through the Education and Skills Funding Agency, revenue GAG funding and was based on estimated pupil numbers and adjusted after the census in October 2019. This funding is restricted to delivering the schools educational aims and objectives.

Restricted fund income in the year amounted to £6,794,244 and expenditure against this fund amounted to £6,438,163 giving an in year surplus of £356,081.

The school will not reach its full capacity (pupil numbers) until 2023.
More detail is provided in the Statement of Financial Activities.

Unrestricted Funds

Total income received into the school's unrestricted fund was £2,049,380 and expenditure against this fund was £2,252,791 giving an in year deficit of £203,411, largely due to the impact of COVID-19 causing an adverse impact against the budget of £244k.

This funding is not restricted and is largely generated by the school's boarding activities and the trading subsidiary. Other sources of unrestricted income include Catering, pupil after-school activities and visits.

The COVID 19 pandemic had a significant organisational and financial impact from March 2020 until the year end in boarding and Enterprises activity in addition to the costs of ensuring the site and facilities were safe.

THE ROYAL SCHOOL, WOLVERHAMPTON
(A Company Limited by Guarantee)

GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Strategic report (continued)

Boarding

All but vulnerable/LAC boarders returned home. Where possible the School furloughed staff (laundry and support) and claimed for exceptional costs in relation to the LAC to mitigate the impact of COVID-19, with these savings being shared with boarding parents by way of a discount to fees in the Summer term.

Unrestricted Education activities

Catering and After school care income has been impacted by COVID-19. The School furloughed the majority of staff in this area whilst still running meals for YR and Y1 and FSM families attending during lockdown. Meals for children entitled to FSM has been supported by the Government voucher scheme.

Enterprises

All lettings and the learn to swim programme finished on 21 March 2020 so no income was generated. All staff employed by Enterprises were furloughed. Enterprises was not entitled to claim any further grant/support and all available sources of additional/emergency funding were explored. The Enterprises activity reopened to 75% of customer base in late summer when lockdown was eased and customers returned, as did some boarders and so the temporary impact has been addressed. Albeit, the threat of further lockdowns still exists.

Restricted Fixed Asset fund

This fund includes the estimated value of assets that the school leases from the Secretary of state. This fund is reduced by depreciation in line with the schools depreciation policy.

It also includes funding that has been claimed from the Education and Skills funding agency for IT equipment and furniture.

The total fund to carry forward is £4,255,180

Summary

The total fund balance as at 31 August 2020 is £3,804,073.

This is comprised of restricted funds £360,556, a deficit in the unrestricted fund of (£811,662) and £4,255,180 in the restricted fixed asset fund.

Balance Sheet

The school's assets are predominantly used for providing education to pupils.

The net book value of the school's tangible fixed assets as at 31 August 2020 was £4,222,520.

Total net current assets as at 31 August 2020 was (£418,447).

Cash in hand was £252,279.

a. Reserves policy

The Board of Governors reviews its reserves policy annually. The reserves policy for the school (excluding Fixed Assets) is to hold a fund totalling at least 5% of annual income. The free school is carrying a net deficit of £451,107, on restricted general funds plus unrestricted funds. The Governors aim to build unrestricted funds to a level that will enable the school to invest in the development plans of the school.

THE ROYAL SCHOOL, WOLVERHAMPTON
(A Company Limited by Guarantee)

GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

b. Investment policy

The investment objectives are to:

- act within their powers to invest as set out in their articles of association
- have an investment policy to manage, control and track their financial exposure, and ensure value for money
- exercise care and skill in all investment decisions, taking advice as appropriate from a professional adviser
- ensure that exposure to investment products is tightly controlled so that security of funds takes precedence over revenue maximisation
- ensure that all investment decisions are in the best interests of the trust and command broad public support
- review the trust's investments and investment policy regularly

c. Principal risks and uncertainties

The board of Governors has reviewed the key risks to which the academy is exposed, including Strategic and reputational, operational, compliance and financial together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of Governors is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy's significant risks that has been in place for the period 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of Governors.

The principal risks facing the school are;

- Pandemic – COVID-19 – Finance- Loss of voluntary income stream/financial sustainability
- Pandemic – COVID-19 –HR – Risk of full or partial closure, remote learning & provision for those pupils who remain on site.
- Premises – Building project not completed – insufficient spaces to teach pupils and potentially unrecoverable capital and maintenance spend on old Victorian buildings which have not yet been renovated and improved.

Fundraising

The Charitable Company had no fundraising activities requiring disclosure under S162A of the Charities Act 2011.

Any fundraising is carried out by The Royal Wolverhampton School Foundation (formerly known as The Royal Wolverhampton School). The foundation contacts the members of its community, namely alumnae, current and past parents and friends of the schools, regarding fundraising activities. The Foundation does not contact general members of the public who are not identified as a stakeholder group of the school. All fundraising efforts make clear that any donations are voluntary and do not place any undue pressure on an individual. Once subscribed, it is very easy for individuals to unsubscribe and stop receiving any form of communications

In the last financial year there have not been any breaches or failure to comply with fundraising regulatory standards of any regulatory body governing fundraising policies. There have not been any formal complaints against the Foundation's fundraising procedures.

THE ROYAL SCHOOL, WOLVERHAMPTON
(A Company Limited by Guarantee)

GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Streamlined energy and carbon reporting

The Group's greenhouse gas emissions and energy consumption are as follows:

	2020
Energy consumption used to calculate emissions (kWh)	4,887,093
Energy consumption breakdown (kWh):	
Gas	3,768,009
Electricity	1,119,084
Scope 1 emissions (in tonnes of CO2 equivalent):	
Gas consumption	20,493
Total scope 1	<u>20,493</u>
Scope 2 emissions (in tonnes of CO2 equivalent):	
Purchased electricity	4,800
Total gross emissions (in tonnes of CO2 equivalent):	<u>25,293</u>
Intensity ratio:	
Tonnes of CO2 equivalent per pupil	<u>18.56</u>

Quantification and reporting methodology

We have followed the 2019 HM Government Environmental Reporting Guidelines. We have also used the GHG reporting protocol – Corporate Standard and have used the 2020 UK Government's Conversion Factors for Company reporting.

Intensity measurement

The chosen intensity measurement ratio is total gross emissions in metric tonnes CO2e per pupil, the recommended ratio for the sector.

Measure taken to improve energy efficiency

The majority of the Senior school is heated with a very inefficient Victorian gas boiler, the heating is either on or off, hence the high consumption and emissions. Replacement of this boiler has been delayed by the interrupted building programme, we now expect it to be replaced by 2024. If possible an interim solution will be achieved to decommission the old boiler earlier. A new boiler was fitted in the Senior school, however this only heats a quarter of the school. Primary school plans should result in significant use and emission improvements.

Other measures

AMR's fitted – no estimated billing

Where lights have failed/need replacing we have upgraded to LED

THE ROYAL SCHOOL, WOLVERHAMPTON
(A Company Limited by Guarantee)

GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Plans for future periods

The School has developed a Strategic Planning Group to address its wish for future growth. It considers the best approach is organic growth of the Trust initially by the School having a fifth form of entry at Y7. The building programme looks likely to incorporate this in the plans. Further growth would be by providing additional school places in new school settings with the Trust becoming a MAT. This would better meet the extraordinary unmet demand for places at the school. The school remains significantly over-subscribed at Reception and Year 7 and is unable to provide sufficient places for those pupils who would wish to attend.

The School Improvement Plan identifies four key areas for improvement in the year 2019/20.

Key Priority 1: Accelerate pupil progress in all subjects and in all key stages to ensure that pupils who enter at any stage/age are able to progress successfully to the next phase of their education.

Key Priority 2: Further improve the quality of learning and teaching in all phases and subject areas and to develop a self sustaining and improving school.

Key Priority 3: Further improve the quality of leadership at all levels, including governance within the developing context of the school.

Key Priority 4: Further improve the quality of pupils' personal development including welfare, boarding, extended day and opportunities beyond the curriculum to develop 'character'.

Each priority area is underpinned by a series of personalised and individual targets.

Funds held as custodian on behalf of others

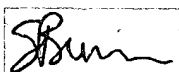
Neither the school nor the Board of Governors are acting as third party custodian trustees.

Disclosure of information to auditor

So far as the Governors are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware, and
- that 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, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 09 December 2020 and signed on its behalf by:



.....
Steve Bunn

THE ROYAL SCHOOL, WOLVERHAMPTON
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT

Scope of responsibility

As Governors, we acknowledge we have overall responsibility for ensuring that the 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.

As Governors, we have reviewed and taken account of the guidance in DfE's Governance Handbook and competency framework for governance.

The board of Governors 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 the School and the Secretary of State for Education. They are also responsible for reporting to the board of Governors 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 Governors has formally met 8 times during the year.

Attendance during the year at meetings of the board of Governors was as follows:

Governor	Meetings attended	Out of a possible
Steve Bunn	7	8
Mark Heywood, Principal	8	8
Peter Hill, Chair	8	8
Linda Lang	6	8
Cherry Reynolds	8	8
Neil Lloyd	8	8
Jas Kaur Tawana	7	8
Lukasz Rzeczkowski	2	8
Jon Eagle, Parent Governor	6	7
Steve Hawke	8	8
Kiran Midha, Parent Governor	1	4

Composition of the Board

This has been the third year of the Free School and although the majority of Governors joined the Board in 2016, two parent governors were successfully recruited in the spring of 2019 to add depth and experience to the board. They have been on a steep learning curve as new systems have come online particularly those related to pupil performance and finance. The Ofsted inspection of July 2019 identified an appropriately experienced and able governing body which was successfully overseeing the strategic developments of the school and holding the Leadership team to account.

Extensive training before conversion, external reviews of Governance and intensive training on the data provided to enable them to fulfil their remits have proved to have been effective. In addition, detailed reporting of pupil academic progress and achievement (triangulated with other pupil information) has evolved considerably over the year and is now simpler, clearer and more effective, so helping governance. The Board and DSA are satisfied that the quality of information provided to it is sufficient for it to carry out its role. Similarly, the FGPA receives detailed and regular financial reports and accounts.

THE ROYAL SCHOOL, WOLVERHAMPTON
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (CONTINUED)

Governance (continued)

The composition of the Board is aimed at ensuring it has the wide range of skills needed in such a complex environment. This school is more complex than most as it is a through school from 4-18; it has international boarding; operates an extended day with a vast range of character-building co-curricular activities; has a separate Enterprises company; and operates a swimming pool and leisure complex which supports an Elite swimming squad, led by a former Olympic swimmer, and offers the local community the largest Learn to Swim programme in the country.

The following examples demonstrate the range and depth of Board members.

- The DSA Committee
 - This is chaired by Steve Hawke, a former Head with extensive school-turnaround experience, who has been at the forefront of developing school leaders for many years.
 - He is supported by Professor Linda Lang who was the Dean of the University of Wolverhampton's Faculty of Education, Health and Wellbeing.
 - Cherry Reynolds MBE has joined the DSA and brings her extensive SEND and education leadership experience.
- The FGPA
 - This is chaired by Steve Bunn, an Engineer and a Chartered Accountant, who is a Director in KPMG's Restructuring Advisory practice.
 - He is supported by Neil Lloyd, a banker and marketing specialist, who is Managing Director of FCBC Manby Bowdler, a prominent local legal firm.

External review of Governance

External review of many aspects of the School's operations has been a feature since the School applied to be a Free School. Prior to opening, an external review of Governance was carried out by Barbara Harrison and an action plan developed and implemented.

This year the Board commissioned an external review of Financial Management and Governance FMGR from a registered DfE contractor. COVID- 19 restrictions meant it was purely a desk-based exercise and only 2 Governors were interviewed via Zoom. The Principal/Accounting Officer and the Chair of the Data Standards and Achievement Committee were not interviewed. Whilst the findings of the report have been helpful to shape future strategy, the restrictions on the scope of work imposed by COVID- 19, meant the Governors considered that its conclusions did not always reflect the school.

Concurrently, a review of financial management was carried out by a School Resource Management Adviser (SRMA). SRMAs are qualified accountants with extensive experience of school financial management who provide a free service funded by the ESFA (Education Skills and Funding Agency). This is a valued service from the ESFA, principally aimed at ensuring sound financial planning and management is in place and helping schools identify potential cost reduction opportunities. We have benefitted previously from a SRMA review.

This review was also carried out remotely but with the difference that in addition to documentation being provided there was extensive, and challenging, discussion via Zoom. The SRMA understood the school and the issues it has faced and made constructive and useful recommendations, all of which were accepted. The SRMA was satisfied with the current accounting, reporting, cost-control and challenge.

The recommendations from both reviews were incorporated into an action plan which is being implemented by the school to improve both governance and financial management.

Training of the Board continues and there have been two strategic training days this year which covered contemporary educational issues and a range of strategic opportunities for the school. Other training, focused on improved governance, has been supported by SIPS Education who also provide an expert clerking service.

THE ROYAL SCHOOL, WOLVERHAMPTON
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (CONTINUED)

Governance (continued)

Board sub-committees

The finance, general purposes and audit committee is a sub-committee of the main board of Governors. Its purpose is to:

Meet at least once each half term, and more frequently as needed, with the delegated authority of the GB, to interrogate regular updates on the school's financial and budget position, ensuring tight budget control is on-going, and confirming that robust operational controls are in place and transparent at all times for all financial processes within the Free School and its Trading Subsidiary.

It reports fully to each meeting of the Governing Board on the financial health of the school, and provides strategic guidance on the financial implications and value for money of staffing, building and other resources deployed to deliver the Free School vision; accounting compliance; asset management; and audit controls and make recommendations, as appropriate for strategic action.

Attendance during the year at meetings was as follows:

Governor	Meetings attended	Out of a possible
Peter Hill	4	4
Jas Kaur Tawana	3	4
Neil Lloyd	4	4
Steve Bunn	4	4
Mark Heywood	4	4
Jon Eagle	1	4

Review of value for money

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

The accounting officer considers how the School's use of its resources has provided good value for money during each academic year, and reports to the board of Governors where value for money can be improved, including the use of benchmarking data where appropriate.

The accounting officer for the School has delivered improved value for money during the year by reviewing and renewing;

- Electricity contracts
- Hygiene contract

In each case a full tender was completed and the DfE national framework was utilised

The School utilised the services of a School Resource Management Adviser (SRMA), whose findings included;

- "The school have fully embraced and embedded ICFP within the budget planning"
- "The school utilise their staffing across the whole school"

The School has used the DfE tools available including the School Resource Management Self-Assessment Toolkit.

THE ROYAL SCHOOL, WOLVERHAMPTON
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (CONTINUED)

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 Free School 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 the School for the year 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The board of Governors has reviewed the key risks to which the Free School is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of Governors is of the view that there is a formal ongoing process for identifying, evaluating and managing the Free School's significant risks that has been in place for the year 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of Governors.

The risk and control framework

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

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

The board of Governors has considered the need for a specific internal audit function and decided to appoint Crowe U.K. LLP as internal auditor.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. At the mid-point of this year Crowe reviewed the School's financial accounting figures including the SOFA and associated reports confirming the reliability of opening financial balances and accounting.

On a termly basis, the auditor reports to the board of Governors through the finance and general purposes committee on the operation of the systems of control and on the discharge of the Governors' financial responsibilities.

THE ROYAL SCHOOL, WOLVERHAMPTON
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (CONTINUED)

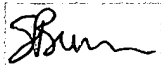
Review of effectiveness

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

- the work of the internal auditor;
- the work of the external auditor;
- the financial management and governance self-assessment process;
- the work of the executive managers within the Free School who have responsibility for the development and maintenance of the internal control framework.

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the finance and general purposes committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Trustees and signed on their behalf by:



.....
Steve Bunn

Date: 16.12.2020



.....
Mark Heywood
Accounting Officer

THE ROYAL SCHOOL, WOLVERHAMPTON
(A Company Limited by Guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As accounting officer of The Royal School, Wolverhampton I have considered my responsibility to notify the Free School board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Free School, under the funding agreement in place between the Free School 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 2019.

I confirm that I and the Free School board of Trustees are able to identify any material irregular or improper use of all funds by the Free School, or material non-compliance with the terms and conditions of funding under the Free School's funding agreement and the Academies Financial Handbook 2019.

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



Mark Heywood
Accounting Officer
Date: 16/12/2020

THE ROYAL SCHOOL, WOLVERHAMPTON
(A Company Limited by Guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2020

The Governors (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Academies Accounts Direction published by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

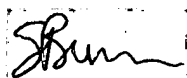
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The Governors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and 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 Group and the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

The Governors are responsible for the maintenance and integrity of the corporate and financial information included on the group'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 and signed on its behalf by:



.....
Steve Bunn

Date: 16.12.2020

THE ROYAL SCHOOL, WOLVERHAMPTON
(A Company Limited by Guarantee)

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
ROYAL SCHOOL, WOLVERHAMPTON**

Opinion

We have audited the financial statements of The Royal School, Wolverhampton (the 'parent Free School') and its subsidiaries (the 'Group') for the year ended 31 August 2020 which comprise the Consolidated Statement of Financial Activities, the Consolidated Balance Sheet, the Free School Balance Sheet, the Consolidated Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Free School's affairs as at 31 August 2020 and of the Group's incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020 issued by the Education and Skills Funding Agency.

Basis for opinion

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

Conclusions relating to going concern

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

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

THE ROYAL SCHOOL, WOLVERHAMPTON
(A Company Limited by Guarantee)

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
ROYAL SCHOOL, WOLVERHAMPTON (CONTINUED)**

Other information

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report including the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Report and the Strategic Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the Group and the parent Free School and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report including the Strategic Report.

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

- the parent Free School has not kept adequate accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Free School 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.

THE ROYAL SCHOOL, WOLVERHAMPTON
(A Company Limited by Guarantee)

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
ROYAL SCHOOL, WOLVERHAMPTON (CONTINUED)**

Responsibilities of trustees

As explained more fully in the Trustees' Responsibilities Statement, the Trustees (who are also the directors of the Free School for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

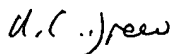
Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the charitable Free School'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 Free School'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 Free School and its members, as a body, for our audit work, for this report, or for the opinions we have formed.



Helen Drew (Senior Statutory Auditor)

for and on behalf of
Crowe U.K. LLP
Statutory Auditor
Black Country House

Rounds Green Road
Oldbury
West Midlands
B69 2DG

Date: 17 December 2020

THE ROYAL SCHOOL, WOLVERHAMPTON
(A Company Limited by Guarantee)

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE ROYAL SCHOOL, WOLVERHAMPTON AND THE EDUCATION AND SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter dated 15 October 2019 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2019 to 2020, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Royal School, Wolverhampton during the year 1 September 2019 to 31 August 2020 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 The Royal School, Wolverhampton and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to The Royal School, Wolverhampton and ESFA 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 Royal School, Wolverhampton and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of The Royal School, Wolverhampton's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of The Royal School, Wolverhampton's funding agreement with the Secretary of State for Education dated May 2016 and the Academies Financial Handbook, extant from 1 September 2019, 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 2019 to 2020. 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 year 1 September 2019 to 31 August 2020 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 2019 to 2020 issued by ESFA. 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 Free School's income and expenditure.

The work undertaken to draw our conclusion includes a review of the design and implementation of the Charitable Company's internal controls and review processes on regularity, supported by detailed tests on samples of costs incurred by the Charitable Company and specific transactions identified from our review.

THE ROYAL SCHOOL, WOLVERHAMPTON
(A Company Limited by Guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE ROYAL
SCHOOL, WOLVERHAMPTON AND THE EDUCATION & SKILLS FUNDING AGENCY (CONTINUED)**

Conclusion

In the course of our work, nothing has come to our attention which suggest in all material respects the expenditure disbursed and income received during the year 1 September 2019 to 31 August 2020 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Crowe U.K. LLP

Crowe U.K. LLP

Statutory Auditor

Black Country House
Rounds Green Road
Oldbury
West Midlands B69 2DG

Date: 17 December 2020

THE ROYAL SCHOOL, WOLVERHAMPTON
(A Company Limited by Guarantee)

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND
EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2020**

	Note	Unrestricted funds 2020 £	Restricted funds 2020 £	Restricted fixed asset funds 2020 £	Total funds 2020 £	Total funds 2019 £
Income from:						
Donations and capital grants	3	-	-	100,436	100,436	474,320
Charitable activities	4	382,618	6,753,030	-	7,135,648	6,156,454
Other trading activities	5	458,014	-	-	458,014	590,255
Provision of boarding activities	6	1,208,748	41,214	-	1,249,962	1,320,696
Total income		2,049,380	6,794,244	100,436	8,944,060	8,541,725
Expenditure on:						
Raising funds		452,825	-	-	452,825	595,099
Charitable activities:						
Provision of boarding activities		1,213,853	-	-	1,213,853	1,265,611
Educational operations		586,113	6,438,163	300,638	7,324,914	6,706,232
Total expenditure		2,252,791	6,438,163	300,638	8,991,592	8,566,942
Net (expenditure)/income		(203,411)	356,081	(200,202)	(47,532)	(25,217)
Transfers between funds	19	-	(440)	440	-	-
Net movement in funds		(203,411)	355,641	(199,762)	(47,532)	(25,217)
Reconciliation of funds:						
Total funds brought forward		(608,252)	4,915	4,454,942	3,851,605	3,876,822
Net movement in funds		(203,411)	355,641	(199,762)	(47,532)	(25,217)
Total funds carried forward		(811,663)	360,556	4,255,180	3,804,073	3,851,605

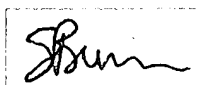
The notes on pages 37 to 61 form part of these financial statements.

THE ROYAL SCHOOL, WOLVERHAMPTON
(A Company Limited by Guarantee)
REGISTERED NUMBER: 09250153

CONSOLIDATED BALANCE SHEET
AS AT 31 AUGUST 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	14	4,222,520	4,229,616
Current assets			
Stocks	16	4,588	6,590
Debtors	17	513,311	817,302
Cash at bank and in hand		252,279	57,767
		<u>770,178</u>	<u>881,659</u>
Creditors: amounts falling due within one year	18	(1,188,625)	(1,259,670)
Net current liabilities		<u>(418,447)</u>	<u>(378,011)</u>
Total net assets		<u><u>3,804,073</u></u>	<u><u>3,851,605</u></u>
Funds of the Free School			
Restricted funds:			
Fixed asset funds	19	4,255,180	4,454,942
Restricted income funds	19	360,556	4,915
Total restricted funds	19	<u>4,615,736</u>	<u>4,459,857</u>
Unrestricted income funds	19	<u>(811,663)</u>	<u>(608,252)</u>
Total funds		<u><u>3,804,073</u></u>	<u><u>3,851,605</u></u>

The financial statements on pages 33 to 61 were approved and authorised for issue by the Trustees and are signed on their behalf, by:



Steve Bunn

Date: 16.12.2020

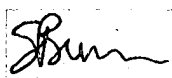
The notes on pages 37 to 61 form part of these financial statements.

THE ROYAL SCHOOL, WOLVERHAMPTON
(A Company Limited by Guarantee)
REGISTERED NUMBER: 09250153

FREE SCHOOL BALANCE SHEET
AS AT 31 AUGUST 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	14	4,222,520	4,229,616
Investments	15	102	102
		<u>4,222,622</u>	<u>4,229,718</u>
Current assets			
Stocks	16	4,588	5,774
Debtors	17	577,402	877,243
Cash at bank and in hand		206,422	16,386
		<u>788,412</u>	<u>899,403</u>
Creditors: amounts falling due within one year	18	(1,183,392)	(1,248,758)
Net current liabilities		<u>(394,980)</u>	<u>(349,355)</u>
Total net assets		<u><u>3,827,642</u></u>	<u><u>3,880,363</u></u>
Funds of the Free School			
Restricted funds:			
Restricted funds	19	439,489	4,915
Restricted fixed asset funds	19	4,331,719	4,454,942
Total restricted funds	19	<u>4,771,208</u>	<u>4,459,857</u>
Unrestricted income funds	19	<u>(943,566)</u>	<u>(579,494)</u>
Total funds		<u><u>3,827,642</u></u>	<u><u>3,880,363</u></u>

The financial statements on pages 33 to 61 were approved and authorised for issue by the Trustees and are signed on their behalf, by:



Steve Bunn

Date: 16.12.2020

The notes on pages 37 to 61 form part of these financial statements.

THE ROYAL SCHOOL, WOLVERHAMPTON
(A Company Limited by Guarantee)

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2020

	Note	2020 £	2019 £
Cash flows from operating activities			
Net cash provided by/(used in) operating activities	21	341,608	(434,278)
Cash flows from investing activities	22	(147,096)	98,368
Cash flows from financing activities		-	-
Change in cash and cash equivalents in the reporting period		194,512	(335,910)
Cash and cash equivalents at 1 September 2019		57,767	393,677
Cash and cash equivalents at 31 August 2020	23, 24	252,279	57,767

The notes on pages 37 to 61 form part of these financial statements

THE ROYAL SCHOOL, WOLVERHAMPTON
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies

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

1.1 Basis of preparation of financial statements

The financial statements of the Free School, which is a public benefit entity under FRS 102, have been prepared under the historic 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 accounts 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 2019 to 2020 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

The Consolidated Statement of Financial Activities (SOFA) and Consolidated Balance Sheet consolidate the financial statements of the Free School and its subsidiary undertaking. The results of the subsidiary are consolidated on a line by line basis.

The Free School has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Financial Activities in these financial statements.

1.2 Company status

The Free School is a company limited by guarantee and was incorporated in England and Wales, (registered number 09250153). The address of the registered office is Penn Road, Wolverhampton, West Midlands, WV3 0EG.

1.3 Going concern

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

1.4 Fund accounting

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

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

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

THE ROYAL SCHOOL, WOLVERHAMPTON
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies (continued)

1.5 Income

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

- **Grants**

Grants are included in the Consolidated 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 Consolidated Statement of Financial Activities in the year for which it is receivable and any abatement in respect of the year is deducted from income and recognised as a liability.

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

- **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 year it is receivable and to the extent the Group has provided the goods or services.

1.6 Government grants

Government grants relating to tangible fixed assets are treated as deferred income and released to the Consolidated Statement of Financial Activities over the expected useful lives of the assets concerned. Other grants are credited to the Consolidated Statement of Financial Activities as the related expenditure is incurred.

1.7 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 allocated on the portion of the asset's use.

THE ROYAL SCHOOL, WOLVERHAMPTON
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies (continued)

1.7 Expenditure (continued)

- **Expenditure on raising funds**

This includes all expenditure incurred by the Group 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 Group's educational operations, including support costs and costs relating to the governance of the Group apportioned to charitable activities.

1.8 Tangible fixed assets

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. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Consolidated Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Consolidated Statement of Financial Activities. 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 and assets under construction, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

Depreciation is provided on the following bases:

Long-term leasehold property	- over the life of the lease
Motor vehicles	- 10% straight line
Fixtures and fittings	- 15% straight line
Computer Equipment	- 33% straight line

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use and reclassified to freehold or leasehold land and buildings.

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 Consolidated Statement of Financial Activities.

THE ROYAL SCHOOL, WOLVERHAMPTON
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies (continued)

1.9 Taxation

The Free School 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 Free School is potentially exempt from taxation in respect of income or capital gains received within categories covered by Part 11, chapter 3 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.

1.10 Investments

The free school's shareholding in the wholly owned subsidiary, The Royal Wolverhampton School Enterprises Limited, is included in the balance sheet at the cost of the share capital owned less any impairment. There is no readily available market value and the cost of valuation exceeds the benefit derived.

1.11 Stocks

Catering stores, stationery and school uniform are valued at the lower of cost or net realisable value.

1.12 Liabilities and provisions

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 Group 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.

Provisions are recognised when the academy trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

THE ROYAL SCHOOL, WOLVERHAMPTON
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies (continued)

1.13 Financial instruments

The Group only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the Group and their measurement bases are as follows:

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 17. Prepayments are not financial instruments. Amounts due to the Free School's wholly owned subsidiary are held at face value less any impairment.

Cash at bank - is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 18. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to the Free School's wholly owned subsidiary are held at face value less any impairment.

1.14 Leased assets

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

1.15 Pensions

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ('TPS'), a defined benefit scheme and a defined contribution scheme.

The TPS is an unfunded scheme and contributions are calculated 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 based on quadrennial valuations using a prospective unit credit method. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

2. Critical accounting estimates and areas of judgment

Estimates and judgments 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.

There are no critical accounting estimates and assumptions which would have a material impact on the financial statements.

THE ROYAL SCHOOL, WOLVERHAMPTON
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

3. Income from donations and capital grants

	Restricted fixed asset funds 2020 £	Total funds 2020 £
Other donations	-	-
Capital Grants	100,436	100,436
Donated fixed assets	-	-
	<u>100,436</u>	<u>100,436</u>
	<u><u>100,436</u></u>	<u><u>100,436</u></u>
	<i>Restricted fixed asset funds 2019 £</i>	<i>Total funds 2019 £</i>
Other donations	237,000	237,000
Capital Grants	237,320	237,320
Donated fixed assets	-	-
	<u>474,320</u>	<u>474,320</u>
	<u><u>474,320</u></u>	<u><u>474,320</u></u>

THE ROYAL SCHOOL, WOLVERHAMPTON
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

4. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £
DfE/ESFA grants			
General Annual Grant (GAG)	-	5,660,842	5,660,842
Other DfE Group Grants	-	733,611	733,611
	-	6,394,453	6,394,453
Other government grants			
Local Authority Grants	-	244,842	244,842
	-	244,842	244,842
Exceptional government funding			
Coronavirus Job Retention Scheme grant	-	87,168	87,168
Coronavirus exceptional support funding	-	26,567	26,567
	-	113,735	113,735
Other income			
Other income	85,966	-	85,966
Trip income	145,828	-	145,828
Catering income	150,824	-	150,824
	382,618	-	382,618
Total 2020	382,618	6,753,030	7,135,648

The academy trust has been eligible to claim additional funding in year from government support schemes in response to the coronavirus outbreak. The funding received is shown above under "exceptional government funding".

- The funding received for coronavirus exceptional support covers £26,567 of additional cleaning and premises costs. These costs are included in notes 8 and 9 below as appropriate.

- The academy furloughed some of its catering, boarding and after school care staff under the government's CJRS. The funding received of £87,168 relates to staff costs in respect of 73 staff which are included within note 11 below as appropriate.

THE ROYAL SCHOOL, WOLVERHAMPTON
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

4. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS (continued)

	<i>Unrestricted funds 2019 £</i>	<i>Restricted funds 2019 £</i>	<i>Total funds 2019 £</i>
DfE/ESFA grants			
General Annual Grant (GAG)	-	5,071,094	5,071,094
Other DfE Group Grants	-	442,843	442,843
	-	5,513,937	5,513,937
Other government grants			
Local Authority Grants	-	144,278	144,278
	-	144,278	144,278
Other income			
Other income	111,533	-	111,533
Trip income	188,656	-	188,656
Catering income	198,050	-	198,050
	498,239	-	498,239
Total 2019	498,239	5,658,215	6,156,454

THE ROYAL SCHOOL, WOLVERHAMPTON
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

5. Income from other trading activities

	Unrestricted funds 2020 £	Total funds 2020 £
Trading subsidiary income	458,014	458,014
	<u>458,014</u>	<u>458,014</u>
	<i>Unrestricted funds 2019 £</i>	<i>Total funds 2019 £</i>
Trading subsidiary income	590,255	590,255
	<u>590,255</u>	<u>590,255</u>

6. Boarding income

	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £
Fee income	1,201,280	41,214	1,242,494
Other income	7,468	-	7,468
	<u>1,208,748</u>	<u>41,214</u>	<u>1,249,962</u>
	<i>Unrestricted funds 2019 £</i>	<i>Total funds 2019 £</i>	
Fee income	1,310,493	1,310,493	
Other income	10,203	10,203	
	<u>1,320,696</u>	<u>1,320,696</u>	

THE ROYAL SCHOOL, WOLVERHAMPTON
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

7. Boarding expenditure

	2020 £	2019 £
Other direct costs	45,471	45,740
Staff costs	569,907	763,459
Light and heat	155,636	135,255
Rent and rates	9,581	11,719
Insurance	6,076	11,665
Building maintenance	91,036	64,143
Other support costs	336,146	233,630
	<u>1,213,853</u>	<u>1,265,611</u>

8. Expenditure

	Staff Costs 2020 £	Premises 2020 £	Other 2020 £	Total 2020 £
Trading subsidiary costs:				
Direct costs	337,792	26,435	88,598	452,825
Funding for educational operations:				
Direct costs	4,570,947	116,371	673,200	5,360,518
Support costs	1,012,159	577,406	374,831	1,964,396
Provision of boarding:				
Direct costs	161,573	-	19,257	180,830
Support costs	408,335	282,466	342,222	1,033,023
	<u>6,490,806</u>	<u>1,002,678</u>	<u>1,498,108</u>	<u>8,991,592</u>

THE ROYAL SCHOOL, WOLVERHAMPTON
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

8. Expenditure (continued)

	<i>Staff Costs 2019 £</i>	<i>Premises 2019 £</i>	<i>Other 2019 £</i>	<i>Total 2019 £</i>
Trading subsidiary costs				
Direct costs	387,990	42,351	164,758	595,099
Funding for educational operations:				
Direct costs	3,931,420	128,365	632,030	4,691,815
Support costs	846,120	567,859	600,438	2,014,417
Provision of boarding				
Direct costs	172,704	-	45,268	217,972
Support costs	590,755	210,457	246,427	1,047,639
	<u>5,928,989</u>	<u>949,032</u>	<u>1,688,921</u>	<u>8,566,942</u>

9. Analysis of expenditure by activities

	<i>Activities undertaken directly 2020 £</i>	<i>Support costs 2020 £</i>	<i>Total funds 2020 £</i>
Funding for educational operations	5,360,518	1,964,396	7,324,914
Provision of boarding	180,830	1,033,023	1,213,853
	<u>5,541,348</u>	<u>2,997,419</u>	<u>8,538,767</u>

	<i>Activities undertaken directly 2019 £</i>	<i>Support costs 2019 £</i>	<i>Total funds 2019 £</i>
Funding for educational operations	4,691,815	2,014,417	6,706,232
Provision of boarding	217,972	1,047,639	1,265,611
	<u>4,909,787</u>	<u>3,062,056</u>	<u>7,971,843</u>

THE ROYAL SCHOOL, WOLVERHAMPTON
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

9. Analysis of expenditure by activities (continued)

Analysis of support costs

	Funding for educational operations 2020 £	Provision of boarding 2020 £	Total funds 2020 £
Staff costs	908,869	408,335	1,317,204
Depreciation	184,267	-	184,267
Premises costs	393,139	282,466	675,605
Other support costs	446,486	342,222	788,708
Technology costs	7,180	-	7,180
Governance costs	24,455	-	24,455
	<u>1,964,396</u>	<u>1,033,023</u>	<u>2,997,419</u>

	Funding for educational operations 2019 £	Provision of boarding 2019 £	Total funds 2019 £
Staff costs	846,120	591,887	1,438,007
Depreciation	124,907	-	124,907
Premises costs	442,952	210,457	653,409
Other support costs	578,229	245,295	823,524
Technology costs	7,045	-	7,045
Governance costs	15,164	-	15,164
	<u>2,014,417</u>	<u>1,047,639</u>	<u>3,062,056</u>

THE ROYAL SCHOOL, WOLVERHAMPTON
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

10. Net (expenditure)/income

Net (expenditure)/income for the year includes:

	2020 £	2019 £
Depreciation on owned tangible fixed assets	300,638	253,272
Auditor's remuneration - audit	15,250	15,000
Auditor's remuneration - other services	2,025	2,000
Operating lease rentals	27,776	34,160
	<u>345,689</u>	<u>304,432</u>

11. Staff

a. Staff costs

Staff costs during the year were as follows:

	Group 2020 £	Group 2019 £
Wages and salaries	5,219,326	4,902,576
Social security costs	432,383	393,856
Pension costs	795,698	521,560
	<u>6,447,407</u>	<u>5,817,992</u>
Agency staff costs	43,399	110,997
	<u>6,490,806</u>	<u>5,928,989</u>

b. Non-statutory/non-contractual staff severance payments

Non-statutory/non-contractual severance payments were paid to 0 (2019: 2) individuals totaling £nil (2019: £6,504).

THE ROYAL SCHOOL, WOLVERHAMPTON
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

11. Staff (continued)

c. Staff numbers

The average number of persons employed by the Group and the Free School during the year was as follows:

	Group 2020 No.	<i>Group 2019 No.</i>
Teachers	77	73
Administration and support	195	208
Management	8	8
	<u>280</u>	<u>289</u>

d. Higher paid staff

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

	Group 2020 No.	<i>Group 2019 No.</i>
In the band £60,001 - £70,000	3	1
In the band £80,001 - £90,000	1	1
In the band £100,001 - £110,000	<u>1</u>	<u>1</u>

e. Key management personnel

The key management personnel of the Free School comprise the Governors and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the Free School was £605,147 (2019 £525,572).

THE ROYAL SCHOOL, WOLVERHAMPTON
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

12. Governors' remuneration and expenses

One or more Trustees has been paid remuneration or has received other benefits from an employment with the Free School. The principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment. The value of Trustees' remuneration and other benefits was as follows:

		2020	2019
		£	£
M. Heywood (Principal)	Remuneration	100,000 -	100,000-
		105,000	105,000
	Pension contributions paid	20,000 -	15,000-
		25,000	20,000

During the year ended 31 August 2020, no Trustee expenses have been incurred (2019 - £NIL).

13. Governors' and Officers' insurance

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

THE ROYAL SCHOOL, WOLVERHAMPTON
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

14. Tangible fixed assets

Group and Free School

	Long-term leasehold property £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Assets under construction £	Total £
Cost or valuation						
At 1 September 2019	3,417,168	10,799	829,571	669,445	142,398	5,069,381
Additions	-	-	158,212	135,330	-	293,542
Transfers between classes	-	-	142,398	-	(142,398)	-
At 31 August 2020	3,417,168	10,799	1,130,181	804,775	-	5,362,923
Depreciation						
At 1 September 2019	82,011	3,240	242,285	512,229	-	839,765
Charge for the year	27,337	1,080	155,850	116,371	-	300,638
At 31 August 2020	109,348	4,320	398,135	628,600	-	1,140,403
Net book value						
At 31 August 2020	3,307,820	6,479	732,046	176,175	-	4,222,520
At 31 August 2019	3,335,157	7,559	587,286	157,216	142,398	4,229,616

The Royal School, Wolverhampton were granted a 125 year lease in respect of the land and buildings. It is therefore considered that the building will be held by the Free School for substantially the majority of its useful life and substantially all the risks and rewards of ownership have been transferred.

THE ROYAL SCHOOL, WOLVERHAMPTON
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

15. Fixed asset investments

Free School	Investments in subsidiary £
Cost or valuation	
At 1 September 2019	102
At 31 August 2020	<u>102</u>

16. Stocks

	Group 2020 £	<i>Group 2019 £</i>	Free School 2020 £	<i>Free School 2019 £</i>
Goods held for resale	<u>4,588</u>	<u>6,590</u>	<u>4,588</u>	<u>5,774</u>

17. Debtors

	Group 2020 £	<i>Group 2019 £</i>	Free School 2020 £	<i>Free School 2019 £</i>
Due within one year				
Trade debtors	165,008	147,229	158,412	136,750
Amounts owed by group undertakings	-	-	81,025	74,314
Other debtors	32,783	135,888	32,783	131,994
Prepayments and accrued income	315,520	534,185	305,182	534,185
	<u>513,311</u>	<u>817,302</u>	<u>577,402</u>	<u>877,243</u>

THE ROYAL SCHOOL, WOLVERHAMPTON
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

18. Creditors: Amounts falling due within one year

	Group 2020 £	Group 2019 £	Free School 2020 £	Free School 2019 £
Trade creditors	203,074	274,560	199,770	264,050
Other taxation and social security	115,514	100,178	113,877	100,068
Obligations under finance lease and hire purchase contracts	-	44,167	-	44,167
Other creditors	298,329	255,226	298,037	254,934
Accruals and deferred income	571,708	585,539	571,708	585,539
	1,188,625	1,259,670	1,183,392	1,248,758
	Group 2020 £	Group 2019 £	Free School 2020 £	Free School 2019 £
Deferred income at 1 September 2019	544,686	486,267	544,686	486,267
Resources deferred during the year	507,658	544,686	507,658	544,686
Amounts released from previous periods	(544,686)	(486,267)	(544,686)	(486,267)
	507,658	544,686	507,658	544,686

At the balance sheet date the free school was holding funds of £352,497 received in advance for boarding fees for the Autumn term 2020.

THE ROYAL SCHOOL, WOLVERHAMPTON
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

19. Statement of funds

	Balance at 1 September 2019 £	Income £	Expenditure £	Transfers in/out £	Balance at 31 August 2020 £
Unrestricted funds					
Unrestricted funds	(579,494)	382,618	(586,112)	-	(782,988)
Boarding	-	1,208,748	(1,213,854)	-	(5,106)
Trading subsidiary	(28,758)	458,014	(452,825)	-	(23,569)
	<u>(608,252)</u>	<u>2,049,380</u>	<u>(2,252,791)</u>	<u>-</u>	<u>(811,663)</u>
Restricted general funds					
General Annual Grant (GAG)	4,915	5,660,842	(5,240,649)	(440)	424,668
Other grants	-	1,133,402	(1,197,514)	-	(64,112)
	<u>4,915</u>	<u>6,794,244</u>	<u>(6,438,163)</u>	<u>(440)</u>	<u>360,556</u>
Restricted fixed asset funds					
Restricted Fixed Asset Fund	3,980,622	-	-	440	3,981,062
DfE Group capital grants	237,320	100,436	(300,638)	-	37,118
Other donations	237,000	-	-	-	237,000
	<u>4,454,942</u>	<u>100,436</u>	<u>(300,638)</u>	<u>440</u>	<u>4,255,180</u>
Total Restricted funds	<u>4,459,857</u>	<u>6,894,680</u>	<u>(6,738,801)</u>	<u>-</u>	<u>4,615,736</u>
Total funds	<u>3,851,605</u>	<u>8,944,060</u>	<u>(8,991,592)</u>	<u>-</u>	<u>3,804,073</u>

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

- a. Restricted fixed assets were funded by government grants.
- b. The transfer between the Restricted General Annual Grant and Restricted Fixed Asset funds relates to the amounts expended on fixed assets from other funds.
- c. Unrestricted funds are available for use at the discretion of the Governors for the furtherance of the Free School's charitable objects.

Under the funding agreement with the Secretary of State, the Free School was not subject to a limit on the amount of GAG it could carry forward at 31 August 2020.

The Free School is carrying a net deficit of £450,667 on restricted general funds plus unrestricted funds because of continued investment in education provision, leadership, teaching staff and the fabric of the building in support of the continuing increase in pupil numbers to date and over the next few years. The

THE ROYAL SCHOOL, WOLVERHAMPTON
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

19. Statement of funds (continued)

school remains significantly oversubscribed at every level. It is undergoing a major building project, affecting every teaching area. This has been delayed by 2.5 years resulting in costs that have increased beyond reasonable expectation. This delay has also restricted the commensurate revenue growth, as planned increases in classroom capacity have not taken place. The academy trust is taking the following action to return these funds to surplus: budgets are being managed very tightly through the direct action of experienced governance and leadership with the deficit reducing hereafter as the school reaches optimum size and efficiency and building work reduces additional unplanned costs.

Comparative information in respect of the preceding year is as follows:

	<i>Balance at 1 September 2018 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers in/out £</i>	<i>Balance at 31 August 2019 £</i>
Unrestricted funds					
Unrestricted funds	(390,177)	498,239	(742,641)	55,085	(579,494)
Boarding	-	1,320,696	(1,265,611)	(55,085)	-
Trading subsidiary	(23,914)	590,255	(595,099)	-	(28,758)
	<u>(414,091)</u>	<u>2,409,190</u>	<u>(2,603,351)</u>	<u>-</u>	<u>(608,252)</u>
Restricted general funds					
General Annual Grant (GAG)	63,002	5,071,094	(5,123,198)	(5,983)	4,915
Other grants	-	587,121	(587,121)	-	-
	<u>63,002</u>	<u>5,658,215</u>	<u>(5,710,319)</u>	<u>(5,983)</u>	<u>4,915</u>
Restricted fixed asset funds					
Restricted Fixed Asset Fund	4,227,911	-	(253,272)	5,983	3,980,622
DfE Group capital grants	-	237,320	-	-	237,320
Other donations	-	237,000	-	-	237,000
	<u>4,227,911</u>	<u>474,320</u>	<u>(253,272)</u>	<u>5,983</u>	<u>4,454,942</u>
Total Restricted funds	<u>4,290,913</u>	<u>6,132,535</u>	<u>(5,963,591)</u>	<u>-</u>	<u>4,459,857</u>
Total funds	<u><u>3,876,822</u></u>	<u><u>8,541,725</u></u>	<u><u>(8,566,942)</u></u>	<u><u>-</u></u>	<u><u>3,851,605</u></u>

THE ROYAL SCHOOL, WOLVERHAMPTON
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

20. Analysis of net assets between funds

Analysis of net assets between funds - current period

	Unrestricted funds 2020 £	Restricted funds 2020 £	Restricted fixed asset funds 2020 £	Total funds 2020 £
Tangible fixed assets	-	-	4,222,520	4,222,520
Current assets	(811,663)	1,549,181	32,660	770,178
Creditors due within one year	-	(1,188,625)	-	(1,188,625)
Total	(811,663)	360,556	4,255,180	3,804,073

Analysis of net assets between funds - prior period

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £
Tangible fixed assets	-	-	4,229,616	4,229,616
Current assets	(608,252)	1,264,585	225,326	881,659
Creditors due within one year	-	(1,259,670)	-	(1,259,670)
Total	(608,252)	4,915	4,454,942	3,851,605

THE ROYAL SCHOOL, WOLVERHAMPTON
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

21. Reconciliation of net expenditure to net cash flow from operating activities

	2020 £	2019 £
Net expenditure for the period (as per Statement of Financial Activities)	(47,532)	(25,217)
Adjustments for:		
Depreciation charges	300,638	253,272
Decrease in stocks	2,002	1,384
Decrease/ (increase) in debtors	375,100	(79,151)
Increase/ (decrease) in creditors	(142,154)	140,771
Capital grants from DfE and other capital income	(146,446)	(488,337)
Capital funding received from sponsors and others	-	(237,000)
Net cash provided by/(used in) operating activities	341,608	(434,278)

22. Cash flows from investing activities

	Group 2020 £	Group 2019 £
Purchase of tangible fixed assets	(293,542)	(626,969)
Capital grants from DfE Group	146,446	488,337
Capital funding received from sponsors and others	-	237,000
Net cash (used in)/provided by investing activities	(147,096)	98,368

23. Analysis of cash and cash equivalents

	Group 2020 £	Group 2019 £
Cash in hand	252,279	57,767
Total cash and cash equivalents	252,279	57,767

THE ROYAL SCHOOL, WOLVERHAMPTON
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

24. Analysis of changes in net debt

	At 1 September 2019 £	Cash flows £	At 31 August 2020 £
Cash at bank and in hand	57,767	194,512	252,279
Finance leases	(44,167)	44,167	-
	<u>13,600</u>	<u>238,679</u>	<u>252,279</u>

25. Pension commitments

The group's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff, a Multi-Employer Defined Benefit Pension Scheme and a Defined Contribution Pension Scheme for non-teaching staff.

The latest actuarial valuation of the TPS related to the period ended 31 March 2016.

Contributions amounting to £98,628 (2019: £57,980) were payable to the schemes at 31 August 2020 and are included within creditors.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for teachers in academies. All teachers have the option to opt-out of the TPS following enrolment.

The TPS is an unfunded scheme to which both the member and employer makes contributions, as a percentage of salary - these contributions are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury every 4 years. 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 2016. The valuation report was published by the Department for Education on 5 March 2019.

THE ROYAL SCHOOL, WOLVERHAMPTON
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

25. Pension commitments (continued)

The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 23.68% of pensionable pay (including a 0.08% administration levy)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million, giving a notional past service deficit of £22,000 million
- the SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 2.4% above the rate of CPI. assumed real rate of return is 2.4% in excess of prices and 2% in

excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.45%.

The next valuation result is due to be implemented from 1 April 2023.

The employer's pension costs paid to TPS in the period amounted to £948,431 (2019: £440,761).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

Under the definitions set out in FRS 102, the TPS is an unfunded multi-employer pension scheme. The academy trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy trust has set out above the information available on the scheme.

26. Members' liability

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

27. Operating lease commitments

At 31 August 2020 the Group and the Free School had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	Group 2020 £	Group 2019 £
Not later than 1 year	27,776	27,776
Later than 1 year and not later than 5 years	50,379	62,495
	<u>78,155</u>	<u>90,271</u>

THE ROYAL SCHOOL, WOLVERHAMPTON
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

28. Related party transactions

Owing to the nature of the Free School and the composition of the Board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the Academies Financial Handbook, including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and with the Free School's financial regulations and normal procurement procedures relating to connected and related party transactions.

The Royal Wolverhampton School Enterprises Limited - a wholly owned subsidiary company of The Royal School, Wolverhampton. All transactions are conducted at arm's length and in accordance with the Free School's financial regulations and normal procurement procedures.

Transactions totaling £106,771 (2019: £116,341) relating to salary and occupancy costs incurred on behalf of the subsidiary were recharged to The Royal Wolverhampton School Enterprises Limited. There was an outstanding balance due to the Free School at 31 August 2020 of £99,719 (2019: £74,314).

29. Principal subsidiaries

The following was a subsidiary undertaking of the Free School:

Name	Company number	Class of shares	Holding	Included in consolidation
The Royal Wolverhampton School Enterprises Limited	04059224	Ordinary	100%	Yes

The financial results of the subsidiary for the year were:

	Income £	Expenditure £	Profit/(Loss) / Surplus/ (Deficit) for the year £	Net assets £
The Royal Wolverhampton School Enterprises Limited	458,014	(452,825)	5,189	(23,467)