

Company Registration No. 07633715 (England and Wales)

SUTTON GRAMMAR SCHOOL TRUST
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2020



SUTTON GRAMMAR SCHOOL TRUST

CONTENTS

	Page
Reference and administrative details	1
Chariman's Foreword	2
Trustees' report	3 - 13
Governance statement	14 - 18
Statement on regularity, propriety and compliance	19
Statement of trustees' responsibilities	20
Independent auditor's report on the accounts	21 - 23
Independent reporting accountant's report on regularity	24 - 25
Statement of financial activities including income and expenditure account	26 - 27
Balance sheet	28
Statement of cash flows	29
Notes to the accounts including accounting policies	30-48

SUTTON GRAMMAR SCHOOL TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Members

Mr J R Edwards
Mr G W Jones
Mrs S Lalani
Mr C Townsend

Trustees

Mr J R Edwards (Chairman)
Mr B A Cloves (Accounting Officer and Headmaster) (Appointed 1 September 2019)
Ms F H E Alexander
Mr P S Chambers
Mr P S Davis (Resigned 27 April 2020)
Mr D G Hobbs (Appointed 27 April 2020)
Mr G W Jones
Mr T G Kohler (Appointed 13 February 2020)
Mr A J Marsh (Appointed 17 May 2020)
Mr R W Murrill
Ms A J Nobel (Resigned 30 September 2019)
Mr R A Pletts
Ms N Prasad
Mr P J Ritson
Mr D Rustagi (Resigned 11 September 2020)

Senior Leadership Team

- Headmaster	Mr B A Cloves
- Deputy Head	Mrs K Ross
- Assistant Head	Mr S Brook
- Assistant Head	Mr J Costello
- Bursar	Mrs E C Beach

Company secretary

Dr N S Wrench

Company registration number

07633715 (England and Wales)

Principal and registered office

Manor Lane
Sutton
Surrey
SM1 4AS

Independent auditor

Alliotts LLP
Friary Court
13-21 High Street
Guildford
Surrey
GU1 3DL

Solicitors

Vivash Brand LLP
Nonsuch House
538-542 London Road
Sutton
SM3 9AA

SUTTON GRAMMAR SCHOOL TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

CHAIRMAN'S FOREWORD

This year's Report necessarily makes many references to the effects of the Covid-19 pandemic on the Trust's academic and business operations. This continues to dominate day-to-day operations, creating many challenges, both practical but also for maintaining the well-being of both the Trust's staff and its students.

The national response to Covid-19 has resulted in substantial changes to the way the School operates. Physical adaptations to the buildings have been needed to ensure that whole school teaching from September 2020 can comply with government requirements. Teaching and socialising in School is now within year group and class 'bubbles'.

Delivery of remote teaching and learning in the summer term, provided both opportunity and substantial challenge for academic staff to develop new methods of teaching. The Trust is investing in further resources to ensure that if whole school remote teaching is again required appropriate tools and delivery mechanisms are in place. Individual home learning is arranged for any student in 'lock-down' on account of Covid-19.

Covid-19 related restrictions have had a particular impact on sport - with the sports hall now needed for teaching and for canteen purposes no indoor sport can be played. After school clubs are likewise severely restricted.

Careful attention has been given to ensuring effective pastoral care while normal schooling is disrupted. As recorded in the report the Trust expanded the capacity of the responsible team and a tiered pastoral support response is in place. The Trust is also aware of the impact of ever-changing pattern of operations on the well-being of staff. The School has trained a number of Mental Health First Aid Champions. The Trust has also made provision for appropriate external professional support to be available if needed.

The Board is very appreciative of the leadership and detailed day-to-day contribution of the Deputy Head in providing pastoral care.

Mr Cloves took up his post as Headmaster at the start of the 2019-20 academic year. He could not have foreseen the challenges he would face in the course of his first year. Because of Covid-19 he has had to reorganise the school just to deliver normal lessons. He has had to oversee the development and delivery of remote learning, not just for single students, but in the expectation that whole class, indeed whole school, learning may have to be undertaken remotely. The Headmaster is the public face of the School. Almost all opportunities for face-face contact with parents and prospective parents have been denied to him during the year. He has nevertheless made determined and successful efforts to keep parents and students well informed of the issues and the way they are being handled. The Board is also appreciative of initiatives he led to maintain the School's record of excellence.

On behalf of the Board I record its appreciation to the Headmaster and all staff for their contributions to the successful operation of the School in exceptional and difficult circumstances.

Julian Edwards
Chairman
Sutton Grammar School Trust

SUTTON GRAMMAR SCHOOL TRUST

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2020

The trustees present their annual report together with the accounts and auditor's report of the charitable company for the year 1 September 2019 to 31 August 2020. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The Trust operates a selective grammar school for students aged 11 to 18 serving a catchment area in South West London and North East Surrey. During the year under review the School had 675 male students on roll in years 7 – 11 and a further 292 students (including girls) in years 12 and 13.

Structure, governance and management

Constitution

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

The charitable company is known as Sutton Grammar School.

The trustees of Sutton Grammar School Trust are also the directors of the charitable company for the purposes of company law. Details of the trustees who served during the year, and to the date these accounts are approved, are included in the Reference and Administrative Details on page 1.

Members' liability

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

Trustees' indemnities

In accordance with normal commercial practice the Trust purchases insurance to protect trustees and officers from claims for negligent acts, errors and omissions whilst on Trust business. The insurance provides cover up to £10 million on any one claim and the cost for the year ended 31 August 2020 was £146 (2019: £146).

Method of recruitment and appointment or election of trustees

Three trustees appointed by the Members served throughout the year. A fourth trustee was appointed by the Members on the recommendation of the Nominations Committee in February 2020. Mr Hobbs is the Vice Chairman of the Old Suttonians Association and his appointment further strengthens the School's links with its alumni.

The Board appointed Mr Kohler as a community trustee in February 2020 following a recommendation from the Nominations Committee.

Mr Murrill was re-appointed by the Board as a community trustee to serve until 31 October 2024.

The composition of the Trust Board requires a minimum of two trustees to be elected by registered parents by nomination and secret ballot. Three elected parent trustees served during the year. Ms Nobel, appointed by the Board following completion of her elected term, resigned in September 2019 when she moved out of the area. Mr Rustagi, an elected parent trustee, resigned on 11 September 2020.

Two staff trustees serve on the Board. Mr Pletts served throughout the year. Mr Davis resigned in April 2020 after six years as a trustee and was replaced by Mr Marsh.

SUTTON GRAMMAR SCHOOL TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Policies and procedures adopted for the induction and training of trustees

Trustees receive a detailed briefing on their role and specific training is arranged where a need is identified.

Organisational structure

The Board is responsible for all strategic decisions. It is supported by three standing committees – the Finance and General Purposes Committee (FGPC) which is responsible for budget setting and monitoring, the Admissions Committee responsible for implementing the admissions policy and admissions decisions, and the Remuneration Committee. The non-executive members of the FGPC (excluding the Board Chairman) perform the Audit Committee function.

The Board approved a new standing committee in July, the Curriculum Committee, which has oversight of teaching and learning and pastoral policy and practice, previously considered directly by the whole Board.

A Nominations Committee met twice to consider and interview potential trustees and make recommendations to both the Members and the Board.

Individual trustees take on specific responsibilities to act as the link between the Board and management on issues such as: pupil discipline and behaviour, educational visits and trips, special educational needs and pupil premium, child protection and pastoral support, and health and safety. Further expansion of this approach to include teaching faculties is expected following the creation of the Curriculum Committee.

The Headmaster is the Accounting Officer, and the Bursar is the Chief Financial Officer. The Board has delegated responsibility for all educational operations to the Headmaster. He is supported by the senior leadership team of a Deputy Head, two Assistant Heads and the Bursar. The Headmaster has the freedom to adjust staff numbers and other expenditure within the approved financial budget to meet the operational needs of the School.

Arrangements for setting pay and remuneration of key management personnel

The key management personnel of the School responsible for directing and controlling the Academy comprise the trustees together with the Senior Leadership Team (SLT).

The Members of the Trust and the trustees receive no remuneration for their role as members and trustees. The Headmaster and the elected staff trustees receive remuneration only as employees of the Trust.

The Trust has an approved pay policy and competitive pay scales for all staff below senior management. Salary progression is subject to performance assessment against agreed criteria.

The Remuneration Committee is responsible for setting and monitoring the performance objectives of the SLT. The Headmaster supports the Committee in its assessment of members of the SLT other than himself.

In setting the remuneration of the SLT the Committee benchmarks against other selective schools in terms of size, performance, and composition of the management team. It also considers relativities against other academy schools in the area.

SUTTON GRAMMAR SCHOOL TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Trade union facility time

Relevant union officials

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

Percentage of time spent on facility time

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

Percentage of pay bill spent on facility time

Total cost of facility time	527
Total pay bill	-
Percentage of the total pay bill spent on facility time	-

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	-
---	---

The Trust contributed £527 (2019: £542) to the Partnership of Sutton Secondary School Head's Board as a contribution towards the cost of union facilities. No trade union has requested facilities from the Trust.

Related parties and other connected charities and organisations

The School collaborates with the local authority and other local academy trusts on a number of general issues relevant to the provision of education across the London Borough of Sutton.

The School provides administrative services on a not-for-profit basis to the local selective schools for the running of a common entrance test designed to show whether or not a child is of selective ability. The test is open to all eligible children irrespective of place of residence.

The School benefits from the activities of the charitable incorporated organisation, Sutton Grammar School Parent Teacher Association (SGSPTA) – charity number 1168281. The SGSPTA makes grants to the Trust, mostly for the provision of tangible assets and capital projects. Mr Cloves is the President of the SGSPTA but under the Charity's Articles exercises no control over its financial policy or distributions.

The Headmaster is in accordance with tradition the elected President of the Old Suttonians Association (OSA). The Trust hires sports facilities to the OSA on a commercial basis approved by the FGPC.

SUTTON GRAMMAR SCHOOL TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Objectives and activities

Objects and aims

This report covers the period 1 September 2019 to 31 August 2020 and significant developments to the date of signing the Report.

The objective of the Trust is the advancement of education, principally secondary education.

The School admits boys to Year 7 by competitive examination. Entrance exams are also held if there are vacancies in years 8, 9 and 10. 135 boys (2018: 135) joined the School in Year 7 in September 2019. During the period there were on average 675 (2019: 660) students on roll in years 7 to 11. Because of the impact of Covid-19 on the schooling of year 6 pupils the Trust sought and gained, in conjunction with its partner schools, approval to delay until November 2020 the admissions tests for Year 7 entry in 2021.

Most boys stay into the sixth form for A-level study. 49 (2019:40) students who met the sixth form admission requirements joined in Year 12 from other schools in September 2019 including 26 girls. There were 309 (2019: 292) students on roll in the sixth form during the year.

The principal source of income is the General Annual Grant (GAG) provided by the Secretary of State for Education under the Funding Agreement between the Trust and the Secretary of State. Payment of this grant is through the Education and Skills Funding Agency (ESFA).

Objectives, strategies and activities

It is the Trust's strategic objective to aim for excellence in all areas of the School's educational provision.

Its overall aims are to provide teaching at an outstanding level to all students in all age groups and to produce well-rounded individuals who can reach their full potential, including winning places at leading universities and preparing themselves for professional careers. The Trust believes that this can be achieved by providing opportunities for all students to study a broad curriculum, to take part in a wide range of extra-curricular activities, and to develop sound inter-personal skills and understanding of the society in which they live.

It aims to provide an educational environment and pastoral care that enables students and staff to feel supported and safe, and students are encouraged to be open-minded, engaged learners.

The Trust will budget for medium term financial stability with clear plans for both expenditure and income raising potential, with retention and recruitment of high-quality staff throughout the Trust as a priority.

This comprehensive programme cannot currently be delivered on the basis of public funding alone. Therefore the Trust values the generous response by parents and others who make regular voluntary donations to support the Trust's aims. In addition there is significant financial support provided by the SGSPTA as a result of its independent fund raising activities.

SUTTON GRAMMAR SCHOOL TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Public benefit

In setting the Trust's objectives and planning its activities, the Board has given careful consideration to the Charity Commission's general guidance on public benefit.

The Trust continues to make its sports facilities available for community use. The School's other facilities are used by educational and religious organisations. The School contributes to mathematics and science teaching in a number of local primary schools.

The Covid-19 epidemic has severely restricted the use of the Trust's facilities by third parties. From March 2020 it was not possible to open the Manor Lane site for use by either sports clubs or churches, first because of government instruction and, since September 2020, because the whole site is needed for the purposes of the School and is managed in accordance with the risk analyses prepared for the return to the full opening of the School for students. The use of the playing fields for adult football has been allowed following approval for grass-roots football by the government from September 2020. The clubs using the facilities must comply with the Trust's risk analysis as well as any risk analysis complying with the requirements of the sport's governing body.

Strategic report

Achievements and performance

The School has well established systems for academic and pastoral care. Programmes of early intervention are designed to ensure that each student is able to fully benefit from the range of opportunities that the School provides.

During the year the pastoral team under the leadership of the Deputy Head as the Designated Safeguarding Lead (DSL) was strengthened by the appointment of three Assistant DSLs and a Pastoral and Student Support Officer. This team, supported by the Heads of Year, made a major contribution to the management of the student body, particularly following the general shut down of the School from March.

Covid-19 has impacted, and continues to impact, on curriculum delivery, development, pastoral care, and outcomes. The Board records its appreciation of the work of the Headmaster and his staff in maintaining high quality outcomes over the summer term. Very few students needed to come into school during the national lock-down so teaching concentrated on delivering lesson material in a variety of ways appropriate to the subject. Carefully organised, socially distanced, catch up sessions were arranged in the School for years 10 and 12.

In future the Curriculum Committee will be responsible for advising the Board on all aspects of academic progress. The Headmaster, supported by the SLT lead on curriculum matters, will provide detailed reports on teaching and learning, and on the relative performance of different subsets of students. Academic departments can, with the agreement of the Board, run non-standard courses if they feel this will benefit students.

SUTTON GRAMMAR SCHOOL TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

There were significant changes to the public examination system in the summer of 2020 as a result of Covid-19. Grades were awarded on the basis of centre assessments (CAGs), making direct comparison with previous years' examination results of limited value. Because of this, the Board accepted the Headmaster's recommendation that all Year 11 students should be allowed access to the sixth form. Four students decided not to take up this offer.

In 2020 there were 1,486 CAG entries at GCSE (2019: 1,335 exam entries). 95% of the CAGs were level 6 or better. The distribution of grades was 554 (457) grade 9; 426 (384) at grade 8; 289 (264) at grade 7 and 150 (156) at grade 6, totalling 1461 (1,261) passes at grades 9-6.

Grades	9-8	9-7	9-5
2020	66%	85%	99%
2019	64%	84%	98%
2018	63%	81%	99%

The Board is pleased to record that over the last five years all students able to take GCSE at the end of Year 11 have achieved five grades 9-4 or A*-C grades, including English and Mathematics. All the CAGs in Mathematics and English in summer 2020 were at grade 5 or above. 97% of Maths grades were grade 7 or better and in English 84% were grade 7 or better.

Attainment 8 and Progress 8 (2016-2020)

	2020	2019	2018	2017	2016
Attainment 8	8.13	8.09	8.06	7.51	7.28
Progress 8	0.8* FFT estimate	0.95	0.83	0.64	0.18

The ALPs report shows that the value added achieved by the students at GCSE was 1.18 which gives the cohort an ALPS quality indicator of band 2. The 2018-19 cohort achieved a score of 1.07.

The Alps Key Stage 4 analysis shows that on average the disadvantaged students (FSM and FSMEver6) achieved better than the average for the cohort as a whole.

Student achievements - Advanced level

In the Board's view an important measure of success at A-Level is the progress the School's sixth form students make to tertiary education or their chosen career. Because the choice of course and the destination of a leaver is a matter of personal choice and the number of students in the sixth form varies year-on-year, comparisons are not always meaningful.

There were 144 (2019: 144) students entered for 488 (2019: 449) Advanced Level exams. As with GCSEs, A-Level results were based on CAGs. 87% of the grades were grade B or better; A* - 28% (2019:17%); A - 37% (2019: 34%).

93 (2019: 87) students took up offers of places at Russell group universities including 12 (10) at Oxford and Cambridge.

Students opted for a wide range of courses.

Languages	7	Mathematics	9
Business studies	7	Politics	4
Medicine	14	Psychology	7
Economics	6	Music	5
Engineering	25	Sport	2
Biomedical sciences	10	Law	4
Science	16	History	14
Information technology	13	Philosophy	2
Linguistics	1	Geography	3

126 students received 1st or 2nd choice places, 10 accepted a changed course at their 1st or 2nd choice places and 24 gained places in Clearing. Five students decided to defer their course to 2021.

SUTTON GRAMMAR SCHOOL TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Extra-Curricular Activity

The School endeavours to provide a wide range of extra-curricular activity including educational trips and visits. Covid-19 had a significant impact on the planned programme and six international and two UK based activities scheduled for the summer period were cancelled.

The Duke of Edinburgh's (DoE) programme was severely curtailed. Two students achieved the DoE Certificate of Achievement award, which was created by DoE in light of the lockdown. 72 students completed the expedition element of the bronze award in Autumn term 2020. Many students are endeavouring to complete their DoE requirements from home, by volunteering for their neighbours and grandparents, completing odd jobs like gardening and collecting shopping for those isolating. Many have been able to continue with music components by attending lessons and completing exams online. Some students undertook research for different organisations, using this as a volunteering activity which went towards their award. All these students are now able to complete the award in full, having also done the expeditions.

Ball boys selected for the Wimbledon Championships were of course not required.

The School has regularly participated in the Big Bang science fair by putting on displays and activities for visiting schools. This year the School worked closely with Successful Sutton to host two days of a virtual science fair in July. This included "Rocket Man", heavily featured in worldwide news, whose team hosted an insight directly into his workshops, including videos and prototype exhibits never seen before. There was a dial-in from the USA of Drone Academy operations and flyby footage. For the more junior interests and those young at heart, there was, among other activities, ice-cream making with salt and simple home ingredients. Over 40 schools around the region participated in the interactive event on the Friday, during school hours. The School's organising team received much positive feedback.

New Year 7 September 2020

The School was unable to offer the full summer introductory programme for the Year 7 boys due to start in September. Form teachers produced short introductory videos for each of the class groups. Unfortunately the Headmaster was not able to meet new parents and boys as a group and the PE staff were not able to run the introductory sports activities.

Investment Programme

The Trust submitted two bids to the 2020 CIF for replacement of the pitch roofs and for the installation of new fire doors. Neither bid was successful. It is the intention to examine why the applications were unsuccessful and resubmit them to the next round of CIF bidding.

As recorded in previous reports, the Trust plans to replace the Pavilion at the Walch Memorial Sports Ground (WMSG). The pavilion was built in 1964 at a time when the School was half the size it is today. Epsom and Ewell planning department has indicated that re-development in the Green Belt will be possible and a detailed design is being drawn up with the intention of gaining planning permission. It was originally estimated that a new pavilion would cost in the region of £2.35 million. Clearly at this level of cost significant support will be required from the DfE. The project has been in suspense as a result of Covid-19 but will be pursued in 2020-21.

In order to keep the WMSG secure perimeter security fencing has been installed along the most vulnerable boundaries. This programme will continue and should eliminate trespass and the need for police to remove persons behaving illegally on the premises.

SUTTON GRAMMAR SCHOOL TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Going concern

The Trust regularly has more successful applicants for places than it can take. The Board has agreed that the because of the size of the main site it cannot seek further growth in years 7 – 11. The Trust has adapted its admissions policy to provide more opportunity for boys from disadvantaged backgrounds by adjusting entrance exams results according to the IDACI number for the boy's home address.

The Board wishes to continue to recruit external entrants to Year 12 as these students add diversity and experience into the sixth form; the senior student in 2019-20 was a female who had joined the School the previous year. In September 2020 29 male and 23 female students joined in Year 12 in addition to the 130 boys who transferred from Year 11.

As previously stated the Board values a broad based educational offer and has confirmed that students are expected to study four A-level subjects in Year 12. The School is able to offer a wide range of courses to external students. It has an enviable reputation in STEM so it is easy to attract students both internally and externally for these sixth form courses. Every effort is made to attract interest in the subjects with smaller class sizes, but this must be done in a challenging marketing environment against all the other sixth form educators competing in the market. However the Board recognises that it is important to ensure that sixth form provision overall is cost-effective.

The Trust has prepared three year budgets in accordance with ESFA requirements. There is continued uncertainty as to the level of future public funding. When this is coupled with the Government's stated intention to raise the salaries of teachers there is lack of clarity which makes planning additionally challenging. The basic income elements, KS3 and KS4 student numbers, will remain static. Any growth in grant income will come from sixth form numbers and the nature of the courses offered. All budget projections indicate a continued need for funding from private sources if the School is to continue to provide the broad curriculum and educational experience that the Trust wishes to supply.

However, after making appropriate enquiries, the Board 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.

Financial review

The majority of the School's revenue funding was provided by the Education and Skills Funding Agency (ESFA). In addition there was voluntary income from parents, donations from the SGSPTA and other donors, and income from lettings.

The School's total income for the period ended 31 August 2020 amounted to £5,942,239 (2019 - £5,903,293) of which £4,895,337 (2019: £4,485,650) related to the ESFA General Annual Grant.

Capital grants from public sources during the period to 31 August 2020 were £21,521 (2019: £237,264). In total the SGSPTA donated £91,000 (2019 - £96,000) to the Trust to enhance the educational opportunities provided for the students; a special grant of £65,000 for direct support of the curriculum and £26,000 to support individual requests from staff for specific projects. The SGSPTA has agreed to a grant of £65,000 in 2020-21 to support delivery of the curriculum.

Other donations under HMRC's gift aid scheme provided a total of £325,000 (2019 - £322,000) enabled to the Trust to maintain and enhance its curricular and non-curricular activities. There were additional donations of £5,000.

Total expenditure was £6,608,497 (2019: £6,311,264) and included £6,199,061 (2019: £5,920,026) relating to the School's educational operations of which £81,285 (2019: £63,562) related to governance costs.

The School held fund balances of £14,611,771 at 31 August 2020 (2019: £16,020,029) which included unrestricted funds of £470,228 (2019: £511,912), being the free reserves.

SUTTON GRAMMAR SCHOOL TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Reserves policy

The Board has approved the principle of maintaining a strategic reserve of £100,000 to protect the Trust against uninsured contingencies. At the end of the period under review the Trust held £470,228 (2019 £511,912) of unrestricted reserves. After allowing for repayment of the Salix Loan the effective unrestricted reserves at 31 August 2020 is reduced to £436,877 (2019: £469,318)

In its budgeting for 2020-21 the Board has provided for a carry forward of underspends by the academic departments and commitments to budgeted projects. This further reduces the Trust's effective reserve. Average monthly revenue income from public sources is expected to be £455,000. There is also a Covid-19 Recovery Grant of £54,000 payable in three instalments. Average expenditure will be running at £530,000 per month of which salary costs account for £412,000.

Given this position there is no prospect of the Trust being able to generate reserves for capital expenditure in the immediate future and it will be dependent on public capital grants. It will also be dependent on continued voluntary support.

The Board recognises the need to review its Reserves Policy during the coming financial year.

Investment policy

The Bursar manages the Trust's funds on a daily basis to maximise interest income whilst at the same time providing funds for the day-to-day management of the School. Overnight balances are cleared into interest bearing accounts to maximise interest but the amount of interest which can be earned has greatly fallen over recent years and will decline further as the Trust's cash balances diminish over the next three years.

Regular monthly cash flow forecasts are prepared. The Board does not foresee any cash management issues arising in the medium term.

Principal risks and uncertainties

The Trust's commercial and financial operating procedures are designed to provide a clear separation of responsibility for dealing with all income and expenditure. There are approved procedures for certifying all transactions including electronic ordering and payments. Risk to the Trust's day-to-day operations is therefore minimised.

A major uncertainty for the Board is the level of per pupil funding. The indicative funding for 2021-22 for KS3 and KS4 students consolidates the teachers' pay and pension grants based on historic student numbers. However, it is not clear how the increased salary and pensions cost will be reflected in sixth form funding.

The 2019-20 accounts already identify specific costs associated with Covid-19 which the Trust has been unable to reclaim. The Budget for 2020-21 has been prepared in the expectation that some of these costs will be recurring. On top of these increased costs there is the loss of income from hiring and lettings. The canteen operation, although let to a commercial operator has been severely restricted serving only lunch; the breakfast, mid-morning, and sixth form catering has been withdrawn. This may result in further additional costs to the Trust.

The deficit on the Local Government Pension Scheme increased by £880,000 in the period to £2,339,000 and there is continuing uncertainty in any final salary scheme of this type.

It is likely that some regular donors will no longer be able to sustain their previous levels of contribution. There is also the possibility of a reduction in the gift aid recovery. If this income were to fall significantly the Trust would soon reach its minimum strategic reserve. The Trust is not able to realise any cash via the disposal of tangible fixed assets.

SUTTON GRAMMAR SCHOOL TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Fundraising

The Trust aims to achieve best practice in the way in which it communicates with its supporters. The Trust invites parents and other donors to make regular donations to the School to help support the provision of the broadest range of curriculum and non-curricular activities. It is stressed that any donation is purely voluntary.

The School does not engage in direct fundraising other than approaching parents for voluntary contributions as described above; it is not registered with the Fundraising Regulator. The Trust does not employ the services of professional fundraisers. Gift aid is claimed on all eligible donations. Details of donations are held independently of any other personal data collected in respect of a student's admission and the names of a donor (who may not be a person with parental responsibility) cannot be linked directly to a student. The Trust is unable to identify any specific costs associated with this donation request.

The Trust undertakes to react to and investigate any complaints regarding its fundraising activities and to learn from them and improve its service. During 2019-20 the Trust received no complaints about its fundraising activities.

Plans for future periods

The Board has agreed that the School will remain in a single academy trust. The Board believes that this is the best way to maintain the School's reputation for academic performance and excellent pastoral care.

Running a relatively small secondary school in a single academy trust requires strict financial discipline. There is continued uncertainty in the level of public funding and as stated earlier the Trust will continue to seek donations to support the School.

There is limited capacity to expand the sixth form as nearly all the School's year 11 students' return to Year 12 (2020 – 130). In September 2020 the School had to close its external recruitment to Computer Science, Maths, Further Maths, and Economics courses.

The regular recruitment of female students (2020 - 23), whilst initially adding operational challenges, is seen by the Sixth Form Leaders as being very beneficial to the overall sixth form experience. The Trust is conscious that it needs to further enhance facilities for its female students although this development is being inhibited by Covid-19.

The Board will be reviewing the resources needed to manage the increased number of sixth form students. It will pay attention to the staffing structure of the sixth form, particularly taking into account the increased level of pastoral care created by additional students. Study facilities for students will be improved and additional resources provided for STEM teaching.

In spite of recent capital grants for heating systems and roofs there are still substantial requirements for maintaining the fabric of the older buildings. It is estimated that at least £400,000 of essential maintenance is required to roofs in the main building.

Some of the newer buildings, built within strict funding limits, are in need of significant maintenance. One of the limited benefits of the school closure because of Covid-19 was opportunity for the premises staff to carry out a programme of works which would otherwise have required contractors.

In order to comply with its duties under the Equality Act 2010 disability access needs to be provided to the upper floors of the main building. There are continuing issues facing the security of the Trust's premises in an urban environment and the protection of students and staff. The School's security and entry system for students, staff, and trustees has recently been upgraded and other improvements are under consideration.

As described on page 8, the Trust is developing plans to improve playing and changing facilities at the Walch Memorial Sports Grounds. The pavilion project requires a grant from the DfE and possibly support by other funding bodies if the desired facilities are to be achieved.

SUTTON GRAMMAR SCHOOL TRUST

TRUSTEES' REPORT (CONTINUED)


FOR THE YEAR ENDED 31 AUGUST 2020

Auditor

In so far as the trustees are aware:

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

The trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 16 December 2020 and signed on its behalf by:



Mr J R Edwards
Chairman

SUTTON GRAMMAR SCHOOL TRUST

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2020

Scope of responsibility

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

The board of trustees has delegated the day-to-day responsibility to the Headmaster, 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 Sutton Grammar School Trust and the Secretary of State for Education. The accounting officer is also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. Meetings of the Board and its Committees in the early part of the year under review were held as normal but as a consequence of Covid-19 most meetings were held by Zoom. Some decisions were reached by e-mail correspondence. The decisions were recorded as minutes to provide full transparency of the decisions. One meeting was cancelled immediately following the School closure in March.

Attendance during the year at meetings of the Board was as follows: one scheduled meeting was cancelled.

Trustees	Meetings attended	Out of possible
Mr J R Edwards (Chairman)	6	7
Mr B A Cloves (Accounting Officer and Headmaster) (Appointed 1 September 2019)	7	7
Ms F H E Alexander	6	7
Mr P S Chambers	7	7
Mr P S Davis (Resigned 27 April 2020)	4	4
Mr D G Hobbs (Appointed 27 April 2020)	4	4
Mr G W Jones	6	7
Mr T G Kohler (Appointed 13 February 2020)	4	4
Mr A J Marsh (Appointed 17 May 2020)	3	3
Mr R W Murrill	6	7
Ms A J Nobel (Resigned 30 September 2019)	0	0
Mr R A Pletts	6	7
Ms N Prasad	6	7
Mr P J Ritson	7	7
Mr D Rustagi (Resigned 11 September 2020)	6	7

The Deputy Head, Mrs Kate Ross, attended the five meetings of the Board. She is a member of the Admissions Committee.

The Board maintains effective oversight over the Trust's finances by reviewing the reports of its dedicated Finance and General Purposes and Audit Committees. In addition all Trustees receive the monthly management accounts.

A self review of governance took place during the year.

During the year the Board has made a number of changes to the way it operates and has made progress despite the impact of Covid-19.

SUTTON GRAMMAR SCHOOL TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

The Finance and General Purposes Committee (FGPC) is a committee of the Board. Its purpose is to consider the indicative funding from the ESFA and the implications for the ensuing financial year. It recommends the annual budget, monitors approved expenditure, approves any adjustments to budgets to meet changing priorities, reviews, approves and monitors the implementation of the financial procedures, and approves the insurance arrangements and approves tenders for capital expenditure.

The Committee held seven meetings; in person (3), by Zoom (2), and by two email (2)

Attendance at the FGPC meetings in the year was as follows:

Trustees	Meetings attended	Out of possible
Ms F H E Alexander	5	7
Mrs E C Beach (Bursar)	7	7
Mr P S Chambers (Chairman)	7	7
Mr B A Cloves	7	7
Mr J R Edwards	7	7
Mr G Jones	6	7
Mr R Pletts	7*	7
Mr P Ritson	5	5

* declared an interest and did not participate in the decisions of one email meeting

The non-executive members of the FGPC, (Ms Alexander, Mr Chambers and Mr Jones) met as the Audit Committee to consider the draft Annual Report and Accounts and the Auditor's Management Letter for the period ended 31 August 2020.

The Remuneration Committee (Mr Edwards, Mr Chambers, and Mr Murrill) met three times. One member attended by video at one meeting.

The Nominations Committee (Mr Jones, Mr Murrill, and Mr Ritson) met twice to make recommendations for the appointment of trustees.

A Curriculum Committee was established by the Board at its July meeting. The Committee met for the first time in September.

SUTTON GRAMMAR SCHOOL TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Review of value for money

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

The Accounting Officer has provided good value for money by meeting the Board's objectives.

The Board agrees performance aims for the educational performance of the School. It receives detailed analyses on academic performance and reports from the Academic and Pastoral Boards and on the detailed work of departments. It sets and closely monitors targets for academic performance.

The Board is committed to appointing well-qualified specialist staff across the curriculum. The Headmaster has given careful consideration to the level of staff resources needed to meet the Trust's educational objectives and has recruited staff with the appropriate levels of qualification and experience to meet the challenging educational environment of the School.

The Headmaster supports the Remuneration Committee of the Board in determining the salaries of staff by providing evidence from staff appraisals and assessments including bench marking using appropriate job evaluations provided by external consultants. The Remuneration Committee uses appropriate performance measures and external bench marks in setting the remuneration of the Headmaster. For the avoidance of doubt, the Headmaster is not present during the Committee's consideration of his remuneration.

The Bursar provides monthly management accounts and financial commentaries to the Finance and General Purposes Committee (FGPC). All Board members have access to this information. This allows all trustees to engage and challenge.

The Bursar regularly reviews the performance of contractors providing services such as cleaning, catering, grounds maintenance, utilities, and security. New contracts for these services are tendered in accordance with the Trust's tender procedures which require that purchases of goods and services for over £20,000 must be tendered. Where it is considered appropriate, purchases below £20,000 are also tendered.

The Trust employs specialist advisers to assist with tenders for major contracts and capital projects. The advisers are themselves appointed by competitive processes. The FGPC considered all tender recommendations and approved the successful bidders during the period.

The Accounting Officer ensures that all purchasing decisions are made on the basis of value for money. The Trust does not generally participate in purchasing consortia as in many areas, e.g. the purchase of photocopying paper and similar stationery requisites; it finds that best value for money can be obtained by open market purchases. The Trust expects that at least three quotations will be obtained for smaller purchases of goods and services.

SUTTON GRAMMAR SCHOOL TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

The Trust participates in the IT network arrangements provided through the London Grid for Learning.

The Trust purchases insurance from the London Borough of Sutton's Academies Insurance Scheme which provides insurance for most aspects of the Trust's activities at a competitive price. Other insurance is purchased on the advice of the Trust's broker regarding the current market for the cover required.

The Trust cooperates with other local academies and maintained schools and members of staff meet regularly to exchange experience. The School is a member of the Boys Academically Selective Schools (BASS) which allows the exchange of data with schools of broadly similar function and size. This provides measures of relative performance and bench marks on academic performance and other operational aspects.

The School collaborates with local academies on the testing of candidates for selective places for entry to year 7. This has the benefit of reducing the testing burden on the children concerned and reducing costs to the participating schools.

The School benefits considerably from voluntary help. Volunteers include parents, staff, pupils, and friends of the School, especially the SGSPTA. This voluntary support is vital in enabling the School to maintain its broad curriculum, a wide variety of educational trips and a broad range of extra-curricular activities.

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 the Trust's 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 Trust's system of internal control has been in place throughout the year ended 31 August 2020 and up to the date of approval of the annual report and financial statements. During the year, the FGPC reviewed and approved minor revisions to the Trust's Commercial and Business Procedures to cope with the modified operation of the Finance Office as a consequence of Covid-19 and the School closure. The minor revision was to ensure that suppliers were paid as efficiently as possible, and in line with Cabinet Office recommendations to publically funded bodies regarding payments to suppliers. In all respects the modified financial operations ensured best practice in all aspects of the Trust's business operations.

Capacity to handle risk

The Board has reviewed the key risks to which the Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board is of the view that there is an on-going process for identifying, evaluating and managing the Trust's significant risks that has been in place for the year ended 31 August 2020 and up to the date of approval of the annual report and financial statements. The Board regularly reviews this process and three trustees have been appointed to review the Trust's Risk Register on a termly basis.

SUTTON GRAMMAR SCHOOL TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

The risk and control framework

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

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

Legal Defence

A claim has been submitted by a former employee to the Employment Tribunal. The defence is being handled by the Trust's Legal Insurers. The claim is denied in its entirety.

A claim has been submitted for non-compliance with the terms of a security maintenance contract. The company is claiming that an invoice issued in 2016 has not been paid although the claim was not followed-up until September 2020. The issue is in the hands of the Trust's insurers and legal advisers.

External Audit

The Trust Members requested a retender for the statutory auditor as a matter of good governance as the auditor has been in post since 2012. A competitive audit tender process was held in early 2020 and the Members approved the appointment of the recommended tenderer at their annual meeting March 2020.

The Trust values the role of independent assurance provision. This has previously been carried out by a separate division of the statutory auditor. Alliot LLP was asked to provide an internal assurance and this was carried out in the summer. From 1 September a separate audit practice will be engaged to meet the requirements of the Academies Financial Handbook 2020.

Review of effectiveness

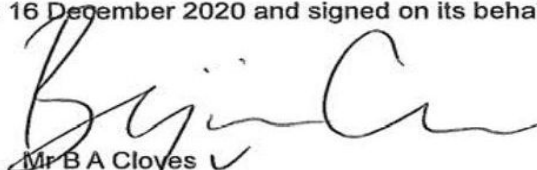
The Headmaster, as Accounting Officer, has the responsibility for reviewing the effectiveness of the system of internal control. During the year in question his review has been informed by:

- the work of the Bursar, who has responsibility for the development and maintenance of the internal control framework;
- the monthly management accounts;
- the regular meetings of the FGPC;
- the internal reassurance work;
- the work of the external auditor; and
- the financial management and governance self-assessment process.

Approved by order of the board of trustees on 16 December 2020 and signed on its behalf by:



Mr J R Edwards
Chairman



Mr B A Cloves
Accounting Officer and Headmaster

SUTTON GRAMMAR SCHOOL TRUST

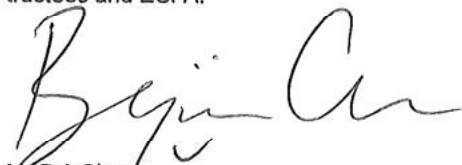
STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

FOR THE YEAR ENDED 31 AUGUST 2020

As accounting officer of Sutton Grammar School Trust, I have considered my responsibility to notify the academy trust board of trustees 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 academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2019.

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

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



Mr B A Cloves
Accounting Officer

16 December 2020

SUTTON GRAMMAR SCHOOL TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2020

The trustees (who are also the directors of Sutton Grammar School Trust for the purposes of company law) are responsible for preparing the trustees' report and the accounts in accordance with the Academies Accounts Direction 2019 to 2020 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 trustees to prepare accounts for each financial year. Under company law, the trustees must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period.

In preparing these accounts, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020;
- 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 accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the board of trustees on 16 December 2020 and signed on its behalf by:



Mr J R Edwards
Chairman

SUTTON GRAMMAR SCHOOL TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SUTTON GRAMMAR SCHOOL TRUST

FOR THE YEAR ENDED 31 AUGUST 2020

Opinion

We have audited the accounts of Sutton Grammar School Trust for the year ended 31 August 2020 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020 issued by the Education and Skills Funding Agency.

In our opinion the accounts:

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

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 accounts' section of our report. We are independent of the academy trust in accordance with the ethical requirements that are relevant to our audit of the accounts in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The trustees are responsible for the other information, which comprises the information included in the annual report other than the accounts and our auditor's report thereon. Our opinion on the accounts does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

SUTTON GRAMMAR SCHOOL TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SUTTON GRAMMAR SCHOOL TRUST (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report including the incorporated strategic report for the financial year for which the accounts are prepared is consistent with the accounts; and
- the trustees' report including the incorporated strategic report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the academy trust and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report, including the incorporated 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:

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

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities, the trustees are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the accounts, the trustees are responsible for assessing the academy trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the accounts

Our objectives are to obtain reasonable assurance about whether the accounts 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 accounts.

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

SUTTON GRAMMAR SCHOOL TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SUTTON GRAMMAR SCHOOL TRUST (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Use of our report

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



**Stephen Meredith BA FCA DChA (Senior Statutory Auditor)
for and on behalf of Alliotts LLP**

16 December 2020

**Chartered Accountants
Statutory Auditor**

Friary Court
13-21 High Street
Guildford
Surrey
GU1 3DL

SUTTON GRAMMAR SCHOOL TRUST

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO SUTTON GRAMMAR SCHOOL TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY

FOR THE YEAR ENDED 31 AUGUST 2020

In accordance with the terms of our engagement letter dated 26 October 2020 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2019 to 2020, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Sutton Grammar School Trust during the period 1 September 2019 to 31 August 2020 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Sutton Grammar School Trust and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Sutton Grammar School Trust 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 Sutton Grammar School Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Sutton Grammar School Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Sutton Grammar School Trust's funding agreement with the Secretary of State for Education dated 1 June 2011 and the Academies Financial Handbook, extant from 1 September 2019, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance, and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2019 to 2020. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2019 to 31 August 2020 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2019 to 2020 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

SUTTON GRAMMAR SCHOOL TRUST

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO SUTTON GRAMMAR SCHOOL TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

The work undertaken to draw to our conclusion includes:

- analytical review of the Academy's general activities to ensure that they are within the Academy's framework of authorities;
- consideration of the evidence supporting the accounting officer's statement on regularity, propriety and compliance;
- review of the general control environment for the Academy on financial statements and on regularity;
- sample testing of expenditure transactions to ensure the activity is permissible within the Academy's framework of authority;
- confirmation that a sample of expenditure has been appropriately authorised in accordance with the Academy's delegated authorities;
- formal representations obtained from the board of trustees and the accounting officer acknowledging the responsibilities, including disclosing all non-compliance with laws and regulations specific to the authorising framework;
- confirmation that any extra-contractual payments such as severance and compensation payments have been appropriately authorised;
- review of credit card expenditure for any indication of personal use by staff, Headmaster or Trustees;
- review of specific terms of grant funding within the funding agreement;
- review of related party transactions for connections with the Headmaster or Trustees;
- review of income received in accordance with the activities permitted within the Academy's charitable objectives.

Conclusion

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



Reporting Accountant

Alliotts LLP

Dated: 16 December 2020

SUTTON GRAMMAR SCHOOL TRUST

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2020

	Notes	Unrestricted funds £	Restricted funds: General Fixed asset £ £		Total 2020 £	Total 2019 £
Income and endowments from:						
Donations and capital grants	5	330,051	129,530	-	459,581	721,937
Charitable activities:						
- Funding for educational operations	6	17,508	4,973,365	-	4,990,873	4,567,729
Other trading activities	7	143,497	343,164	-	486,661	606,742
Investments	8	5,124	-	-	5,124	6,885
Total		496,180	5,446,059	-	5,942,239	5,903,293
Expenditure on:						
Raising funds	9	409,436	-	-	409,436	391,238
Charitable activities:						
- Educational operations	10	128,428	5,574,816	495,817	6,199,061	5,920,026
Total	9	537,864	5,574,816	495,817	6,608,497	6,311,264
Net expenditure		(41,684)	(128,757)	(495,817)	(666,258)	(407,971)
Transfers between funds	19	-	(9,243)	9,243	-	-
Other recognised gains/(losses)						
Actuarial losses on defined benefit pension schemes	21	-	(742,000)	-	(742,000)	(209,000)
Net movement in funds		(41,684)	(880,000)	(486,574)	(1,408,258)	(616,971)
Reconciliation of funds						
Total funds brought forward		511,912	(1,459,000)	16,967,117	16,020,029	16,637,000
Total funds carried forward		470,228	(2,339,000)	16,480,543	14,611,771	16,020,029

SUTTON GRAMMAR SCHOOL TRUST

STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED) INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2020

Comparative year information Year ended 31 August 2019	Notes	Unrestricted funds £	Restricted funds: General Fixed asset		Total 2019 £
		£	£	£	£
Income and endowments from:					
Donations and capital grants	5	322,969	161,704	237,264	721,937
Charitable activities:					
- Funding for educational operations	6	-	4,567,729	-	4,567,729
Other trading activities	7	256,113	350,629	-	606,742
Investments	8	6,885	-	-	6,885
Total		<u>585,967</u>	<u>5,080,062</u>	<u>237,264</u>	<u>5,903,293</u>
Expenditure on:					
Raising funds	9	391,238	-	-	391,238
Charitable activities:					
- Educational operations	10	-	5,416,279	503,747	5,920,026
Total	9	<u>391,238</u>	<u>5,416,279</u>	<u>503,747</u>	<u>6,311,264</u>
Net income/(expenditure)		194,729	(336,217)	(266,483)	(407,971)
Transfers between funds	19	(219,217)	219,217	-	-
Other recognised gains/(losses)					
Actuarial losses on defined benefit pension schemes	21	-	(209,000)	-	(209,000)
Net movement in funds		(24,488)	(326,000)	(266,483)	(616,971)
Reconciliation of funds					
Total funds brought forward		<u>536,400</u>	<u>(1,133,000)</u>	<u>17,233,600</u>	<u>16,637,000</u>
Total funds carried forward		<u>511,912</u>	<u>(1,459,000)</u>	<u>16,967,117</u>	<u>16,020,029</u>

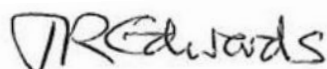
SUTTON GRAMMAR SCHOOL TRUST

BALANCE SHEET

AS AT 31 AUGUST 2020

	Notes	2020		2019	
		£	£	£	£
Fixed assets					
Tangible assets	14		16,395,128		16,890,945
Current assets					
Debtors	15	179,028		113,234	
Cash at bank and in hand		1,106,878		1,003,636	
		<u>1,285,906</u>		<u>1,116,870</u>	
Current liabilities					
Creditors: amounts falling due within one year	16	(706,155)		(495,435)	
Net current assets			<u>579,751</u>		<u>621,435</u>
Total assets less current liabilities			<u>16,974,879</u>		<u>17,512,380</u>
Creditors: amounts falling due after more than one year	17		(24,108)		(33,351)
Net assets excluding pension liability			<u>16,950,771</u>		<u>17,479,029</u>
Defined benefit pension scheme liability	21		(2,339,000)		(1,459,000)
Net assets			<u>14,611,771</u>		<u>16,020,029</u>
Funds of the academy trust:					
Restricted funds	19				
- Fixed asset funds			16,480,543		16,967,117
- Pension reserve			(2,339,000)		(1,459,000)
Total restricted funds			<u>14,141,543</u>		<u>15,508,117</u>
Unrestricted income funds	19		<u>470,228</u>		<u>511,912</u>
Total funds			<u>14,611,771</u>		<u>16,020,029</u>

The accounts on pages 26 to 48 were approved by the trustees and authorised for issue on 16 December 2020 and are signed on their behalf by:



Mr J R Edwards
Chairman

Company Number 07633715

SUTTON GRAMMAR SCHOOL TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2020

	Notes	2020 £	£	2019 £	£
Cash flows from operating activities					
Net cash provided by operating activities	22		85,840		64,627
Cash flows from investing activities					
Dividends, interest and rents from investments		5,124		6,885	
Capital grants from DfE Group		21,521		237,264	
Purchase of tangible fixed assets		-		(414,639)	
Net cash provided by/(used in) investing activities			26,645		(170,490)
Cash flows from financing activities					
Repayment of long term bank loan		(9,243)		(7,000)	
Net cash used in financing activities			(9,243)		(7,000)
Net increase/(decrease) in cash and cash equivalents in the reporting period			103,242		(112,863)
Cash and cash equivalents at beginning of the year			1,003,636		1,116,499
Cash and cash equivalents at end of the year			1,106,878		1,003,636

SUTTON GRAMMAR SCHOOL TRUST

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

2 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.

2.1 Basis of preparation

The accounts of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2019 to 2020 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

2.2 Going concern

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

2.3 Income

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

Grants

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

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

Capital grants are recognised 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.

Sponsorship income

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

Donations

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

SUTTON GRAMMAR SCHOOL TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

2 Accounting policies

(Continued)

Other income

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

Donated goods, facilities and services

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

Donated fixed assets

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

2.4 Expenditure

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

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

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

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

Charitable activities

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

SUTTON GRAMMAR SCHOOL TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

2 Accounting policies

(Continued)

2.5 Tangible fixed assets and depreciation

Individual assets costing £5,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment. Assets costing less than £5,000 individually but forming a project purchase of greater than £25,000 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 that require the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the statement of financial activities and carried forward in the balance sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the statement of financial activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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

Land and buildings	50 years
Computer equipment	3 years
Fixtures, fittings & equipment	5 - 15 years
Motor vehicles	5 years

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

2.6 Liabilities

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

2.7 Leased assets

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

2.8 Financial instruments

The academy trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the academy trust and their measurement basis are as follows.

Financial assets

Trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. Prepayments are not financial instruments.

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

SUTTON GRAMMAR SCHOOL TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

2 Accounting policies

(Continued)

Financial liabilities

Trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost. 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.

2.9 Taxation

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

2.10 Pensions benefits

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes and the assets are held separately from those of the academy trust.

The TPS is an unfunded scheme and contributions are calculated to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary based on quadrennial valuations using a prospective unit credit method. The 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 are recognised in the period to which they relate.

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

2.11 Fund accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by 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 Education and Skills Funding Agency.

SUTTON GRAMMAR SCHOOL TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

3 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in the financial statements, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 August 2020. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement

Estimating the useful economic life of tangible fixed assets for the purposes of calculating depreciation.

4 General Annual Grant (GAG)

Under the funding agreement with the Secretary of State, the academy trust was subject to limits at 31 August 2020 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

The academy trust has not exceeded these limits during the year ended 31 August 2020.

5 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Total 2020 £	Total 2019 £
Capital grants	-	21,521	21,521	237,264
Other donations	330,051	108,009	438,060	484,673
	<u>330,051</u>	<u>129,530</u>	<u>459,581</u>	<u>721,937</u>

SUTTON GRAMMAR SCHOOL TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

6 Funding for the academy trust's educational operations

	Unrestricted funds £	Restricted funds £	Total 2020 £	Total 2019 £
DfE / ESFA grants				
General annual grant (GAG)	-	4,895,337	4,895,337	4,485,650
Other DfE group grants	-	28,379	28,379	35,103
	-	4,923,716	4,923,716	4,520,753
Other government grants				
Local authority grants	-	49,649	49,649	46,976
Other funding				
Other incoming resources	17,508	-	17,508	-
Total funding	17,508	4,973,365	4,990,873	4,567,729

7 Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2020 £	Total 2019 £
Lettings income	88,690	-	88,690	165,269
Trip income	-	336,074	336,074	335,384
Other income	54,807	7,090	61,897	106,089
	143,497	343,164	486,661	606,742

8 Investment income

	Unrestricted funds £	Restricted funds £	Total 2020 £	Total 2019 £
Short term deposits	5,124	-	5,124	6,885

SUTTON GRAMMAR SCHOOL TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

9 Expenditure

	Staff costs £	Non-pay expenditure		Total 2020 £	Total 2019 £
		Premises £	Other £		
Expenditure on raising funds					
- Direct costs	47,728	-	361,708	409,436	391,238
Academy's educational operations					
- Direct costs	4,073,286	-	381,668	4,454,954	4,176,495
- Allocated support costs	655,272	871,937	216,898	1,744,107	1,743,531
	<u>4,776,286</u>	<u>871,937</u>	<u>960,274</u>	<u>6,608,497</u>	<u>6,311,264</u>

Net income/(expenditure) for the year includes:

	2020 £	2019 £
Fees payable to auditor for audit services	11,150	10,700
Depreciation of tangible fixed assets	495,817	503,747
Net interest on defined benefit pension liability	27,000	28,000
	<u>534,967</u>	<u>1,042,454</u>

10 Charitable activities

	Unrestricted funds £	Restricted funds £	Total 2020 £	Total 2019 £
Direct costs				
Educational operations	128,428	4,326,526	4,454,954	4,176,495
Support costs				
Educational operations	-	1,744,107	1,744,107	1,743,531
	<u>128,428</u>	<u>6,070,633</u>	<u>6,199,061</u>	<u>5,920,026</u>

	2020 £	2019 £
Analysis of support costs		
Support staff costs	599,010	540,879
Depreciation	495,817	503,747
Technology costs	21,753	39,218
Premises costs	376,120	410,450
Legal costs	7,038	6,097
Other support costs	170,122	185,675
Governance costs	74,247	57,465
	<u>1,744,107</u>	<u>1,743,531</u>

SUTTON GRAMMAR SCHOOL TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

11 Staff

Staff costs

Staff costs during the year were:

	2020 £	2019 £
Wages and salaries	3,516,047	3,240,387
Social security costs	360,973	332,000
Pension costs	897,891	667,226
Staff costs - employees	4,774,911	4,239,613
Agency staff costs	1,375	44,518
Total staff expenditure	4,776,286	4,284,131

Staff numbers

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

	2020 Number	2019 Number
Teachers	62	60
Administration and support	45	46
Management	5	5
	112	111

Higher paid staff

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

	2020 Number	2019 Number
£60,001 - £70,000	1	2
£70,001 - £80,000	1	1
£90,001 - £100,000	1	-
£100,001 - £110,000	-	1

Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy trust was £461,954 (2019: £447,865).

SUTTON GRAMMAR SCHOOL TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

12 Trustees' remuneration and expenses

One or more of the trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The Headmaster and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of Headmaster and staff members under their contracts of employment, and not in respect of their services as trustees.

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

B Cloves (Headmaster) (Appointed September 2019)	
Remuneration	£90,000 - £95,000 (2019: Not a Trustee)
Employer's pension contribution	£20,000 - £25,000 (2019: Not a Trustee)
A Marsh (Appointed May 2020)	
Remuneration	£10,000 - £15,000 (2019: Not a Trustee)
Employer's pension contribution	£0 - £5,000 (2019: Not a Trustee)
R Pletts	
Remuneration	£50,000 - £55,000 (2019: £45,000 - £50,000)
Employer's pension contribution	£10,000 - £15,000 (2019: £5,000 - £10,000)
P Davis (Resigned April 2020)	
Remuneration	£30,000 - £35,000 (2019: £50,000 - £55,000)
Employer's pension contribution	£5,000 - £10,000 (2019: £5,000 - £10,000)

Other related party transactions are set out within the related parties note.

13 Insurance for trustees and officers

In accordance with normal commercial practice, the academy trust has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy trust business. The insurance provides cover up to £10,000,000 on any one claim and the cost for the year ended 31 August 2020 was £146 (2019: £146). The cost of this insurance is included in the total insurance cost.

14 Tangible fixed assets

	Land and buildings	Computer equipment	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 September 2019 and 31 August 2020	19,767,995	97,355	437,030	60,975	20,363,355
Depreciation					
At 1 September 2019	3,026,142	84,355	327,825	34,088	3,472,410
Charge for the year	450,721	13,000	20,501	11,595	495,817
At 31 August 2020	3,476,863	97,355	348,326	45,683	3,968,227
Net book value					
At 31 August 2020	16,291,132	-	88,704	15,292	16,395,128
At 31 August 2019	16,741,853	13,000	109,205	26,887	16,890,945

SUTTON GRAMMAR SCHOOL TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

15 Debtors

	2020 £	2019 £
Trade debtors	1,061	13,743
VAT recoverable	28,508	28,355
Prepayments and accrued income	149,459	71,136
	<u>179,028</u>	<u>113,234</u>

16 Creditors: amounts falling due within one year

	2020 £	2019 £
Government loans	9,243	9,243
Trade creditors	230,082	103,959
Other taxation and social security	94,469	88,240
Other creditors - Trip refunds	132,921	-
Other creditors	96,754	80,700
Accruals and deferred income	142,686	213,293
	<u>706,155</u>	<u>495,435</u>

Included in the current loan balance is £9,243 (2019: £9,243) in relation to loans from Salix Finance as part of the Condition Improvement Fund. The original amounts borrowed were £57,944 in relation to the boiler replacement and £10,000 in respect of the flat roof replacement. The former was repayable over eight years in annual instalments of £7,244, beginning in the year ended 31 August 2016. The latter is repayable over five years, beginning in the year ending 31 August 2020. The loan for the boiler replacement is interest free whilst the loan for the flat roof replacement incurs interest charges at the rate of 1.55%.

17 Creditors: amounts falling due after more than one year

	2020 £	2019 £
Government loans	24,108	33,351
	<u>24,108</u>	<u>33,351</u>

SUTTON GRAMMAR SCHOOL TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

17 Creditors: amounts falling due after more than one year	(Continued)	
Analysis of loans	2020 £	2019 £
Wholly repayable within five years	33,351	42,594
Less: included in current liabilities	(9,243)	(9,243)
	<u>24,108</u>	<u>33,351</u>
Amounts included above	<u>24,108</u>	<u>33,351</u>
Loan maturity		
Debt due in one year or less	9,243	9,243
Due in more than one year but not more than two years	24,108	33,351
	<u>33,351</u>	<u>42,594</u>

Included in the non-current loan balance is £24,108 (2019: £33,000) in relation to loans from Salix Finance as Part of the Condition Improvement Fund. The original amounts borrowed were £57,944 in relation to the boiler replacement and £10,000 in respect of the flat roof replacement. The former was repayable over eight years in annual instalments of £7,244, beginning in the year ended 31 August 2016. The latter is repayable over five years, beginning in the year ending 31 August 2020. The loan for the boiler replacement is interest free whilst the loan for the flat roof replacement incurs interest charges at the rate of 1.55%.

18 Deferred income	2020 £	2019 £
Deferred income is included within:		
Creditors due within one year	115,486	155,928
	<u>115,486</u>	<u>155,928</u>
Deferred income at 1 September 2019	155,928	186,000
Released from previous years	(155,928)	(186,000)
Resources deferred in the year	115,486	155,928
	<u>115,486</u>	<u>155,928</u>
Deferred income at 31 August 2020	<u>115,486</u>	<u>155,928</u>

SUTTON GRAMMAR SCHOOL TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

19 Funds

	Balance at 1 September 2019 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2020 £
Restricted general funds					
General Annual Grant (GAG)	-	4,895,337	(5,436,816)	541,479	-
Other DfE / ESFA grants	-	49,900	-	(49,900)	-
Other government grants	-	49,649	-	(49,649)	-
Other restricted funds	-	451,173	-	(451,173)	-
Pension reserve	(1,459,000)	-	(138,000)	(742,000)	(2,339,000)
	<u>(1,459,000)</u>	<u>5,446,059</u>	<u>(5,574,816)</u>	<u>(751,243)</u>	<u>(2,339,000)</u>
Restricted fixed asset funds					
Inherited on conversion	11,545,000	-	(274,860)	-	11,270,140
DfE group capital grants	5,334,117	-	(195,897)	-	5,138,220
Capital expenditure from GAG	88,000	-	(25,060)	9,243	72,183
	<u>16,967,117</u>	<u>-</u>	<u>(495,817)</u>	<u>9,243</u>	<u>16,480,543</u>
Total restricted funds	<u>15,508,117</u>	<u>5,446,059</u>	<u>(6,070,633)</u>	<u>(742,000)</u>	<u>14,141,543</u>
Unrestricted funds					
General funds	511,912	496,180	(537,864)	-	470,228
	<u>511,912</u>	<u>496,180</u>	<u>(537,864)</u>	<u>-</u>	<u>470,228</u>
Total funds	<u>16,020,029</u>	<u>5,942,239</u>	<u>(6,608,497)</u>	<u>(742,000)</u>	<u>14,611,771</u>

SUTTON GRAMMAR SCHOOL TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

19 Funds

(Continued)

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

General Annual Grant: This fund is for the purpose of running the Academy in accordance with the Funding Agreement with the Secretary of State and along guidelines as set out in the Academies Financial Handbook.

Under the funding agreement with the Secretary of State, the academy trust was subject to limits at 31 August 2020 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

Other DfE/ESFA grants: This fund has also arisen from funding received from the Department for Education and the Education and Skills Funding Agency for the furtherance of the Academy's activities that are not funded through the General Annual Grant.

Other government grants: This fund has also arisen from funding received for the furtherance of the Academy's activities that are not funded through the General Annual Grant.

Other restricted fund: This restricted fund has arisen from other income that the Academy has received. The monies have to be used for the benefit of the Academy but there are no restrictions on when these monies can be spent.

Pension reserve: This liability has arisen from the Local Government Pension Scheme, which was inherited by the Academy on conversion. See note 19 for further details on this liability.

Restricted fixed asset funds: These funds have arisen from fixed assets inherited upon conversion and from the subsequent purchases of new assets for use by the Academy. All assets held are specifically for the use of the Academy.

Unrestricted funds: These have arisen from activities carried out by the Academy for raising funds and are unrelated to any form of government assistance and therefore the Academy can choose to spend it however it chooses.

SUTTON GRAMMAR SCHOOL TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

19 Funds

(Continued)

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

	Balance at 1 September 2018 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2019 £
Restricted general funds					
General Annual Grant (GAG)	-	4,485,650	(5,299,279)	813,629	-
Other DfE / ESFA grants	-	35,103	-	(35,103)	-
Other government grants	-	46,976	-	(46,976)	-
Other restricted funds	-	512,333	-	(512,333)	-
Pension reserve	(1,133,000)	-	(117,000)	(209,000)	(1,459,000)
	(1,133,000)	5,080,062	(5,416,279)	10,217	(1,459,000)
Restricted fixed asset funds					
Transfer on conversion	11,820,000	-	(275,000)	-	11,545,000
DfE group capital grants	5,297,600	237,264	(195,747)	(5,000)	5,334,117
Capital expenditure from GAG	116,000	-	(33,000)	5,000	88,000
	17,233,600	237,264	(503,747)	-	16,967,117
Total restricted funds	16,100,600	5,317,326	(5,920,026)	10,217	15,508,117
Unrestricted funds					
General funds	536,400	585,967	(391,238)	(219,217)	511,912
Total funds	16,637,000	5,903,293	(6,311,264)	(209,000)	16,020,029

20 Analysis of net assets between funds

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total Funds £
Fund balances at 31 August 2020 are represented by:				
Tangible fixed assets	-	-	16,395,128	16,395,128
Current assets	470,228	696,912	118,766	1,285,906
Creditors falling due within one year	-	(696,912)	(9,243)	(706,155)
Creditors falling due after one year	-	-	(24,108)	(24,108)
Defined benefit pension liability	-	(2,339,000)	-	(2,339,000)
Total net assets	470,228	(2,339,000)	16,480,543	14,611,771

SUTTON GRAMMAR SCHOOL TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

20 Analysis of net assets between funds

(Continued)

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total Funds £
Fund balances at 31 August 2019 are represented by:				
Tangible fixed assets	-	-	16,890,945	16,890,945
Current assets	511,912	486,192	118,766	1,116,870
Creditors falling due within one year	-	(486,192)	(9,243)	(495,435)
Creditors falling due after one year	-	-	(33,351)	(33,351)
Defined benefit pension liability	-	(1,459,000)	-	(1,459,000)
Total net assets	511,912	(1,459,000)	16,967,117	16,020,029

21 Pension and similar obligations

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2016, and that of the LGPS related to the period ended 31 March 2019.

Contributions amounting to £92,953 were payable to the schemes at 31 August 2020 (2019: £73,613) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

SUTTON GRAMMAR SCHOOL TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

21 Pension and similar obligations

(Continued)

The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 23.68% of pensionable pay (including a 0.08% employer administration charge)
- 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. The 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 the TPS in the period amounted to £614,525 (2019: £438,976).

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 22% for employers and 5.5 to 12.5% for employees.

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

Total contributions made	2020	2019
	£	£
Employer's contributions	183,000	174,000
Employees' contributions	45,000	42,000
	<hr/>	<hr/>
Total contributions	228,000	216,000
	<hr/> <hr/>	<hr/> <hr/>

Principal actuarial assumptions	2020	2019
	%	%
Rate of increase in salaries	3.3	3.75
Rate of increase for pensions in payment/inflation	2.3	2.25
Discount rate for scheme liabilities	1.6	1.95
	<hr/> <hr/>	<hr/> <hr/>

SUTTON GRAMMAR SCHOOL TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

21 Pension and similar obligations

(Continued)

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

	2020	2019
	Years	Years
Retiring today		
- Males	21.8	23.4
- Females	24.4	24.8
Retiring in 20 years		
- Males	23.2	25.1
- Females	25.9	26.7

Scheme liabilities would have been affected by changes in assumptions as follows:

	2020	2019
	£'000	£'000
Discount rate + 0.1%	(114)	(78)
Discount rate - 0.1%	114	80
Mortality assumption + 1 year	208	155
Mortality assumption - 1 year	(208)	(149)
CPI rate + 0.1%	11	(6)
CPI rate - 0.1%	(11)	6

The academy trust's share of the assets in the scheme

	2020	2019
	Fair value	Fair value
	£	£
Equities	1,659,000	1,427,000
Bonds	744,000	651,000
Cash	86,000	1,000
Absolute return	29,000	18,000
Property	343,000	280,000
Total market value of assets	2,861,000	2,377,000

The actual return on scheme assets was £137,000 (2019: £139,000).

Amount recognised in the Statement of Financial Activities

	2020	2019
	£	£
Current service cost	294,000	244,000
Past service cost	-	19,000
Interest income	(45,000)	(57,000)
Interest cost	72,000	85,000
Total operating charge	321,000	291,000

SUTTON GRAMMAR SCHOOL TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

21	Pension and similar obligations	(Continued)	
	Changes in the present value of defined benefit obligations	2020	
		£	
	At 1 September 2019	3,836,000	
	Current service cost	294,000	
	Interest cost	72,000	
	Employee contributions	45,000	
	Actuarial loss	834,000	
	Benefits paid	119,000	
	At 31 August 2020	5,200,000	
	Changes in the fair value of the academy trust's share of scheme assets	2020	
		£	
	At 1 September 2019	2,377,000	
	Interest income	45,000	
	Actuarial gain	92,000	
	Employer contributions	183,000	
	Employee contributions	45,000	
	Benefits paid	119,000	
	At 31 August 2020	2,861,000	
22	Reconciliation of net expenditure to net cash flow from operating activities	2020	2019
		£	£
	Net expenditure for the reporting period (as per the statement of financial activities)	(666,258)	(408,971)
	Adjusted for:		
	Capital grants from DfE and other capital income	(21,521)	(237,264)
	Investment income receivable	(5,124)	(6,885)
	Defined benefit pension costs less contributions payable	111,000	89,000
	Defined benefit pension scheme finance cost	27,000	28,000
	Depreciation of tangible fixed assets	495,817	503,747
	(Increase)/decrease in debtors	(65,794)	129,000
	Increase/(decrease) in creditors	210,720	(32,000)
	Net cash provided by operating activities	85,840	64,627

SUTTON GRAMMAR SCHOOL TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

23 Analysis of changes in net funds

	1 September 2019	Cash flows	31 August 2020
	£	£	£
Cash	1,003,636	103,242	1,106,878
Loans falling due within one year	(9,243)	-	(9,243)
Loans falling due after more than one year	(33,351)	9,243	(24,108)
	<u>961,042</u>	<u>112,485</u>	<u>1,073,527</u>

24 Contingent liabilities

There is an on-going employment claim against the Academy Trust and there is a risk that this could result in a financial liability becoming payable if this claim is successful. The maximum value of this potential liability cannot yet be quantified. The Academy Trust is robustly contesting this claim.

25 Commitments under operating leases

At 31 August 2020 the total of the academy trust's future minimum lease payments under non-cancellable operating leases was:

	2020	2019
	£	£
Amounts due within one year	12,797	4,000
Amounts due in two and five years	25,683	-
	<u>38,480</u>	<u>4,000</u>

26 Related party transactions

No related party transactions took place in the period of account other than certain trustees' remuneration and expenses already disclosed in note 10.

27 Members' liability

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

28 Agency arrangements

The Trust manages the DfE's 16-19 Bursary Fund. In the year ended 31 August 2020 the Trust received £7,849 (2019 - £7,741) and distributed £7,849 (2019 - £10,500) of this to vulnerable and discretionary applicants. At 31 August 2020, no balance remained to be disbursed to students.