

Clitheroe Royal Grammar School
(A Company Limited by Guarantee)

Annual Report and Financial Statements

Year Ended 31 August 2016

Clitheroe Royal Grammar School

Annual Report and Financial Statements for the year ended 31 August 2016

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Clitheroe Royal Grammar School

Reference and administrative details for the year ended 31 August 2016

Members	Dr A D Clayton Mrs J S Hart Mr A Rogers Mrs J Child Mr W Honeywell Rev A Froud
Trustees / Members of Governing Body	Mr M Blacklidge – (Foundation) – Appointed 19/11/2015 Dr A D Clayton* – Chairman (Foundation) Mr A Clavell Bate* (Foundation) Mrs J O'Duffy (Foundation) Mr J Sutton* Vice Chairman (Foundation) Mrs S Trickett (Foundation) – Resigned 09/10/2015 Mr A Rogers* - Chairman of Finance (Community) Mr A Scholfield* (Community) Mr C P Watson (Community) Mrs N B Afghan (Parent) - Resigned 01/02/2016 Mr I Ali (Parent) Mrs A Singh (Parent) – Appointed 05/07/2016 Mr D Singh* (Parent) Mr P Smalley* (Parent) – Elected 20/10/2015 Mr J Alcock* (Staff) – Elected 25/01/2016 Mrs M Dickinson* (Staff) – Term of office ended 31/10/2015 Mr R Gadd (Staff) – Resigned 28/09/2016 Mrs J Graham (Staff) Dr J Iqbal (Co-opted) Mrs A Taylor (Co-opted) Dr H Whitehead* (Member) Mrs J Child* - Head teacher & Accounting Officer (*Members of Finance Committee)
Secretary	Mr A McKinnell – Resigned 30/06/2016 Mr G Keough – Appointed 01/07/2016
Senior Leadership Team	Mrs J Child (Head teacher) Mr J Powell (Deputy Head teacher) Mrs C Reeves (Deputy Head teacher) Miss J Renold (Assistant Head teacher) Mrs K Johnston (Assistant Head teacher) Mrs C George (Assistant Head teacher) Mr A McKinnell (Bursar) – Resigned 30/06/2016 Mr G Keough (Bursar) – Appointed 01/07/2016
Registered Office	York Street Clitheroe BB7 2DJ

Clitheroe Royal Grammar School

Reference and administrative details (continued)

Company Registration Number	07461173
Independent Auditor	CWR Chartered Accountants 20 Mannin Way Lancaster Business Park Caton Road Lancaster LA1 3SW
Bankers	Barclays Bank plc Castle Street Clitheroe BB7 2BT
Foundation	Trustees of the Clitheroe Royal Grammar School Foundation York Street Clitheroe BB7 2DJ

Clitheroe Royal Grammar School

Trustees' Report for the year ended 31 August 2016

The Trustees present their annual report together with the financial statements and auditor's report of Clitheroe Royal Grammar School (the Academy Trust / School) for the period from the 1 September 2015 to the 31 August 2016. The annual report serves the purposes of both a trustees' report, and a directors' report including a strategic report under company law.

Clitheroe Royal Grammar School operates a School for pupils aged 11 to 18 who are preferentially drawn from the area in which the School is situated. As a former grammar school designated as such under section 104 of the School Standards and Framework Act 1998 the School selects its intake at Year 7 by reference to academic ability. The School operates an open-access Sixth Form and as such typically admits between 200 and 220 students from other 11 – 16 providers in the area at Year 12, in addition to those continuing into Year 12 from the School itself. At its formation on 1 January 2011 the School had a planned capacity of 1,321. The Main School (Years 7 to 11) had a roll of 594 in the school census of October 2015 and the Sixth Form a roll of 597.

1. STRUCTURE, GOVERNANCE AND MANAGEMENT

1.1 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 Trustees of Clitheroe Royal Grammar School are also the Directors of the Charitable Company for the purposes of company law. The Charitable Company is known as Clitheroe Royal Grammar School (the School) (company number 07461173).

Additionally, the Trustees of Clitheroe Royal Grammar School are also the Governors of the School and as such are all members of the Governing Body of the School. Details of the Trustees, who served throughout the year, as members of the Governing Body, are included in the Reference and Administrative Details on Page 2.

1.2 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.

1.3 Trustees' Indemnities:

Since the incorporation of the Charitable Company on the 6 December 2010 the Trustees (Directors) have been indemnified in respect of their legal liability for financial loss arising as a result of a negligent act, accidental error or omission in the course of their official duties. As explained in note 10 to the Financial Statements the limit of this indemnity is £2,000,000.

1.4 Principal Activities:

The principal activity of Clitheroe Royal Grammar School is to provide a quality, free education for young people, aged 11 to 19, who live in the area local to the School.

In determining its intake at Year 7 the School preferentially accepts those young people who live in the town of Clitheroe and the surrounding 41 civil parishes (as defined in the School's Admissions Policy). At Year 12, in excess of 200 students join those already in the School to enter the Sixth Form, from other Schools in the area.

1.5 Method of Recruitment and Appointment or Election of Governors (Trustees):

The processes for appointing or electing the various types of Governor to the Governing Body at Clitheroe Royal Grammar School are as follows:

- 1) *Foundation Governors* – The Trustees of the Clitheroe Royal Grammar School Foundation have the right to appoint up to FIVE governors of the School. Such appointments are usually made following consultation by the Trustees of the Foundation with the Governing Body of the School.

Clitheroe Royal Grammar School

Trustees' Report for the year ended 31 August 2016 (continued)

In addition to their overall role as Governors and Trustees, the Foundation Governors are appointed for the purpose of securing that the character of the School is preserved and developed; i.e. a selective 11 to 16 grammar school with an open access sixth form. They are also appointed to ensure that the School is conducted in accordance with the Foundation's governing documents as well as any trust deed relating to the School.

- 2) *Parent Governors* – The Articles of Association require that there shall be FOUR Parent Governors. Parents, including carers, of registered pupils at the School are eligible to stand as individuals for election as a Parent Governor. They are elected by other parents at the School as individuals who are representative of the parental body. Suitable procedures have been put in place for the conduct of Parent Governor elections.

If insufficient parents stand for election, the Governing Body must appoint Parent Governors to bring their number up to that required by the Articles of Association. Such appointed Parent Governors would preferentially be parents or carers of registered pupils at the School. If, however, no such parents are willing to undertake the role then the Governing Body can appoint any person who is the parent or carer of one or more school-age children.

- 3) *Staff Governors* – Up to THREE Staff Governors are elected by the School staff as individuals, representative of the staff of the School. Both teaching and support staff paid to work at the School are eligible for staff governorship.

At Clitheroe Royal Grammar School the first and third Staff Governor places are reserved for teachers of the School. If, however, no teacher stands for election a member(s) of the support staff can be elected to take one or both of these places.

Additionally, the second Staff Governor place is reserved for a member of the School's support staff, but if no member of the support staff stands for election then a teacher can be elected to take that place.

Suitable procedures have been put in place for the conduct of Staff Governor elections.

- 4) *Community Governors* – Up to FOUR Community Governors can be appointed by the Governing Body. Community Governors can be people who live or work in the community served by the School, or people who live outside the immediate area and who are committed to the good governance and success of the School.

Vacancies for Community Governors will be posted on the School's web site. Anyone expressing an interest in becoming a Community Governor will be asked to provide an appropriate curriculum vitae with their letter of application. Following an informal interview with the Chairman and Head teacher each application will be considered by the Governing Body.

The Governors may not appoint an employee of Clitheroe Royal Grammar School as a Community Governor if the number of Governors who are employed by the School (including the Head teacher) would thereby exceed one third of the total number of Governors.

- 5) *Co-opted Governors* – Up to THREE Co-opted Governors can be appointed by the Governing Body because they have experience and/or expertise of particular benefit to the school. Following an identification of specific needs suitable candidates are identified by the Governing Body and approached accordingly.

A "Co-opted Governor" means a person who is appointed to be a Governor by being co-opted by Governors who have not themselves been so appointed.

The Governors may not appoint an employee of Clitheroe Royal Grammar School as a Co-opted Governor if the number of Governors who are employed by the School (including the Head teacher) would thereby exceed one third of the total number of Governors.

- 6) *Member Governor* - The Members of Clitheroe Royal Grammar School (the Academy Trust) may appoint up to ONE Governor.

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Trustees' Report for the year ended 31 August 2016 (continued)

1.6 Policies and Procedures Adopted for the Induction and Training of Governors:

Following their appointment/election all new Governors receive an introduction to their role from the Chairman and Head teacher, this introduction includes tours of the School's sites and the opportunity to meet members of the Senior Leadership Team.

The Governing Body at Clitheroe Royal Grammar School is committed to providing adequate opportunities for Governors to undertake and receive suitable training so as to enable them to undertake their role more effectively. To this end the Governing Body maintains a Service level Agreement with the Lancashire County Council's Governor Services Department. This Agreement allows for any or all of the members of the Governing body to attend any of the training courses provide by Lancashire County Council.

All new Governors are actively encouraged to take advantage of this Agreement so as to gain a better understanding of the role and responsibilities of being a School Governor and Trustee. Additionally Governors with specific roles within the Governing Body are strongly encouraged to undertake specific training.

There is a nominated Link Governor who acts as liaison between Governor Services and the Governing body.

1.7 Organisational Structure:

Before conversion to academy status on 1 January 2011 Clitheroe Royal Grammar School was a foundation school with a foundation, as defined in the School Standards and Framework Act 1998. The relative autonomy of a foundation school meant that the former Governing Body was structured to undertake similar roles to those required of the Trustees of an academy. Consequently, whilst the extra responsibilities of the Governing Body of the Academy Trust have been recognised, its structure still reflects its very successful predecessor.

At Clitheroe Royal Grammar School the majority of the roles and responsibilities of the Governing Body have been delegated to a small number of committees, as defined in the School's Standing Orders. The full Governing Body has retained responsibility for certain aspects, again as defined in the Standing Orders.

Members of the Senior Leadership Team (SLT), in addition to the Head teacher, attend Governing Body meetings as appropriate.

The Governing Body is responsible for the strategic management of the School; deciding and setting key aspects of the School, including strategic direction, annual budgets, senior staff appointments, policy changes etc. Operational management is the responsibility of the Head teacher and staff. This latter is carried out at a number of levels; i.e. by the Senior Leadership Team, Heads of Learning, Heads of Year and Sixth Form Tutors.

School policies are developed by senior members of the School's staff, to reflect both the strategic direction agreed by the Governing Body and also statutory requirements. These policies are approved and adopted by the Governing Body, and implemented as procedures and systems by the SLT and other designated members of staff.

During the year ending 31 August 2016 the full Governing Body met four times; the Finance Committee four times; the Estates Committee three times; the Students and Staffing Committee three times, the Curriculum and Achievement Committee three times; and the Admissions Committee once.

1.8 Arrangements for Setting Pay and Remuneration of Key Management Personnel:

Arrangements for setting the pay and remuneration of key management personnel follows the School Teachers Pay and Conditions document (STPCD) and the Lancashire County Council Whole School Pay Policy. The Governing Body of Clitheroe Royal Grammar School adopted this Whole School Pay Policy to provide a clear framework to exercise its powers in relation to the pay of individual members of staff. The Governing Body has established a Committee to exercise their functions in relation to the Pay Policy, with clearly delegated responsibilities.

For a new appointment to the post of Head teacher, the Governing Body must review the salary range taking account of the responsibilities of the post, the social, economic and cultural background of pupils attending the school, whether

Clitheroe Royal Grammar School

Trustees' Report for the year ended 31 August 2016 (continued)

the post is difficult to fill and the appropriate positions of other leadership group pay ranges.

For a new appointment to the post of Deputy or Assistant Head teacher, the Governing Body must review the salary range taking account of the responsibilities and challenges of the post and whether the post is difficult to fill.

Once in post, the Head teacher, Deputy or Assistant Head teacher's overall performance must be reviewed by the Appraisal Committee/Head teacher, with particular reference to the quality of the Head teacher, Deputy or Assistant Head teacher's leadership and management and the progress made by pupils at the school, in accordance with the school's policy on appraisal/performance management.

Movement up the pay range can only take place following a review of performance (including performance objectives) (with the advice of an independent external adviser for Head teacher performance review), at the end of the school year, and the review has shown sustained high quality of overall performance. The pay range is not an incremental scale and there is no right of progression following a review of performance.

1.9 Related Parties and Other Connected Charities and Organisations:

The Trustees of the Clitheroe Royal Grammar School Foundation (Charity No. 526597) hold on trust, funds and investments that are the result of donations and endowments made over the years since the founding of the School by Letters Patent of Queen Mary in 1554. The income from this capital is used in two ways:

- 1) In providing for the School such special benefits of any kind as may from time to time be agreed between the Governing Body of the School and the Trustees of the Foundation.
- 2) In otherwise promoting the education (including social and physical training) of persons who are pupils of the School or former such pupils under the age of 25 years and who are in need of financial assistance.

The level of support that the Trustees of the Foundation have been able to provide for the School has naturally varied slightly over the years, due in part to the vagaries of the financial markets. Over the past few years, the trustees of the foundation have been able to donate valuable funds in support of various capital projects.

The Trustees of the Clitheroe Royal Grammar School Foundation also hold the freehold to the High Moor Playing Fields of the School, which are let at a peppercorn rent on a 125 year lease to the Academy Trust.

2. OBJECTIVES AND ACTIVITIES

2.1 Objects and Aims:

The principal object and activity of the Charitable Company is the operation of Clitheroe Royal Grammar School to provide education for pupils between the ages of 11 and 18 with an emphasis on languages.

The School provides an education for pupils who are preferentially drawn from the area in which the School is situated. As a former grammar school designated as such under section 104 of the School Standards and Framework Act 1998 the School selects its intake at Year 7 by reference to academic ability. The School, however, operates an open-access sixth form and as such admits approximately 220 students from other 11 – 16 providers in the area at Year 12 in addition to those continuing into Year 12 from the School itself.

2.2 Objectives, Strategies and Activities:

The Academy Trust was set up on 6 December 2010 to advance, for the public benefit, education in the Clitheroe area of the County of Lancashire by maintaining, operating and developing Clitheroe Royal Grammar School; a school with a history and tradition dating back to 1554. Clitheroe Royal Grammar School offers a broadly-based curriculum with a particular emphasis on languages.

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Trustees' Report for the year ended 31 August 2016 (continued)

The aims of the school rest on the following principles:

- a belief that all students have various talents that need encouragement to develop.
- a recognition that school should be a preparation for life in the fullest possible sense and that students do need a sound basis of knowledge, skill, competence and experience to equip them to cope with the many roles they will have to take on during their lives.
- the need for a working environment which secures effective teaching and learning, and values achievement by all students in their social, moral, spiritual, cultural, mental and physical development.

Clitheroe Royal Grammar School therefore aims to encourage students to:

- Develop lively, enquiring minds capable of original thought and well-balanced critical argument.
- Become confident, independent learners, well-equipped for lifelong learning.
- Derive enjoyment from their learning which should extend their intellectual capacity, develop their interest and stimulate their curiosity.
- Embrace the many opportunities afforded by developments in information and communication technologies, whilst fully accepting the responsibilities that go with using them properly.
- Engage in a broad programme of experiences which enable them to appreciate their cultural inheritance and to understand more about themselves and the world in which they live.
- Develop the capacities to make informed, rational and responsible decisions and to work in ways which enhance their self-respect and sensitivity to the needs of others, particularly those less advantaged than themselves.
- Show respect for each other and all people working in the school, and to appreciate the diverse talents that contribute to our school community.
- Play a full part in creating a caring, supportive school environment.
- Develop a range of reasoned beliefs and values and a sympathy and respect for those held by others, which will prepare them to become considerate and responsible citizens.
- Display self-discipline and proper regard for authority.
- Foster good behaviour and avoid all forms of bullying.

2.3 School Improvement Plan (SIP) for the Academic Year 2016-17:

As a school we wish to maintain our overall grading of outstanding. In September 2016 we implemented a School Improvement Plan (SIP) which will run until April 2018. In addition we have implemented a Main School Action Plan.

Outcomes for Students (Achievement)

- Challenge our most able students and increase % of A* grades awarded to students.
- Student achievement in all key stages exceeds benchmarks for the top 25% of schools.
- Reduce within-school variation.
- Monitor, track and intervene (focus on specific groups).
- Ensure that the target setting system is challenging and appropriate for all students.

Quality of Teaching, Learning and Assessment

- Develop effective whole-school robust and accurate assessment and tracking procedures in light of curriculum changes.
- Implement the Quality Assurance systems for Teaching and Learning (T&L) to ensure we have an accurate picture of teaching over time.
- Share good practice in T&L through collaborative planning and supportive observations.
- Meet the individual needs of students through a range of Teaching and Learning approaches (differentiation).
- Coherently plan the teaching of literacy across the school.

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Trustees' Report for the year ended 31 August 2016 (continued)

Personal Development, Behaviour and Welfare

- Encourage students to develop a Growth Mindset.
- Encourage students to take responsibility for their learning.
- Develop further student leadership and enrichment opportunities.
- Continue to ensure Student Voice is heard and acted upon where appropriate.
- Celebrate diversity and develop greater cultural understanding.

Effectiveness of Leadership and Management

- Embed curriculum changes at all key stages.
- Develop leadership capacity at all levels in our school including succession planning.
- Ensure the efficient use of resources for financial stability.
- Carefully plan for the increased Planned Admission Numbers (PAN) at Main School.
- Investigate ways to improve staff well-being.

2.4 Public Benefit:

The Trustees have considered the Charity Commission's guidance on Public Benefit. The key public benefit delivered by Clitheroe Royal Grammar School is the maintenance and development of the high quality education provided by the School, for over 460 years, to the young people of Clitheroe and the surrounding parishes.

In doing this Clitheroe Royal Grammar school not only offers a broadly-based academic education but aims to educate the whole individual. A very wide-range of extra-curricular activities, educational trips, visits and foreign exchange programmes are offered and undertaken.

3. STRATEGIC REPORT

3.1 Achievements and Performance:

Clitheroe Royal Grammar School ensures that it evaluates thoroughly both student attainment and progress.

Analysis of public examination outcomes for the academic year 2015/6

Clitheroe Royal Grammar School has high aspirations for its students and a drive for continuous improvement. The School's analysis of examination performance is very thorough, making excellent use of performance and benchmarking data from a range of sources. Heads of Learning are provided with the resources to undertake a full evaluation of the impact of teaching and learning on the cohort and also groups of students.

Key Stage 3

- Standards remain high in Mathematics and achievement/progress has improved further in 2016.
- Standards in English in terms of the proportion of pupils achieving L7+ has declined slightly, however this is a function of conservative teacher assessment.
- Tracking data for years 7 and 8 demonstrate good progress in Science.
- Outcomes in KS3 are judged to be good.

Key Stage 4

- Overall standards at the end of KS4 in 2016 remain well above national averages.
- Standards in the three core subjects are good.
- Grade quality, as measured by the points score per subject entry, is excellent.
- The proportion of the cohort achieving 5+A*-A grades, at 68.4 %, is high.

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Trustees' Report for the year ended 31 August 2016 (continued)

- Standards are good in English and Maths and high in Science.
- Standards and achievement across a broad range of GCSE option subjects remains consistently strong, and this is a significant strength of the school.
- Outcomes in KS4 are judged to be good.

Key Stage 5 (A Level)

- Standards are above average. The proportion of A Level grades awarded at A*-B, at 64.5% is significantly above the national figure (approximately 53 %).
- The proportion of A* grades awarded, at 15% is improved on last year and above the national average of 8.6%.
- The Advanced Level Performance System (ALPS) value added measure (grade 4) suggests that outcomes in the majority of subjects were either in line with or above expectation given the prior attainment of students. A significant number of departments continue to have upper quartile value added. Strongest achieving large entry subjects were English Literature, Further Maths, General Studies, Government and Politics, Physics, PE and Sociology.
- The overall ALPS value added quality measure (grade 4) sustains the significant improvement made last year and suggests that students made better than expected progress.
- The Level 3 value added report shows that A level achievement is above average (statistically significant).

Key Stage 5 (AS)

- Overall standards at AS remain above average.
- Standards in terms of the %AB grades are above national averages for most large entry subjects.
- The ALPS value added analysis suggests that outcomes in most subjects were broadly as expected given the prior attainment of students.
- Achievement at AS Level is securely good.

3.2 Key Performance Indicators:

The School sets key targets through the School Improvement Plan, which is monitored regularly through rigorous self-evaluation. Examination results are carefully monitored against set targets, RAISE Online, Level 3 Value Added. Our School's success is not only measured by external examination results, however, and the very positive responses to our student and parent questionnaires indicate that students have a wide range of opportunities to develop into well-rounded individuals.

The School complies with all the terms and conditions of its Funding Agreement with the EFA and manages its reserves in line with the policy set out below.

3.3 Going Concern:

After making appropriate enquiries, the Governing Body has a reasonable expectation that Clitheroe Royal Grammar School 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 (note 1).

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Trustees' Report for the year ended 31 August 2016 (continued)

4. FINANCIAL REVIEW

4.1 Operating and Financial Review for the year:

Most of the School's income is obtained from the DfE via the EFA in the form of its General Annual Grant (GAG), the use of which is restricted to particular purposes; i.e. the objects of the Academy Trust. The GAG received during the period covered by this report and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

In the autumn term of 2015 the Governors were very pleased to be able to open formally the newly extended library at the Sixth Form Centre "The Smithies Library", thus providing a considerable increase in the amount of private study area available to students in the Sixth Form Centre. The Smithies Library has proved to be extremely popular with the School's Sixth Form and the Governors wish to express their gratitude herein to Mr and Mrs Smithies, whose trust fund provided the funding for this exciting development.

The School was successful in obtaining funding from the Government's Condition Improvement Fund (CIF) to carry out essential maintenance to the flat roofs at the Chatburn Road site and also damp-proofing work at the York Street site in the former weaving shed. Following on from the latter work the Governors were pleased to be able to convert the now-unused Design and Technology room at York Street into much-needed extra canteen/social space for the Sixth Form students.

On conversion on 1 January 2011, all of the fixed assets of the former foundation school were transferred to the Academy Trust, and are shown as restricted asset funds. The balance sheet restricted fixed asset fund is reduced by depreciation charges over the expected useful life of the assets concerned, as explained in Note 1 to the Financial Statements.

Expenditure for the period covered by this report was covered by the GAG received from the DfE and other income, such as a successful CIF bid, voluntary income, activities for generating funds and investment income.

During the accounting period, total revenue income exceeded total expenditure by £37,000. As at the year end the combined General Restricted Fund and Unrestricted Fund show a cumulative reserve, before the actuarial loss on defined benefit pension schemes, of £614,000.

The Trustees are concerned with the very large deficit that the Local Government Pension Fund is reporting. (See note 25 to the Financial Statements).

4.2 Reserves Policy:

The Finance Committee has reviewed the School's reserve levels and has determined that a reserve equivalent to around 5% of its GAG should provide sufficient working capital to cover delays between spending and receipt of grants, and to cover any emergencies such as urgent maintenance work.

Under its Funding Agreement with the Secretary of State for Education Clitheroe Royal Grammar School currently has no carried forward restriction on its reserves at the year end.

4.3 Investment Policy:

Apart from the cash held for the operation of the School, Clitheroe Royal Grammar School has no realisable investments. With respect to its cash holdings the Trustees have adopted a low risk strategy. In addition to the main current account the School maintains an instant access deposit account. Suitable sweeping and switching procedures are in place at the School's bankers to ensure that adequate funds are available in the current account whilst maintaining a balance in the deposit account as high as possible.

Clitheroe Royal Grammar School

Trustees' Report for the year ended 31 August 2016 (continued)

4.4 Principal Risks and Uncertainties:

Following its conversion to an academy on 1 January 2011 the Governing Body of Clitheroe Royal Grammar School undertook a comprehensive assessment of possible risks to the future of the academy (Risk Register).

Following this initial risk assessment, the major risks to which the School is exposed have been reviewed regularly by the Finance Committee and systems and procedures have been developed to manage and mitigate these risks.

The chief risks identified include:

- Variations year on year in the numbers of students joining the School at Year 12, with a concomitant effect upon funding levels.
- Year on year reductions in the per capita funding of students in the School's Sixth Form, totalling approx 20% since conversion of the School to academy status.
- Deficit in the Local Authority Pension Scheme.
- Increased employment costs brought about by increases in employers National Insurance contributions, pension contributions and staff pay rises.

5. PLANS FOR FUTURE PERIODS

Clitheroe Royal Grammar School will continue to work to maintain the performance of its students at all levels. Additionally, it will continue its efforts to improve the achievements of its students, not only in academic subjects but also in extra-curricular activities and in essential life skills; so as to increase the number of opportunities open to its students when they move on to higher education and ultimately employment.

A few years ago the Governing Body had noted the large numbers of new houses that are currently being constructed within the School's "catchment area" and consequently resolved to increase the School's Planned Admission Number (PAN) at Year 7 from 120 to 150, with effect from September 2016. This increase took place successfully and we look forward to welcoming 150 students into each Year 7 in future, which governors anticipate will necessitate further investment in educational facilities.

The Governing Body was concerned that, without this increase in the PAN at Year 7, year on year an increasing number of Year 6 pupils from the local area, for whom Clitheroe Royal Grammar School has traditionally provided a suitable academic-style education, would miss out on the opportunity to come to the School

The Trustees recognise that through good financial management, during both a decade of foundation school status and, more recently as an academy, they have been able to invest in and improve significantly the quality of the built environment of both sites of the School. The improvements made have not only been in the quality of the teaching spaces and facilities but also in the social and recreational areas for students and in the facilities for both teaching and support staff.

6. FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

During the period 1 September 2015 to 31 August 2016 Clitheroe Royal Grammar School did not hold any funds as a custodian trustee on behalf of any other charitable organisation.

Clitheroe Royal Grammar School

Trustees' Report for the year ended 31 August 2016 (continued)

7. AUDITOR

In so far as the Trustees are aware:

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

The Trustees' report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on the 8th December 2016 and signed on the board's behalf by:



.....
Dr Andrew David Clayton
Chair of Governors (Trustees)

Clitheroe Royal Grammar School

Governance Statement for the year ended 31 August 2016

1 Scope of Responsibility:

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

The Board of Trustees has delegated the day-to-day responsibility to the Head teacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Clitheroe Royal Grammar School and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

2 Governance:

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Governing Body met formally four times during the year. Attendance during the year at meetings of the Governing Body was as follows:

GOVERNOR (TRUSTEE)	MEETINGS ATTENDED	OUT OF POSSIBLE
Mr M Blackledge	3	3
Dr A D Clayton (Chairman)	3	4
Mr A Clavell-Bate	4	4
Mrs J O'Duffy	4	4
Mr J Sutton	4	4
Mrs S Trickett	0	1
Mr A Rogers	4	4
Mr A Scholfield	3	4
Mr C P Watson	4	4
Mrs N B Afghan	2	2
Mr I Ali	2	4
Mrs A Singh	1	1
Mr D Singh	3	4
Mr P Smalley	2	3
Mr J Alcock	1	2
Mrs M Dickinson	0	1
Mr R Gadd	2	4
Mrs J Graham	4	4
Dr J Iqbal	2	4
Mrs A Taylor	3	4
Dr H Whitehead	2	4
Mrs J Child (Head teacher)	4	4

The Trustees recognise the importance of reviewing their effectiveness. In this respect each Trustee completes a self-review skills matrix. The resulting amalgamated skills matrix is used as one of the tools in an internal review of effectiveness. As a basis for this review the Chairs Committee adopt a methodology based upon those published by a number of Local Authorities, the National Governors Association (NGA) and other interested bodies. The Trustees regard this review as an on-going process.

Clitheroe Royal Grammar School

Governance Statement for the year ended 31 August 2016 (continued)

The **Finance Committee** is one of the committees of the main Governing Body. Its main purposes are to:

- a) Approve the annual indicative and final budgets;
- b) Maintain a 3 year financial plan;
- c) Ensure that the School financial systems are in accordance with the guidance set down in the Academies Financial Handbook;
- d) Ensure that requirements of the School's Internal Financial Regulations are met;
- e) Receive regular reports from the School's Responsible Officer;
- f) Be responsible for reviewing the effectiveness of the School's internal systems and procedures, so as to ensure that the objectives of the School are achieved in an economic and timely manner;
- g) Approve major items of expenditure.

Attendance at meetings of the Finance Committee in the year was as follows:

GOVERNOR (TRUSTEE)	MEETINGS ATTENDED	OUT OF POSSIBLE
Dr A D Clayton (Chairman)	4	4
Mr A Clavell-Bate	3	4
Mr J Sutton	3	4
Mr A Rogers	4	4
Mr A Scholfield	2	4
Mr D Singh	3	4
Mr P Smalley	2	3
Mr J Alcock	0	2
Mrs M Dickinson	1	1
Dr H Whitehead	3	4
Mrs J Child (Head teacher)	4	4

3 Review of Value for Money:

As accounting officer the Head teacher has responsibility for ensuring that Clitheroe Royal Grammar School delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider social outcomes 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 the academic year, and reports to the board of trustees where value for money can be improved including the use of benchmarking data where available. The accounting officer for the School has delivered improved value for money during the year by:

- Reducing the staffing budget whilst retaining student numbers and hence income
- Reducing the staff INSET budget by holding more in-house training
- Maximising income generation by submitting a successful bid to obtain funding from the Government's Condition Improvement Fund (CIF)
- Improving educational outcomes at KS5

Clitheroe Royal Grammar School

Governance Statement for the year ended 31 August 2016 (continued)

4 The Purpose of the System of Internal Control:

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Clitheroe Royal Grammar School policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The system of internal control has been in place at Clitheroe Royal Grammar School for the period 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

5 Capacity to Handle Risk:

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

6 The Risk and Control Framework:

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Governing Body;
- regular reviews by the 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;
- delegation of authority and segregation of duties;
- identification and management of risks.

The School's system of internal financial control was introduced following its conversion to academy status. The system adopted is a natural evolution of that in place as a foundation school (which was compliant with Financial Management Standards in Schools (FMSIS)) and is in line with the requirements of the Academies Handbook.

The Governing Body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Governors have appointed CWR Chartered Accountants, the external auditor, to perform additional checks. The reviewer's role includes giving advice on financial matters and performing a range of checks on the School's financial systems. In particular, the checks carried out in the current period included:

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

Over the current period, CWR Chartered Accountants as the reviewer reported to the Governing Body on a quarterly basis, through the Finance Committee, on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities. No material control issues of any significance have arisen as a result of these checks. The Governors have, however, taken due heed of any comments and suggestions made by the reviewer in respect of any minor issues or improvements to be made to the Schools' systems and practices; and have acted accordingly.

Clitheroe Royal Grammar School

Governance Statement for the year ended 31 August 2016 (continued)

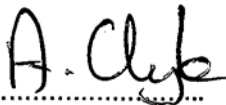
7 Review of Effectiveness:

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

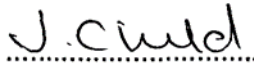
- the work of the reviewer;
- the work of the external auditor;
- the financial management and governance self-assessment process;
- the work of the executive managers within the School who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the Members of the Governing Body on the 8th December 2016 and signed on its behalf by:



.....
Dr Andrew David Clayton
Chair of Governors (Trustees)



.....
Mrs Judith Child
Accounting Officer

Clitheroe Royal Grammar School

Statement on Regularity, Propriety and Compliance for the year ended 31 August 2016

As Accounting Officer of Clitheroe Royal Grammar School I have considered my responsibility to notify the Academy Trust Board of Trustees and the Education Funding Agency (EFA) of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

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

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



.....
Mrs Judith Child
Accounting Officer

Date: 8th December 2016

Clitheroe Royal Grammar School

Statement of Trustees' Responsibilities for the year ended 31 August 2016

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

Company law requires the Trustees to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for the year. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) 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 operation.

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 to the requirements both of propriety and good financial management. They are also responsible for ensuring that grants received from the Education Funding Agency and Department for Education have been applied for the purposes intended.

In so far as the Trustees are aware:

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

The Trustees 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 the 8th December 2016 and signed on its behalf by:



.....
Dr Andrew David Clayton
Chair of Governors (Trustees)

Clitheroe Royal Grammar School

Independent Auditor's Report to the Members of Clitheroe Royal Grammar School for the year ended 31 August 2016

We have audited the financial statements of Clitheroe Royal Grammar School for the year ended 31 August 2016 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Academy Trust and its Members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities set out on page 19, 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.

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

Scope of the audit of the financial statements

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

Opinion on financial statements

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 2016, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Annual Report including the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

(Continued)

Clitheroe Royal Grammar School

Independent Auditor's Report to the Members of Clitheroe Royal Grammar School for the year ended 31 August 2016 (continued)

Matters on which we are required to report by exception

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

- 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.



Mr Phillip Dennison FCCA (Senior Statutory Auditor)
For and on behalf of CWR Chartered Accountants
Statutory Auditor
20 Mannin Way
Lancaster Business Park
Caton Road
Lancaster
LA1 3SW

Date: 19th December 2016

Clitheroe Royal Grammar School

Independent Reporting Accountant's Assurance Report on Regularity to Clitheroe Royal Grammar School and the Education Funding Agency for the year ended 31 August 2016

In accordance with the terms of our engagement letter dated 8 August 2016 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Clitheroe Royal Grammar School during the year from 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of Clitheroe Royal Grammar School's Accounting Officer and the reporting accountant

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

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2015 to 2016. 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 from the 1 September 2015 to the 31 August 2016 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2015 to 2016 issued by EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw our conclusions includes:

- Obtaining evidence including those tests relevant to the circumstances of the Academy Trust as prescribed in Section 9.4 of the Academies Accounts Direction 2015 to 2016 issued by EFA; and
- Planning and performing any additional tests we deemed necessary to express an opinion on regularity.

(Continued)

Clitheroe Royal Grammar School

Independent Reporting Accountant's Assurance Report on Regularity to Clitheroe Royal Grammar School and the Education Funding Agency for the year ended 31 August 2016 (continued)

Conclusion

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



Mr Phillip Dennison FCCA (Senior Statutory Auditor)
For and on behalf of CWR Chartered Accountants
Statutory Auditor
20 Mannin Way
Lancaster Business Park
Caton Road
Lancaster
LA1 3SW

Date: 19th December 2016

Clitheroe Royal Grammar School

Statement of Financial Activities (including Income and Expenditure Account) for the year ended 31 August 2016

	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2016 £000	Total 2015 £000
Income and endowments from:						
Donations and capital grants	2	2	367	432	801	1,040
Charitable activities:						
Funding for the School's educational operations	5	-	5,689	-	5,689	5,884
Other trading activities	3	256	-	-	256	260
Investments	4	1	-	-	1	1
Total		259	6,056	432	6,747	7,185
Expenditure on:						
Raising funds		-	-	-	-	-
Charitable activities:						
School's educational operations	6,7	257	6,359	387	7,003	7,387
Other		-	-	-	-	-
Total		257	6,359	387	7,003	7,387
Net income/(expenditure)		2	(303)	45	(256)	(202)
Transfers between funds	15	-	338	(338)	-	-
Other recognised gains/(losses)						
Actuarial (losses)/on defined benefit pension schemes	15, 25	-	(887)	-	(887)	(61)
Net movement in funds		2	(852)	(293)	(1,143)	(263)
Funds brought forward at 1 September 2015	15	381	(1,360)	16,066	15,087	15,350
Total funds carried forward at 31 August 2016		383	(2,212)	15,773	13,944	15,087

All income and expenditure derive from continuing activities.

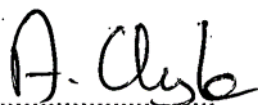
The statement of financial activities includes all gains and losses recognised during the year.

Clitheroe Royal Grammar School

Balance Sheet as at 31 August 2016

	Notes	2016 £000	2016 £000	2015 £000	2015 £000
Fixed assets					
Tangible assets	11		15,629		15,989
Current assets					
Stocks	12	3		3	
Debtors	13	125		89	
Cash at bank and in hand		1,339		1,003	
		<u>1,467</u>		<u>1,095</u>	
Liabilities					
Creditors: Amounts falling due within one year	14	<u>(709)</u>		<u>(500)</u>	
Net current assets			<u>758</u>		<u>595</u>
Total assets less current liabilities			16,387		16,584
Creditors: Amounts falling due after more than one year			-		-
Net assets excluding pension liability			<u>16,387</u>		<u>16,584</u>
Defined benefit pension scheme liability	25		(2,443)		(1,497)
Net assets including pension liability			<u>13,944</u>		<u>15,087</u>
Funds of the Academy Trust:					
Restricted funds					
Fixed asset fund	15	15,773		16,066	
General fund	15	231		137	
Pension reserve	15	<u>(2,443)</u>		<u>(1,497)</u>	
Total restricted funds			13,561		14,706
Unrestricted income funds	15		383		381
Total funds			<u>13,944</u>		<u>15,087</u>

The financial statements on pages 24 to 48 were approved by the Trustees, and authorised for issue on the 8th December 2016 and are signed on their behalf by:



Dr Andrew David Clayton
Chair of Governors (Trustees)

Company Limited by Guarantee
Registration Number: 07461173

Clitheroe Royal Grammar School

Statement of Cash Flows for the year ended 31 August 2016

	Notes	2016 £000	2015 £000
Cash flows from operating activities			
Net cash (used in) operating activities	19	(70)	(377)
Cash flows from investing activities	21	406	65
Cash flows from financing activities	20	-	-
Change in cash and cash equivalents in the reporting period		<u>336</u>	<u>(312)</u>
Cash and cash equivalents at 1 September 2015		1,003	1,315
Cash and cash equivalents at 31 August 2016	22	<u>1,339</u>	<u>1,003</u>

Clitheroe Royal Grammar School

Notes to the Financial Statements for the year ended 31 August 2016

1 Statement of 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.

Basis of Preparation

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 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

First time adoption of FRS 102

These financial statements are the first financial statements of Clitheroe Royal Grammar School prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the Charities SORP 2015 (SORP 2015). The financial statements of Clitheroe Royal Grammar School for the year ended 31 August 2015 were prepared in accordance with previous Generally Accepted Accounting Practice ('UK GAAP') and SORP 2005.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the Trustees have amended certain accounting policies to comply with FRS 102 and SORP 2015. The Trustees have also taken advantage of certain exemptions from the requirements of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

Reconciliations to previous UK GAAP for the comparative figures are included in note 28.

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 School to continue as a going concern. The Trustees make this assessment in respect of a period of one year from the date of authorisation for issue of the financial statements and have concluded that the School has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the School's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Income

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

- **Grants receivable**

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

General Annual Grant is recognised in full in the Statement of Financial Activities in the period for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

Clitheroe Royal Grammar School

Notes to the Financial Statements for the year ended 31 August 2016

1 Statement of accounting policies (continued)

Income (continued)

Grants receivable (continued)

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

- **Donations**

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

- **Other income**

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

- **Donated goods, facilities and services**

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and "Income from other trading activities". Upon sale, the value of the stock is charged against "Income from other trading activities" and the proceeds are recognised as "Income from other trading activities". Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within "Income from other trading activities".

Where the donated item 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 School's accounting policies.

Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

- **Expenditure on raising funds**

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

Notes to the Financial Statements for the year ended 31 August 2016

1 Statement of accounting policies (continued)

Expenditure (continued)

- **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

Tangible Fixed Assets

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

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. Where there are specific restrictions 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 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. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

Freehold buildings	50 years straight line
Long leasehold buildings	Over 125 years' straight line
Fixtures, fittings and equipment	33% straight line
ICT equipment	33% straight line

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

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.

Agency arrangements

The School acts as an agent in distributing 16-19 bursary funds from EFA. Payments received from EFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The Trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the statement of financial activities. The funds received and paid and any balances held are disclosed in note 27.

Notes to the Financial Statements for the year ended 31 August 2016

1 Statement of accounting policies (continued)

Liabilities

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the School 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

Provisions are recognised when the School 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.

Leased Assets

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

Stocks

Stock consists of unused stationery. Stocks are valued at the lower of cost or net realisable value.

Taxation

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

Notes to the Financial Statements for the year ended 31 August 2016

1 Statement of accounting policies (continued)

Pensions Benefits

Retirement benefits to employees of the School 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 School 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. As stated in note 25, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the School 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 is also recognised in the Statement of Financial Activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

Fund Accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by 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 Education Funding Agency/Department for Education.

Notes to the Financial Statements for the year ended 31 August 2016

1 Statement of accounting policies (continued)

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

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

Clitheroe Royal Grammar School

Notes to the Financial Statements for the year ended 31 August 2016

2 Donations and capital grants

	Unrestricted Funds £000	Restricted Funds £000	Total 2016 £000	Total 2015 £000
EFA Capital grants	-	431	431	117
Trips and other non-public funds	2	342	344	542
Donations toward library refurbishment	-	-	-	357
Other donations	-	26	26	24
	<u>2</u>	<u>799</u>	<u>801</u>	<u>1,040</u>

Income from donations and capital grants was £801,000 (2015 - £1,040,000) of which £2,000 (2015 - £15,000) was attributable to unrestricted funds, £367,000 (2015 - £884,000) was attributable to restricted general funds and £432,000 (2015 - £141,000) was attributable to restricted fixed asset funds.

£431,000 (2015 - £117,000) of government grants were received for capital and maintenance works.

3 Other trading activities

	Unrestricted Funds £000	Restricted Funds £000	Total 2016 £000	Total 2015 £000
Hire of facilities	2	-	2	2
Catering income	187	-	187	181
Sale of educational goods and services	33	-	33	44
Exam re-sit fees	34	-	34	33
	<u>256</u>	<u>-</u>	<u>256</u>	<u>260</u>

Income from other trading activities was £256,000 (2015 - £260,000) of which £256,000 (2015 - £260,000) was attributable to unrestricted funds, £nil (2015 - £nil) was attributable to restricted general funds and £nil (2015 - £nil) was attributable to restricted fixed asset funds.

4 Investment income

	Unrestricted Funds £000	Restricted Funds £000	Total 2016 £000	Total 2015 £000
Short term deposits	1	-	1	1
	<u>1</u>	<u>-</u>	<u>1</u>	<u>1</u>

Investment income was £1,000 (2015 - £1,000) of which £1,000 (2015 - £1,000) was attributable to unrestricted funds, £nil (2015 - £nil) was attributable to restricted general funds and £nil (2015 - £nil) was attributable to restricted fixed asset funds.

Clitheroe Royal Grammar School

Notes to the Financial Statements for the year ended 31 August 2016

5 Funding for School's educational operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2016 £000	Total 2015 £000
DfE/EFA revenue grants				
General Annual Grant (GAG)	-	5,659	5,659	5,849
Other DfE/EFA grants	-	24	24	26
	<u>-</u>	<u>5,683</u>	<u>5,683</u>	<u>5,875</u>
Other Government grants				
Local Authority grants	-	6	6	4
Ribble Valley Borough Council grant	-	-	-	5
	<u>-</u>	<u>6</u>	<u>6</u>	<u>9</u>
Other income from the School's educational operations	-	-	-	-
	<u>-</u>	<u>5,689</u>	<u>5,689</u>	<u>5,884</u>

Funding for School's educational operations was £5,689,000 (2015 - £5,884,000) of which £nil (2015 - £nil) was attributable to unrestricted funds, £5,689,000 (2015 - £5,884,000) was attributable to restricted general funds and £nil (2015 - £nil) was attributable to restricted fixed asset funds.

£5,689,000 (2015 - £5,884,000) of government grants were received for the purposes of the day to day running costs of the academy and its charitable objectives.

Clitheroe Royal Grammar School

Notes to the Financial Statements for the year ended 31 August 2016

6 Expenditure

	Staff Costs £000	Non Pay Expenditure Premises £000	Other Costs £000	Total 2016 £000	Total 2015 £000
Expenditure on raising funds	-	-	-	-	-
School's educational operations					
Direct costs	4,070	256	828	5,154	5,502
Allocated support costs	665	775	409	1,849	1,885
	<u>4,735</u>	<u>1,031</u>	<u>1,237</u>	<u>7,003</u>	<u>7,387</u>

£257,000 (2015 - £275,000) of the above expenditure on the School's educational operations was attributable to unrestricted funds, £6,359,000 (2015 - £6,727,000) was attributable to restricted general funds and £387,000 (2015 - £385,000) was attributable to restricted fixed asset funds.

Net income/expenditure for the year includes:

	2016 £000	2015 £000
Operating lease rentals	1	1
Depreciation	387	386
(Gain)/loss on disposal of fixed assets	-	-
Amortisation of intangible fixed assets (included within Charitable Activities – School's educational operations)	-	-
Fees payable to the auditor for:		
Audit	3	3
Other services	7	7
	<u>398</u>	<u>397</u>

No transactions have taken place under Section 3.1.7 and 3.1.8 of the 2015 Academies Financial Handbook which require additional disclosure.

Clitheroe Royal Grammar School

Notes to the Financial Statements for the year ended 31 August 2016

7 Charitable activities

		Total 2016 £000	Total 2015 £000
Direct costs – educational operations		5,154	5,502
Support costs – educational operations		<u>1,849</u>	<u>1,885</u>
		<u>7,003</u>	<u>7,387</u>
Analysis of support costs	Educational operations £000	Total 2016 £000	Total 2015 £000
Support staff costs	665	665	669
Depreciation	127	127	128
Premises costs	683	683	790
Other support costs	358	358	282
Governance costs	<u>16</u>	<u>16</u>	<u>16</u>
Total support costs	<u>1,849</u>	<u>1,849</u>	<u>1,885</u>

Included within governance costs are any costs associated with the strategic as opposed to day to day management of the academy's activities. This will include the cost of any administrative support provided to the Trustees and costs relating to the statutory requirements including audit and preparation of statutory accounts.

Clitheroe Royal Grammar School

Notes to the Financial Statements for the year ended 31 August 2016

8 Staff

(a) Staff costs

	2016	2015
	£000	£000
Staff costs during the period were:		
Wages and salaries	3,678	3,926
Social security costs	307	288
Operating costs of defined benefit pension schemes	704	654
	<u>4,689</u>	<u>4,868</u>
Supply staff costs	46	38
Staff restructuring costs	-	-
	<u>4,735</u>	<u>4,906</u>
Staff restructuring costs comprise:		
Redundancy payments	-	-
Severance payments	-	-
Other restructuring costs	-	-
	<u>-</u>	<u>-</u>

(b) Staff severance payments

During the year no non-statutory / non-contractual severance payments were made (2015: £nil).

(c) Staff numbers

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

	2016	2016	2015	2015
	Number	Full-time	Number	Full-time
		equivalent		equivalent
Teachers	75	66	82	73
Administration and support staff	65	38	60	39
Senior Leadership Team	7	7	7	7
	<u>147</u>	<u>111</u>	<u>149</u>	<u>119</u>

Clitheroe Royal Grammar School

Notes to the Financial Statements for the year ended 31 August 2016

8 Staff (continued)

(d) Higher paid staff

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

	2016 No.	2015 No.
£60,001 - £70,000	2	2
£100,001 - £110,000	1	1
	<u>3</u>	<u>3</u>

(e) Key management personnel

The key management personnel of the School comprise the Trustees and the Senior Leadership Team as listed on page 2. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the School was £540,000 (2015: £517,000).

9 Related party transactions - Trustees' remuneration and expenses

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

J Child (Head teacher and Trustee):	
Remuneration	£105,000 - £110,000 (2015: £105,000 - £110,000)
Employers' pension contributions	£15,000 - £20,000 (2015: £15,000 - £20,000)
M Dickinson (Staff Trustee term of office ended 31.10.15):	
Remuneration	£0 - £5,000 (2015: £15,000 - £20,000)
Employers' pension contributions	£0 - £5,000 (2015: £0 - £5,000)
R Gadd (Staff Trustee):	
Remuneration	£40,000 - £45,000 (2015: £40,000 - £45,000)
Employers' pension contributions	£5,000 - £10,000 (2015: £5,000 - £10,000)
J Graham (Staff Trustee):	
Remuneration	£40,000 - £45,000 (2015: £20,000 - £25,000)
Employers' pension contributions	£5,000 - £10,000 (2015: £0 - £5,000)
J Alcock (Staff Trustee elected 25.01.16):	
Remuneration	£25,000 - £30,000 (2015: Not a Staff Trustee)
Employers' pension contributions	£0 - £5,000 (2015: Not a Staff Trustee)

Clitheroe Royal Grammar School

Notes to the Financial Statements for the year ended 31 August 2016

9 Related party transactions - Trustees' remuneration and expenses (continued)

During the year ended 31 August 2016, expense claims in performing the role of Trustee totalled £nil (2015 £nil).

Other related party transactions involving the Trustees are set out in note 26.

10 Trustees' and officers' insurance

In accordance with normal commercial practice the School has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on School business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the year ended 31 August 2016 was £298 (2015: £128). The cost of this insurance is included in the total insurance cost.

11 Tangible fixed assets

	Freehold Land and Buildings £000	Leasehold Land and Buildings £000	Furniture and Equipment £000	Computer Equipment £000	Total £000
Cost					
At 1 September 2015	17,037	125	360	19	17,541
Additions	-	-	23	4	27
At 31 August 2016	<u>17,037</u>	<u>125</u>	<u>383</u>	<u>23</u>	<u>17,568</u>
Depreciation					
At 1 September 2015	1,341	5	197	9	1,552
Charged in period	301	1	81	4	387
At 31 August 2016	<u>1,642</u>	<u>6</u>	<u>278</u>	<u>13</u>	<u>1,939</u>
Net book values					
At 31 August 2015	15,696	120	163	10	15,989
At 31 August 2016	<u>15,395</u>	<u>119</u>	<u>105</u>	<u>10</u>	<u>15,629</u>

12 Stocks

	2016 £000	2015 £000
Stationery	<u>3</u>	<u>3</u>
	3	3

13 Debtors

	2016 £000	2015 £000
VAT recoverable	79	53
Other debtors	2	2
Prepayments and accrued income	<u>44</u>	<u>34</u>
	125	89

Clitheroe Royal Grammar School

Notes to the Financial Statements for the year ended 31 August 2016

14 Creditors: amounts falling due within one year

	2016 £000	2015 £000
Trade creditors	343	79
Other taxation and social security	-	-
Other creditors	94	130
Accruals and deferred income	272	291
	<u>709</u>	<u>500</u>

15 Funds

	Balance at 1 September 2015 £000	Income £000	Expenditure £000	Gains, Losses and Transfers £000	Balance at 31 August 2016 £000
Restricted general funds					
General Annual Grant (GAG)	136	5,659	(5,903)	338	230
Pupil premium	-	22	(22)	-	-
Other DfE/EFA grants	-	2	(2)	-	-
Local Authority grants	-	6	(6)	-	-
Other restricted funds	1	367	(367)	-	1
Pension reserve	(1,497)	-	(59)	(887)	(2,443)
	<u>(1,360)</u>	<u>6,056</u>	<u>(6,359)</u>	<u>(549)</u>	<u>(2,212)</u>
Restricted fixed asset funds					
DfE/EFA capital grants	77	431	-	(364)	144
Other restricted fixed asset funds	-	1	-	(1)	-
Capitalised assets post conversion	2,169	-	(126)	27	2,070
Assets on conversion	13,820	-	(261)	-	13,559
	<u>16,066</u>	<u>432</u>	<u>(387)</u>	<u>(338)</u>	<u>15,773</u>
Total restricted funds	<u>14,706</u>	<u>6,488</u>	<u>(6,746)</u>	<u>(887)</u>	<u>13,561</u>
Total unrestricted funds	<u>381</u>	<u>259</u>	<u>(257)</u>	<u>-</u>	<u>383</u>
Total funds	<u>15,087</u>	<u>6,747</u>	<u>(7,003)</u>	<u>(887)</u>	<u>13,944</u>

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

The General Annual Grant (GAG) must be used for the normal running costs of the School. Under the funding agreement with the Secretary of State, the School is not subject to a limit on the amount of GAG that it could carry forward at 31 August 2016. At the year end the carry forward of GAG funding was £230,000.

Other DfE/EFA Grants, and Local authority Grants include monies received outside of GAG funding and these Grants are all related to the furtherance of education within the School. None of this grant income remains unspent at the year end.

Clitheroe Royal Grammar School

Notes to the Financial Statements for the year ended 31 August 2016

15 Funds (continued)

Other restricted funds include monies from trips and non-public funds and donations, whose purpose is restricted. As at the year end £1,000 of these donations received remained unspent.

DfE/EFA capital grants represent capital monies received during the period from the EFA. . This included a successful bid from the Capital Improvement Fund for roof repairs and damp proofing work of £402,141. £144,000 remained unspent at the year end.

Other restricted fixed asset funds include donations and fundraising monies for the restricted purpose of the multi-purpose sports hall development. During the year these were used in full.

Assets purchased post conversion is the fund balance relating to all fixed assets purchased since the School became an Academy.

Assets on conversion represent the transfer of the freehold assets valued at £15,000,000 into the School on conversion to Academy status depreciated over a 50 year period. A further leasehold asset valued at £125,000 was transferred into the School on conversion and this will be amortised over the lease term of 125 years.

Unrestricted funds represent funds generated via activities such as sale of materials, catering and music lessons to students, payments from other schools for the provision of teaching staff and income from universities with respect to student teachers. It also includes the brought forward surplus on conversion to Academy status. The surplus on this fund at the year end was £383,000 and these funds can be used at the discretion of the Governors to meet the charitable objectives of the School.

16 Analysis of net assets between funds

Fund balances at 31 August 2016 are represented by:

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Funds £000
Tangible fixed assets	-	-	15,629	15,629
Current assets	383	940	144	1,467
Current liabilities	-	(709)	-	(709)
Pension scheme liability	-	(2,443)	-	(2,443)
Total net assets/(liabilities)	<u>383</u>	<u>(2,212)</u>	<u>15,773</u>	<u>13,944</u>

17 Capital commitments

	2016 £000	2015 £000
Contracted for, but not provided in the financial statements	<u>218</u>	<u>83</u>

Clitheroe Royal Grammar School

Notes to the Financial Statements for the year ended 31 August 2016

18 Commitments under operating leases

Operating leases

At 31 August 2016 the total of the School's future minimum lease payments under non-cancellable operating leases was:

	2016	2015
	£000	£000
Amounts due within one year	3	1
Amounts due between one and five years	4	1
Amounts due after five years	-	-
	<u>7</u>	<u>2</u>

19 Reconciliation of net income/(expenditure) to net cash inflow from operating activities

	2016	2015
	£000	£000
Net (expenditure)/income for the reporting period (as per the Statement of Financial Activities)	(256)	(202)
Adjusted for:		
Depreciation (note 11)	387	386
Capital grants from DfE and other capital income	(432)	(141)
Interest receivable (note 4)	(1)	(1)
Defined benefit pension scheme cost less contributions payable (note 25)	3	11
Defined benefit pension scheme finance cost (note 25)	56	52
(Increase)/decrease in debtors	(36)	121
Increase/(decrease) in creditors	209	(603)
Net cash used in operating activities	<u>(70)</u>	<u>(377)</u>

20 Cash flows from financing activities

	2016	2015
	£000	£000
Repayments of borrowing	-	-
Cash inflows from borrowing	-	-
Net cash provided by/(used in) financing activities	<u>-</u>	<u>-</u>

21 Cash flows from investing activities

	2016	2015
	£000	£000
Dividends, interest and rents from investments	1	1
Proceeds from sale of tangible fixed assets	-	-
Purchase of tangible fixed assets	(27)	(77)
Capital grants from DfE/EFA	431	117
Capital funding received from others	1	24
Net cash provided by investing activities	<u>406</u>	<u>65</u>

Clitheroe Royal Grammar School

Notes to the Financial Statements for the year ended 31 August 2016

22 Analysis of cash and cash equivalents

	2016 £000	2015 £000
Cash at bank and in hand	1,339	1,003
Total cash and cash equivalents	1,339	1,003

23 Contingent Liabilities

During the period of the funding agreement, in the event of the sale or disposal by other means of any capital asset for which a Government Capital grant was received, the School is required to either re-invest the proceeds or to repay the Secretary of State for Education the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State, as the Secretary of State may require.

24 Members' Liability

Each Member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/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.

25 Pension and similar obligations

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

The latest actuarial valuation of the TPS was 31 March 2012 and of the LGPS 31 March 2013.

Contributions amounting to £16,606 (2015: £16,015) were payable to the schemes at 31 August 2016 and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors.

Notes to the Financial Statements for the year ended 31 August 2016

25 Pension and similar obligations (continued)

Teachers' Pension Scheme (continued)

The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

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

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

The pension costs paid to TPS in the period amounted to £793,000 (2015: £752,000).

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 a multi-employer pension scheme. The trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The trust has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the period ended 31 August 2016 was £201,000 (2015: £203,000), of which employer's contributions totalled £161,000 (2015: £160,000), and employees' contributions totalled £40,000 (2015: £43,000). The agreed contribution rates for future years are 16% for employers and the rate for employees remains dependent on the salary of the employee.

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

As described in note 1 the LGPS obligation relates to the employees of the School, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the Scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the School at the balance sheet date.

Clitheroe Royal Grammar School

Notes to the Financial Statements for the year ended 31 August 2016

25 Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

Principal Actuarial Assumptions	At 31 August 2016	At 31 August 2015
Rate of increase in salaries	3.3%	3.8%
Rate of increase for pensions in payment / inflation	1.9%	2.3%
Discount rate for scheme liabilities	2.1%	4.0%
Inflation assumption (CPI)	1.8%	2.3%
Commutation of pensions to lump sums	50%	50%

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

	At 31 August 2016	At 31 August 2015
<i>Retiring today</i>		
Males	23.0	22.9
Females	25.6	25.4
<i>Retiring in 20 years</i>		
Males	25.2	25.1
Females	27.9	27.8

The School's share of the assets in the scheme was:

	Fair value at 31 August 2016 £000	Fair value at 31 August 2015 £000
Equity instruments	843	556
Government Bonds	-	89
Other Bonds	55	42
Debt instruments	-	-
Property	208	147
Cash	77	21
Other	1,003	762
Total market value of assets	2,186	1,617

The actual return on scheme assets was £423,000 (2015: £62,000).

Clitheroe Royal Grammar School

Notes to the Financial Statements for the year ended 31 August 2016

25 Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

Amounts recognised in the statement of financial activities

	2016	2015
	£000	£000
Current service cost (net of employee contributions)	161	168
Net interest cost	-	-
Benefit changes, gain/(loss) on curtailment and gain/(loss) on settlement	-	-
Total operating charge	<u>161</u>	<u>168</u>

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

	2016	2015
	£000	£000
At 1 September	3,114	2,766
Current service cost	161	168
Past service cost	-	-
Interest cost	124	111
Employee contributions	40	43
Actuarial loss	1,241	64
Benefits paid	(51)	(38)
Plan introductions, benefit changes, curtailments and settlements	-	-
At 31 August	<u>4,629</u>	<u>3,114</u>

Changes in the fair value of School's share of scheme assets:

	2016	2015
	£000	£000
At 1 September	1,617	1,393
Interest income	-	-
Return on plan assets (excluding interest income)	68	59
Assets distributed on settlements	-	-
Actuarial gain	354	3
Employer contributions	161	160
Employee contributions	40	43
Benefits paid	(51)	(38)
Administration expense	(3)	(3)
Plan introductions, benefit changes, curtailments and settlements	-	-
At 31 August	<u>2,186</u>	<u>1,617</u>

Clitheroe Royal Grammar School

Notes to the Financial Statements for the year ended 31 August 2016

26 Related Party Transactions

Owing to the nature of the School's operations and the composition of the Board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the Trust has an interest. All transactions involving such organisations are conducted at cost and in accordance with the School's financial regulations, the Academies Financial Handbook and normal procurement procedures.

During the year, the School purchased services from Challenge Training Partners, a business in which Dr A D Clayton (a Trustee) has an interest. Services to the value of £2,518 (net of VAT) were purchased during the year (2015 - £3,964 net of VAT) and there were no amounts outstanding at 31 August 2016. The School made the purchase at cost ensuring value for money by obtaining other third party quotes from the open market through normal procurement procedures. In entering into the transaction, the Trust has complied with the requirements of the EFA's Academies Financial Handbook.

No other transactions with Trustees were undertaken during the course of the year ended 31 August 2016.

27 Agency arrangements

The School distributes 16-19 bursary funds to students as an agent for the EFA. In the accounting year ending 31 August 2016 the trust received £48,000 (2015: £47,000) and disbursed £48,000 (2015: £47,000) from the fund.

Clitheroe Royal Grammar School

Notes to the Financial Statements for the year ended 31 August 2016

28 Explanation of transition to FRS102

It is the first year that the School has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 August 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 1 September 2014. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

Comparative figures have been restated to reflect the adjustments made, except to the extent that the Trustees have taken advantage of exemptions to retrospective application of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

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

Reconciliation of net income / expenditure	31 August 2015 £000
Net expenditure previously reported under UK GAAP	(176)
Change in recognition of LGPS interest cost	(26)
Employee benefits accrual	-
Net expenditure reported under FRS102	<u>(202)</u>

Change in recognition of LGPS interest cost

Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in income/expense. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in income/expense. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to increase the debit expense by £26,000 and reduce the debit in other recognised gains and losses in the SoFA by an equivalent amount.

Recognition of outstanding employee benefits

No provision for outstanding holiday pay was made under previous UK GAAP. Under FRS 102 the costs of short-term employee benefits are recognised as a liability and an expense. A small number of employees are entitled to carry forward unused holiday entitlement at the reporting date. The expense in relation to this is wholly immaterial and therefore no retrospective adjustment has been made in the accounts at 31 August 2016.