

ROYAL GRAMMAR SCHOOL HIGH WYCOMBE

(A Company Limited by Guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2019

ROYAL GRAMMAR SCHOOL HIGH WYCOMBE**(A Company Limited by Guarantee)**

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**ROYAL GRAMMAR SCHOOL HIGH WYCOMBE
(A Company Limited by Guarantee)**

**REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2019**

Members and Governors (Trustees)

*S Ashton	(Chair)	
*S Abbas Warraich	(Community Governor)	
R Ali	(Parent Governor)	Appointed 12 January 2019
*B Avery	(Community Governor)	
L Bignell	(Staff Governor)	Appointed 26 March 2019
B Casemore	(Community Governor)	Appointed 12 January 2019
K Clark	(Parent Governor)	Resigned 31 October 2018
R Gilyeat	(Staff Governor)	
M Goodier	(Staff Governor)	
*A Hannaford	(Community Governor)	
*C Hodson	(Co-opted Governor)	
*A Houston	(Vice Chair)	Resigned 4 July 2019
*A Hussain	(Community Governor)	
*T Maunder	(Foundation Governor)	
*L Masson	(Parent Governor)	
*J Nichols	(Community Governor)	
*G O'Keeffe	(Parent Governor)	
*M Rizvi	(Community Governor)	Resigned 4 July 2019
S Tan	(Staff Governor)	
*C Turney	(Parent Governor)	
*N Warnock-Horn	(Community Governor)	
P Wayne	(Headmaster and Accounting Officer)	

Members of the academy are trust are denoted by *

Company Secretary

C Cobb

Senior Management Team

P Wayne	(Headmaster)
A Wallace	(Deputy Headmaster)
D Booth	(Assistant Head)
J Eve	(Assistant Head)
M Forster	(Assistant Head)
H Munday	(Assistant Head)
J Scourfield	(Head of Boarding)
C Hall	(Finance & Resources Director)

Company Name

Royal Grammar School High Wycombe

Principal and Registered Office

Royal Grammar School, Amersham Road, High Wycombe, Buckinghamshire, HP13 6QT

Company Registered Number

07492198 (England & Wales)

**ROYAL GRAMMAR SCHOOL HIGH WYCOMBE
(A Company Limited by Guarantee)**

**REFERENCE AND ADMINISTRATIVE DETAILS (continued)
FOR THE YEAR ENDED 31 AUGUST 2019**

Independent Auditor

MHA MacIntyre Hudson, Abbey Place, 24 - 28 Easton Street, High Wycombe, Buckinghamshire, HP11 1NT

Bankers

HSBC Bank Plc, 1 Corn Market, High Wycombe, Buckinghamshire, HP11 2AY

Solicitors

Veale Wasbrough Vizards LLP, Barnards Inn, 86 Fetter Lane, London EC4A 1AD

**TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2019**

The Governors present their annual report together with the financial statements and auditors' report of the Charitable Company for the period 1 September 2018 to 31 August 2019. The annual report serves the purposes of both a trustees' report and a directors' report under company law.

The trust operates an academy for pupils aged 11 to 19 primarily serving a catchment area in and around High Wycombe, Buckinghamshire. It has a pupil capacity of 1,396 and had a roll of 1,367 in the school census on 6 October 2018.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

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

The Governors act as trustees of the Royal Grammar School High Wycombe and are also the directors of the charitable company for the purposes of company law. The Charitable Company is known as the Royal Grammar School High Wycombe.

Details of the Governors who served throughout the year except as noted are included in the Reference and Administrative Details on page 1.

Members' Liability

Each member of the Charitable Company undertakes to contribute to the assets of the Charitable Company in the event of it being wound up while they are a member, or within one year after they cease to be a member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before they ceased to be a member.

Trade union facility time

Relevant Union Officials

Number of employees who were relevant union Officials during the relevant period	Full-time equivalent employee number
--	--------------------------------------

3

2.6

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	1
1%-50%	2
51%-99%	0
100%	0

Percentage of pay bill spent on facility time

Total cost of facility time	£447
Total pay bill	£132,945
Percentage of total pay bill spent on facility time	0.3%

Paid trade union activities

Time spent on paid trade union activities	100% of paid facility time hours
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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 Academy Trust. The cost of this insurance in the year was £162.

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019**

Method of Recruitment and Appointment or Election of Trustees

The Governors of the Academy Trust as at 31 August 2019 either came to the end of, or will serve, their remaining term of office. The term of their office is 4 years. Governors may serve for a successive period of 4 years if re-elected. It is the board's practice to ask Governors to stand for annual election after they have served for a total of 8 years.

- Members may appoint up to 10 Community Governors.
- Members may appoint Academic Staff Governors nominated and elected by the Academic Staff and Support Staff. Governors are nominated and elected by the Support Staff provided the total number of Academic Staff Governors (including the Headmaster) does not exceed one third of the total number of Governors.
- Wycombe Royal Grammar School Foundation may appoint up to 6 Foundation Governors approved by the Members.
- Parent Governors shall be elected by parents of registered pupils at the Academy.
- Members may appoint up to 3 Co-opted Governors.
- The Secretary of State may appoint such Additional Governors as he/she thinks fit.

The Headmaster, Mr Philip Wayne, is an ex-officio Governor.

Policies and Procedures Adopted for the Induction and Training of Trustees

The induction provided for new Governors includes an Information Pack containing copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Governors. New Governors are given a tour of the Academy and the chance to meet with staff, including the Finance and Resources Director to discuss academy finances, and students. As there are normally only two to three new Governors per year, induction tends to be done informally and is tailored specifically to the individual although each new governor is allocated an experienced governor to act as mentor during their first 6 months. All Governors are required to have DBS checks and undertake safeguarding training.

Organisational Structure

The Governors are responsible for setting general policy, adopting an annual plan and budget, monitoring the Academy's performance and making major decisions about the strategic direction of the Academy, capital expenditure and senior staff appointments.

The senior leadership team comprises the Headmaster, Deputy Headmaster, four Assistant Heads, Head of Boarding and the Finance and Resources Director. These managers control the Academy at an executive level, implementing the policies laid down by the Governors and reporting back to them. As a group the senior leadership team is responsible for the authorisation of spending within agreed budgets, the appointment of staff and for the day to day operation of the Academy including the organisation of teaching staff, facilities and students.

Arrangements for setting pay and remuneration of key management personnel

The remuneration of the Senior Leadership Team is set by the Strategy Committee. This Committee comprises the Chair of Governors and Chairs of the Education, Finance and Personnel Committees.

The only trustees paid by the Academy are Staff Governors. Their remuneration is approved in line with the policies on Teacher and Support Staff Pay, as approved by Governors.

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019**

Related Parties and other Connected Charities and Organisations

Wycombe Royal Grammar School Foundation, a registered charity, holds the majority of the land and buildings in trust for use by the Academy school. The objectives of this Foundation are to provide benefits for the Royal Grammar School, including the provision of boarding accommodation and to promote the education of present and former pupils of the school who are in need.

OBJECTIVES AND ACTIVITIES

Objects and Aims

In the last year the Headmaster, Governors and Senior Leadership Team have continued to develop the five-year strategic plan. This plan sets out the school's Mission and its' Vision for the future.

"Together our Mission is to develop and to become worldly-wise, self-assured, high-achievers through an exceptional all-round education."

"Our Vision is to be seen as world-class through offering those most naturally able, irrespective of their background, the best all-round education offered by a UK state school.

Objectives, Strategies and Activities

The Academy is passionate about:

- Instilling a love of learning through intellectual curiosity and independent and creative thinking
- Reinforcing a strong set of life-long personal values based on respect, honesty and courtesy
- Encouraging each individual to take personal responsibility, to challenge themselves to explore opportunities and to fully realise their potential
- Taking pride in personal achievements based on endeavour and commitment
- Encouraging an awareness of the world outside and a sense of service to the local and wider community

The Academy's main objectives are to deliver:

- Well-rounded individuals who can articulate the difference between right and wrong
- An outstanding and inspirational academic education that allows each boy to achieve their full potential
- The widest possible range of extra-curricular activities through which boys establish important life skills and develop their social, sporting and cultural abilities
- A stimulating and rewarding environment that encourages and celebrates success
- The best modern facilities within which to learn and develop

In order to achieve these objectives, the Academy recognises it needs to:

- Attract, recruit, develop and retain excellent innovative staff who share our commitment and values and who will inculcate a lifelong love of learning in the boys
- Develop and provide inspirational lessons that engage pupils
- Aspire to a modern, digital teaching and learning environment, exploiting technological advances
- Become a centre of excellence for boarding, developing facilities to meet evolving needs
- Effectively manage financial resources in order to fund continuing development across the school
- Develop a programme of wider community support in conjunction with local, national and international partner

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019**

Public Benefit

The Governors of the Academy Trust have complied with their duty to have due regard to the guidance on Public Benefit published by the Charity Commission in exercising their powers and duties. The activities undertaken to further the Academy Trust's purpose for the Public Benefit include:

- Provision of an outstanding education supporting the wishes and aims of the local community.
- Use of the school premises by the community.
- Support to other schools, including those in Special Measures (as a National Support School).
- Charitable works locally, nationally and internationally.

STRATEGIC REPORT

Achievements and Performance

The public examination results for 2019 were again very good and consequently 12 boys gained entrance to Oxford or Cambridge Universities. 83% of boys were intending to move on to tertiary education immediately and 72% of boys achieved their first choice institution.

The percentage of A* - B grades at A Level was 72.9%, 2018 (74.3%). The average attainment grades at A level were 1A & 2Bs.

At GCSE 100% of the candidates gained five grades 9-4 (100%, 2018); 89% achieved the English Baccalaureate (92%, 2018); and 70.7% of all results achieved 9-7 grades (72.3%, 2018).

To ensure that standards are continually raised, the Academy operates a programme of observation of lessons, staff training and visits by former inspectors. The Academy also undertakes a comparison of results from entry to Key Stage 3 and GCSE and from GCSE to A level, to assess value added, and participates in national programmes looking at value added through the key stages.

Key Financial Performance Indicators

The primary "non-financial" indicator is the excellence of students' attainment in public examinations. This has been covered above. The Academy monitors 5 key financial indicators:

- Student numbers. This is the primary source of income. The minimum target is 1,350 students. For the academic year 2018-19 the number on the register was 1,367.
- Total staff costs as a proportion of income from government. This is the primary area of expenditure. The target is to hold this at less than 90% of income, of which more than 75% should be teaching & boarding staff costs. For the academic year 2018-19 staff costs exceeded this target at 95.6% of grant income, of which 84.2% related to teaching & boarding staff costs. The average number of (full time equivalent) employees over the year was 154 of whom 86 were teaching staff directly involved in teaching and learning.
- Teaching staff turnover. Retention of experienced staff is important in order to ensure continued excellent teaching. The target is greater than 85% retention rate. At the end of the academic year in question 4.3 full time equivalent teacher positions left the school, which implies 95% retention.
- Total expenditure in line with Budget. This is essential in order to achieve a balanced budget. For the academic year 2018-19 total educational expenditure was 0.7% below budget.
- Unrestricted reserves. Positive unrestricted reserves ensure that the Academy is able to meet its liabilities. The target is to hold reserves of at least £25,000. At the end of the academic year this objective was achieved.

These KPIs are regularly reviewed by the appropriate sub-committee of the Governing Body.

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019**

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.

As mentioned below the main source of funding for the Academy is provided by government grants and financial uncertainty exists regarding the extent to which increases in funding will be sufficient to meet cost increases from inflation. In addition, whilst the government has agreed to fund the increase in employers' contributions to the Teachers' Pension Scheme from 16.4% to 23.6% for 2019/20, financial uncertainty exists as to whether this will continue for 2020/21 onwards. There is also uncertainty as to what extent increases in employer contributions to the Local Government Pension Scheme will be required in order to help address funding deficits. Further, confirmation is awaited on the extent to which government funding will be provided to meet teachers' pay awards in excess of the previous 1% public sector cap beyond that announced in September 2018 covering the years 2018/19 and 2019/20.

FINANCIAL REVIEW

The Academy continues to operate against a very challenging financial background. The main source of funding for the Academy is the General Annual Grant [GAG] which it receives from the Education and Skills Funding Agency. In 2018/19 this grant increased by 1.7% (£104k) compared to the previous year with cost inflation for the same period of more than 2%.

Despite this difficult background, as a result of careful management the financial position of the Academy remained strong at the end of the financial year, with cash balances of £552,895 and unrestricted reserves of £487,239. Unrestricted reserves increased over the period by £166,300 to £487,239 due to the net benefit from trading activities. Voluntary income and other activities for generating funds totalled £921,051, and provision of boarding activities within charitable activities generated £68,898.

Reserves Policy

At 31 August 2019 the total funds comprised:

Unrestricted		487,239
Restricted:	Fixed asset funds	4,566,077
	Pension reserve	(3,333,000)
	Other	(41,055)
		<hr/>
		£1,676,261
		<hr/>

The Academy has set its policy for unrestricted reserves in conjunction with the Wycombe Royal Grammar School Foundation (see note about Connected Organisations, above) and this policy has been approved by both the Trustees of the Foundation and the Governors of the Academy. Unrestricted reserves are those that are freely available to spend on the Charity's purposes, at the discretion of the Governors.

Given this background, the policy of the Governors is to hold unrestricted reserves within the Academy that are no lower than £25,000. At 31st August 2019 the Academy achieved this objective.

The deficit on the pension reserve relates to the support staff pension scheme where, unlike the teachers' scheme, separate assets are held to fund future liabilities as discussed in note 25. The deficit can be met in the longer term from any combination of increased employer or employee contributions, increased government funding or changes to scheme benefits. The restricted funds will be spent in accordance with the terms of the particular funds.

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019**

Investment Policy

The Academy holds assets to fund the running of the school. Consequently, capital volatility cannot be tolerated, so it is the policy to invest only in cash deposits denominated in sterling. Cash balances are deposited with the Academy's bankers and in institutions within the UBS and Insignis Cash Solutions Third Party Cash Deposit Services. Deposits are spread by counterparty with maturities set to match planned income and expenditure and, other than balances held by the Academy's primary bankers for working capital purposes, no more than 20% of total cash is deposited with any one institution in order to minimise risk. A minimum of £250,000 is kept available for immediate access.

Principal Risks and Uncertainties

The Academy Trust practices through its Board, namely the Governing Body and the constituted subcommittees, risk management principles. Accordingly, the Governors' have adopted a risk management strategy which complies with best practice and sets out the processes and responsibilities for risk management in the Academy. These processes, through the maintenance of a Risk Register, ensure that all risks are appropriately identified, assessed, controlled and with mitigating actions monitored. The Risk Register, which is maintained by the Senior Leadership Team, is reviewed by the Finance Committee every term. Any major risks highlighted through this process are brought to the attention of the Main Board and they continue to be reported until the risk is adequately mitigated.

The Governing Body accepts managed risk as an inevitable part of its operations but maintains an objective not to run unacceptable levels of risk in any area. The subjective nature of this process requires major risks to be resolved by the Governing Body collectively, whilst more minor risks are dealt with by senior executive officers

The Governors have identified four broad areas of risk – safety, financial, infrastructure and reputation.

Rigorous procedures are in place to ensure the safety and security of students and staff. A Health and Safety Committee meets termly, with a designated Health and Safety Governor. Any issues identified are promptly addressed. Students are closely supervised at all times, particularly on trips.

Tight control is exercised over site visitors and a rigorous anti-bullying policy is enforced. An effective Child Protection policy is in place and is reviewed annually in order to safeguard all students.

Financial risk is mitigated through the discipline of an annual plan, approved by Governors in the summer term for the following academic year, starting in September. This sets the expenditure limits for all departments. It also contains a small contingency fund for the Headmaster to manage minor fluctuations. The financial aim of the annual plan is to operate within a balanced budget. The Academy has a Scheme of Financial Delegation that defines the financial expenditure limits, systems and procedures to be followed by all levels of management. This scheme is reviewed annually by the Finance Committee. Further information is included under the system of internal controls on page 13. Financial progress is reported regularly to the Senior Leadership Team and is reviewed by the Finance Committee. The Academy's Responsible Officer reviews transactions on a regular basis to ensure that procedures are being followed rigorously.

It is a major challenge to maintain and upgrade the older buildings on the School site. This risk is obviated by managing a planned maintenance programme. In the event that unforeseen significant maintenance is required the Academy is able to approach the Foundation for funding. Should unforeseen incidents occur the Governors have ensured that adequate insurance cover is in place. The Academy has produced a strategic development plan to upgrade the buildings and the facilities over the long term. This will be funded through bidding for various government and other grants, as well as through fundraising programmes involving parents and alumni.

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019**

Principal Risks and Uncertainties

Demand for student places at the Academy is good, based on its reputation for providing an outstanding and rounded education. This reputation could be undermined should academic standards fall or be perceived to be deteriorating. Student progress is closely monitored throughout their school career, not only at the time of exams and there is a major focus on academic performance within the strategic plan. Students are constantly mentored and coached to achieve their full potential. Reputation could also be impacted either through the loss of experienced senior staff or seriously inappropriate behaviour or incident involving senior staff. Either could potentially lead to a drop in academic standards, reputation and ultimately a reduction in parents selecting the Academy. Career paths are provided with training and development plans to underpin this. For key posts succession plans are in place. The school has a clear code of conduct for all staff that is documented in the Employee Handbook, which is updated regularly with changes advertised to staff.

FUNDRAISING

The Academy raises funds to support specific areas of the school through voluntary parental donations. This activity is not carried out by professional fund raisers or commercial participators and does not involve approaching members of the public or vulnerable people. Participation is not bound by any voluntary scheme or standard and the activity is closely monitored by the school's management. There have been no complaints received by the Academy in respect of this fundraising activity.

PLANS FOR FUTURE PERIODS

The overall future aims and objectives have been outlined above in the section headed Objectives, Strategies and Activities.

The main financial objectives for future periods are to:

- Achieve a balanced budget year on year.
- Maximise income, through seeking grant funding and developing trading activities
- Provide funding to upgrade, maintain and refurbish facilities for students

Key strategies are targeted at teaching and learning, improved outcomes for students, improved facilities and community engagement. They include, for example:

- Teaching and Learning:
 - Recruiting and retaining the best quality staff
 - Developing clear and consistent working practices
 - Embedding the school's "Ethos of Learning"
 - Professional development, including seeking and evaluating best practice examples from schools in both the state and independent sectors
 - Development of digital learning
- Improved Outcomes:
 - Constructing a cost-effective and time-efficient timetable and a review to ensure that both intent and implementation result in an ambitious curriculum
 - Enhancing even further the co-curricular provision, including the implementation of a house system
 - A clear focus on Pastoral Care, ensuring safeguarding is at the heart of everything that the school does.
 - An emphasis on student and staff well-being
 - Improving examination results, university success and the employability of our students

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019**

PLANS FOR FUTURE PERIODS (continued)

- Improved Facilities:
 - Planning and undertaking a continuous refurbishment programme
 - Bidding for grant funding, including the ESFA Condition Improvement Fund
 - Fundraising
 - Provision of improved facilities for the sixth form
 - The development of Boarding
 - Fire and Site security enhancements
 - Renovation and extension of staff accommodation
 - Access point refurbishment
 - Improving disabled facilities
- Community Engagement
 - Developing alumni relations
 - Building a culture of stakeholder consultation
 - Improving links with feeder schools
 - Encouraging parental input from all backgrounds
 - Helping to ensure parents understand and appreciate what the school offers

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

The school does not hold cash or assets as a custodian for any third party.

AUDITOR

In so far as the trustees are aware:

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

The Auditors, MHA MacIntyre Hudson, are willing to continue in office and a resolution to appoint them will be proposed at the Annual General Meeting.

The Governors' Report, incorporating a strategic report, was approved by order of the board of governors, as the company directors, on 04 December 2019 and signed on the board's behalf by:

S D Ashton
Chair of Governors

ROYAL GRAMMAR SCHOOL HIGH WYCOMBE
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2019

SCOPE OF RESPONSIBILITY

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

The Governing Body has delegated the day-to-day responsibility to the Headmaster, as Accounting Officer, for ensuring financial controls conform to 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 Royal Grammar School High Wycombe and the Secretary of State for Education. The Headmaster is also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

GOVERNANCE

The information on governance included here supplements that described in the Governors' Report and in the Statement of Governors' responsibilities. The board of Governors has formally met 5 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
S Ashton	(Chair)	5	5
S Abbas Warraich	(Community Governor)	0	5
R Ali	Appointed 12 January 2019	0	2
B Avery	(Community Governor)	4	5
L Bignell	Appointed 26 March 2019	2	2
B Casemore	Appointed 12 January 2019	2	2
K Clark	(Parent Governor) Resigned 31 October 2018	0	0
R Gilyeat	(Staff Governor)	4	5
M Goodier	(Staff Governor)	5	5
A Hannaford	(Community Governor)	5	5
C Hodson	(Co-opted Governor)	5	5
A Houston	(Vice Chair) Resigned 4 July 2019	3	5
A Hussain	(Community Governor)	5	5
T Maunder	(Foundation Governor)	4	5
L Masson	(Parent Governor)	4	5
J Nichols	(Community Governor)	5	5
G O'Keeffe	(Parent Governor)	5	5
M Rizvi	(Community Governor) Resigned 4 July 2019	5	5
S Tan	(Staff Governor)	3	5
C Turney	(Parent Governor)	4	5
N Warnock-Horn	(Community Governor)	4	5
P Wayne	(Headmaster and Accounting Officer)	5	5

Following an in-depth self-evaluation by the Board of Governors in April 2016, 4 key themes for improvement were identified:

- Succession planning
- Soliciting feedback for improved effectiveness
- Governor visits
- Engagement with the wider community

Specific action plans have been developed in support of each of these areas and progress against these plans is reviewed regularly by the Governing Body

**GOVERNANCE STATEMENT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019**

GOVERNANCE (continued)

Since the Board plans to conduct this style of evaluation every three years, the next review will be carried out in the academic year 2019/20.

The Finance Committee is a sub-committee of the main governing body. Its purpose is to oversee the annual budget preparation and in-year monitoring of financial performance, and monitor the risk and control environment of the Academy on behalf of the Main Board.

During the year Mrs E Beard, who is a qualified Chartered Accountant and the Responsible Officer, attended one Committee meeting as did her successor Mr J Newman a qualified Chartered Certified Accountant.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
N Warnock-Horn (Chair)	4	4
B Casemore	1	1
K Clark	0	1
R Gilyeat	3	4
C Hodson	4	4
A Hannaford	3	4
C Turney	1	4
P Wayne (Headmaster and Accounting Officer)	4	4

The Board have considered and reviewed the quality and relevance of data presented to them during the year. They have considered its relevance against the academy development plan and long-term objectives as well as tested its ability to explain and demonstrate the characteristics and measures of school performance. In addition to academic progress and attainment throughout the key stages, data measures have included attendance, behaviour and exclusions as well as the differentiation of these measures against targeted groups and characteristics such as Pupil Premium, ethnicity, and EAL. The Board are satisfied that the data presented has been compiled with due rigour and is duly comprehensive in informing the trustees of the progress made against the Academy's objectives and targets.

**GOVERNANCE STATEMENT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019**

REVIEW OF VALUE FOR MONEY

As Accounting Officer, the Headmaster has responsibility for ensuring that the Academy Trust delivers good value in the use of public resources. The Accounting Officer understands that value for money refers to the educational and wider societal outcome achieved in return for the taxpayer resources received.

The Accounting Officer considers how the Trust's use of its resources has provided good value for money during each academic year, and reports to the Board of Governors where value for money can be improved, including the use of benchmarking data where available. The Accounting Officer for the Academy Trust has delivered improved value for money by continuing to develop procurement processes and through the use of specialist support where appropriate. Examples include:

- Renegotiation of a number of building and facilities support services contracts
- Tender process for the provision of cleaning services
- Renegotiation of certain IT software and equipment support licences

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk at a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Royal Grammar School Academy Trust for the period ended 31 August 2019 and up to the date of approval of the Annual Report and Financial Statements.

CAPACITY TO HANDLE RISK

The Governing Body has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governing Body is of the view that there is a formal on-going process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the period ending 31 August 2019 and up to the date of approval of the Annual Report and Financial Statements. This process is regularly reviewed by the Governing Body.

THE RISK AND CONTROL FRAMEWORK

The Academy'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 Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines. The key document is the scheme of delegated authority which defines expenditure limits for all levels of management.
- delegation of authority and segregation of duties;
- identification and management of risks.

**GOVERNANCE STATEMENT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019**

THE RISK AND CONTROL FRAMEWORK (continued)

Day to day management responsibility of financial matters rests with the Finance and Resources Director, supported by the Finance Manager.

The Governing Body has considered the need for a specific internal audit function and decided not to appoint an internal auditor. However, the Governing Body has appointed Mrs E Beard, who is a qualified Chartered Accountant, as Responsible Officer ('RO') and who was succeeded by Mr. J Newman, a Chartered Certified Accountant. The RO's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems, which include testing payroll, purchase systems and bank and other control reconciliations. On a regular basis the RO reports to the Finance Committee on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities

The Responsible Officer has delivered the planned schedule of work and has reported findings at each Finance Committee meeting. No material control issues have been identified requiring remedial action.

REVIEW OF EFFECTIVENESS

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

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

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Finance Committee and a plan to ensure continuous improvement of the system is in place.

Approved by order of the members of the board of Governors on 04 December 2019 and signed on its behalf by:

S D Ashton
Chair of Governors

P B Wayne
Accounting Officer

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE
FOR THE YEAR ENDED 31 AUGUST 2019

As accounting officer of Royal Grammar School Academy Trust I have considered my responsibility to notify the Academy Trust board of trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of funding received by the Academy Trust, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

I confirm that I and the Academy Trust board of trustees are able to identify any material irregular or improper use of all funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's funding agreement and the Academies Financial Handbook 2018.

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.

P B Wayne
Accounting officer

04 December 2019

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2019

The Trustees (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 & Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- 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 charitable company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

Approved by order of the members of the board of Trustees on 4 December 2019 and signed on its behalf by:

S D Ashton
Chair of Governors

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF ROYAL GRAMMAR SCHOOL HIGH WYCOMBE

Opinion

We have audited the financial statements of Royal Grammar School High Wycombe (the 'Academy Trust') for the year ended 31 August 2019 which comprise the Statement of Financial Activities, the Balance Sheet, the 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 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy Trust's affairs as at 31 August 2019 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Academy Trust 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 Academy Trust'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.

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF ROYAL GRAMMAR SCHOOL HIGH WYCOMBE (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 Auditors' Report thereon. Other information includes the Reference and Administrative Details, the Trustees' Report including the Strategic Report and the Directors' Report, the Governance Statement, the Statement on Regularity, Propriety and Compliance and the Trustees' Responsibilities 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 (incorporating the Strategic Report and the Directors Report) for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Strategic Report and the Directors Report has 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 Academy Trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report.

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

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

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF ROYAL GRAMMAR SCHOOL HIGH WYCOMBE (CONTINUED)

Responsibilities of trustees

As explained more fully in the Trustees' Responsibilities Statement, the Trustees (who are also the directors of the Academy Trust 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 Academy Trust'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 Academy Trust or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 Auditors' 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 Auditors' Report.

Use of our report

This report is made solely to the Academy Trust'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 Academy Trust's members those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Academy Trust and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

BIANCA SILVA BA ACA DChA (Senior Statutory Auditor)
for and on behalf of

MHA MacIntyre Hudson
Chartered Accountants
Statutory Auditors
Abbey Place
24-28 Easton Street
High Wycombe
Buckinghamshire
HP11 1NT

Date: 17 December 2019

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO ROYAL GRAMMAR SCHOOL HIGH WYCOMBE AND THE EDUCATION & SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter dated 13 July 2018 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Royal Grammar School High Wycombe during the year 1 September 2018 to 31 August 2019 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 Royal Grammar School High Wycombe and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Royal Grammar School High Wycombe 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 Royal Grammar School High Wycombe and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Royal Grammar School High Wycombe's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Royal Grammar School High Wycombe's funding agreement with the Secretary of State for Education dated 1 February 2011 and the Academies Financial Handbook, extant from 1 September 2018, 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 2018 to 2019. 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 2018 to 31 August 2019 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

ROYAL GRAMMAR SCHOOL HIGH WYCOMBE
(A Company Limited by Guarantee)

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO ROYAL GRAMMAR SCHOOL HIGH WYCOMBE AND THE EDUCATION & SKILLS FUNDING AGENCY (CONTINUED)

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2018 to 2019 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 Academy Trust's income and expenditure.

The work undertaken to draw to our conclusion includes:

- reviewing minutes of the meetings of the Governing Body and other evidence made available to us, relevant to our consideration of regularity;
- a review of the objectives and activities of the Academy, with reference to the income streams and other information available to us as auditors of the Academy;
- testing a sample of payroll payments to staff;
- testing a sample of payments to suppliers and other third parties;
- testing a sample of grants received and other income streams;
- consideration of governance issues;
- evaluating internal control procedures and reporting lines, and testing as appropriate; and
- making appropriate enquires of the Accounting Officer.

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2018 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Reporting Accountant

MHA MacIntyre Hudson

Chartered Accountants
Statutory Auditors

Abbey Place
24-28 Easton Street
High Wycombe
Buckinghamshire
HP11 1NT

Date: 17 December 2019

ROYAL GRAMMAR SCHOOL HIGH WYCOMBE
(A Company Limited by Guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2019**

	Note	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £	Total funds 2018 £
Income from:						
Donations and capital grants	3	101,067	358,104	130,237	589,408	560,388
Charitable activities	4	634,527	6,322,378	-	6,956,905	6,860,000
Boarding	31	949,152	-	-	949,152	931,778
Other trading activities	5	461,880	-	-	461,880	420,877
Investments	6	6,267	-	-	6,267	4,666
Total income		2,152,893	6,680,482	130,237	8,963,612	8,777,709
Expenditure on:						
Raising funds		120,558	-	-	120,558	94,913
Charitable activities		651,377	7,179,607	174,238	8,005,222	7,992,791
Boarding	31	880,254	-	-	880,254	861,167
Other expenditure		-	-	-	-	-
Total expenditure	7	1,652,189	7,179,607	174,238	9,006,034	8,948,871
Net income/(expenditure)		500,704	(499,125)	(44,001)	(42,422)	(171,162)
Transfers between funds	19	(334,404)	180,499	153,905	-	-
Other recognised gains/(losses):						
Actuarial losses on defined benefit pension schemes	26	-	(467,000)	-	(467,000)	588,000
Net movement in funds		166,300	(785,626)	109,904	(509,422)	416,838
Reconciliation of funds:						
Total funds brought forward		320,939	(2,588,429)	4,456,173	2,188,683	1,771,845
Net movement in funds		166,300	(785,626)	109,904	(509,422)	416,838
Total funds carried forward		487,239	(3,374,055)	4,566,077	1,679,261	2,188,683

The Statement of Financial Activities includes all gains and losses recognised in the year.
The notes on pages 25 to 55 form part of these financial statements.

ROYAL GRAMMAR SCHOOL HIGH WYCOMBE
(A Company Limited by Guarantee)
REGISTERED NUMBER: 07492198

BALANCE SHEET
AS AT 31 AUGUST 2019

	Note	2019 £	2019 £	2018 £	2018 £
Fixed assets					
Tangible assets	14		4,542,341		4,244,803
Investments	15		2		2
			<u>4,542,343</u>		<u>4,244,805</u>
Current assets					
Debtors	16	1,132,906		536,985	
Cash at bank and in hand		552,895		786,422	
		<u>1,685,801</u>		<u>1,323,407</u>	
Creditors: amounts falling due within one year	17	(1,013,022)		(639,628)	
Net current assets			<u>672,779</u>		<u>683,779</u>
Total assets less current liabilities			<u>5,215,122</u>		<u>4,928,584</u>
Creditors: amounts falling due after more than one year	18		(202,861)		(149,901)
Defined benefit pension scheme liability	26		(3,333,000)		(2,590,000)
Total net assets			<u><u>1,679,261</u></u>		<u><u>2,188,683</u></u>
Funds of the Academy Trust					
Restricted funds:					
Fixed asset funds	19	4,566,077		4,456,173	
Restricted income funds	19	(41,055)		1,571	
Pension reserve	19	(3,333,000)		(2,590,000)	
Total restricted funds	19		<u>1,192,022</u>		<u>1,867,744</u>
Unrestricted income funds	19		<u>487,239</u>		<u>320,939</u>
Total funds			<u><u>1,679,261</u></u>		<u><u>2,188,683</u></u>

The financial statements on pages 22 to 55 were approved by the Trustees, and authorised for issue on 04 December 2019 and are signed on their behalf, by:

S D Ashton
Chair of Governors

The notes on pages 25 to 55 form part of these financial statements.

ROYAL GRAMMAR SCHOOL HIGH WYCOMBE
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2019

	Note	2019 £	2018 £
Cash flows from operating activities			
Net cash provided by/(used in) operating activities	21	60,846	(203,054)
Cash flows from investing activities	23	(338,772)	(86,716)
Cash flows from financing activities	22	44,399	50,740
Change in cash and cash equivalents in the year		(233,527)	(239,030)
Cash and cash equivalents at the beginning of the year		786,422	1,025,452
Cash and cash equivalents at the end of the year	24	552,895	786,422

The notes on pages 25 to 55 form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies

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

1.1 Basis of preparation of financial statements

The financial statements of the Academy Trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their 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 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

1.2 Fund accounting

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

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

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.

Investment income, gains and losses are allocated to the appropriate fund.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.3 Income

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

• **Grants**

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

General Annual Grant is recognised in full in the Statement of Financial Activities in the 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 unconditional entitlement to the grant. Unspent amounts of capital grant are reflected in the balance sheet in the restricted fixed asset fund. Capital grants are not deferred over the life of the asset on which they are expended.

• **Sponsorship income**

Sponsorship income provided to the Academy Trust which amounts to a donation is recognised in the Statement of Financial Activities in the year in which it is receivable (where there are no performance-related conditions) where receipt is probable and it can be measured reliably.

• **Donations**

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

• **Other income**

Other income, including the hire of facilities, is recognised in the year it is receivable and to the extent the Academy Trust has provided the goods or services.

• **Donated fixed assets (excluding transfers on conversion or into the Academy Trust)**

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

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.4 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.

- **Expenditure on raising funds**

Expenditure on raising funds includes all expenditure incurred by the Academy Trust to raise funds for its charitable purposes and includes costs of all fundraising activity events and non-charitable trading.

- **Charitable activities**

Expenditure on charitable activities are costs incurred on the Academy Trust's educational operations, including support costs and costs relating to the governance of the Academy Trust apportioned to charitable activities.

All resources expended are inclusive of irrecoverable VAT.

1.5 Going concern

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

1.6 Investments

The Academy's shareholding in the wholly owned subsidiary, RGS (Activities) 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.

1.7 Operating leases

Rentals paid under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.8 Taxation

The Academy Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

Accordingly, the Academy Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by 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.

1.9 Tangible fixed assets

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. 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 Statement of Financial Activities incorporating Income and Expenditure Account and carried forward in the Balance Sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities incorporating Income and Expenditure Account.

Depreciation is provided on all tangible fixed assets other than leasehold land, at rates calculated to write off the cost of these assets, less their estimated residual value, over their expected useful lives on the following bases:

Leasehold property improvements	- 2% - 7% per annum on cost
Fixtures and fittings	- 10% - 33% per annum on cost
Computer equipment	- 33% per annum on cost

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

1.10 Debtors

Trade and other debtors are recognised at the settlement amount. Prepayments are recognised at the amount prepaid.

1.11 Cash at bank and in hand

Cash at bank and in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

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 Academy Trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

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.

1.13 Financial instruments

The Academy Trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the Academy Trust 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 16. Prepayments are not financial instruments. 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 notes 17 and 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.14 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective 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.

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

Actuarial gains and losses are recognised immediately in other recognised gains and losses.

1.15 Agency arrangements

The Academy Trust acts as an agent for the Staff Common Room Fund. Income from staff and expenditure on the staff common room are excluded from the Statement of Financial Activities as the Academy Trust does not have control over the funds. The funds received and paid and any balances held are disclosed in note 29.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

2. Critical accounting estimates and areas of judgement

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.

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 26, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgment:

The judgements that have had a significant effect on amounts recognised in the financial statements are those concerning the choice of depreciation policies and asset lives.

3. Income from donations and capital grants

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Donations	101,067	379,625	480,692	297,701
Capital grants	-	108,716	108,716	262,687
	<u>101,067</u>	<u>488,341</u>	<u>589,408</u>	<u>560,388</u>
Total 2018	<u>39,546</u>	<u>520,842</u>	<u>560,388</u>	

In 2018 all unrestricted income was from donations.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

4. Funding for the Academy's educational operations

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
DfE/ESFA grants				
General Annual Grant (GAG)	-	6,098,903	6,098,903	5,994,053
Pupil premium	-	54,595	54,595	56,140
Other DfE/ESFA revenue grants	-	108,150	108,150	43,978
	-	6,261,648	6,261,648	6,094,171
Other government grants				
Other local authority income	-	53,479	53,479	38,288
	-	53,479	53,479	38,288
Other funding				
Trip income	450,821	-	450,821	571,746
Other income	183,706	7,251	190,957	155,795
	634,527	7,251	641,778	727,541
	-	-	-	-
	634,527	6,322,378	6,956,905	6,860,000
Total 2018	722,397	6,137,603	6,860,000	

There are no unfulfilled conditions or other contingencies attached to the government grants above.

In 2018 all unrestricted income was from trip income (£571,746) and other income (£150,651).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

5. Income from other trading activities

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Lettings	156,259	-	156,259	156,551
School shop income	142,061	-	142,061	121,288
Easter revision	109,911	-	109,911	90,025
Other income	53,649	-	53,649	53,013
	<u>461,880</u>	<u>-</u>	<u>461,880</u>	<u>420,877</u>
Total 2018	<u>418,372</u>	<u>2,505</u>	<u>420,877</u>	

In 2018 all restricted income was other income.

6. Investment income

	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Investment income	6,267	6,267	4,666
	<u>6,267</u>	<u>6,267</u>	<u>4,666</u>

In 2018 all investment income was from unrestricted funds.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

7. Expenditure

	Staff Costs 2019 £	Premises 2019 £	Other 2019 £	Total 2019 £	Total 2018 £
Expenditure on fundraising trading activities:					
Direct costs	15,345	-	105,213	120,558	94,913
Academy's educational operations:					
Direct costs	4,895,643	109,266	1,224,988	6,229,897	6,121,808
Support costs	968,411	473,805	333,109	1,775,325	1,870,983
Boarding costs	344,616	304,964	230,674	880,254	861,167
	<u>6,224,015</u>	<u>888,035</u>	<u>1,893,984</u>	<u>9,006,034</u>	<u>8,948,871</u>
Total 2018	<u><u>6,067,959</u></u>	<u><u>951,081</u></u>	<u><u>1,929,831</u></u>	<u><u>8,948,871</u></u>	

Costs associated with the provision of boarding facilities include directly attributable costs, allocated staff costs and an allocation of general overheads.

In 2019, of the total expenditure of £9,006,034 (2018: £8,948,871) £1,652,189 (2018: £1,715,686) was to unrestricted funds, £7,179,607 (2018: £7,058,453) was to restricted funds and £174,238 (2018: £174,732) was to restricted fixed asset funds.

8. Analysis of expenditure by activities

	Activities undertaken directly 2019 £	Support costs 2019 £	Total funds 2019 £	Total funds 2018 £
Academy's educational operations	<u>6,229,897</u>	<u>1,775,325</u>	<u>8,005,222</u>	<u>7,992,791</u>
Total 2018	<u><u>6,121,808</u></u>	<u><u>1,870,983</u></u>	<u><u>7,992,791</u></u>	

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

8. Analysis of expenditure by activities (continued)

Analysis of direct costs

	Total funds 2019 £	Total funds 2018 £
Teaching and educational support staff wages and salaries	4,895,643	4,760,871
Depreciation	176,005	174,732
Technology costs	96,939	84,855
Educational supplies	216,486	170,752
Examination fees	150,990	133,743
Educational consultancy	79,755	70,475
Staff costs and expenses	34,435	29,340
Other direct costs	579,644	697,040
	6,229,897	6,121,808

Analysis of support costs

	Total funds 2019 £	Total funds 2018 £
Support staff wages and salaries	960,201	967,339
Pension finance costs	65,000	72,000
Technology costs	37,210	43,277
Premises costs	473,805	537,891
Other support costs	209,530	221,446
Governance costs	29,579	29,030
	1,775,325	1,870,983

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

9. Analysis of specific expenses

Included within expenditure are the following transactions:

	Total	Individual items above £5,000	
	£	Amount	Reason
		£	
Gifts made by the trust	704	-	

10. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2019	2018
	£	£
Operating lease rentals	266,558	260,366
Depreciation of tangible fixed assets	176,005	174,732
Fees paid to auditors for:		
- audit	9,750	9,750
- other services	9,325	3,960
	<u>9,750</u>	<u>9,750</u>
	<u>9,325</u>	<u>3,960</u>

11. Staff costs

a. Staff costs

Staff costs during the year were as follows:

	2019	2018
	£	£
Wages and salaries	4,725,209	4,595,483
Social security costs	467,120	451,645
Pension costs	994,876	971,297
	<u>6,187,205</u>	<u>6,018,425</u>
Agency staff costs	-	33,580
Staff restructuring costs	28,600	5,668
Staff governance costs	8,210	10,286
	<u>6,224,015</u>	<u>6,067,959</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

11. Staff costs (continued)

a. Staff costs (continued)

Staff restructuring costs comprise:

	2019	2018
	£	£
Redundancy payments	10,500	3,668
Severance payments	18,100	2,000
	<u><u> </u></u>	<u><u> </u></u>

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

Included in staff restructuring costs are non-statutory/non-contractual redundancy payments totalling £18,100 (2018: £2,000). Individually the payments were £2,600, £5,000, and £10,500 (2018: £2,000).

c. Staff numbers

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

	2019	2018
	No.	No.
Teachers	85	88
Administration and support	67	66
Management	2	2
	<u><u> </u></u>	<u><u> </u></u>
	154	156

d. Higher paid staff

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

	2019	2018
	No.	No.
In the band £60,001 - £70,000	3	2
In the band £70,001 - £80,000	1	1
In the band £80,001 - £90,000	1	1
In the band £100,001 - £110,000	1	1
	<u><u> </u></u>	<u><u> </u></u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

11. Staff costs (continued)

e. Key management personnel

The key management personnel of the Academy Trust comprises the Trustees 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 Academy Trust was £744,852 (2018: £813,713).

12. Related Party Transactions - Trustees' remuneration and expenses

One or more Trustees has been paid remuneration or has received other benefits from an employment with the Academy Trust. 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:

		2019 £	2018 £
P Wayne, Head Teacher	Remuneration	105,000 - 110,000	100,000 - 105,000
	Pension contributions	15,000 - 20,000	15,000 - 20,000
R Gilyeat, Staff Governor	Remuneration	40,000 - 45,000	35,000 - 40,000
	Pension contributions	0 - 5,000	0 - 5,000
S Tan, Staff Governor	Remuneration	45,000 - 50,000	45,000 - 50,000
	Pension contributions	5,000 - 10,000	5,000 - 10,000
M Goodier, Staff Governor	Remuneration	40,000 - 45,000	40,000 - 45,000
	Pension contributions	5,000 - 10,000	5,000 - 10,000
L Bignell, Staff Governor from 25/03/19	Remuneration	5,000 - 10,000	
	Pension contributions	0 - 5,000	

During the year ended 31 August 2019, expenses totalling £NIL were reimbursed or paid directly to no Trustees (2018 - £125 to 1 Trustee).

13. Trustees' and Officers' insurance

In accordance with normal commercial practice the Academy has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the year ended 31 August 2019 was £163 (2018 - £184).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

14. Tangible fixed assets

	Long-term leasehold property £	Fixtures and fittings £	Computer equipment £	Total £
Cost or valuation				
At 1 September 2018	4,431,515	519,745	367,810	5,319,070
Additions	405,959	28,965	40,352	475,276
Disposals	-	(3,250)	-	(3,250)
At 31 August 2019	<u>4,837,474</u>	<u>545,460</u>	<u>408,162</u>	<u>5,791,096</u>
Depreciation				
At 1 September 2018	412,001	343,851	318,415	1,074,267
Charge for the year	100,085	40,378	35,542	176,005
On disposals	-	(1,517)	-	(1,517)
At 31 August 2019	<u>512,086</u>	<u>382,712</u>	<u>353,957</u>	<u>1,248,755</u>
Net book value				
At 31 August 2019	<u>4,325,388</u>	<u>162,748</u>	<u>54,205</u>	<u>4,542,341</u>
At 31 August 2018	<u>4,019,514</u>	<u>175,894</u>	<u>49,395</u>	<u>4,244,803</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

15. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 September 2018	<u>2</u>
At 31 August 2019	<u><u>2</u></u>
Net book value	
At 31 August 2019	<u>2</u>
<i>At 31 August 2018</i>	<u><u>2</u></u>

Principal subsidiaries

The following was a subsidiary undertaking of the Academy Trust:

Name	Company number	Registered office or principal place of business	Principal activity
RGS (Activities) Limited	03043848	The Royal Grammar School, Amersham Road, High Wycombe, Bucks., HP13 6QT	Dormant
Class of shares	Holding		
Ordinary	100%		

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

16. Debtors

	2019 £	2018 £
Due within one year		
Trade debtors	292,383	35,295
Other debtors	52,545	8,787
Prepayments and accrued income	702,857	455,976
VAT recoverable	85,121	36,927
	<u>1,132,906</u>	<u>536,985</u>

17. Creditors: Amounts falling due within one year

	2019 £	2018 £
Bank overdrafts	-	21,681
Salix loans	12,685	6,343
Trade creditors	123,509	141,655
Other taxation and social security	120,571	117,233
Other creditors	56,881	60,005
Accruals and deferred income	699,376	292,711
	<u>1,013,022</u>	<u>639,628</u>

	2019 £	2018 £
Deferred income at 1 September 2018	187,433	520,212
Resources deferred during the year	627,379	187,433
Amounts released from previous periods	(187,433)	(520,212)
	<u>627,379</u>	<u>187,433</u>

Deferred income relates to boarding fees and trip monies received in advance for the next academic year.

Included within creditors due within one year is a SALIX loan for £12,685 due to ESFA, and repayable over 8 years from March 2019. No interest is charged on the loan.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

18. Creditors: Amounts falling due after more than one year

	2019	2018
	£	£
Salix loan	82,453	44,397
Boarding deposits	120,408	105,504
	202,861	149,901

The aggregate amount of liabilities payable or repayable wholly or in part more than five years after the reporting date is:

	2019	2018
	£	£
Payable or repayable by instalments	31,712	-
	31,712	-

Included within creditors due after more than one year is a SALIX loan for £82,453 due to ESFA, and repayable over 8 years from March 2019. No interest is charged on the loan.

ROYAL GRAMMAR SCHOOL HIGH WYCOMBE
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

19. Statement of funds

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
Unrestricted funds						
Designated funds						
Boarding	98,433	949,152	(880,254)	(9,983)	-	157,348
General funds						
General unrestricted funds	222,506	1,203,741	(771,935)	(324,421)	-	329,891
Total Unrestricted funds	320,939	2,152,893	(1,652,189)	(334,404)	-	487,239
Restricted general funds						
General Annual Grant (GAG)	-	6,098,903	(6,323,800)	224,897	-	-
Other local authority grants	-	53,479	(53,479)	-	-	-
Pupil premium	18,736	54,595	(58,258)	-	-	15,073
Other DfE/ESFA revenue	33,575	108,150	(102,715)	-	-	39,010
Other restricted funds	-	365,355	(365,355)	-	-	-
Salix loan	(50,740)	-	-	(44,398)	-	(95,138)
Pension reserve	(2,590,000)	-	(276,000)	-	(467,000)	(3,333,000)
	(2,588,429)	6,680,482	(7,179,607)	180,499	(467,000)	(3,374,055)
Restricted fixed asset funds						
Fixed asset funds	4,244,803	-	(174,238)	471,776	-	4,542,341
Developed formula capital	-	108,716	-	(103,874)	-	4,842
Capital improvement fund	211,370	-	-	(192,476)	-	18,894
Donations	-	21,521	-	(21,521)	-	-
	4,456,173	130,237	(174,238)	153,905	-	4,566,077
Total Restricted funds	1,867,744	6,810,719	(7,353,845)	334,404	(467,000)	1,192,022

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

19. Statement of funds (continued)

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
Total funds	2,188,683	8,963,612	(9,006,034)	-	(467,000)	1,679,261

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

The Academy Trustees have designated an unrestricted fund which represents the surplus on boarding over related fixed asset additions from boarding.

All unrestricted funds are held for the purpose of education in line with the Academy's objectives.

The General Annual Grant (GAG) represents the core funding for the educational activities of the Academy that has been provided to the Academy via the Education and Skills Funding Agency and the Department for Education.

The transfer between the Restricted General Annual Grant fund and unrestricted funds is to eliminate the deficit on GAG expenditure, and the transfer from unrestricted funds to fixed assets represents amounts spent on assets out of non grant income.

The pension reserve fund has been created to separately identify the pension deficit inherited from the local authority upon conversion to academy status, and through which all the pension scheme movements are recognised.

The Restricted Fixed Asset fund represents the net book value of capitalised fixed assets.

Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the amount of GAG it could carry forward at 31 August 2019.

ROYAL GRAMMAR SCHOOL HIGH WYCOMBE
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

19. Statement of funds (continued)

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

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Unrestricted funds						
Designated funds						
Boarding	73,848	931,778	(861,167)	(46,026)	-	98,433
General funds						
General unrestricted funds	391,631	1,184,981	(854,519)	(499,587)	-	222,506
Total unrestricted	465,479	2,116,759	(1,715,686)	(545,613)	-	320,939
Restricted funds						
General Annual Grant (GAG)	-	5,994,053	(6,399,446)	405,393	-	-
Other local authority grants	-	38,288	(38,288)	-	-	-
Pupil premium	24,637	56,140	(62,041)	-	-	18,736
Other DfE/ESFA revenue	25,856	43,978	(36,259)	-	-	33,575
Other restricted funds	-	243,419	(243,419)	-	-	-
Salix loan	-	-	-	(50,740)	-	(50,740)
Pension reserve	(2,899,000)	-	(279,000)	-	588,000	(2,590,000)
	(2,848,507)	6,375,878	(7,058,453)	354,653	588,000	(2,588,429)
Restricted fixed asset funds						
Fixed asset funds	4,037,943	-	(174,732)	381,592	-	4,244,803
DFC	-	30,505	-	(30,505)	-	-
CIF	116,930	232,182	-	(137,742)	-	211,370
Donations	-	22,385	-	(22,385)	-	-
	4,154,873	285,072	(174,732)	190,960	-	4,456,173
Total Restricted	1,306,366	6,660,950	(7,233,185)	545,613	588,000	1,867,744

ROYAL GRAMMAR SCHOOL HIGH WYCOMBE
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

19. Statement of funds (continued)

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Total funds	1,771,845	8,777,709	(8,948,871)	-	588,000	2,188,683

20. Analysis of net assets between funds

Current year

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £
Tangible fixed assets	-	-	4,542,341	4,542,341
Fixed asset investments	-	-	2	2
Current assets	487,239	1,174,828	23,734	1,685,801
Creditors due within one year	-	(1,013,022)	-	(1,013,022)
Creditors due in more than one year	-	(202,861)	-	(202,861)
Pension scheme liability	-	(3,333,000)	-	(3,333,000)
Total	487,239	(3,374,055)	4,566,077	1,679,261

Prior year

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	4,244,803	4,244,803
Fixed asset investments	-	2	-	2
Current assets	320,939	791,098	211,370	1,323,407
Creditors due within one year	-	(639,628)	-	(639,628)
Creditors due in more than one year	-	(149,901)	-	(149,901)
Pension scheme liability	-	(2,590,000)	-	(2,590,000)
Total	320,939	(2,588,429)	4,456,173	2,188,683

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

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

	2019 £	2018 £
Net expenditure for the year (as per Statement of Financial Activities)	(42,422)	(171,162)
Adjustments for:		
Depreciation	176,005	174,732
Capital grants from DfE and other capital income	(130,237)	(285,072)
Interest receivable	(6,267)	(4,666)
(Increase)/decrease in debtors	(595,921)	268,901
Increase/(decrease) in creditors	381,955	(464,787)
Pension adjustments	276,000	279,000
Loss on disposal of fixed assets	1,733	-
Net cash provided by/(used in) operating activities	60,846	(203,054)

22. Cash flows from financing activities

	2019 £	2018 £
Cash inflows from Salix loan	50,741	50,740
Repayments of Salix loan	(6,342)	-
Net cash provided by financing activities	44,399	50,740

23. Cash flows from investing activities

	2019 £	2018 £
Dividends, interest and rents from investments	6,267	4,666
Purchase of tangible fixed assets	(475,276)	(330,851)
Capital grants from DfE Group	108,716	239,469
Capital funding received from sponsors and others	21,521	-
Net cash used in investing activities	(338,772)	(86,716)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

24. Analysis of cash and cash equivalents

	2019 £	2018 £
Cash in hand	552,895	786,422
Total cash and cash equivalents	552,895	786,422

25. Capital commitments

	2019 £	2018 £
Contracted for but not provided in these financial statements		
Acquisition of tangible fixed assets	23,086	-

26. Pension commitments

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

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

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

26. Pension commitments (continued)

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS or scheme) is a statutory, unfunded, defined benefit occupational scheme, governed by the Teachers' Pensions Regulations 2010 (as amended), and the Teachers' Pension Scheme Regulations 2014 (as amended). These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers Pension budgeting and valuation account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and Public Service Pensions Act (2013) and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – contributions from members, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Acts.

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Valuation of Teachers Pension Scheme

The latest valuation of the Teachers' Pension Scheme has now taken place, in line with directions issued by HM Treasury and using membership data as at 31 March 2016. As a result of this valuation TPS employers will pay an increased contribution rate of 23.68% from September 2019 (this includes the administration levy of 0.8%). The timing of the implementation is to align its introduction with employers' budget planning cycles. Until then, employers will pay the current rate of 16.48%.

Scheme changes

The arrangements for a reformed Teachers' Pension Scheme, in line with the recommendations made by Lord Hutton, in particular the introduction of a Career Average Revalued Earnings (CARE) scheme, were implemented from 1 April 2015.

In December 2018, the Court of Appeal held that transitional protection provisions contained in the reformed judicial and firefighter pension schemes, introduced as part of public service pension reforms in 2015, gave rise to direct age discrimination and were therefore unlawful. The Supreme Court, in a decision made in June 2019, have rejected the Government's application for permission to appeal the Court of Appeal's ruling. The case will now be referred to an Employment Tribunal for a decision regarding the remedy which will need to be offered to those members of the two schemes who were subject of the age discrimination.

HM Treasury are clear that the ruling has implications for the other public service schemes, including the Teachers' Pension Scheme. Those implications are currently being considered and any impact on

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26. Pension commitments (continued)

scheme costs is expected to be looked at within the next scheme valuation, which is currently scheduled to be based on April 2020 data and implemented in April 2023.

The employer's pension costs paid to TPS in the year amounted to £546,835 (2018 - £533,000).

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.

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £302,000 (2018 - £297,000), of which employer's contributions totalled £236,000 (2018 - £233,000) and employees' contributions totalled £ 66,000 (2018 - £64,000). The agreed contribution rates for future years are 22.8 per cent for employers and between 5.5 and 12.5 per cent for employees.

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

Principal actuarial assumptions

	2019	2018
	%	%
Rate of increase in salaries	3.75	3.80
Rate of increase for pensions in payment/inflation	2.25	2.30
Discount rate for scheme liabilities	1.85	2.65
Inflation assumption (CPI)	2.25	2.30
Inflation (RPI)	3.25	3.30

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

	2019	2018
	Years	Years
<i>Retiring today</i>		
Males	22.9	24.0
Females	24.8	26.1
<i>Retiring in 20 years</i>		
Males	24.6	26.3
Females	26.7	28.5

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26. Pension commitments (continued)

Sensitivity analysis - present value of total obligation

	2019	2018
	£000	£000
Discount rate +0.1%	6,867	5,636
Discount rate -0.1%	7,162	5,876
Mortality assumption - 1 year increase	7,270	5,960
Mortality assumption - 1 year decrease	6,765	5,558
CPI rate +0.1%	7,150	5,868
CPI rate -0.1%	6,879	5,644

The Academy Trust's share of the assets in the scheme was:

	At 31	At 31 August
	August 2019	2018
	£	£
Equities	1,977,000	1,661,000
Gilts	432,000	374,000
Corporate bonds	523,000	388,000
Property	251,000	232,000
Cash and other liquid assets	118,000	189,000
Alternative assets and other	379,000	321,000
Total market value of assets	3,680,000	3,165,000

The actual return on scheme assets was £285,000 (2018 - £104,000).

The amounts recognised in the Statement of Financial Activities are as follows:

	2019	2018
	£	£
Current service cost	(401,000)	(437,000)
Past service cost	(43,000)	-
Interest cost	(65,000)	(72,000)
Administrative expenses	(3,000)	(3,000)
Total amount recognised in the Statement of Financial Activities	(512,000)	(512,000)

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26. Pension commitments (continued)

Changes in the present value of the defined benefit obligations were as follows:

	2019 £	2018 £
Opening defined benefit obligation	5,755,000	6,034,000
Current service cost	401,000	437,000
Interest cost	152,000	153,000
Employee contributions	66,000	64,000
Actuarial losses/(gains)	665,000	(565,000)
Benefits paid	(69,000)	(368,000)
Past service costs	43,000	-
Closing defined benefit obligation	7,013,000	5,755,000

Changes in the fair value of the Academy Trust's share of scheme assets were as follows:

	2019 £	2018 £
Opening fair value of scheme assets	3,165,000	3,135,000
Interest income	87,000	81,000
Actuarial gains	198,000	23,000
Employee contributions	66,000	64,000
Benefits paid	(69,000)	(368,000)
Admin expenses	(3,000)	(3,000)
Employer contributions	236,000	233,000
Closing fair value of scheme assets	3,680,000	3,165,000

The amount shown in the Statement of Financial activities is:

	2019 £	2018 £
Changes in financial assumptions	(665,000)	565,000
Return on assets excluding amounts included in net interest	198,000	23,000
Actuarial gains/(losses) on defined benefit pension schemes	(467,000)	588,000

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FOR THE YEAR ENDED 31 AUGUST 2019

26. Pension commitments (continued)

	2019	2018
	£	£
The amount shown in the Balance Sheet is:		
Present value of defined benefit obligation	(7,013,000)	(5,755,000)
Fair value of scheme assets	3,680,000	3,165,000
Defined benefit pension scheme liability	<u>(3,333,000)</u>	<u>(2,590,000)</u>

27. Operating lease commitments

At 31 August 2019 the Academy Trust had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	Academy Trust	Academy Trust
	2019	2018
	£	£
Not later than 1 year	270,979	272,138
Later than 1 year and not later than 5 years	1,036,673	1,052,117
Later than 5 years	1,340,000	1,580,000
	<u>2,647,652</u>	<u>2,904,255</u>

28. 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.

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29. Related Party Transactions

Owing to the nature of the Academy Trust 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 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 trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

Wycombe Royal Grammar School Foundation, a registered charity, holds the majority of the land and buildings in trust for use by the Academy Trust. During the year, the Foundation charged £240,000 (2018: £240,000) for rent of the boarding accommodation and provided donations of £280,435 (2018: £42,441) to promote the education of present and former pupils. The Academy Trust owed £1,504 at the year end to Wycombe Royal Grammar School Foundation (2018: Academy Trust was owed £198 at the year end by Wycombe Royal Grammar School Foundation).

No other related party transactions took place in the period of account, other than certain Trustees' remuneration and expenses already disclosed in note 14.

30. Agency arrangements

The Academy Trust distributes Staff Common Room income and expenditure. In the accounting period ending 31 August 2019, the Academy Trust received £2,286 and disbursed £2,103 from the fund. An amount of £183 is included in other creditors.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

31. Academy boarding trading account

	2019 £	2019 £	2018 £	2018 £
Income				
Direct income				
Fee income	949,152		931,778	
Total income		949,152		931,778
Other expenditure				
Boarding staff costs	344,616		329,463	
Buildings maintenance	10,640		7,473	
Rent and rates	244,579		243,694	
Utilities	49,745		40,171	
Catering costs	195,733		188,741	
Other costs	34,941		51,625	
Total other expenditure	880,254		861,167	
Total expenditure		880,254		861,167
Capital expenditure		(9,983)		(46,026)
Surplus from all sources		58,915		24,585
Boarding balances at 1 September 2018		98,433		73,848
Boarding balances at 31 August 2019		157,348		98,433