

THE ROYAL SCHOOL, WOLVERHAMPTON
(A company limited by guarantee)
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

THE ROYAL SCHOOL, WOLVERHAMPTON
(A company limited by guarantee)

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REFERENCE AND ADMINISTRATIVE DETAILS

Members	P Hill M R White K Bradshaw R Mann (appointed 30 March 2021) N Lloyd (appointed 1 September 2021)
Governors	S Bunn J Eagle S Hawke M Heywood, Principal P Hill (resigned 31 August 2021) L Lang N Lloyd R Morgan-Guthrie (appointed 1 February 2021) C Reynolds L Rzeczkowski J Tawana (resigned 29 July 2021) S Bond-Williams (appointed 21 September 2021)
Company registered number	09250153
Company name	The Royal School, Wolverhampton
Principal and registered office	Penn Road Wolverhampton West Midlands United Kingdom WV3 0EG
Senior management team	M Heywood, Principal J Phillips, Director of Finance & Services L Hale, Vice Principal, Curriculum, Learning & Teaching A Dent, Vice Principal, Safeguarding & Pupil Welfare M Mitchell, Head of Primary School K Jefferson, Deputy Primary Headteacher R Jones, Head of Sixth Form A Large, Head of Boarding S Afifi, SENCO

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REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Independent auditor	Cooper Parry Group Limited Chartered Accountants One Central Boulevard Blythe Valley Business Park Solihull West Midlands B90 8BG
Bankers	Barclays Bank PLC Wolverhampton West Midlands WV1 1DS
Solicitors	Veale Wasbrough Vizards LLP Narrow Quay House Narrow Quay Bristol BS1 4QA

THE ROYAL SCHOOL, WOLVERHAMPTON
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GOVERNORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2021

The Governors present their annual report together with the financial statements and auditor's report of the charitable company and group for the year 1 September 2020 to 31 August 2021. The annual report serves the purposes of both a Governors' report and a directors' report under company law.

The academy trust operates a Free School for pupils aged 4 to 19. It is an all-through, nonselective, nondenominational school for boys and girls comprising a Primary School, a Senior School and Sixth Form. It is both a day and state boarding school.

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

The school serves a catchment area of the whole of Wolverhampton for Primary School children and an even wider area for Senior School pupils across Wolverhampton and surrounding districts including national and international boarders. It has a pupil capacity of 1,484 and had a roll of 1,417; 1,337 day pupils and 80 boarders in the school recorded in the census on October 2020.

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

Structure, governance and management

a. Constitution

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

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

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

b. Members' liability

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

c. Governors' indemnities

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

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GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Structure, governance and management (continued)

d. Method of recruitment and appointment or election of Governors

Members may appoint up to 6 Governors and as at 31 August 2021 there were 4 Appointed Governors. The Members may appoint staff governors through such process that they determine. The total number of Governors who are employees of the school, must not exceed one third of the total number of Governors.

Additionally, a minimum of 2 Parent Governors must be elected by parents of the school. A Parent Governor must be the parent of a pupil registered at the school at the time of their election. There is currently 1 Parent Governor Vacancy through the resignation of one of the parent governors.

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

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

e. Policies adopted for the induction and training of Governors

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

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

Training is also provided through a training course subscription to Sandwell Inspired Partnerships (SIPS) who clerk Governor meetings as the 'Governance Professional'. A termly programme of Governor training is available covering the wide range of issues concerning school and Governor responsibilities. Seminars and webinars for Governors and staff are also available from VVV, our legal advisers. COVID19 constraints have meant that much training is virtual.

The Clerk to the Governors (Governance professional – SIPS) provides ongoing guidance on governance and compliance matters and requirements, helping ensure that meetings and Governors meet the requirements for good governance and conform to the Academies Financial Handbook and the Funding Agreement, including annual updates.

In addition to any safeguarding training courses, the Vice Principal, responsible as Designated Safeguarding Lead for safeguarding, provides updates to Governors on safeguarding issues and changes to guidance and legislation.

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

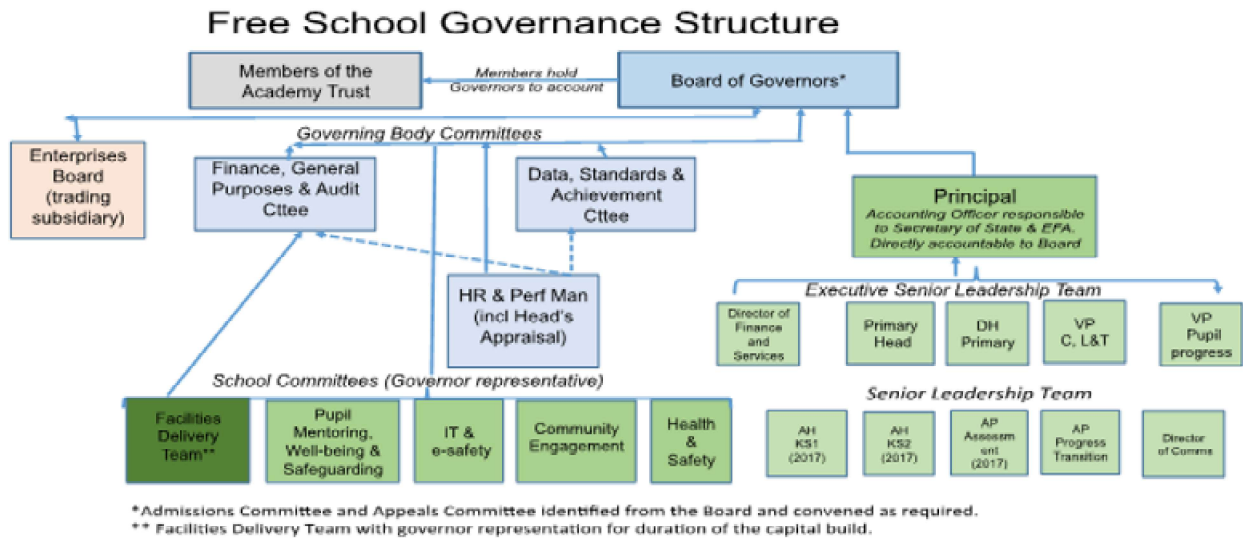
Typically, a day of training for Governors and the Senior Leadership Team (SLT) is carried out annually, with part devoted to strategic thinking relating the Trust and future developments.

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GOVERNORS' REPORT (CONTINUED)
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Structure, governance and management (continued)

f. Organisational structure



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

Review of committees and delegation

The governing board as required, reviews the establishment, terms of reference, constitution and membership of any committee annually and reviews the delegation of functions to committees and individuals annually.

The Governing Board operates under the following terms of reference, all of which it meets:

Terms of Reference

1. To hold at least four Full Board meetings a year and approve the school's annual published cycle for decision-making. The Academies Financial Handbook (AFH) requires any GB to meet at least six times a year or explain how it maintains effective oversight of funds. The RSW meets this requirement. It met 7 times in the 2020/21 academic year.
2. To hold an annual Strategic Planning Session, in co ordination with the Senior Leadership Team, setting the strategic vision and aims for the coming year, approving the School Development and Improvement Plan and establishing Key Performance Indicators/Targets and reporting milestones (both academic and financial) to ensure that RSW, as a Free School, delivers against these, and that the school is effectively held to account. There were 2 full strategic sessions in the year and a Strategic Group, made up of Governors and SLT members are refining the strategy.
3. As part of the above, ensuring that strategy is shared with key stakeholders, and that Governors are properly accountable to pupils and parents for the impact of their strategy.
4. To agree constitutional matters, including procedures where the Governing Board has discretion.
5. To keep under review on an annual basis the most effective way of managing the business of Governance, including the committees of the Governing Board, their membership and Chair, terms of reference and areas of delegation (including the process for determining whether any further action by the GB is required); and publishing the annual meeting cycle/programme of business to support informed decision making and ensure statutory compliance.

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GOVERNORS' REPORT (CONTINUED)
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Structure, governance and management (continued)

6. To appoint (or remove) the Chair and Vice Chair, the former on an annual basis, and keep under review the effectiveness of Clerking, in enabling Governors to fully discharge their legal and fiduciary duties.
7. To keep under review and approve key RSW Free School policies and their practice as determined from time to time by the GB, but to include Safeguarding, RSW's Health and Safety Policy, Risk Management Strategy, RSW's overall Pay Policy and its Performance Review and Development Policy (PRDP).
8. To receive an annual report on the performance of the Principal and the Head of the Primary through the Personal Review and Development Plan (PRDP) and, as part of the normal cycle of events, responsibility for the appointment, remuneration, and/or dismissal of the same.
9. To approve the school's budget, and to ensure that there are robust operational controls in place at all times for all financial processes within the Free School, and consider budgetary control reports from the Finance, Audit and Risk Committee (FAR) at every meeting, with relevant explanations of any variances and documentation, as required.
10. To oversee the latest financial statements as presented by the FAR at each of its meetings.
11. To establish and keep under annual review the Scheme of Financial Delegation, to include:
 - Determining levels of expenditure to be approved by the GB itself (e.g. committing to contracts over certain values), and levels to be delegated
 - Approving transfers between budgets over certain limits
 - Approving specific accommodation proposals, particularly during the period when major capital works are being undertaken by the ESFA
 - Approving any significant change to the staffing establishment/structure
12. To ensure that audit arrangements for RSW as a Free School and, separately, the trading subsidiary RWS Enterprises Ltd, reflect best financial and accounting practice, including the appointment of and the Receipt of reports from the external auditors, approval of the audited financial statements and Annual Report prior to their submission to Companies House and the SOS.
13. As part of the above, to appoint, determine the programme for and maintain oversight of the reports and actions resulting from the work of the internal auditor, on the use of resources, systems of internal financial control, and discharge of financial responsibilities; ensuring that this externally sourced programme of work has a specific focus on potential areas of risk, including but not limited to the full separation of boarding costs from those which are met through the Funding Agreement, and the transparency of operations of RSW's on going Trading Subsidiary.
14. To ensure that the GB keeps under regular review the impact of its work; has the necessary skills and expertise available, through a managed programme of recruitment, training and succession planning; and that all Governors adhere to its Code of Practice and specification for the role and conduct of Governors, as amended from time to time, and the Seven Principles of Public Life.
15. The above to include maintaining an up to date Register of Business Interests and Related Party Transactions for all governors, and those Free School staff with financial responsibilities and adhering to the Free School's Conflict of Interest Policy.

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

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GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Structure, governance and management (continued)

Committees

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

The governing board cannot delegate any functions relating to:

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

There are 2 key committees of the Governing Board:

Finance, General Purposes and Audit (FAR)

Data, Standards and Achievement (DSA) - academic and personal development standards committee

A third Governor led committee, the HR and Performance Management Committee, reports formally through the DSA but submits recommendations that have financial or strategic policy implications either through the mediation of the FAR or directly to the GB.

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

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

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

- . Pupil Mentoring, Wellbeing and Safeguarding
- . IT and ESafety
- . Community Engagement
- . Health and Safety

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GOVERNORS' REPORT (CONTINUED)
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Structure, governance and management (continued)

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

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

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

h. Trade union facility time

The school has no union officials and therefore had no time or costs spent on union activities during the year.

i. Related parties and other connected charities and organisations

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

j. Engagement with employees (including disabled persons)

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

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

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

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

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

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GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Objectives and activities

a. Objects and aims

The Academy Trust's objects are specifically restricted to the following;

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

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

b. Objectives, strategies and activities

Through its curriculum and co curriculum, underpinned by its creative challenge based pedagogy and 4 - 19 context, The School, has opened up the very best of an independent Free School education to the local and wider community.

The strategic objectives are to:

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

c. Public benefit

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

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GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Strategic report

Achievements and performance

The School's objective to be the school of choice locally has been realised as it remains the most oversubscribed state senior school in the UK for entry 2021 and is oversubscribed at every entry level including Post 16 entry. The DFE identified it as 'the most difficult school to secure a Year 7 place in England' again in 2021. All PAN places were full as of September 2021 with significant oversubscription at Reception (YR), Year 7, Year 12 and also for boarding places from UK and international where pupils have 'right to remain' or UK passports. Boarding numbers have reached capacity at 80, due to ongoing significant capital works and included a number of UASC young people (Unaccompanied Asylum Seeking Children) and LAC pupils (Looked After Children) which continues to celebrate the diversity and strength of the community provision on offer. More than 16 nationalities were represented in the boarding population. Extensive waiting lists operate in each year group, and for boarding places, with many appeals, being lodged for places in the school, such is the demand. The Governors and leadership team believe that the school has achieved the objective, and interest from parents continues to grow with applications continuing to grow year on year.

Having achieved an Ofsted 'Good' judgement at the full inspection from EYFS through to Post 16 education in July 2019 and personal development, SEND and wellbeing were identified as 'outstanding' the school has continued to work with partner schools to further develop an outstanding educational offering. Equally, having achieved in January 2020 an Ofsted full boarding social care inspection which also achieved a 'good' outcome identifying the strengths for the collaborative approach to working with local authorities and external agencies, the setting achieved a Boarding School Association Boarding School Of The Year Award for 'Working with vulnerable children 2020.' This was followed up in 2021 with an award for 'Research in Boarding' award which reflected the work for personal development and a 'Boarding Passport' to evidence the achievement of the boarding pupils.

Attendance throughout the Covid-19 lockdowns of 2020 and 2021 remained strong and an effective on-line learning experience through Microsoft Teams ensured that 98% of pupils continued to engage with their teachers throughout the pandemic. The School remained open for up to 400 vulnerable and key worker children, and a significant number of boarding pupils, throughout and staff created a balance of educational support and wellbeing activity for all those present. Families of pupils on the FSM register received either food parcels or vouchers to enable them to purchase sufficient food during these testing times, including the holiday periods. The boarding setting remained open throughout, including the holidays as some pupils were not able to travel until later in the year due to travel restrictions.

A programme of welfare checks, phone calls and meetings supported those pupils for whom this had been identified as a need. Online assemblies, 'prize giving's' and special events were delivered along with regular pastoral messages. In the summer term once pupils and staff returned to face to face teaching an evaluation was made for all pupils of their attainment, any gaps identified and appropriate intervention, including tutoring and individual plans was put into place. Teachers adapted their schemes of work and programmes of study to accommodate that information so that future planning took account of the missed learning, where it was evident, and pupils would reach the end of stage at an appropriate level.

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

A further objective, to enable pupils at whatever point of entry to excel and live up to their potential, has been achieved at all key stages, whilst developing their range of talents and developing character and intellect despite the challenges of the year. In fact there were many novel developments that pupils and families found during the lockdown periods such as video performances, new skills being evident that demonstrated that many pupils blossomed in new ways during both lockdown periods.

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GOVERNORS' REPORT (CONTINUED)
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Strategic report (continued)

Achievements and performance (continued)

All primary assessment reporting was abandoned by the government following the national lockdown in Spring 2021 following last years' series of changes from central government and reliance on Centre Assessed Grades (CAGS) for external assessment in summer 2020, replaced by Teacher Assessed Grades in summer 2021. Throughout the year the school continued to engage with key professionals from the local authority, PHE and other Organisations and up to the point of lockdown it was the expectation that children by the end of key stage 2 were expected to outperform all national measures. Internal moderated tracking data relating to Early Years and KS 1 also indicated the strength of progress being made by children in all of the subsets of reported data, including phonics. The primary phase adopted the FFT national system for evaluating performance and EYFS headlines indicated the school achieved a +1.8 difference when compared to a National FFT data set indicating strong performance of the cohort (GLD Royal = 60%, FFT national = 58.2%). Areas of strength included personal development, making relationships as well as numeracy skills. In KS1 lockdown had the biggest impacts on Phonics and writing as parents find this most difficult to support in remote learning, but these were identified as critical areas of focus in the summer term 2021 and measures successfully in place once pupils returned. At KS 2 Royal School pupils performed well against Local authority average in Reading and Maths, including PP identified pupils. Pupils with EAL (57% of cohort) make good progress across all phases in 2020/21. The distinctive 'Cornerstones curriculum in the primary school continues to present an interesting and challenging curriculum that strongly engages pupils in their study and enables all pupils to make strong progress and become inquisitive learners.

At Key Stages 3, 4 and 5, progress was steady prior to school closure with pupils predicted to reach end of year targets in all cohorts. However, with lockdown all externally assessed exams were cancelled and a centre assessed grades (TAGs in 2021 following the CAGS in 2020) process was followed by teachers in the senior phase. Teachers again awarded grades to pupils, following Ofqual guidance, using a range of evidence including mock exam grades sat in the summer term when pupils were allowed to enter school, classwork, homework, end of unit tests and prior attainment data. This process was conducted, and quality assured by SLT members through a number of online and face to face. Teams meetings where teachers had to justify each grade awarded to each child. We are confident that every child again received a grade that reflected their likely performance, they deserved and would have achieved if exams were taken. This year, 2021 the TAGs were reviewed by Ofqual and Exam boards, but no externally applied 'algorithm was applied. During this time pupils were supported throughout by the Sixth Form team and SLT members to secure suitable future destinations. Once the final TAGs were reverted to, the Y13 pupils achieved an average point score of 36.22, increased from 33.35 in the previous year and average grade of a B- reflecting the best performance of pupils at The Royal since converting to a free school and an improving position on all metrics over the past 6 years. At KS5 the outcomes exceeded the target and an average grade of B- (target C) and 100% of pupils leaving with 3 or more A levels (including BTEC) from an academically nonselective intake and 47% of all grades being an A*, A or B. 85% of pupils applying to university achieved their preferred choice of placement and 100% of those who chose to go to university achieved their place along with a range of apprenticeships and employment opportunities resulting in no NEETs (Not in Education, Employment or Training) as was the target for the legacy year and in the future.

At Key Stage 4, the same rigorous and robust TAG process was followed this year following last years' CAGs by teaching staff in the senior phase. Despite performance tables not being published this year, based on 2019 estimates, the Y11 cohort achieved a Progress 8 score of +0.76 compared to +0.71 in 2020 and attainment 8 grade of 58.35 compared to 53.68 in 2020. The Y11 cohort achieved even better than previous year and a greater proportion of the pupils had been with the school since Year 7 (prior years had significant proportion of pupils entering at different points as the school grew from 2016) The positive progress 8 score indicates that pupils made approximately 2/3 grade better than predicted by their KS2 attainment score in each of their GCSE's ensuring they were well prepared for the next stages of their academic life, which forms one of the school's key objectives. Outcomes at GCSE in a number of subjects were significantly above National and local levels and all pupils progressed to their chosen course and destination for their next stage of their academic careers. There were no 'differences in attainment' identified between groups of pupils (SEND and EAL), and the School has successfully closed the gap between 'disadvantaged' pupils and their peers at every stage of a pupil's life in the school as Ofsted identified initially in July 2019. The school retained a greater number of high prior attainers from Y11 at the Royal School into the Sixth Form and many of our highest attainers are studying a wide range of

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Strategic report (continued)

Achievements and performance (continued)

academic A levels. The vocational BTEC route also provides an alternative pathway for our pupils who prefer a learning style suited to both coursework and exams and has helped to retain some of our middle prior attainers where BTEC qualifications are more suitable than the academic A level programme.

The target of ensuring that there is an effective transition through 4 - 19 is supported by the outcomes identified above and the fact that there were no NEET pupils at the end of their time of study with the school. Pupils experience a wide range of carefully planned experiences both in and outside school, such as art, music and sport. This broadens their self-esteem and confidence. There are over 90 extracurricular activities weekly in the senior school in addition to the 75 in Primary phase which is identified as a significant strength of the school in developing confident and well adjusted young people able to take their place at university and the world of work. Sport continues to be central to much of the success of pupils, and in the year 2020/21 there were multiple teams across primary and secondary phases up until lockdown occurred and restarted later in the summer term 2021. This includes swimming, football, netball, basketball, table tennis, Dodgeball, tennis, badminton, rugby and a range of other sports.

In addition, the Elite Swimming programme has placed many pupils in National and International competitions but had to be curtailed due to the COVID19 situation. Training continued and swimmers made strong progress during the time the pool was allowed to be open. In the summer Olympics in Tokyo the school had one Y13 young man who won Olympic Gold in the 4x200m freestyle and previous swimmers from the school won gold and silver in the Paralympics and the first black female swimmer in the 10km Open Water. The same swimmer in Y13 was selected for the ISL professional swimming international competition swimming for New York Breakers in Hungary. The programme, begun in 2009, continues to be oversubscribed for places and results at Regional, National and International competitions have improved year on year. now placing swimmers on the podium at the highest level. There are also 5 professional football academy players at U15, U16 and U18 (Wolverhampton Wanderers, West Bromwich and Walsall) and many other individual representative sportsmen and women. The School believes that this demonstrates that the pupils outperform local and national trends and shows an outstanding learning experience is available and continues to develop further.

The School also sets out to extend RSW's contribution to the wider community and, with the Learn to Swim programme in the School's 25m pool, continues to attract more than 1,400 young and old people from the local community when allowed to open by Covid-19 restrictions and many benefit from outstanding teaching and learning experiences weekly. The AstroTurf pitch, dance studio, gymnasium and seminar room are booked by the wider community each evening and at weekends and are at capacity. During the second lockdown staff were furloughed, but numbers picked up in the late summer term once Covid-19 measures were released.

The community hire of the AstroTurf surface for football and hockey extended throughout the year and was permitted with social distancing once measures were released in mid summer.

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

The School considers that it has met all of the objectives even though Covid-19 second lockdown caused alterations, often with late notice from the authorities, but focus remained on the wellbeing of pupils, staff and community and the academic outcomes for pupils which continued to be strong and enabled all students to progress to their chosen course of study or work. Equally the community links continued to be furthered once permitted through Covid-19 measures and the school has exceeded local and national measures at A levels.

THE ROYAL SCHOOL, WOLVERHAMPTON
(A company limited by guarantee)

GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Strategic report (continued)

Achievements and performance (continued)

a. Key performance indicators

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

	Benchmark	Actual
Average teacher cost	£50k-£54k	£54k
Contact ratio	0.78-0.80	0.74
Average class size	23-26	23.17
Staffing costs as a percentage of income	72%-75%	73.2%
Teaching staff costs as a percentage of income	45%-49%	45.5%

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

b. Going concern

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

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

The building programme restarted in November 2020. The new programme is expected to now reach fruition in 2023 (Primary) and 2024 (Secondary).

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

Financial review

In the financial year 2020/21, the school received income into its restricted fund, unrestricted fund and fixed asset fund.

The School reduced the deficit on its revenue funds by £160k. This is a positive outcome given the substantial financial impact of COVID-19 on the school, the pay freeze from 2019/20 was lifted and staff received a payrise from September 2020.

Restricted fund

The majority of the trust's funding was received through the Education and Skills Funding Agency, revenue GAG funding and was based on estimated pupil numbers and adjusted after the census in October 2020. This funding is restricted to delivering the schools educational aims and objectives.

Restricted fund income in the year amounted to £7,909,460 and expenditure against this fund amounted to £7,278,407 giving an in year surplus of £631,053. £96,971 has been used to fund capital purchases and therefore transferred to the Fixed Asset Fund.

THE ROYAL SCHOOL, WOLVERHAMPTON
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GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Strategic report (continued)

Unrestricted Funds

Total income received into the school's unrestricted fund was £1,519,663 and expenditure against this fund was £1,893,608 giving an in year deficit of £373,945.

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

The COVID-19 pandemic had a significant organisational and financial impact in its Enterprises activity in addition to the costs of ensuring the site and facilities were safe.

Restricted Fixed Asset fund

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

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

The total fund to carry forward is £4,063,496.

Summary

The total fund balance as at 31 August 2021 is £3,772,826.

This is comprised of restricted funds £894,938, a deficit in the unrestricted fund of (£1,185,608) and £4,063,496 in the restricted fixed asset fund.

Balance Sheet

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

The net book value of the school's tangible fixed assets as at 31 August 2021 was £4,063,496.

Total net current liabilities as at 31 August 2021 was (£290,670).

Cash in hand was £648,618.

a. Reserves policy

The Board of Governors reviews its reserves policy annually. The reserves policy for the school (excluding Fixed Assets) is to hold a fund totaling at least 5% of annual income. The free school is carrying a net deficit of £290,670, on restricted general funds plus unrestricted funds. The Governors aim to build unrestricted funds to a level that will enable the school to invest in the development plans of the school.

b. Investment policy

The investment objectives are to:

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

THE ROYAL SCHOOL, WOLVERHAMPTON
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GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

c. Principal risks and uncertainties

The board of Governors has reviewed the key risks to which the academy is exposed, including Strategic and reputational, operational, compliance and financial together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of Governors is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy's significant risks that has been in place for the period 1 September 2020 to 31 August 2021 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of Governors.

The principal risks facing the school are;

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

Fundraising

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

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

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

THE ROYAL SCHOOL, WOLVERHAMPTON
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GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Plans for future periods

The Trust has developed a Strategic Planning Group (SPG) to address its wish for future growth. The SPG believes that the financial deficit needs to be wiped out and the building programme at least 80% complete before it considers the next steps. Then, and only then does it consider the best approach is organic growth of the Trust initially by the School having a fifth form of entry at Y7. Further growth could be met by providing additional school places in new school settings with the Trust becoming a MAT. This would better meet the extraordinary unmet demand for places at the school.

The School Improvement Plan identifies four key areas for improvement in the year 2021/22.

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

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

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

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

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

Funds held as custodian on behalf of others

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

Disclosure of information to auditor

Insofar as the Governors are aware:

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

Auditor

During the year Crowe U.K. LLP resigned as the Group's auditors. Cooper Parry Group Limited were appointed to fill the resulting vacancy. Cooper Parry Group Limited have expressed their willingness to continue in office as auditors and will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

The Governors' report, incorporating a strategic report, was approved by order of the Board of Governors, as the company directors, on 8 December 2021 and signed on its behalf by:

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N Lloyd
Chair of Governors

THE ROYAL SCHOOL, WOLVERHAMPTON
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GOVERNANCE STATEMENT

Scope of responsibility

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

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

The board of Governors has delegated the day to day responsibility to the Principal, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between The Royal School, Wolverhampton and the Secretary of State for Education. He is also responsible for reporting to the board of Governors any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Governors' report and in the statement of governors' responsibilities. The board of Governors formally met 6 times during the year.

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

Governor	Meetings attended	Out of a possible
S Bunn	5	6
J Eagle, Parent Governor	5	6
S Hawke	5	6
M Heywood, Principal	6	6
P Hill	6	6
L Lang	6	6
N Lloyd	5	6
R Morgan-Guthrie	3	3
C Reynolds	3	6
L Rzeczkowski	3	6
J Tawana	1	6

Composition of the Board

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

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

The composition of the Board is aimed at ensuring it has the wide range of skills needed in such a complex environment. This school is more complex than most as it is a through school from 4 - 19; it has international boarding; operates an extended day with a vast range of character building co curricular activities; has a separate Enterprises company; and operates a swimming pool and leisure complex which supports an Elite swimming squad, led by a former Olympic swimmer, and offers the local community the largest Learn to Swim programme in the country.

THE ROYAL SCHOOL, WOLVERHAMPTON
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GOVERNANCE STATEMENT (CONTINUED)

Governance (continued)

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

- The DSA Committee is chaired by Steve Hawke, a former Head with extensive school turnaround experience, who has been at the forefront of developing school leaders for many years.
- He is supported by Professor Linda Lang who was the Dean of the University of Wolverhampton's Faculty of Education, Health and Wellbeing.
- Cherry Reynolds MBE brings her extensive SEND and education leadership experience to the DS&A.
- The FAR is chaired by Steve Bunn, an Engineer and a Chartered Accountant, who is a Director at Interpath Advisory, a financial advisory business with a broad range of specialisms..
- He is supported by Neil Lloyd, a Chartered Banker and marketing specialist, who is Managing Director of FBC Manby Bowdler, a prominent local legal firm.

External review of Governance

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

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

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

This review was also carried out remotely but with the difference that in addition to documentation being provided there was extensive, and challenging, discussion via Zoom. The SRMA understood the school and the issues it has faced and made constructive and useful recommendations, all of which were accepted. The SRMA was satisfied with the current accounting, reporting, cost-control and challenge. Interestingly the conclusions of the SRMA review and other external reviews, including two recent Ofsted inspections, were considerably at variance with some of the FMGR conclusions.

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

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

Board sub-committees

The Finance, Audit and Risk Committee is a sub committee of the main board of Governors. Its purpose is to meet at least once each half term, and more frequently as needed, with the delegated authority of the GB, to interrogate regular updates on the school's financial and budget position, ensuring tight budget control, and confirming that robust operational controls are in place and transparent at all times for all financial processes within the Free School and its Trading Subsidiary.

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

THE ROYAL SCHOOL, WOLVERHAMPTON
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GOVERNANCE STATEMENT (CONTINUED)

Governance (continued)

Attendance during the year at meetings was as follows:

Governor	Meetings attended	Out of a possible
P Hill	5	5
J Tawana	0	5
N Lloyd	5	5
S Bunn, Chair	5	5
M Heywood	5	5
J Eagle	0	5

Review of value for money

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

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

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

- Gas contracts
- Premises costs including electrical works, roof repairs and access control

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

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

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Free School policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Royal School, Wolverhampton for the year 1 September 2020 to 31 August 2021 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Board of Governors has reviewed the key risks to which the Free School is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Governors is of the view that there is a formal ongoing process for identifying, evaluating and managing the Free School's significant risks that has been in place for the year 1 September 2020 to 31 August 2021 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Governors.

The risk and control framework

The Free School's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and

THE ROYAL SCHOOL, WOLVERHAMPTON
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GOVERNANCE STATEMENT (CONTINUED)

The risk and control framework (continued)

accountability. In particular, it includes:

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Governors
- regular reviews by the Finance, Audit and Risk committee (FAR) 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
- identification and management of risks

The Board of Governors has decided to employ Haines Watts as internal auditor.

The Internal Auditors role includes giving advice on financial matters and performing a range of checks on the Free School's financial and other systems. In particular, the checks carried out in the current year included an IT Health Check, the objective; Information systems suitably meet the Free School's need and are adequately protected from operational risk, security threats and environmental hazards. The Audit focus; Risk based review of controls in place to mitigate identified risks.

Audit reports are shared to the Board of Trustees through the Finance Audit and Risk Committee on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities. An annual summary report is presented to the committee outlining the areas reviewed, key findings, recommendations and conclusions to help the committee consider actions and assess year on year progress.

The internal auditor has delivered their program of work during the year ended 31 August 2021 as planned. A number of internal control weaknesses were identified from the work completed and the Trustees and management have developed an action plan to address these weaknesses and improve internal controls over the next 12 months. The key remedial actions being undertaken by the Free School are;

- Approved IT Strategy
- IT disaster Recovery
- Data classification policy
- Personal cloud storage usage
- Remote Desktop access.

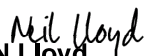
Review of effectiveness

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

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

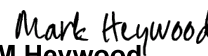
The accounting officer has been advised of the implications of the result of their review of the system of internal control by the finance, audit and risk committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

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

DocuSigned by:

Neil Lloyd
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Chair of Trustees

Date: 8 December 2021

DocuSigned by:

Mark Heywood
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Accounting Officer

THE ROYAL SCHOOL, WOLVERHAMPTON
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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As accounting officer of The Royal School, Wolverhampton I have considered my responsibility to notify the Free School Board of Governors and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Free School, under the funding agreement in place between the Free School and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2020.

I confirm that I and the Free School Board of Governors are able to identify any material irregular or improper use of all funds by the Free School, or material non-compliance with the terms and conditions of funding under the Free School's funding agreement and the Academies Financial Handbook 2020.

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 Governors and ESFA.

DocuSigned by:

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M Heywood
Accounting Officer
Date: 8 December 2021

THE ROYAL SCHOOL, WOLVERHAMPTON
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STATEMENT OF GOVERNORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2021

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

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


- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2019 and the Academies Accounts Direction 2020 to 2021;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

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

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

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

Approved by order of the members of the Board of Governors and signed on its behalf by:

DocuSigned by:

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N Lloyd
Chair of Trustees
Date: 8 December 2021

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

Opinion

We have audited the financial statements of The Royal School, Wolverhampton (the 'parent Free School') and its subsidiaries (the 'Group') for the year ended 31 August 2021 which comprise the Consolidated Statement of Financial Activities, the consolidated balance sheet, the free School balance sheet, the consolidated statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2019 and the Academies Accounts Direction 2020 to 2021 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Free School's affairs as at 31 August 2021 and of the Group's incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011, the Charities SORP 2019 and the Academies Accounts Direction 2020 to 2021 issued by the Education and Skills Funding Agency.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Governors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or the parent Free School's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Governors with respect to going concern are described in the relevant sections of this report.

THE ROYAL SCHOOL, WOLVERHAMPTON
(A company limited by guarantee)

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The Governors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

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

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

THE ROYAL SCHOOL, WOLVERHAMPTON
(A company limited by guarantee)

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

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our assessment focussed on key laws and regulations the Group and its parent free school has to comply with and areas of the financial statements we assessed as being more susceptible to misstatement. These key laws and regulations included but were not limited to compliance with the Companies Act 2006, Charities Act 2011, the Academies Financial Handbook 2020, the Academies Accounts Direction 2020 to 2021, taxation legislation, data protection, anti-bribery and employment legislation.

We are not responsible for preventing irregularities. Our approach to detecting irregularities included, but was not limited to, the following:

- obtaining an understanding of the legal and regulatory framework applicable to the Group and its parent free school and how the Group and its parent free school are complying with that framework, including agreement of financial statement disclosures to underlying documentation and other evidence;
- obtaining an understanding of the Group and its parent free school's control environment and how the Group and its parent free school have applied relevant control procedures, through discussions with Trustees and other management, consideration of the results of the internal scrutiny function and by performing walkthrough testing over key areas;
- obtaining an understanding of the Group and its parent free school's risk assessment process, including the risk of fraud;
- reviewing meeting minutes of those charged with governance throughout the year; and
- performing audit testing to address the risk of management override of controls, including testing journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias.

Whilst considering how our audit work addressed the detection of irregularities, we also considered the likelihood of detection based on our approach. Irregularities arising from fraud are inherently more difficult to detect than those arising from error.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

THE ROYAL SCHOOL, WOLVERHAMPTON
(A company limited by guarantee)

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

Use of our report

This report is made solely to the charitable Free School's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charitable Free School's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable Free School and its members, as a body, for our audit work, for this report, or for the opinions we have formed.



Simon Atkins FCA (senior statutory auditor)

for and on behalf of

Cooper Parry Group Limited

Chartered Accountants

Statutory Auditor

One Central Boulevard

Blythe Valley Business Park

Solihull

West Midlands

B90 8BG

17 December 2021

THE ROYAL SCHOOL, WOLVERHAMPTON
(A company limited by guarantee)

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

In accordance with the terms of our engagement letter dated 26 July 2021 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2020 to 2021, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Royal School, Wolverhampton during the year 1 September 2020 to 31 August 2021 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

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

The accounting officer is responsible, under the requirements of The Royal School, Wolverhampton's funding agreement with the Secretary of State for Education dated 5 July 2016 and the Academies Financial Handbook, extant from 1 September 2020, 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 2020 to 2021. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2020 to 31 August 2021 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

THE ROYAL SCHOOL, WOLVERHAMPTON
(A company limited by guarantee)

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

Approach

We conducted our engagement in accordance with the Framework and Guide for External Auditors and Reporting Accountant of Academy Trusts issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw our conclusions included:

- Reviewing the internal control policies and procedures implemented by the Academy Trust and evaluating their design and effectiveness to understand how the Academy Trust has complied with the framework of authorities, including reviewing the reports on the internal scrutiny work commissioned by the trust in relation to the year.
- Reviewing the minutes of meetings of the Trustees, relevant sub-committees and other evidence made available to us, relevant to our consideration of regularity;
- Enquiries of the Accounting Officer, including reviewing the work undertaken by the Accounting Officer in relation to their Statement on Regularity, Propriety and Compliance; and
- Detailed testing of the income and expenditure of the Academy Trust based on our assessment of the risk of material irregularity, impropriety and non-compliance. This work was integrated with our audit of the financial statements where appropriate and included analytical review and detailed substantive testing of transactions.

Conclusion

In the course of our work, nothing has come to our attention which suggest in all material respects the expenditure disbursed and income received during the year 1 September 2020 to 31 August 2021 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Reporting Accountant
Cooper Parry Group Limited
Chartered Accountants
Statutory Auditor
One Central Boulevard
Blythe Valley Business Park
Solihull
West Midlands
B90 8BG

Date: 17 December 2021

THE ROYAL SCHOOL, WOLVERHAMPTON
(A company limited by guarantee)

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2021**

	Note	Unrestricted funds 2021 £	Restricted funds 2021 £	Restricted fixed asset funds 2021 £	Total funds 2021 £	Total funds 2020 £
Income from:						
Donations and capital grants	3	-	-	28,041	28,041	100,436
Other trading activities	5	292,038	-	-	292,038	458,014
Charitable activities	4	227,633	7,909,460	-	8,137,093	7,135,648
Provision of boarding activities	28	999,992	-	-	999,992	1,249,962
Total income		<u>1,519,663</u>	<u>7,909,460</u>	<u>28,041</u>	<u>9,457,164</u>	<u>8,944,060</u>
Expenditure on:						
Raising funds	6	314,690	-	-	314,690	452,825
Charitable activities	6	585,672	7,278,407	316,396	8,180,475	7,324,914
Provision of boarding activities	6,28	993,246	-	-	993,246	1,213,853
Total expenditure		<u>1,893,608</u>	<u>7,278,407</u>	<u>316,396</u>	<u>9,488,411</u>	<u>8,991,592</u>
Net (expenditure)/income		(373,945)	631,053	(288,355)	(31,247)	(47,532)
Transfers between funds	17	-	(96,671)	96,671	-	-
Net movement in funds		<u>(373,945)</u>	<u>534,382</u>	<u>(191,684)</u>	<u>(31,247)</u>	<u>(47,532)</u>

THE ROYAL SCHOOL, WOLVERHAMPTON
(A company limited by guarantee)

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND
EXPENDITURE ACCOUNT) (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021**

	Unrestricted funds 2021 £	Restricted funds 2021 £	Restricted fixed asset funds 2021 £	Total funds 2021 £	Total funds 2020 £
Note					
Reconciliation of funds:					
Total funds brought forward	17	(811,663)	360,556	4,255,180	3,804,073
Net movement in funds		(373,945)	534,382	(191,684)	(31,247)
Total funds carried forward	17	<u>(1,185,608)</u>	<u>894,938</u>	<u>4,063,496</u>	<u>3,772,826</u>
		<u><u>(1,185,608)</u></u>	<u><u>894,938</u></u>	<u><u>4,063,496</u></u>	<u><u>3,772,826</u></u>

THE ROYAL SCHOOL, WOLVERHAMPTON

(A company limited by guarantee)

REGISTERED NUMBER: 09250153

**CONSOLIDATED BALANCE SHEET
AS AT 31 AUGUST 2021**

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	12	4,063,496	4,222,520
		<u>4,063,496</u>	<u>4,222,520</u>
Current assets			
Stocks	14	6,262	4,588
Debtors	15	277,345	513,311
Cash at bank and in hand		648,618	252,279
		<u>932,225</u>	<u>770,178</u>
Creditors: amounts falling due within one year	16	(1,222,895)	(1,188,625)
Net current liabilities		<u>(290,670)</u>	<u>(418,447)</u>
Total assets less current liabilities		<u>3,772,826</u>	<u>3,804,073</u>
Net assets excluding pension asset		<u>3,772,826</u>	<u>3,804,073</u>
Total net assets		<u><u>3,772,826</u></u>	<u><u>3,804,073</u></u>
Funds of the Free School			
Restricted funds:			
Fixed asset funds	17	4,063,496	4,255,180
Restricted income funds	17	894,938	360,556
Total restricted funds	17	<u>4,958,434</u>	<u>4,615,736</u>
Unrestricted income funds	17	<u>(1,185,608)</u>	<u>(811,663)</u>
Total funds		<u><u>3,772,826</u></u>	<u><u>3,804,073</u></u>

The financial statements have been prepared in accordance with the provisions applicable to entities subject to the small companies regime.

The financial statements on pages 29 to 53 were approved and authorised for issue by the Governors and are signed on their behalf, by:

DocuSigned by:

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N Lloyd
 Chair of Trustees
 Date: 8 December 2021

The notes on pages 34 to 53 form part of these financial statements.

THE ROYAL SCHOOL, WOLVERHAMPTON

(A company limited by guarantee)

REGISTERED NUMBER: 09250153

**FREE SCHOOL BALANCE SHEET
AS AT 31 AUGUST 2021**

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	12	4,063,496	4,222,520
Investments	13	102	102
		<u>4,063,598</u>	<u>4,222,622</u>
Current assets			
Stocks	14	6,262	4,588
Debtors	15	406,308	577,402
Cash at bank and in hand		526,385	206,422
		<u>938,955</u>	<u>788,412</u>
Creditors: amounts falling due within one year	16	(1,183,506)	(1,183,392)
Net current liabilities		<u>(244,551)</u>	<u>(394,980)</u>
Total assets less current liabilities		<u>3,819,047</u>	<u>3,827,642</u>
Net assets excluding pension asset		<u>3,819,047</u>	<u>3,827,642</u>
Total net assets		<u><u>3,819,047</u></u>	<u><u>3,827,642</u></u>
Funds of the Free School			
Restricted funds:			
Fixed asset funds	17	4,063,496	4,255,180
Restricted income funds	17	894,938	360,556
Total restricted funds	17	<u>4,958,434</u>	<u>4,615,736</u>
Unrestricted income funds	17	<u>(1,139,387)</u>	<u>(788,094)</u>
Total funds		<u><u>3,819,047</u></u>	<u><u>3,827,642</u></u>

The financial statements have been prepared in accordance with the provisions applicable to entities subject to the small companies regime.

The financial statements on pages 29 to 53 were approved and authorised for issue by the Governors and are signed on their behalf, by:

DocuSigned by:

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N Lloyd
 Chair of Trustees
 Date: 8 December 2021

The notes on pages 34 to 53 form part of these financial statements.

THE ROYAL SCHOOL, WOLVERHAMPTON
(A company limited by guarantee)

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2021

	Note	2021 £	2020 £
Cash flows from operating activities			
Net cash provided by operating activities	19	525,670	341,608
Cash flows from investing activities	20	(129,331)	(147,096)
Change in cash and cash equivalents in the year		396,339	194,512
Cash and cash equivalents at the beginning of the year		252,279	57,767
Cash and cash equivalents at the end of the year	21, 22	<u>648,618</u>	<u>252,279</u>

The notes on pages 34 to 53 form part of these financial statements

THE ROYAL SCHOOL, WOLVERHAMPTON
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

1. Accounting policies

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

1.1 Basis of preparation of financial statements

The financial statements of the Group, which is a public benefit entity under FRS 102, have been prepared under the historic cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2020 to 2021 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

The consolidated statement of financial activities (SOFA) and consolidated balance sheet consolidate the financial statements of the Free School and its subsidiary undertaking. The results of the subsidiary are consolidated on a line by line basis.

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

1.2 Company status

The Free School is a company limited by guarantee and was incorporated in England and Wales (registered number 09250153). The address of the registered office is detailed on the reference and administration page.

1.3 Going concern

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

The financial forecasts prepared by the senior management team project surpluses that will continue to reduce the deficit on on revenue reserves (unrestricted reserves and restricted reserves excluding fixed asset funds). The free school continues to be oversubscribed which will enable the group to operate at efficient levels of capacity and support increases in income generation as a consequence.

THE ROYAL SCHOOL, WOLVERHAMPTON
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

1. Accounting policies (continued)

1.4 Income

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

• **Grants**

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

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

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

• **Donations**

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

• **Other income**

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

1.5 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 Group to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

• **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

THE ROYAL SCHOOL, WOLVERHAMPTON
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

1. Accounting policies (continued)

1.6 Taxation

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

Accordingly, the Free School is potentially exempt from taxation in respect of income or capital gains received within categories covered by Part 11, chapter 3 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

1.7 Tangible fixed assets

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

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the consolidated statement of financial activities and carried forward in the balance sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the consolidated statement of financial activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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

Depreciation is provided on the following basis:

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

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the consolidated statement of financial activities.

1.8 Investments

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the balance sheet date, unless the value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and presented as 'Gains/(Losses) on investments' in the consolidated statement of financial activities.

Investments in subsidiaries are valued at cost less provision for impairment.

THE ROYAL SCHOOL, WOLVERHAMPTON
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

1. Accounting policies (continued)

1.9 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.10 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

1.11 Cash at bank and in hand

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

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

1.13 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 15. Prepayments are not financial instruments. Amounts due to the Free School's wholly owned subsidiary are held at face value less any impairment.

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

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 16. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to the Free School's wholly owned subsidiary are held at face value less any impairment.

1.14 Operating leases

Rentals paid under operating leases are charged to the consolidated statement of financial activities on a straight line basis over the lease term.

THE ROYAL SCHOOL, WOLVERHAMPTON
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

1. Accounting policies (continued)

1.15 Pensions

Retirement benefits to employees of the Group 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 Group in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

1.16 Fund accounting

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

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

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

2. 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.

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

3. Income from donations and capital grants

	Restricted fixed asset funds 2021 £	Total funds 2021 £	Total funds 2020 £
Capital Grants	28,041	28,041	100,436
Total 2020	100,436	100,436	

THE ROYAL SCHOOL, WOLVERHAMPTON
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

4. Funding for the Free School's Educational Activities

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
DfE/ESFA grants				
General Annual Grant	-	6,423,367	6,423,367	5,660,842
Other DfE/ESFA grants				
Pupil Premium	-	337,427	337,427	237,048
Teachers' Pension grant	-	313,615	313,615	293,551
DfE/ESFA grants	-	194,146	194,146	203,012
	-	7,268,555	7,268,555	6,394,453
Other Government grants				
Local Authority Grants	-	382,057	382,057	244,842
	-	382,057	382,057	244,842
Other income from the free school's educational activities	227,633	47,477	275,110	382,618
COVID-19 additional funding (DfE/ESFA)				
Catch-up Premium	-	94,760	94,760	-
Coronavirus exceptional support funding	-	-	-	26,567
Other DfE/ESFA COVID-19 funding	-	51,900	51,900	-
	-	146,660	146,660	26,567
COVID-19 additional funding (non-DfE/ESFA)				
Coronavirus Job Retention Scheme grant	-	64,711	64,711	87,168
	-	64,711	64,711	87,168
	227,633	7,909,460	8,137,093	7,135,648
Total 2020	382,618	6,753,030	7,135,648	

Following the reclassification in the Academies Accounts Direction 2020/21 of some grants received from the Department of Education and ESFA, the group's funding for Teachers' Pension grant and Pupil Premium is no longer reported under the Other DfE Group grants heading, but as separate lines under the Other DfE/ESFA grants heading. The prior year numbers have been reclassified.

The free school received £94,760 of funding for catch-up premium which was fully spent in the period.

The group furloughed some of its catering, boarding and after school care staff under the government's CJRS. The funding received of £64,711 relates to staff costs in respect of 64 staff which are included within note 9 below as appropriate.

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5. Income from other trading activities

	Unrestricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Trading subsidiary income	292,038	292,038	458,014
Total 2020	458,014	458,014	

6. Expenditure

	Staff Costs 2021 £	Premises 2021 £	Other 2021 £	Total 2021 £	Total 2020 £
Expenditure on fundraising trading activities:					
Direct costs	252,466	-	62,224	314,690	452,825
Funding for educational operations:					
Direct costs	5,170,655	118,168	541,249	5,830,072	5,360,518
Support costs	1,063,653	742,399	544,351	2,350,403	1,964,396
Boarding activities:					
Direct costs	108,632	-	33,633	142,265	180,830
Allocated support costs	396,204	242,686	212,091	850,981	1,033,023
	<u>6,991,610</u>	<u>1,103,253</u>	<u>1,393,548</u>	<u>9,488,411</u>	<u>8,991,592</u>
Total 2020	6,490,806	1,002,678	1,498,108	8,991,592	

7. Analysis of expenditure by activities

	Activities undertaken directly 2021 £	Support costs 2021 £	Total funds 2021 £	Total funds 2020 £
Educational activities	5,830,072	2,350,403	8,180,475	7,324,914
Total 2020	5,360,518	1,964,396	7,324,914	

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7. Analysis of expenditure by activities (continued)

Analysis of support costs

	Activities 2021 £	Total funds 2021 £	Total funds 2020 £
Staff costs	1,063,653	1,063,653	908,869
Depreciation	198,228	198,228	184,267
Premises costs	544,171	544,171	393,139
Other support costs	506,168	506,168	446,486
Technology costs	7,364	7,364	7,180
Governance costs	30,819	30,819	24,455
	<u>2,350,403</u>	<u>2,350,403</u>	<u>1,964,396</u>
Total 2020	<u>1,964,396</u>	<u>1,964,396</u>	

8. Net (expenditure)/income

Net (expenditure)/income for the year includes:

	2021 £	2020 £
Operating lease rentals	27,776	27,776
Depreciation of tangible fixed assets	316,396	300,638
Fees paid to auditor for:		
- audit	14,750	15,250
- other services	2,000	2,025
	<u>360,922</u>	<u>345,689</u>

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9. Staff

a. Staff costs

Staff costs during the year were as follows:

	Group 2021 £	Group 2020 £	Free School 2021 £	Free School 2020 £
Wages and salaries	5,590,747	5,219,326	5,353,928	4,916,225
Social security costs	483,530	432,383	475,066	430,942
Pension costs	849,869	795,698	842,686	781,142
	<u>6,924,146</u>	<u>6,447,407</u>	<u>6,671,680</u>	<u>6,128,309</u>
Agency staff costs	53,464	43,399	53,464	43,399
Staff restructuring costs	14,000	-	14,000	-
	<u><u>6,991,610</u></u>	<u><u>6,490,806</u></u>	<u><u>6,739,144</u></u>	<u><u>6,171,708</u></u>

Staff restructuring costs comprise:

	Group 2021 £	Group 2020 £	Free School 2021 £	Free School 2020 £
Severance payments	14,000	-	14,000	-
	<u>14,000</u>	<u>-</u>	<u>14,000</u>	<u>-</u>

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

Included in staff restructuring costs is one non-statutory/non-contractual severance payments totalling £14,000 (2020: £Nil).

c. Staff numbers

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

	Group 2021 No.	Group 2020 No.	Free School 2021 No.	Free School 2020 No.
Teachers	77	77	77	77
Administration and support	194	195	161	162
Management	9	8	9	8
	<u>280</u>	<u>280</u>	<u>247</u>	<u>247</u>

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9. Staff (continued)

d. Higher paid staff

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

	Group 2021 No.	Group 2020 No.
In the band £60,001 - £70,000	2	3
In the band £70,001 - £80,000	1	-
In the band £80,001 - £90,000	1	1
In the band £100,001 - £110,000	1	1
	<u> </u>	<u> </u>

e. Key management personnel

The key management personnel of the Free School comprise the Governors and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the Free School was £781,048 (2020 - £605,147).

10. Governors' remuneration and expenses

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

		2021 £	2020 £
M Heywood, Principal	Remuneration	100,000 - 105,000	100,000 - 105,000
	Pension contributions paid	20,000 - 25,000	20,000 - 25,000

During the year ended 31 August 2021, no Governor expenses have been incurred (2020 - £NIL).

11. Governors' and Officers' insurance

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

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12. Tangible fixed assets

Group and Free School

	Long-term leasehold property £	Fixtures and fittings £	Computer equipment £	Motor vehicles £	Total £
Cost or valuation					
At 1 September 2020	3,417,168	1,130,181	804,775	10,799	5,362,923
Additions	-	55,217	102,155	-	157,372
At 31 August 2021	<u>3,417,168</u>	<u>1,185,398</u>	<u>906,930</u>	<u>10,799</u>	<u>5,520,295</u>
Depreciation					
At 1 September 2020	109,348	398,136	628,599	4,320	1,140,403
Charge for the year	27,336	169,812	118,168	1,080	316,396
At 31 August 2021	<u>136,684</u>	<u>567,948</u>	<u>746,767</u>	<u>5,400</u>	<u>1,456,799</u>
Net book value					
At 31 August 2021	<u><u>3,280,484</u></u>	<u><u>617,450</u></u>	<u><u>160,163</u></u>	<u><u>5,399</u></u>	<u><u>4,063,496</u></u>
At 31 August 2020	<u><u>3,307,820</u></u>	<u><u>732,045</u></u>	<u><u>176,176</u></u>	<u><u>6,479</u></u>	<u><u>4,222,520</u></u>

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

13. Fixed asset investments

	Investments in subsidiary companies £
Free School	
Cost or valuation	
At 1 September 2020	102
At 31 August 2021	<u><u>102</u></u>

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NOTES TO THE FINANCIAL STATEMENTS
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14. Stocks

	Group 2021 £	Group 2020 £	Free School 2021 £	Free School 2020 £
Goods for resale	6,262	4,588	6,262	4,588

15. Debtors

	Group 2021 £	Group 2020 £	Free School 2021 £	Free School 2020 £
Due within one year				
Trade debtors	90,911	165,008	87,744	158,412
Amounts owed by group undertakings	-	-	132,130	81,025
Other debtors	53,371	32,783	53,371	32,783
Prepayments and accrued income	133,063	315,520	133,063	305,182
	<u>277,345</u>	<u>513,311</u>	<u>406,308</u>	<u>577,402</u>

16. Creditors: Amounts falling due within one year

	Group 2021 £	Group 2020 £	Free School 2021 £	Free School 2020 £
Trade creditors	267,617	203,074	260,483	199,770
Other taxation and social security	114,827	115,514	113,488	113,877
Other creditors	199,617	298,329	199,617	298,037
Accruals and deferred income	640,834	571,708	609,918	571,708
	<u>1,222,895</u>	<u>1,188,625</u>	<u>1,183,506</u>	<u>1,183,392</u>
	Group 2021 £	Group 2020 £	Free School 2021 £	Free School 2020 £
Deferred income at 1 September 2020	507,658	544,686	507,658	544,686
Resources deferred during the year	544,391	507,658	513,474	507,658
Amounts released from previous periods	(507,658)	(544,686)	(507,658)	(544,686)
	<u>544,391</u>	<u>507,658</u>	<u>513,474</u>	<u>507,658</u>

At the balance sheet date the free school was holding funds of £387,146 (2020: £352,497) received in advance for boarding fees for the Autumn term 2021. Other amounts were held in respect of advanced educational grants and income held for future periods.

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NOTES TO THE FINANCIAL STATEMENTS
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17. Statement of funds

	Balance at 1 September 2020 £	Income £	Expenditure £	Transfers in/out £	Balance at 31 August 2021 £
Unrestricted funds					
General Funds	(782,988)	227,633	(585,672)	-	(1,141,027)
Boarding	(5,106)	999,992	(993,246)	-	1,640
Trading subsidiary	(23,569)	292,038	(314,690)	-	(46,221)
	<u>(811,663)</u>	<u>1,519,663</u>	<u>(1,893,608)</u>	<u>-</u>	<u>(1,185,608)</u>
Restricted general funds					
General Annual Grant (GAG)	424,668	6,423,367	(5,856,426)	(96,671)	894,938
Pupil Premium	(64,112)	337,427	(273,315)	-	-
Teachers' Pension grant	-	313,615	(313,615)	-	-
Other DfE/ESFA grants	-	194,146	(194,146)	-	-
Covid Catch-up Premium	-	94,760	(94,760)	-	-
Local Authority grants	-	382,057	(382,057)	-	-
Coronavirus Job Retention Scheme	-	64,711	(64,711)	-	-
Other DfE/ESFA COVID-19 funding	-	51,900	(51,900)	-	-
Other restricted funding	-	47,477	(47,477)	-	-
	<u>360,556</u>	<u>7,909,460</u>	<u>(7,278,407)</u>	<u>(96,671)</u>	<u>894,938</u>
Restricted fixed asset funds					
Restricted Fixed Asset Fund	3,981,062	-	(251,237)	333,671	4,063,496
DfE Group capital grants	37,118	28,041	(65,159)	-	-
Other donations	237,000	-	-	(237,000)	-
	<u>4,255,180</u>	<u>28,041</u>	<u>(316,396)</u>	<u>96,671</u>	<u>4,063,496</u>
Total Restricted funds	<u>4,615,736</u>	<u>7,937,501</u>	<u>(7,594,803)</u>	<u>-</u>	<u>4,958,434</u>
Total funds	<u>3,804,073</u>	<u>9,457,164</u>	<u>(9,488,411)</u>	<u>-</u>	<u>3,772,826</u>

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

Restricted fixed assets were funded by government grants.

The transfer between the Restricted General Annual Grant and Restricted Fixed Asset funds relates to the amounts expended on fixed assets from other funds.

Unrestricted funds are available for use at the discretion of the Governors for the furtherance of the Free School's charitable objects.

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17. Statement of funds (continued)

Under the funding agreement with the Secretary of State, the Free School was not subject to a limit on the amount of GAG it could carry forward at 31 August 2021.

The Free School is carrying a net deficit of £244,449 on restricted general funds plus unrestricted funds for the following reason:

There is continued investment in education provision, leadership, teaching staff and the fabric of the building in support of the continuing increase in pupil numbers to date and over the next few years. The school remains significantly oversubscribed at every level. It is undergoing a major building project, affecting every teaching area. This has been delayed by 1.5 years resulting in costs that have increased beyond reasonable expectation. This delay has also restricted the commensurate revenue growth, as planned increases in classroom capacity have not taken place. The Free School is taking the following action to return these funds to surplus: budgets are being managed very tightly through the direct action of experienced governance and leadership with the deficit reducing hereafter as the school reaches optimum size and efficiency and building work reduces additional unplanned costs.

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17. Statement of funds (continued)

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

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

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18. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2021 £	Restricted funds 2021 £	Restricted fixed asset funds 2021 £	Total funds 2021 £
Tangible fixed assets	-	-	4,063,496	4,063,496
Fixed asset investments	(102)	102	-	-
Current assets	37,389	894,836	-	932,225
Creditors due within one year	(1,222,895)	-	-	(1,222,895)
Total	<u>(1,185,608)</u>	<u>894,938</u>	<u>4,063,496</u>	<u>3,772,826</u>

Analysis of net assets between funds - prior year

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

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

	2021 £	2020 £
Net expenditure for the year (as per statement of financial activities)	(31,247)	(47,532)
Adjustments for:		
Depreciation	316,396	300,638
Capital grants from DfE and other capital income	(28,041)	(146,446)
(Increase)/decrease in stocks	(1,674)	2,002
Decrease/ (increase) in debtors	235,966	375,100
Increase/ (decrease) in creditors	34,270	(142,154)
Net cash provided by operating activities	<u>525,670</u>	<u>341,608</u>

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20. Cash flows from investing activities

	Group 2021 £	Group 2020 £
Purchase of tangible fixed assets	(157,372)	(293,542)
Capital grants from DfE Group	28,041	146,446
Net cash used in investing activities	(129,331)	(147,096)

21. Analysis of cash and cash equivalents

	Group 2021 £	Group 2020 £
Cash in hand and at bank	648,618	252,279
Total cash and cash equivalents	648,618	252,279

22. Analysis of changes in net debt

	At 1 September 2020 £	Cash flows £	At 31 August 2021 £
Cash at bank and in hand	252,279	396,339	648,618
	252,279	396,339	648,618

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23. Pension commitments

The Free School's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff (a multi-employer defined benefit schemes); and a Defined Contribution Pension Scheme for non-teaching staff.

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

Contributions amounting to £107,060 were payable to the schemes at 31 August 2021 (2020 - £98,628) and are included within creditors.

Teachers' Pension Scheme

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

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

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury every 4 years. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education on 5 March 2019. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 23.68% of pensionable pay (including a 0.08% administration levy)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million, giving a notional past service deficit of £22,000 million
- the SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 2.4% above the rate of CPI, assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.45%.

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

The employer's pension costs paid to TPS in the year amounted to £742,002 (2020 - £660,570).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (<https://www.teacherspensions.co.uk/news/employers/2019/04/teachers-pensions-valuation-report.aspx>).

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

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24. Operating lease commitments

At 31 August 2021 the Group and the Free School had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	Group 2021 £	Group 2020 £	Free School 2021 £	Free School 2020 £
Not later than 1 year	-	27,776	-	27,776
Later than 1 year and not later than 5 years	-	7,953	-	35,729
	<u>-</u>	<u>35,729</u>	<u>-</u>	<u>63,505</u>

25. Members' liability

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

26. Related party transactions

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

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

Transactions totaling £124,713 (2020: £106,771) relating to salary and occupancy costs incurred on behalf of the subsidiary were recharged to The Royal Wolverhampton School Enterprises Limited. There was an outstanding balance due to the Free School at 31 August 2021 of £132,130 (2020: £99,719).

27. Principal subsidiaries

The following was a subsidiary undertaking of the Free School:

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

The financial results of the subsidiary for the year were:

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27. Principal subsidiaries (continued)

Name	Income £	Expenditure £	Profit/(Loss) / Surplus/ (Deficit) for the year £	Net assets £
The Royal Wolverhampton School Enterprises Limited	292,038	(314,690)	(22,652)	(46,221)

28. Boarding school trading account

	2021 £	2021 £	2020 £	2020 £
Income				
Direct income				
Fee income	999,985		1,242,494	
Other income	7		7,468	
Total direct income	999,992		1,249,962	
Total income		999,992		1,249,962
Expenditure				
Direct expenditure				
Direct staff costs	108,632		161,573	
Other direct costs	33,633		19,257	
Total direct expenditure	142,265		180,830	
Other expenditure				
Other staff costs	396,204		408,335	
Premises costs	245,583		282,466	
Other support costs	209,194		342,222	
Total other expenditure	850,981		1,033,023	
Total expenditure		993,246		1,213,853
Surplus from all sources		6,746		36,109
Boarding school balances at 1 September 2020		(5,106)		(41,215)
Boarding school balances at 31 August 2021		1,640		(5,106)

