



**Sutton Grammar
School Trust**

**Annual Report and Financial
Statements**

31 August 2019

Company Limited by Guarantee
Registration Number
07633715 (England and Wales)

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Reference and administrative information

Members	Mr J R Edwards Mr G W Jones Mrs S Lalani Mr C Townsend
Board of Trustees	Mr J R Edwards (Chairman) Miss F H E Alexander Mr P S Chambers Mr B A Cloves (Headmaster and Accounting Officer, appointed 1 September 2019) Mr P S Davis Mr G D Ironside (Headmaster and Accounting Officer, resigned 31 August 2019) Mr G W Jones Mr R W Murrill Ms A J Nobel (resigned 30 September 2019) Mr R A Pletts Ms N Prasad (appointed 22 November 2018) Mr P J Ritson Mr D Rustagi (appointed 6 December 2018) Mr J A Stevens (resigned 31 October 2018) Mr R M Ward (resigned 31 October 2018)
Company Secretary	Dr N S Wrench
Senior Leadership Team	
Headmaster	Mr G D Ironside (until 31 August 2019) Mr B A Cloves (from 1 September 2019)
Deputy Head	Mrs K Ross (from 1 September 2018)
Assistant Head	Mr S Brook
Assistant Head	Mr N Price (until 31 August 2019) Mr J Costello (from 1 September 2019)
Bursar	Mrs E C Beach
Registered address	Manor Lane Sutton Surrey SM1 4AS
Company registration number	07633715 (England and Wales)

Reference and administrative information

Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Bankers	Barclays Bank plc 43 High Street Sutton Surrey SM1 1DR
Solicitors	Vivash Brand LLP Nonsuch House 538 – 542 London Road Sutton SM3 9AA Baker Small Solicitors Mansion 4 Bletchley Park Milton Keynes MK3 6EB
Internal Assurance provider	Mr J Lloyd FCA 20 Bradstock Road Stoneleigh Epsom Surrey KT17 2LH (resigned 18 September 2018) Buzzacott LLP 130 Wood Street London EC2V 6DL

Trustees' report Year ended 31 August 2019

The trustees of the Sutton Grammar School Trust ('the Trust') present their annual report together with the financial statements and auditor's report of the charitable company for the year ended 31 August 2019. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The financial statements prepared in accordance with the accounting policies set out on pages 34 to 39 of the attached financial statements comply with the Trust's Memorandum and Articles of Association, applicable laws and 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 United Kingdom and Republic of Ireland (FRS 102), effective from accounting periods commencing 1 January 2015 or later.

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

The trustees of Sutton Grammar School Trust Limited are also the directors of the charitable company for the purposes of company law. The charitable company is known as Sutton Grammar School.

Details of the trustees who served during the year are included in the Trustees' details on page 4.

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 2019 was £146 (2018: £156).

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Trustees

The trustees of the Trust are also directors for the purposes of company law. The following trustees were in office at 31 August 2019 and served throughout the year except where shown.

Trustee	Appointed/ Resigned	Appointing body
Mr J R Edwards (Chairman)		Trust
Miss F Alexander		Elected by parents
Mr P S Chambers		Board
Mr B A Cloves (Headmaster and Accounting Officer)	Appointed 1 September 2019	Under Articles
Mr P S Davis		Elected by staff
Mr G D Ironside (Headmaster and Accounting Officer)	Resigned 31 August 2019	Under Articles
Mr G W Jones		Trust
Mr R Murrill		Board
Ms A Nobel	Resigned 30 September 2019	Board
Mr R A Pletts		Elected by staff
Ms N Prasad	Appointed 22 November 2018	Elected by parents
Mr P Ritson		Trust
Mr D Rustagi	Appointed 22 November 2018	Elected by parents
Mr J Stevens	Resigned 17 October 2018	Board
Mr R Ward	Resigned 31 October 2018	Board

Method of recruitment and appointment or election of Trustees

Three trustees appointed by the Members served throughout the year. Two community trustees appointed by the Board served throughout the year. 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 bulk of the period. Another trustee previously elected by parents was appointed by the Board to serve until 31 December 2019. Two staff trustees elected by secret ballot served throughout the year.

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. Other committees of the Board are set up as required.

Individual trustees take on specific responsibilities to act as the link between the Board and management on issues such as: pupil discipline and behavioural issues, educational visits and trips, special educational needs and pupil premium, child protection and pastoral issues, and health and safety.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Organisational structure (continued)

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.

The Headmaster is the Accounting Officer and the Bursar is the Chief Financial Officer.

Changes to key management personnel

Mr Gordon Ironside MA (Cantab) CMath FIMA retired from the position of Headmaster on 31 August 2019 after 36 years of service to the School. His period of 29 years as Headmaster has seen significant change and development of the School and the Board would like to record its appreciation and thanks for 36 years of dedicated service. He has made a major contribution to education and he will be well remembered by generations of students, staff and governors.

Mr N Price, Assistant Head, resigned after 25 years of service – 11 years as Assistant Head – to move to the United States. Mr J Costello was promoted to Assistant Head from 1 September 2019.

The new Headmaster, Mr Ben Cloves BSc (Hons) MEd, joined on 1 September 2019.

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 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.

Trade union facility time

The Trust contributed £542 (2018: £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.

Trustees' report Year ended 31 August 2019

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 by provision 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 for the provision of tangible assets and capital projects. Mr Ironside was the President of the SGSPTA (ex-officio) but he did not exercise any financial control over the activities and decisions of the SGSPTA. Mr Cloves replaced Mr Ironside as President of the SGSPTA on 23 September 2019.

Mr Ironside remains a director of SGSPTA Ltd – company number 06438795.

Mr Ironside was President of the Old Suttonians Association (OSA). Mr Cloves has now been elected as President of the OSA. The Trust provides sports facilities to the OSA on a commercial basis approved by the FGPC.

OBJECTIVES AND ACTIVITIES

Principal activities

This report covers the period 1 September 2018 to 31 August 2019.

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 2018. During the period there were on average 660 (2018: 649) students on roll in years 7 to 11.

The majority of boys stay into the sixth form. 40 (2018:36) students joined the sixth form from other schools in September 2018 including 19 girls. There were 292 (2018: 287) 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 AND ACTIVITIES (continued)

Objects and Aims

Objectives, Strategies and Activities

It is the Trust's strategic educational 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 and take part in a wide range of extra-curricular activities.

It aims to provide an educational environment and pastoral care so that students and staff feel supported and safe, and are encouraged to be broad-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 other donors 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.

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.

STRATEGIC REPORT

Student achievements

The School has a selective intake at Year 7. There was a waiting list for places in years to which the School normally admits (Years 7, 8, 9 and 10). At Year 12 courses are open to male and female students who meet the entrance requirements, subject to course availability.

STRATEGIC REPORT (continued)

Student achievements (continued)

The School has well established systems for academic and pastoral care. These are not designed to chase 'league table' performance but, through programmes of early intervention, to ensure that each student is able to fully benefit from the range of opportunities the School provides. Academic departments are permitted, following agreement by the Board, to take non-standard courses if they feel this will benefit student outcomes. The systems allow the Headmaster to provide the Board with critical commentary on potential outcomes.

Because of changes to the grading system at GCSE, comparisons with previous years are not exact. The Board expects all students at the School to achieve a minimum of five grades 9 – 4 (previously A* – C grades) at GCSE, including maths and English. This year the School prepared and entered 121 Year 11 boys for GCSE's (2018 123); all achieved the standard of five GCSEs at grades 9 – 4.

The Board is pleased that this maintains the School's performance so that over the last five years all the boys able to take GCSE examinations at the end of Year 11 achieved five grades 9-4 or A*-C grades, including maths and English.

In 2019 there were 1,335 entries at GCSE (2018: 1,334 entries); 457 grade 9 passes; 384 at grade 8; 264 at grade 7 and 156 at grade 6, totalling 1,261 passes at grades 9-6 (2018: 1,251 at grade 6 or better). The proportion of 9/8/7 grades was 83%, up from 81% in 2018.

In addition there were 5 non-standard GCSE entries with results at grade 7 or better (2018: 4 A* and 1 A).

National comparisons are now based on Attainment 8 and Progress 8 measures. Grading changes mean the values from 2018 onwards are not on exactly the same basis as preceding years.

	2019	2018	2017	2016
Attainment 8	8.09	7.94	7.51	7.28
Progress 8	0.95	0.83	0.64	0.18

The Board does not set a target for the number of boys seeking to obtain the English Baccalaureate because, as stated above, it aims to provide a wide choice of curriculum for GCSE. The School, supported by the Board, takes the view that the best interests of students are served by taking the iGCSE examination in history rather than the GCSE. The iGCSE is not an exam included in the DfE statistics. This has an impact on the Attainment 8 figure in the last table which would be 8.13 (2018: 8.06) if the iGCSE score were to be counted.

STRATEGIC REPORT (continued)

Student achievements (continued)

In the Board's view the most relevant 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.

At A-level there were 499 exam entries from 144 students. 17% of all entries were awarded an A* grade and 34% an A grade. 69 (2018 – 48) students achieved at least four A-Levels and a further 72 (2018 – 61) three A-Levels. 142 (2018 – 136) students had previously obtained a Pre-U Global Perspectives qualification. In addition this group of students obtained 14 passes in AS subjects not then taken at A Level.

133 (2018 – 131) students secured university places for autumn 2018. 12 students decided to take a gap year. Of the 133, students 87 (2018 – 88) went to a Russell Group university including 10 (2018 – 9) places at Oxbridge colleges; 15 (2018 – 8) students achieved places at medical and dental schools whilst another 13 selected courses in medical and biological sciences; 48 chose STEM courses, 26 law, politics or economics and 31 humanities.

The most popular choices of university were:

University of Oxford – 6	University of Nottingham – 14
University of Southampton – 12	Kings College London – 7
University of Surrey – 8	University of Bristol – 7
University of Bath – 6	University College, London – 4
Imperial College, London – 4	University of Warwick – 6
University of East Anglia – 6	University of Birmingham – 5
University of Sussex – 5	University of Edinburgh – 4
University of Exeter – 4	University of Cambridge – 4

Three students took up places at overseas universities; one to a US university on a sports scholarship, one to Prague to study dentistry; and one to the Hannover Hochschule für Musik for specialist cello teaching.

98 students went to their first choice university. 16 students went to their reserve choice and 19 went into clearing for their university offer.

Collective achievements

The Board is keen to actively support participation in external competition and other activities and is delighted with the excellent outcomes achieved, a selection of which are detailed below.

Trustees' report Year ended 31 August 2019

STRATEGIC REPORT (continued)

Individual and collective achievements (continued)

International recognition

- ◆ The School participated in the UK International Mathematics Olympiad, receiving an individual bronze medal.
- ◆ The School team achieved 20th place out of entries from 112 countries.

National recognition

- ◆ Winner of the Hans Woyda Maths Competition;
- ◆ UK Maths Team Challenge – the School achieved 5th place;
- ◆ Six team teams participated in the National Big Bang Finals (Birmingham);
- ◆ Three students received Arkwright Scholarships;
- ◆ One student is a member of the National Youth Orchestra;
- ◆ Two students won the Technology, Design and Innovation Challenge in their age group;

Other activities

The School hosted the two day Sutton Big Bang; a Science, Technology, Engineering & Maths – STEM – fair for 10-18 year olds. There were 21 exhibitors. Over 2,000 attendees enjoyed exhibitions, workshops and hands-on tasks.

As stated above, the Trust seeks to provide a broad range of educational opportunities. The School is a licensed operator for the Duke of Edinburgh's Award Scheme; 119 students were enrolled during the year completing 49 bronze, 8 silver, and 8 gold awards.

The School has a strong CCF contingent with 209 students from the School and 106 girls from Nonsuch High School participating. The CCF undertook a wide range of adventurous activities including a main camp and training camps for leaders. The CCF supported the Royal British Legion in managing the march-past of Veterans on Remembrance Sunday at the Cenotaph.

The School provided ball boys for the Championships at Wimbledon.

There was a range of school visits and study trips including:

- ◆ Visits to Normandy, Spain and the Rhineland for languages' development;
- ◆ A visit to Berlin for GCSE history;
- ◆ A visit to Iceland for geography and geology;
- ◆ Outdoor Challenges in the Forest of Dean and Wales;

STRATEGIC REPORT (continued)

Other activities (continued)

- ◆ Outdoor activities in Devon;
- ◆ A geography Field Trip to Spain;
- ◆ Skiing trips in Italy;
- ◆ A basketball tournament in Hungary;
- ◆ A Football tournament in the Netherlands;
- ◆ Malawi – Following two years of fund raising by sixth formers a three week trip to Malawi for charitable purposes including teaching, feeding programmes, maintaining wells, building work and various community projects;
- ◆ The School Jazz Band played at a commercial venue to a live audience.

The achievements described in this section would not have been accomplished without the dedication and enthusiasm of both the teaching and support staff.

Individual achievements by Staff

Mrs Gwen Andrews, Head of Applied Studies, was awarded the James Dyson Foundation Prize for excellence in engineering education at the Design Technology Excellence Awards Dinner.

Investment Programme

The replacement of life-expired windows and frames, funded by the 2017 Condition Improvement Fund (CIF) grant of £205,000, was completed during the year.

The Trust submitted a two part bid to the 2018 CIF for roof replacements. The bid for replacing flat roofs was successful and a grant of £497,000 was awarded. The project is complete.

It is the intention of the Trust to seek a grant for the replacement of the pitch roofs and improved insulation. If these roofs can be replaced it may be possible to extend the photovoltaic installation and further improve the School's green credentials.

As recorded last year the Pavilion at the Walch Memorial Sports Ground (WMSG) was built in 1964 at a time when the School was 50% smaller than it is today. Following discussion with the Epsom and Ewell planning department regarding re-development in the Green Belt, a detailed design is being developed with the intention of gaining planning permission prior to submitting a bid for DfE capital funding. It is expected that a new pavilion will cost in the region of £2.35 million. The Trust is also considering whether an application for an artificial pitch or pitches would be beneficial both to the School and to the local community.

STRATEGIC REPORT (continued)

Key financial performance indicators

The key financial performance indicators adopted by the Board are:

- ◆ the delivery of planned revenue expenditure in line with budget;
- ◆ the delivery of capital projects on time and to budget; and
- ◆ the maximisation of interest income.

The Board has continued to examine opportunities to improve revenue. The historic popularity of the School leads the Board to conclude that the School will continue to be able to fill all the places available at Year 7. It will continue to examine the economic case for a number of sixth form courses but it will aim to improve their viability by recruitment of suitably qualified external students into Year 12. In this respect the Board was pleased that 25 male and 25 female students joined the sixth form in September 2019 in addition to the boys who transferred from Year 11, bringing the sixth form up to 310 students.

Going Concern

The Board has agreed that the School cannot accommodate any more students in years 7 – 11 on our main site and it will not seek any funds under the Government's Selective Schools Expansion Fund. The Trust has considered whether its admissions policy can be adjusted to meet some of the aims of the government's initiative.

Any student growth will therefore be into Year 12. There will be internal growth next year as a result of the first cohort of 135 students being automatically eligible for the sixth form – subject to meeting the entry standards. However the Board wishes to continue to recruit external entrants to Year 12 as these students add diversity and experience into the sixth form. The entry of girls has been beneficial both to the school community and to individual students.

As previously stated the Board values a broad based educational offer. It has agreed that it will continue to offer a general pattern of four subjects plus global perspectives in Year 12.

Every effort is made to fill sub optimum classes but this must be done in a challenging marketing environment against all the other sixth form educators competing in the market. The School has a number of USPs in STEM and these courses are already over-subscribed. Further expansion may not be possible without significant investment in additional facilities including additional staff or adjustments to the working day.

STRATEGIC REPORT (continued)

Going Concern (continued)

The Trust has prepared three year budgets in accordance with ESFA requirements. There is continued uncertainty as to the level of future public funding and this lack of clarity makes planning additionally challenging with no clear financial basis for longer term decision making by the Trust. All future budget forecasts 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

Financial report for the year

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 2019 amounted to £5,903,000 (2018 – £5,710,000) of which £4,486,000 (2018 – £4,232,000) related to the ESFA General Annual Grant.

Capital grants from public sources during the period to 31 August 2019 were £237,000 (2018 – £335,000). In total the SGSPTA donated £96,000 (2018 – £106,000) 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 £31,000 to support individual requests from staff for specific projects. The SGSPTA has agreed to a grant of £65,000 in 2019/20 to support delivery of the curriculum.

Other donations under HMRC's gift aid scheme provided a total of £322,000 (2018 – £307,000) which enabled to the Trust to maintain and enhance its curricular and non-curricular activities.

Total expenditure was £6,311,000 (2018 – £6,013,000) and included £5,920,000 (2018 – £5,617,000) relating to the School's educational operations of which £64,000 (2018 – £81,000) related to governance costs.

The School held fund balances of £16,020,000 at 31 August 2019 (2018 – £16,637,000) which included unrestricted funds of £512,000 (2018 – £536,000).

STRATEGIC REPORT (continued)

Financial review (continued)

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 £512,000 (2018 – £536,000) of unrestricted reserves. After allowing for repayment of the Salix Loan the effective unrestricted reserves at 31 August 2019 is reduced to £470,000 (2018 – £496,000).

In its budgeting for 2019-20 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 £385,000 topped up by the short term special grants provided to meet additional teachers' pension and salary cost. Salary expenditure is currently running at £378,000 and purchase ledger at £100,000 net of VAT.

Given the above 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.

The Board intends 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 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 which will be available in Years 7-11. There is no sign that sixth form funding will be improved. The DfE's recent decision to provide transitional funding towards the costs of the teachers' September 2018 pay award is guaranteed only until March 2020 whilst the top-up for the increased cost of the teachers' pension is guaranteed only until August 2020. There is a further special grant for the additional ¼% salary increase above the 2% originally expected for teaching staff in September 2019. It is expected that the proposed improvement in per pupil funding for 2020-21 will effectively consolidate these payments into the general budget allocation.

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

Whilst the Trust has modelled the forward funding position, the delay in implementation of the national funding formula leaves uncertainty as local distribution of the promised per pupil funding for 2020-21 will be determined by the local Schools' Forum.

The Trust requires an adequate cash flow to avoid diminishing reserves. It is dependent on other sources of funds especially the voluntary contributions and other non-grant income. This income averages £50,000 per month. If this were to fall significantly the Trust would soon reach its minimum strategic reserve of £100,000 or any higher reserve which might be set after review. The Trust is not able to realise any cash via the disposal of tangible fixed assets.

The Board has established a working party to examine ways of increasing non-public funding.

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 takes care with both the tone of its communications and the accuracy of its data to minimise the pressures on supporters. 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 2018-19, the Trust received no complaints about its fundraising activities.

PLANS FOR FUTURE PERIODS

The Board has agreed that the School will remain 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 and this number (2019 – 117) will grow when the first 135 cohort reaches Year 12 next year.

PLANS FOR FUTURE PERIODS (continued)

In September 2019, 25 male and 25 female students joined Year 12 from other schools. The Board encourages external applications for the Sixth Form as these students bring additional diversity and experiences to the School community. In particular the recent experience of admitting female students has shown them to be a valuable addition to the student body. The Trust is conscious it needs to further enhance its facilities for these students.

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 issues regarding the maintenance of 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 now needing significant maintenance. It was possible last year to replace half the windows in a 20 year old building but the other windows can only be replaced as limited funds become available.

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 in response to which the School's security and entry system has recently been upgraded and other improvements are under consideration.

As was previously mentioned under the "Investment Programme" section on page 11, 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. The cost of a single artificial pitch would be in the region of £750,000.

AUDITOR

Insofar 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.

Trustees' report Year ended 31 August 2019

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



E. W. JONES
(Trustee)

Approved on: 11.12.19

Governance statement 31 August 2019

Scope of responsibility

As trustees, we acknowledge we have overall responsibility for ensuring that the 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 has delegated the day-to-day responsibility to the Headmaster, as Accounting Officer, for ensuring financial controls conform to the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between the Trust and the Secretary of State for Education. The Headmaster is also responsible for reporting to the Board any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board held four ordinary meetings during the period under review. Attendance during the year at meetings of the Board was as follows:

Trustee	Number of meetings attended	Out of a possible
Mr J Edwards (Chairman)	4	4
Miss F Alexander	4	4
Mr P S Chambers	4	4
Mr P S Davis	4	4
Mr G D Ironside (Headmaster and Accounting Officer)	4	4
Mr G W Jones	4	4
Mr R Murrill	4	4
Ms A Nobel	3	4
Mr R A Pletts	3	4
Ms N Prasad	2	3
Mr P Ritson	1	4
Mr D Rustagi	2	3
Mr J Stevens	1	1
Mr R Ward	1	1

The Deputy Head, Mrs Kate Ross, was invited to all meetings of the Board and she attended 4 out of 4 meetings as well as attending the Admissions Committee. The Headmaster designate, Mr Cloves, was invited to one meeting.

Governance statement 31 August 2019

Governance (continued)

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.

Attendance at meetings in the year was as follows:

Trustee	Number of meetings attended	Out of a possible
Miss F H E Alexander	4	4
Mrs E Beach (Bursar)	4	4
Mr P S Chambers (Chairman)	4	4
Mr J R Edwards	4	4
Mr G D Ironside	4	4
Mr G Jones	2	4
Mr R Pletts	4	4
Mr P Ritson	4	4

Mr Cloves as the Accounting Officer designate was invited to one meeting.

The Board maintains effective oversight over the Trust's finances by meeting four times per year and reviewing the reports of its dedicated Finance and General Purposes and Audit Committees.

The non-executive members of the FGPC, excluding the Chairman of the Board, 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 2019.

The Remuneration Committee (Mr Edwards, Mr Jones and Mr Murrill) met once.

An Appointments Committee met twice for the purposes of appointing a new Headmaster. It was supported in its work by two external advisers including a former HM Inspector of Schools.

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.

Review of value for money (continued)

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.

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

The Trust participates in 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.

Review of value for money (continued)

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 people helping it on a voluntary basis. Volunteers include parents, staff, pupils, and friends of the School, especially the SGSPTA. This voluntary support is vital in helping the School 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 2019 and up to the date of approval of the annual report and financial statements. During the year, the FGPC reviewed and approved revisions to the Trust's Commercial and Business Procedures to ensure best practice in all aspects of the Trust's financial 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 2019 and up to the date of approval of the annual report and financial statements. The Board regularly reviews this process.

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.

Governance statement 31 August 2019

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.

External Audit

The Members have requested a retender for the statutory auditor as a matter of good governance as the current auditor has been in post since 2012. An audit tender process will be held in time for the Members to approve an appointment at the next AGM of the Trust.

Internal Audit

The Trust values the role of internal auditor. The internal auditor's role includes giving advice on financial matters and performing a range of checks on the Trust's financial systems.

Mr John Lloyd FCA retired from the post on 18 September 2018 for personal reasons. The Board records its appreciation for Mr Lloyd's contribution to the good governance of the Trust and its predecessor schools as internal auditor and previously as Responsible Officer.


It was not possible to find a suitable replacement internal auditor during the year. An independent internal assurance review was provided by Buzzacott LLP. The tender process for a statutory auditor will also seek a separate service for internal audit.

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 work of the internal auditor;
- ◆ the work of the external auditor; and
- ◆ the financial management and governance self-assessment process.

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


G.W. JONES
(Trustee)

Date: 11-12-19


B.A. CLOVES
(Headmaster and Accounting Officer)

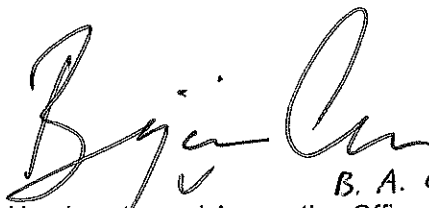
Date: 12/12/19

Statement on regularity, propriety and compliance 31 August 2019

As Accounting Officer of Sutton Grammar School Trust, I have considered my responsibility to notify the Trust's Board and the Education and Skills Funding Agency of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the Trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

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

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


B. A. CLOVES
Headmaster and Accounting Officer

Date: 12/12/19

Statement of Trustees' responsibilities 31 August 2019

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

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


- ◆ select suitable accounting policies and then apply them consistently;
- ◆ observe the methods and principles in the Charities' SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- ◆ make judgments and estimates that are reasonable and prudent;
- ◆ state whether applicable United Kingdom Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements; and
- ◆ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

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

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

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

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


G.W. JONES
(Trustee)

Date: 11.12.19

Independent auditor's report 31 August 2019

Independent auditor's report on the financial statements to the members of Sutton Grammar School Trust

Opinion

We have audited the financial statements of Sutton Grammar School Trust (the 'charitable company') for the year ended 31 August 2019 which comprise the statement of financial activities, the balance sheet, the statement of cash flows, the principal accounting policies and the related notes to the financial statements. 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), 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) (the Charities SORP 2015) and the Academies Accounts Direction 2018 to 2019.

In our opinion, the financial statements:

- ◆ give a true and fair view of the state of the charitable company's affairs as at 31 August 2019 and of 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 2015 and Academies Accounts Direction 2018 to 2019.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements 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 financial statements is not appropriate; or

Independent auditor's report 31 August 2019

Conclusions relating to going concern (continued)

- ◆ the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information (covers the reference and administrative details, the report of the trustees and strategic report and the governance statement)

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

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

We have nothing to report in this regard.

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, which is also the directors' report for the purposes of company law and includes the strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ◆ the trustees' report, which is also the directors' report for the purposes of company law and includes the 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 charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report including the strategic report.

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

- ◆ adequate accounting records have not been kept, or returns adequate for our audit have
- ◆ not been received from branches not visited by us; or
- ◆ the financial statements are not in agreement with the accounting records or returns; or

Independent auditor's report 31 August 2019

Matters on which we are required to report by exception (continued)

- ◆ 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 trustees' responsibilities statement, the trustees, who are also the directors for the purposes of company law, are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company'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 to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the charitable 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.



Catherine Biscoe (Senior Statutory Auditor)
for and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL



Sutton Grammar School Trust 27

Independent reporting accountant's assurance report on regularity to Sutton Grammar School Trust and the Education and Skills Funding Agency

In accordance with the terms of our engagement letter dated 30 May 2018 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Sutton Grammar School Trust during the period from 1 September 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Sutton Grammar School Trust and the 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 the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Sutton Grammar School Trust and the 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 2018, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2018 to 2019. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period from 1 September 2018 to 31 August 2019 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2018 to 2019 issued by the 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.

Independent reporting accountant's report 31 August 2019

Approach (continued)

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

The work undertaken to draw our conclusion includes:

- ◆ An assessment of the risk of material irregularity and impropriety across all of the Academy Trust's activities;
- ◆ Further testing and review of the areas identified through the risk assessment including enquiry, identification of control processes and examination of supporting evidence across all areas identified as well as additional verification work where considered necessary; and
- ◆ Consideration of evidence obtained through the work detailed above and the work completed as part of our financial statements audit in order to support the regularity conclusion.

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 from 1 September 2018 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Reporting Accountant
Buzzacott LLP
Chartered Accountants
130 Wood Street
London
EC2V 6DL

19 December 2019

Statement of financial activities (including the income and expenditure account)
Year ended 31 August 2019

	Notes	Restricted funds			2019 Total funds £'000	2018 Total funds £'000
		Unrestricted general fund £'000	General funds £'000	Fixed assets fund £'000		
Income from:						
Donations and capital grants	2	322	162	237	721	798
Charitable activities						
. Funding for the academy's educational operations	3	—	4,568	—	4,568	4,312
Other trading activities	4	257	350	—	607	597
Investments	5	7	—	—	7	3
Total income		586	5,080	237	5,903	5,710
Expenditure on:						
Raising funds	6	391	—	—	391	396
Charitable activities						
. Academy's educational operations	7	—	5,416	504	5,920	5,617
Total expenditure		391	5,416	504	6,311	6,013
Net income (expenditure) before transfers		195	(336)	(267)	(408)	(303)
Transfers between funds	17	(219)	219	—	—	—
Other recognised gains and losses						
Actuarial (losses) gains on defined benefit pension scheme	21	—	(209)	—	(209)	280
Net movement in funds		(24)	(326)	(267)	(617)	(23)
Reconciliation of funds						
Fund balances brought forward at 1 September 2018		536	(1,133)	17,234	16,637	16,660
Fund balances carried forward at 31 August 2019		512	(1,459)	16,967	16,020	16,637

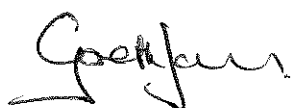
All of the School's activities derive from continuing operations during the above two financial periods.

The School has no recognised gains or losses other than those shown above.

Balance sheet 31 August 2019

	Notes	2019 £'000	2019 £'000	2018 £'000	2018 £'000
Fixed assets					
Tangible fixed assets	13		16,891		16,981
Current assets					
Debtors	14	113		240	
Cash at bank and in hand		1,003		1,116	
		<u>1,116</u>		<u>1,356</u>	
Liabilities					
Creditors: amounts falling due within one year	15	(495)		(534)	
Net current assets			<u>621</u>		<u>822</u>
Total assets less current liabilities			17,512		17,803
Creditors: amounts falling due after one year	16		(33)		(33)
Net assets excluding pension scheme liability			17,479		17,770
Pension scheme liability	21		(1,459)		(1,133)
Total net assets			<u>16,020</u>		<u>16,637</u>
Funds of the Academy					
Restricted funds					
. Fixed asset fund	17		16,967		17,234
. Restricted income fund	17		—		—
. Pension reserve	17		(1,459)		(1,133)
Total restricted funds			<u>15,508</u>		<u>16,101</u>
Unrestricted income funds					
General fund	17		512		536
Total funds			<u>16,020</u>		<u>16,637</u>

The financial statements on page 30 to 55 were approved by the Trustees, authorised for issue and are signed on their behalf by:



G. W. JONES
(Trustee)

Date: 11.12.19

Sutton Grammar School Trust
Company Limited by Guarantee
Registration Number: 07633715 (England and Wales)

Statement of cash flows Year ended 31 August 2019

		2019 £'000	2018 £'000
Net cash flows from operating activities			
Net cash provided by (used in) operating activities	A	65	(77)
Cash flows from investing activities			
	B	(171)	109
Cash flows from financing activities			
	C	(7)	(7)
Change in cash and cash equivalents in the year		(113)	25
Cash and cash equivalents at 1 September 2018		1,116	1,091
Cash and cash equivalents at 31 August 2019	D	1,003	1,116

A Reconciliation of net expenditure to net cash provided by (used in) operating activities

	2019 £'000	2018 £'000
Net expenditure for the year (as per the statement of financial activities)	(408)	(303)
Adjusted for:		
Depreciation (note 13)	504	515
Capital grants from DfE and other capital income	(237)	(367)
Interest receivable (note 5)	(7)	(3)
Defined benefit pension scheme cost less contributions payable (note 21)	89	99
Defined benefit pension scheme finance cost (note 21)	28	32
Decrease (increase) in debtors	128	(107)
(Decrease) increase in creditors	(32)	57
Net cash provided by (used in) operating activities	65	(77)

B Cash flows from investing activities

	2019 £'000	2018 £'000
Dividends, interest and rents from investments	7	3
Purchase of tangible fixed assets	(415)	(261)
Capital grants from DfE/ESFA and other capital income	237	367
Net cash (used in) provided by investing activities	(171)	109

C Cash flows from financing activities

	2019 £'000	2018 £'000
Repayments of borrowing	(7)	(7)
Net cash used in financing activities	(7)	(7)

Statement of cash flows Year ended 31 August 2019

D Analysis of cash and cash equivalents

	2019 £'000	2018 £'000
Cash at bank and in hand	1,003	1,116
Total cash and cash equivalents	1,003	1,116

Principal accounting policies 31 August 2019

Statement of accounting policies

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

Basis of preparation

The financial statements of the School 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 2015), the Academies Accounts Direction 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Sutton Grammar School Trust meets the definition of a public benefit entity under FRS 102.

The financial statements are presented in sterling and are rounded to the nearest thousand pounds.

Going concern

The trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the 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 financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Income

All income is 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.

Principal accounting policies 31 August 2019

Income (continued)

Grants (continued)

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

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

Donations

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

Other income

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

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. Staff costs are allocated on the basis of time spent.

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.

All expenditure is stated net of recoverable VAT.

Principal accounting policies 31 August 2019

Tangible fixed assets

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 this are capitalised where they form part of a larger purchase or project costing in excess of £25,000.

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. 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 such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the School's depreciation policy.

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

- ◆ Freehold buildings 2%
- ◆ Furniture and Equipment 6.67% – 20%
- ◆ Motor vehicles 20%
- ◆ Computer equipment 33.3%

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.

Debtors

Debtors were recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid.

Cash at bank and in hand

Cash at bank and in hand represented such accounts and instruments that are available on demand or have maturity less than three months from the date of acquisition.

Principal accounting policies 31 August 2019

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.

Leased assets

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

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 as detailed. Prepayments are not financial instruments. Amounts due to the charity's wholly owned subsidiary are held at face value less any impairment.

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

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

Taxation

The Academy 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 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.

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.

Pensions benefits (continued)

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in the notes to the financial statements, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability 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.

Principal accounting policies 31 August 2019

Fund accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Education and Skills Funding Agency (ESFA), Department for Education or other funders where the asset acquired or created is held for a specific purpose.

Restricted ESFA funds comprise all other grants received from the Education and Skills Funding Agency.

Restricted other funds comprise all other restricted funds received and include grants from local authorities.

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

- ◆ The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in the notes to 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 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.
- ◆ Estimating the useful economic life of tangible fixed assets for the purposes of calculating depreciation.

Notes to the Financial Statements Year ended 31 August 2019

1 General Annual Grant (GAG)

Under the funding agreement with the Secretary of State the charitable company was subject to limits at 31 August 2019 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 charitable company has not exceeded these limits during the year ended 31 August 2019.

2 Donations and capital grants

	Unrestricted funds £'000	Restricted funds £'000	Restricted fixed assets funds £'000	2019 Total funds £'000
Public capital grants	—	—	237	237
Other donations	322	162	—	484
	322	162	237	721

	Unrestricted funds £'000	Restricted funds £'000	Restricted fixed assets funds £'000	2018 Total funds £'000
Public capital grants	—	—	335	335
Voluntary capital grants	—	—	32	32
Other donations	307	124	—	431
	307	124	367	798

Public capital grants includes DfE/ESFA and Condition Improvement Fund grants.

Notes to the Financial Statements Year ended 31 August 2019

3 Funding for academy's educational operations

	Unrestricted funds £'000	Restricted funds £'000	2019 Total funds £'000
DfE / ESFA grants			
. General Annual Grant (GAG)	—	4,486	4,486
. Other DfE / ESFA grants	—	35	35
	—	4,521	4,521
Other government grants			
. Special educational needs grants	—	47	47
	—	47	47
	—	4,568	4,568

	Unrestricted funds £'000	Restricted funds £'000	2018 Total funds £'000
<i>DfE / ESFA grants</i>			
. <i>General Annual Grant (GAG)</i>	—	4,232	4,232
. <i>Other DfE / ESFA grants</i>	—	36	36
	—	4,268	4,268
<i>Other government grants</i>			
. <i>Special educational needs grants</i>	—	44	44
	—	44	44
	—	4,312	4,312

4 Other trading activities

	Unrestricted funds £'000	Restricted funds £'000	2019 Total funds £'000
Hire of facilities and lettings income	165	—	165
Trip income	—	335	335
Educational services	41	—	41
Miscellaneous income	51	15	66
	257	350	607

	Unrestricted funds £'000	Restricted funds £'000	2018 Total funds £'000
<i>Hire of facilities and lettings income</i>	160	—	160
<i>Trip income</i>	—	341	341
<i>Educational services</i>	42	—	42
<i>Miscellaneous income</i>	54	—	54
	256	341	597

Notes to the Financial Statements Year ended 31 August 2019

5 Investments

	Unrestricted funds £'000	Restricted funds £'000	2019 Total funds £'000
Interest receivable	7	—	7

	Unrestricted funds £'000	Restricted funds £'000	2018 Total funds £'000
Interest receivable	3	—	3

6 Expenditure

	Staff costs £'000	Non pay expenditure		2019 total funds £'000
		Premises £'000	Other costs £'000	
Raising funds				
. Support costs	47	—	344	391
Charitable activities				
. School's educational operations				
.. Direct costs	3,698	—	482	4,180
.. Allocated support costs	540	913	287	1,740
	4,285	913	1,113	6,311

	Staff costs £'000	Non pay expenditure		2018 total funds £'000
		Premises £'000	Other costs £'000	
Raising funds				
. Support costs	41	—	355	396
Charitable activities				
. School's educational operations				
.. Direct costs	3,747	—	327	4,074
.. Allocated support costs	402	869	272	1,543
	4,190	869	954	6,013

	2019 £'000	2018 £'000
Net expenditure for the year includes:		
Operating lease rentals	15	17
Depreciation	504	515
Fees payable to auditor for		
. Audit	11	10
. Other services	7	5

Notes to the Financial Statements Year ended 31 August 2019

7 Charitable activities – academy's educational operations

	2019 Total funds £'000	2018 Total funds £'000
Direct costs	4,180	4,074
Support costs	1,740	1,543
	5,920	5,617

Analysis of support costs	2019 Total funds £'000	2018 Total funds £'000
Support staff costs	540	402
Depreciation	504	515
Technology costs	39	29
Premises costs	409	354
Other support costs	184	162
Governance costs (note 8)	64	81
Total support costs	1,740	1,543

8 Governance costs

	2019 total funds £'000	2018 total funds £'000
Legal and professional fees	6	7
Auditor's remuneration		
. Audit of financial statements	11	10
. Other services	7	5
Internal auditor	—	1
Support staff costs	40	58
	64	81

Notes to the Financial Statements Year ended 31 August 2019

9 Comparative information

Analysis of income and expenditure in the year ended 31 August 2018 between restricted and unrestricted funds:

	Notes	Restricted funds			2018 Total funds £'000
		Unrestricted general fund £'000	General funds £'000	Fixed assets fund £'000	
Income from:					
Donations and capital grants	2	307	124	367	798
Charitable activities					
Funding for the academy's educational operations	3	—	4,312	—	4,312
Other trading activities	4	256	341	—	597
Investments	5	3	—	—	3
Total income		566	4,777	367	5,710
Expenditure on:					
Raising funds	6	396	—	—	396
Charitable activities					
Academy's educational operations	7	—	5,102	515	5,617
Total expenditure		396	5,102	515	6,013
Net income (expenditure) before transfers		170	(325)	(148)	(303)
Transfers between funds	17	(253)	194	59	—
Other recognised gains and losses					
Actuarial gains on defined benefit pension scheme	22	—	280	—	280
Net movement in funds		(83)	149	(89)	(23)
Reconciliation of funds					
Fund balances brought forward at 1 September 2017		619	(1,282)	17,323	16,660
Fund balances carried forward at 31 August 2018		536	(1,133)	17,234	16,637

Notes to the Financial Statements Year ended 31 August 2019

10 Staff costs

(a) Staff costs

Staff costs during the year were:

	2019 Total funds £'000	2018 Total funds £'000
Wages and salaries	3,240	3,187
Social security costs	332	326
Pension costs	668	666
	4,240	4,179
Supply teacher costs	45	11
	4,285	4,190

(b) Staff numbers

The average number of persons (including the senior management team) employed by the charitable company during the year ended 31 August 2019 was as follows:

Charitable activities	2019 No.	2018 No.
Teachers	60	57
Administration and support	46	45
Management	5	5
	111	107

(c) Higher paid staff

The number of employees whose emoluments fell within the following bands was:

	2019 No.	2018 No.
£60,001 – £70,000	2	2
£70,001 – £80,000	1	1
£100,001 – £110,000	1	1

All of the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2019 pension contributions for these staff amounted to £49,758 (2018 – £49,505). None of the above employees contributed to the LGPS during the year ended 31 August 2019 (2018 – none).

Notes to the Financial Statements Year ended 31 August 2019

10 Staff costs (continued)

(d) Key management personnel

The key management personnel of the academy trust comprise the members, trustees and the Senior Leadership Team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £447,865 (2018: £443,922).

11 Trustees' remuneration and expenses

The Headmaster and staff trustees only receive remuneration in respect of services they provide undertaking the roles of Principal and staff and not in respect of their services as trustees. The other trustees did not receive any payments from the academy in respect of their role as trustees. The value of trustees' remuneration and other benefits during the year ended 31 August 2019 was as follows:

	2019 £'000	2018 £'000
G D Ironside (Headmaster and Trustee)		
. Remuneration	100-105	100-105
. Employer's pension contributions	15-20	15-20
P S Davis (Staff Trustee)		
. Remuneration	50-55	50-55
. Employer's pension contributions	5-10	5-10
R Pletts (Staff Trustee)		
. Remuneration	45-50	45-50
. Employer's pension contributions	5-10	5-10

During the year ended 31 August 2019, no travel and subsistence expenses were reimbursed to trustees (2018 – none).

12 Trustees' and Officers' insurance

In accordance with normal commercial practice the School has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on School business. The insurance provides cover up to £10 million on any one claim and the cost for the period ended 31 August 2019 was £146 (2018: £156).

Notes to the Financial Statements Year ended 31 August 2019

13 Tangible fixed assets

	Freehold land and buildings £'000	Assets under construction £'000	Furniture and equipment £'000	Computer equipment £'000	Motor vehicles £'000	Total funds £'000
Cost/valuation						
At 1 September 2018	19,093	273	437	97	48	19,948
Additions	402	—	—	—	13	415
Transfers	273	(273)	—	—	—	—
At 31 August 2019	19,768	—	437	97	61	20,363
Depreciation						
At 1 September 2018	2,574	—	289	83	22	2,968
Charge in period	452	—	39	1	12	504
At 31 August 2019	3,026	—	328	84	34	3,472
Net book value						
At 31 August 2019	16,742	—	109	13	27	16,891
At 31 August 2018	16,519	273	148	14	26	16,980

	Freehold land and buildings £'000	Assets under construction £'000	Furniture and equipment £'000	Computer equipment £'000	Motor vehicles £'000	Total funds £'000
Cost/valuation						
At 1 September 2017	19,093	—	411	62	31	19,597
Additions	—	273	26	35	18	352
At 31 August 2018	19,093	273	437	97	49	19,949
Depreciation						
At 1 September 2017	2,168	—	231	42	12	2,453
Charge in period	406	—	58	41	10	515
At 31 August 2018	2,574	—	289	83	22	2,968
Net book value						
At 31 August 2018	16,519	273	148	14	27	16,981
At 31 August 2017	16,925	—	180	20	19	17,144

For the purposes of these financial statements, the school's land is deemed to have no commercial value.

14 Debtors

	2019 £'000	2018 £'000
Trade debtors	14	79
VAT recoverable	28	36
Other debtors	14	22
Prepayments and accrued income	57	103
	113	240

Notes to the Financial Statements Year ended 31 August 2019

15 Creditors: amounts falling due within one year

	2019 £'000	2018 £'000
Trade creditors	104	50
Taxation and social security	88	85
Other creditors	81	93
Loans (note 16)	9	7
Accruals and deferred income	213	299
	495	534

	2019 £'000	2018 £'000
Deferred income at 1 September 2018	186	148
Released during the year	(186)	(148)
Resources deferred in the year	157	186
Deferred income at 31 August 2019	157	186

Deferred income of £35,688 (2018 – £44,961) relates to income received in the year for school trips that are taking place in the year ending 31 August 2020. Deferred income of £12,502 relates to capital grants received for 2019/20 (2018 – £23,895), £101,635 (2018 – £82,972) relates to other grants and activities for 2019/20. Other deferred income of £7,602 (2018 – £34,234) relates to advance payment for the hire of school facilities.

16 Creditors: amounts falling due in greater than one year

	2019 £'000	2018 £'000
Loans	33	33
	33	33

The total loan balance of £42,594 (2018: £39,83) is 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 loans are unsecured and interest free, and the remaining balances are payable as follows:

	2019 £'000	2018 £'000
Analysis of loans		
Wholly repayable within eight years	42	40
Less: included in current liabilities	(9)	(7)
Amounts included above	33	33
Loan maturity		
Debt due in one year or less (note 15)	9	7
In more than one year but not more than two years	9	7
In more than two years but not more than five years	24	21
In more than five years	—	5
	42	40

Notes to the Financial Statements Year ended 31 August 2019

17 Funds

	Balance at 1 September 2018 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2019 £'000
Restricted general funds					
General Annual Grant (GAG)	—	4,486	(5,299)	813	—
Pupil Premium	—	35	—	(35)	—
Local authority grants	—	47	—	(47)	—
Other restricted funds	—	512	—	(512)	—
Pension reserve	(1,133)	—	(117)	(209)	(1,459)
	<u>(1,133)</u>	<u>5,080</u>	<u>(5,416)</u>	<u>10</u>	<u>(1,459)</u>
Restricted fixed asset funds					
Transfer on conversion	11,820	—	(275)	—	11,545
Capital grants	5,298	237	(196)	(5)	5,334
Capital expenditure from revenue funding	116	—	(33)	5	88
	<u>17,234</u>	<u>237</u>	<u>(504)</u>	<u>—</u>	<u>16,967</u>
Total restricted funds	<u>16,101</u>	<u>5,317</u>	<u>(5,920)</u>	<u>10</u>	<u>15,508</u>
Total unrestricted funds	<u>536</u>	<u>586</u>	<u>(391)</u>	<u>(219)</u>	<u>512</u>
Total funds	<u>16,637</u>	<u>5,903</u>	<u>(6,311)</u>	<u>(209)</u>	<u>16,020</u>

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

ESFA revenue grant fund and other restricted funds

This fund represents grants received for the Academy's operational activities and development.

General Annual Grant (GAG)

Under the funding agreement with the Secretary of State, the charitable company was subject to a limit on the amount of GAG that it could carry forward at 31 August 2019. Note 1 discloses whether the limit was exceeded.

Fixed asset fund

The Academy buildings fund has been set up to recognise the tangible assets gifted to the academy upon conversion which represent the school site including the freehold land and buildings and all material items of plant and machinery included therein. Depreciation charged on those inherited assets is allocated to the fund.

Capital grants represents assets purchased using capital grants received from the DfE, the London Borough of Sutton and private donors.

Notes to the Financial Statements Year ended 31 August 2019

17 Funds (continued)

Fixed asset fund (continued)

Capital funding from revenue grants represents tangible assets purchased by the academy from the revenue grants from the DfE. Depreciation charged on these assets is allocated to the fund.

Pension reserve

The pension reserve forms part of the restricted general fund and relates to the Academy's share of the deficit of the London Borough of Sutton Local Government Pension Scheme.

Transfers from the unrestricted funds to the restricted general and fixed assets funds have been made to represent the purchase of fixed assets from unrestricted funding and reimbursement of expenditure incurred in the restricted general fund in the first instance.

Comparative information

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

	Balance at 1 September 2017 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2018 £'000
Restricted general funds					
General Annual Grant (GAG)	—	4,232	(4,971)	739	—
Pupil Premium	—	36	—	(36)	—
Local authority grants	—	44	—	(44)	—
Other restricted funds	—	465	—	(465)	—
Pension reserve	(1,282)	—	(131)	280	(1,133)
	<u>(1,282)</u>	<u>4,777</u>	<u>(5,102)</u>	<u>474</u>	<u>(1,133)</u>
Restricted fixed asset funds					
Transfer on conversion	12,095	—	(275)	—	11,820
Capital grants	5,127	367	(196)	—	5,298
Capital expenditure from revenue funding	101	—	(44)	59	116
	<u>17,323</u>	<u>367</u>	<u>(515)</u>	<u>59</u>	<u>17,234</u>
Total restricted funds	<u>16,041</u>	<u>5,144</u>	<u>(5,617)</u>	<u>533</u>	<u>16,101</u>
Total unrestricted funds	<u>619</u>	<u>566</u>	<u>(396)</u>	<u>(253)</u>	<u>536</u>
Total funds	<u>16,660</u>	<u>5,710</u>	<u>(6,013)</u>	<u>280</u>	<u>16,637</u>

Notes to the Financial Statements Year ended 31 August 2019

18 Analysis of net assets between funds

	Unrestricted funds £'000	Restricted general Funds £'000	Restricted fixed asset fund £'000	Total 2019 £'000
Fund balances at 31 August 2019 are represented by:				
Tangible fixed assets	—	—	16,891	16,891
Current assets	512	486	118	1,116
Current liabilities	—	(486)	(9)	(495)
Non-current liabilities	—	(33)	(33)	(33)
Pension scheme liability	—	(1,459)	—	(1,459)
Total net assets	512	(1,459)	16,967	16,020

	Unrestricted funds £'000	Restricted general Funds £'000	Restricted fixed asset fund £'000	Total 2018 £'000
Fund balances at 31 August 2018 are represented by:				
Tangible fixed assets	—	—	16,981	16,981
Current assets	536	527	293	1,356
Current liabilities	—	(527)	(7)	(534)
Non-current liabilities	—	—	(33)	(33)
Pension scheme liability	—	(1,133)	—	(1,133)
Total net assets	536	(1,133)	17,234	16,637

19 Capital commitments

	2019 £'000	2018 £'000
Contracted for, but not provided in the financial statements	—	358

20 Commitments under operating leases

At 31 August 2019 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	Furniture and equipment	
	2019 £'000	2018 £'000
Amounts due within one year	4	15
Amounts due between one and five years	—	3
	4	18

21 Members' liability

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

22 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 latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

Contributions amounting to £73,613 were payable to the schemes at 31 August 2019 (2018: £72,664) and are included within creditors.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools, colleges and other educational establishments. Membership is automatic for teachers and lecturers at eligible institutions. Teachers and lecturers are able to opt out of the TPS.

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

Under the definitions set out in FRS 102 (28.11), the TPS is a multi-employer pension plan. The Academy Trust is unable to identify its share of the underlying assets and liabilities of the plan.

Accordingly, the School has taken advantage of the exemption in FRS 102 and has accounted for its contributions to the scheme as if it were a defined-contribution plan. The School has set out above the information available on the plan and the implications for the School in terms of the anticipated contribution rates.

The valuation of the TPS is carried out in line with regulations made under the Public Service Pension Act 2013. Valuations credit the teachers' pension account with a real rate of return assuming funds are invested in notional investments that produce that real rate of return.

The latest actuarial review of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education (DfE) in April 2019. The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196 billion, giving a notional past service deficit of £22 billion.

22 Pension and similar obligations (continued)

Teachers' Pension Scheme (continued)

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards (compared to 16.48% during 2018/19). The Department for Education has agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2019/20 academic year.

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website.

The employer's pension costs paid to TPS in the period amounted to £438,976 (2018 – £401,464).

Local Government Pension Scheme (LGPS)

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £216,000 (2018 – £203,000), of which employer's contributions totalled £174,000 (2018 – £163,000) and employees' contributions totalled £42,000 (2018 – £40,000). The agreed contribution rates for future years are 27.5% for employers and between 5.5% and 12.5% for employees until March 2020.

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

Principal Actuarial Assumptions	At 31 August 2019	At 31 August 2018
Rate of increase in salaries	3.75%	3.80%
Rate of increase for pensions in payment	2.25%	2.30%
Discount rate for scheme liabilities	1.95%	2.65%
Inflation assumption (CPI)	2.25%	2.30%

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

	At 31 August 2019	At 31 August 2018
<i>Retiring today</i>		
Males	23.4	24.5
Females	24.8	26.1
 <i>Retiring in 20 years</i>		
Males	25.1	26.8
Females	26.7	28.5

22 Pension and similar obligations (continued)

Local Government Pension Scheme (LGPS) (continued)

	At 31 August 2019 £'000	At 31 August 2018 £'000
Sensitivity analysis – net change in obligation		
Discount rate +0.1%	(78)	2
Discount rate -0.1%	80	137
Mortality assumption – 1 year increase	155	175
Mortality assumption – 1 year decrease	(149)	(34)
CPI rate +0.1%	(6)	130
CPI rate -0.1%	6	9

The Academy's share of the assets and liabilities in the scheme were:

	Fair value at 31 August 2019 £'000	Fair value at 31 August 2018 £'000
Equities	1,427	1,433
Gilts	460	281
Corporate bonds	191	192
Property	280	174
Cash and other liquid assets	1	33
Absolute return portfolio	18	—
Total market value of assets	2,377	2,113

	2019 £'000	2018 £'000
Amounts recognised in statement of financial activities		
Current service cost less employer contributions payable	(70)	(99)
Past service cost (McCloud judgement)	(19)	—
Interest income	58	54
Interest cost	(85)	(85)
Admin expenses	(1)	(1)
Total amount recognised in the SOFA	(117)	(131)

	2019 £'000	2018 £'000
Changes in the present value of defined benefit obligations were as follows:		
At 1 September 2018	3,246	3,274
Current service cost	244	262
Past service cost (McCloud judgement)	19	—
Interest cost	85	85
Employee contributions	42	40
Actuarial gain	498	(323)
Benefits paid	(91)	(24)
Change of demographic assumptions	(207)	—
Experience gain on defined benefit obligations	—	(68)
At 31 August 2019	3,836	3,246

Notes to the Financial Statements Year ended 31 August 2019

22 Pension and similar obligations (continued)

Local Government Pension Scheme (LGPS) (continued)

Changes in the fair value of the Academy's share of scheme assets:	2019 £'000	2018 £'000
At 1 September 2018	2,113	1,992
Interest income	58	54
Other actuarial losses	—	(130)
Actuarial gain	82	19
Employer contributions	174	163
Employee contributions	42	40
Administrative expenses	(1)	(1)
Benefits paid	(91)	(24)
At 31 August 2019	2,377	2,113

23 Related party transactions

No related party transactions took place in the year, other than certain trustees' remuneration and expenses already disclosed in note 11.

24 16-19 Bursary Fund

The Trust manages the DfE's 16-19 Bursary Fund. In the year ended 31 August 2019 the Trust received £7,741 (2018 – £7,365) and distributed £10,500 (2018 – £4,400) to vulnerable and discretionary applicants. At 31 August 2019, no balance remained to be disbursed to students. The balance of £2,759 at 31 August 2018 was carried forward and distributed during the year ended 31 August 2019.

25 Contingent liability

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 the claim.