



**Sutton Grammar
School Trust**

**Annual Report and Financial
Statements**

31 August 2018

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 P S Davis Mr G D Ironside (Headmaster and Accounting Officer) Mr G W Jones Mr R W Murrill Ms A J Nobel Mr R A Pletts Ms N Prasad (appointed 22 November 2018) Mr P J Ritson Mr D Rustagi (appointed 22 November 2018) Mr J A Stevens (resigned 17 October 2018) Mr R M Ward (resigned 31 October 2018)
Company Secretary	Dr N S Wrench
Senior Leadership Team	
Headmaster	Mr G D Ironside
Deputy Head	Mrs I Sutherland (until 31 August 2018) Mrs K Ross (from 1 September 2018)
Assistant Head	Mr S Brook
Assistant Head	Mr N Price
Bursar	Mrs E C Beach
Registered address	Manor Lane Sutton Surrey SM1 4AS
Company registration number	07633715 (England and Wales)
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL

Reference and administrative information

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 Auditor	Mr J Lloyd FCA 20 Bradstock Road Stoneleigh Epsom Surrey KT17 2LH (resigned 18 September 2018)

Trustees' report Year ended 31 August 2018

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 2018. 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 32 to 37 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. The School had 649 male students in years 7 – 11 and 287 students (including girls) in years 12 and 13 on roll during the year under review.

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 2018 was £156 (2017 - £261).

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 2018 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	Elected by parents until June 2018	Board from July 2018
Mr P S Davis		Elected by staff
Mr G D Ironside (Headmaster and Accounting Officer)		Under Articles
Mr G W Jones		Trust
Mr R Murrill		Board
Ms A Nobel	Elected by parents until December 2017	Board from January 2018
Mr R A Pletts		Elected by staff
Mr P Ritson		Trust
Mr J Stevens	Resigned 17 October 2018	Appointed by 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. One parent trustee, not eligible for re-election, was appointed by the Board from July 2018. Another trustee elected by parents to serve until December 2017 was appointed by the Board to serve until 31 December 2019. Two staff trustees elected by secret ballot served throughout the year.

Trustees receive 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 Deputy Head, Mrs Ingrid Sutherland, retired on 31 August 2018 after 11 years of service to the School. The Board records its thanks to Mrs Sutherland for her extensive contributions to the academic, pastoral and extra-curricular life of the School.

A new Deputy Head, Mrs K Ross, joined on 1 September 2018.

The Headmaster is the Accounting Officer and the Bursar is the Finance Director.

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 recognises all trade unions. No trade union has requested facilities from the Trust. The Trust contributed £541 (2017: £626) to the Sutton Secondary School Head's Board as a contribution towards the cost of union facilities.

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.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Related Parties and other Connected Charities and Organisations (continued)

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 parents whether or not their child is of selective ability. The test is open to 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. The Headmaster is ex-officio President of the SGSPTA but he does not exercise any financial control over the activities and decisions of the SGSPTA. He is a director of SGSPTA Ltd – company number 06438795.

The Headmaster is President of the Old Suttonians Association (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 2017 to 31 August 2018.

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 (2017: 135) joined the School in Year 7 in September 2018. During the period there were on average 649 (2017: 614) students on roll in years 7 to 11.

The majority of boys stay into the sixth form. 36 students joined the sixth form from other schools in September 2017 including 19 girls. There were 287 (2017: 258) students on roll in the sixth form during the year. This was the first year in which girls were offered sixth form places and the Board is pleased that they integrated well. An additional 16 girls joined the sixth form in September 2018.

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).

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.

OBJECTIVES AND ACTIVITIES (continued)

Objects and Aims (continued)

Objectives, Strategies and Activities (continued)

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 a broad based education with opportunities for all students to study a broad curriculum and take part in a wide range of extra-curricular activities. 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.

The Trust's objective is to offer a broad range of curriculum and non-curricular activities with the objective of producing well-rounded men and women. The School has well established systems for academic and pastoral care. These are not designed not to chase 'league table' performance but, through programmes of early intervention, ensure that each student is able to fully benefit from the range of opportunities the School provides. 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 123 Year 11 boys for GCSE's (2017: 121); all achieved the standard of 5 GCSEs at grades 9 – 4.

STRATEGIC REPORT (continued)

Student achievements (continued)

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 5 A*-C grades, including maths and English.

In total there were 1,334 entries at GCSE (2017: 1,392 entries) and there were 450 grade 9 passes; 391 at grade 8; 250 at grade 7 and 160 at grade 6, totalling 1,251 passes at grades 9-6 (2017: 1,275 at B grade or better). The proportion of 9/8/7 grades was 81%, up from 71% in 2017.

In addition there were 159 entries to old style GCSE exams which resulted in 67 A* and 51 A grades; 75% of the entries.

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

	2018	2017	2016
Attainment 8	79.4	75.1	72.8
Progress 8	0.83	0.64	.018

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 takes the view that the best interests of students is served by taking the iGCSE examination in history rather than the GCSE. This has an impact on the Attainment 8 figure in the last table which would be 80.5 if the iGCSE score counted. The Board supports students taking a broad curriculum but since the iGCSE qualification in history does not count towards the English Baccalaureate there is sharp fall this year, which does not represent the high level of interest in the humanities at the School. In addition to the normal year 11 GCSE exams discussed above there were five GCSE entries usually in an extra language achieving 4 A* and 1 A.

The School recognised additional achievements by issuing its own awards for work in PE and sports leadership.

In the Board's view the most relevant measure of success at A-Level is the progress of the School's sixth form students 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. In all, 131 (2017: 126) students secured university places for autumn 2018. 88 (2017: 92) of these students went to Russell Group universities including 9 (2017: 12) places at Oxbridge colleges; 8 (2017: 12) students achieved places at medical and dental schools; 41 chose science and engineering courses and 18 law, politics or economics. One student took up a place at Stanford University (USA) in preference to Cambridge.

STRATEGIC REPORT (continued)

Student achievements (continued)

At A-level 26% of all entries were awarded an A* grade and 35% an A grade. 48 (2017: 48) students achieved at least four A-Levels and 61 (2017: 91) three A-Levels. 136 (2017: 123) of these 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. The DfE value added figure for A-levels is +0.20, a statistically significant positive figure and well up on the +0.05 for 2017.

Individual and collective achievements

Mr Jamie Costello, Head of STEM, was awarded the ERA Foundation 2018 David Clark Prize for his contribution over the last 20 years to the teaching and promotion of STEM subjects. In the last decade, Mr Costello has focused his attention on the UK Engineering skills gap.

STEM Learning UK certificate for the School's use of STEM Ambassadors.

International recognition

- ◆ British Council - International School Award; Bronze Level
- ◆ Krtin Nithiyandam was named by Time Magazine in the top 30 most influential teenagers in the world. Krtin has made a number of important scientific contributions which were recognised at international conferences and was awarded UK Senior Scientist of the year at the UK Big Bang Science Fair.
- ◆ At the International Science and Engineering Fair Pittsburgh Krtin won 3rd prize in Materials Science category.

National recognition

- ◆ Salters Institute – Nuffield Biology Advanced Level Award – for the top performance in A-level biology 2018.
- ◆ BBC Youth Award in Chemistry, Biology and Psychological Health 2018 – Kash Hinds Year 12.
- ◆ The Subsea7 STEM Challenge; regional winner – national final 2nd place.
- ◆ Technical Development and Innovation Prizes 2018; Team competitions – first and second prizes.
- ◆ Ibstock Place Challenge (maths competition) – winners.
- ◆ The Times and Knapp Kingsley Advocacy Award – runner up.
- ◆ John Locke Institute Essay competitions (centred on Oxford and Princeton) – four finalists.
- ◆ Royal Economic Society Young Economist – finalist.

STRATEGIC REPORT (continued)

Individual and collective achievements (continued)

National recognition (continued)

- ◆ Senior Maths Olympiad – Gold Medal and Prize. UK Maths Olympiad squad member.
- ◆ Institute of Chartered Engineers (ICE Challenge) 1st in Oct 2017 and again in October 2018.

Other activities

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 and over 200 students participated, achieving: 193 bronze awards, 74 silver, and 13 gold.

The School has a strong CCF contingent with 204 students participating in its activities. The CCF undertook a wide range of adventurous activities including a main camp and training camps for leaders.

The School provides 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;
- ◆ Washington (US government and politics);
- ◆ Battlefields of both World Wars;
- ◆ Visits to Brussels and Berlin for history;
- ◆ Visit to Iceland; geography and geology;
- ◆ Outdoor Challenge in Forest of Dean;
- ◆ Geography Field Trip to Spain; and
- ◆ Skiing in Austria.

The School Jazz Band played at a commercial venue to a live audience.

The biennial musical was The Addams Family, staged at the Leatherhead Theatre in collaboration with Sutton High School.

Participation in the Old Vic Schools Club supported by the Sackler Foundation.

Participation in the Shakespeare Festival (at Leatherhead Theatre).

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

STRATEGIC REPORT (continued)

Investment Programme

The Trust was pleased to be awarded a 2017 Condition Improvement Fund (CIF) grant of £205,000 for the replacement of life-expired windows and frames. Unfortunately the project was delayed and was not complete at the year end.

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 £497k was awarded.

In conjunction with the renewal of the roofs it is hoped to expand the installation of photovoltaics, further improving the Trust's environmental credentials.

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 in time to submit a bid to the next round of DfE capital funding. It is expected that a new pavilion will cost in the region of £2.35 million.

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 18 male and 16 female students joined the sixth form in September 2018 in addition to the boys who transferred from Year 11.

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 the some of the aims of the government's initiative.

STRATEGIC REPORT (continued)

Going Concern (continued)

The Trust has prepared three year budgets in accordance with ESFA requirements. However, in the Board's view, without more certainty in future grant funding, staff salaries and pension costs these do not provide a clear basis for longer term decision making for the School. It is however clear that all future budget forecasts indicate a continued need for funding from private sources.

The recent decision of the Secretary of State regarding his response to the School Teachers' Pay Review only adds to the uncertainty as, whilst there will be transitional funding until March 2020, there is at this stage a funding gap for the balance of the 2019-2020 academic year and onwards.

Whilst funding rates for sixth form students are known the only possible growth is to be able to fill sub optimum classes and this must be done in challenging marketing environment against all the other sixth form educators competing in the market. Whilst the School has a number of USPs in STEM these courses are already over-subscribed and further expansion is not possible without significant investment in additional facilities which, on a site with limited space for expansion, would be far from straightforward. Costs could be cut by reducing the number of A-levels offered or changing the general pattern of four subjects plus global perspectives, but neither are attractive to a school that values breadth in the curriculum of all its students.

After making appropriate enquiries, the board of trustees 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 2018 amounted to £5,710,000 (2017 period to 31 August 2017 - £5,520,000) of which £4,312,000 (2017 - £4,271,000) related to the ESFA General Annual Grant.

STRATEGIC REPORT (continued)

Financial review (continued)

Financial report for the year (continued)

Capital grants from public sources during the period to August 2018 were £335,000 (2017 - £213,000). In total the SGSPTA donated £106,000 (2017; £118,000) to the Trust to enhance the educational opportunities provided for the students; a special grant of £61,000 for direct support of the curriculum; £27,000 to support individual requests from staff for specific projects; and £18,000 for vehicles. The SGSPTA has agreed to a grant of £65,000 in 2018/19 to support delivery of the curriculum.

Other donations under HMRC's gift aid scheme provided a total of £307,000 (2017 - £292,000) which enabled to the Trust to maintain and enhance its curricular and non-curricular activities.

Expenditure totalled £6,013,000 (2017 - £5,812,000) and includes £5,617,000 (2017 - £5,410,000) on the School's educational operations of which £81,000 (2017 - £72,000) relates to governance costs.

The School held fund balances of £16,637,000 at 31 August 2018 (2017 - £16,660,000) which includes unrestricted funds of £536,000 (2017 - £619,000).

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 £536,000 (2017 - £619,000) of unrestricted reserves. After allowing for repayment of the Salix Loan the effective unrestricted reserves at 31 August 2018 is reduced to £496,000.

In its budget for 2018-19 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 to £460,000. Average monthly revenue income from public sources is £370,000 whilst salary expenditure is currently running at £356,000 and purchase ledger at £134,000. This demonstrates the Trust's continued dependence on voluntary contributions and other income. If either of the latter were to fall significantly the Trust would soon reach its minimum strategic reserve of £100,000. The Trust is not able to realise any cash via the disposal of tangible fixed assets. Given the above position there is no prospect of the Trust being able to generate reserves for capital expenditure in the immediate future.

STRATEGIC REPORT (continued)

Reserves policy (continued)

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. The DfE's recent decision to provide transitional funding towards the costs of the teachers' September 2018 pay award lasts only until March 2020.

Whilst the Trust has modelled the forward funding position the delay in implementation of the a national funding formula leaves uncertainty as local distribution will be determined until at least 2020-21 by the local Schools' Forum.

With the considerable uncertainty in the area of public finances the Trust recognises that income from sources other than revenue grants will continue to be necessary.

FUNDRAISING

The Trust invites parents and other donors to make regular small donations to the School to help support the provision of the broadest range of curriculum and non-curricular activities. It is stressed that any donation is purely voluntary. 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.

PLANS FOR FUTURE PERIODS

The Board has agreed that the School will remain within 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.

PLANS FOR FUTURE PERIODS (continued)

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 (2018 – 117) will grow when the first 135 cohort reaches Year 12. In September 2018, 21 male and 19 female students joined Year 12 from other schools.

Retaining a small school in a single academy trust will require 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.

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. Funding will be required if the Trust is to comply with its duties under the Equality Act 2010 by providing disability access to the upper floors of the main building;. There are continuing issues facing the security of the Trust's premises in an urban environment and the protection of students and staff.

The pavilion at the WMSG was constructed in 1964. It is sited within the Epsom and Ewell green belt. It is in urgent need of replacement and detailed plans are being prepared for a replacement building which will meet the School's needs. This project requires a grant from the DfE and possibly support by other funding bodies if the desired facilities are to be achieved. An outline budget price for a building to meet the School's needs is £2.35 million.

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.

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:

(Chairman)

 (J.R. EDWARDS)

Approved on:

12/12/18

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	3	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	3	4
Mr R Murrill	3	4
Ms A Nobel	4	4
Mr R A Pletts	3	4
Mr P Ritson	2	4
Mr J Stevens	4	4
Mr R Ward	4	4

The Deputy Head, Mrs Ingrid Sutherland, was invited to all meetings of the Board and she attended 3 out of 4 meetings as well as attending the Admissions Committee.

Governance statement 31 August 2018

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 major tenders for capital expenditure.

Attendance at meetings in the year was as follows:

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

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 ending 31 August 2018.

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

Review of value for money

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

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

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

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

Review of value for money (continued)

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.

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.

Review of value for money (continued)

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 ongoing 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 2018 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, including revising the depreciation policy, 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 ongoing process for identifying, evaluating and managing the Trust's significant risks that has been in place for the year ended 31 August 2018 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 2018

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. The internal auditor made two visits to the School during the year and carried out sample checks on various aspects of the financial system and controls.

Mr John Lloyd FCA retired from the post on 18 September. 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.

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:

Mr J R Edwards
(Chairman)



Date:

12/12/18



Mr G D Ironside
(Headmaster and Accounting Officer)

Date: 12 Dec 2018

Statement on regularity, propriety and compliance 31 August 2018

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 2017.

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 2017.

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.



Mr G D Ironside

Headmaster and Accounting Officer

Date: 12 Dec 2018

Statement of Trustees' responsibilities 31 August 2018

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 2017 to 2018;
- ◆ 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:

Mr J R Edwards
Chairman



Date:

12/12/18

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 2018 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 2017 to 2018.

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 2018 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 2017 to 2018.

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

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

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 including the strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ◆ the trustees' report including 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
- ◆ certain disclosures of trustees' remuneration specified by law are not made; or
- ◆ we have not received all the information and explanations we require for our audit.

Independent auditor's report 31 August 2018

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees 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.

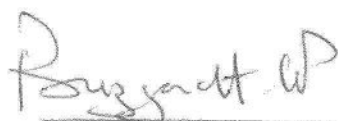
Auditor's responsibilities for the audit of the financial statements

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.



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

14 December 2018

Independent reporting accountant's report 31 August 2018

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 9 August 2016 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, 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 2017 to 31 August 2018 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 2017, 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 2017 to 2018. 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 2017 to 31 August 2018 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 2017 to 2018 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 2018

Approach (continued)

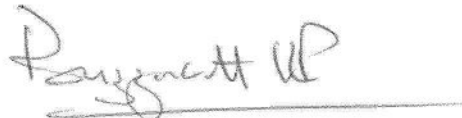
Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the Academy Trust's income and expenditure.

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 2017 to 31 August 2018 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

14 December 2018

Statement of financial activities (including the income and expenditure account)
Year ended 31 August 2018

	Notes	Restricted funds			2018 Total funds £'000	2017 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	681
Charitable activities						
· Funding for the academy's educational operations	3	—	4,312	—	4,312	4,271
Other trading activities	4	256	341	—	597	564
Investments	5	3	—	—	3	4
Total income		566	4,777	367	5,710	5,520
Expenditure on:						
Raising funds	6	396	—	—	396	402
Charitable activities						
· Academy's educational operations	7	—	5,102	515	5,617	5,410
Total expenditure		396	5,102	515	6,013	5,812
Net income (expenditure) before transfers		170	(325)	(148)	(303)	(292)
Transfers between funds	17	(253)	194	59	—	—
Other recognised gains and losses						
Actuarial gains on defined benefit pension scheme	22	—	280	—	280	593
Net movement in funds		(83)	149	(89)	(23)	301
Reconciliation of funds						
Fund balances brought forward at 1 September 2017		619	(1,282)	17,323	16,660	16,359
Fund balances carried forward at 31 August 2018		536	(1,133)	17,234	16,637	16,660

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 2018

	Notes	2018 £'000	2018 £'000	2017 £'000	2017 £'000
Fixed assets					
Tangible fixed assets	13		16,981		17,144
Current assets					
Debtors	14	240		133	
Cash at bank and in hand		1,116		1,091	
		<u>1,356</u>		<u>1,224</u>	
Liabilities					
Creditors: amounts falling due within one year	15	(534)		(386)	
Net current assets			<u>822</u>		<u>838</u>
Total assets less current liabilities			<u>17,803</u>		<u>17,982</u>
Creditors: amounts falling due after one year	16		(33)		(40)
Net assets excluding pension scheme liability			<u>17,770</u>		<u>17,942</u>
Pension scheme liability	22		(1,133)		(1,282)
Total net assets			<u>16,637</u>		<u>16,660</u>
Funds of the Academy					
Restricted funds					
. Fixed asset fund	17		17,234		17,323
. Restricted income fund	17		—		—
. Pension reserve	17		(1,133)		(1,282)
Total restricted funds			<u>16,101</u>		<u>16,041</u>
Unrestricted income funds					
General fund	17		536		619
Total funds			<u>16,637</u>		<u>16,660</u>

The financial statements on page 28 to 52 were approved by the Trustees, authorised for issue and are signed on their behalf by:

Mr J R Edwards
Chairman

J R Edwards

Date:

12/12/18

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

Statement of cash flows Year ended 31 August 2018

		2018 £'000	2017 £'000
Net cash flows from operating activities			
Net cash used in operating activities	A	(77)	(42)
Cash flows from investing activities	B	109	190
Cash flows from financing activities	C	(7)	(7)
Change in cash and cash equivalents in the year		25	141
Cash and cash equivalents at 1 September 2017		1,091	950
Cash and cash equivalents at 31 August 2018	D	1,116	1,091

A Reconciliation of net expenditure to net cash used in operating activities

	2018 £'000	2017 £'000
Net expenditure for the year (as per the statement of financial activities)	(303)	(292)
Adjusted for:		
Depreciation (note 13)	515	500
Capital grants from DfE and other capital income	(367)	(213)
Interest receivable (note 5)	(3)	(4)
Defined benefit pension scheme cost less contributions payable (note 22)	99	71
Defined benefit pension scheme finance cost (note 22)	32	37
(Increase) decrease in debtors	(107)	47
Increase (decrease) in creditors	57	(188)
Net cash used in operating activities	(77)	(42)

B Cash flows from investing activities

	2018 £'000	2017 £'000
Dividends, interest and rents from investments	3	4
Purchase of tangible fixed assets	(261)	(27)
Capital grants from DfE/ESFA and other capital income	367	213
Net cash provided by (used in) investing activities	109	190

C Cash flows from financing activities

	2018 £'000	2017 £'000
Repayments of borrowing	(7)	(7)
Net cash used in financing activities	(7)	(7)

Statement of cash flows Year ended 31 August 2018

D Analysis of cash and cash equivalents

	2018 £'000	2017 £'000
Cash at bank and in hand	1,116	1,091
Total cash and cash equivalents	1,116	1,091

Principal accounting policies 31 August 2018

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 2017 to 2018 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.

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 2018

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.

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 note 22, 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.

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 note 22, 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 2018. 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 2018

1 General Annual Grant (GAG)

Under the funding agreement with the Secretary of State the charitable company was subject to limits at 31 August 2018 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 2018.

2 Donations and capital grants

	Unrestricted funds £'000	Restricted funds £'000	Restricted fixed assets funds £'000	2018 Total funds £'000	2017 Total funds £'000
Public capital grants	—	—	335	335	213
Voluntary capital grants	—	—	32	32	—
Other donations	307	124	—	431	468
	307	124	367	798	681

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

3 Funding for academy's educational operations

	Unrestricted funds £'000	Restricted funds £'000	2018 Total funds £'000	2017 Total funds £'000
DfE / ESFA grants				
· General Annual Grant (GAG)	—	4,232	4,232	4,130
· Other DfE / ESFA grants	—	36	36	48
	—	4,268	4,268	4,178
Other government grants				
· Special educational needs grants	—	44	44	59
· Other Local Authority grants	—	—	—	34
	—	44	44	93
	—	4,312	4,312	4,271

4 Other trading activities

	Unrestricted funds £'000	Restricted funds £'000	2018 Total funds £'000	2017 Total funds £'000
Hire of facilities and lettings income	160	—	160	142
Trip income	—	341	341	333
Educational services	42	—	42	39
Miscellaneous income	54	—	54	51
	256	341	597	564

Notes to the Financial Statements Year ended 31 August 2018

5 Investments

	Unrestricted funds £'000	Restricted funds £'000	2018 Total funds £'000	2017 Total funds £'000
Interest receivable	3	—	3	4

6 Expenditure

	Staff costs £'000	Non pay expenditure		2018 total funds £'000	2017 total funds £'000
		Premises £'000	Other costs £'000		
Raising funds					
. Support costs	41	—	355	396	402
Charitable activities					
. School's educational operations					
.. Direct costs	3,747	—	327	4,074	3,620
.. Allocated support costs	402	869	272	1,543	1,790
	4,190	869	954	6,013	5,812

	2018 £'000	2017 £'000
Net expenditure for the year includes:		
Operating lease rentals	17	13
Depreciation	515	500
Fees payable to auditor for		
. Audit	10	11
. Other services	6	7

7 Charitable activities – academy's educational operations

	2018 Total funds £'000	2017 Total funds £'000
Direct costs	4,074	3,620
Support costs	1,543	1,790
	5,617	5,410

Analysis of support costs	2018 Total funds £'000	2017 Total funds £'000
Support staff costs	402	638
Depreciation	515	500
Technology costs	29	41
Premises costs	354	410
Other support costs	162	129
Governance costs (note 8)	81	72
Total support costs	1,543	1,790

Notes to the Financial Statements Year ended 31 August 2018

8 Governance costs

	2018 total funds £'000	2017 total funds £'000
Legal and professional fees	7	7
Auditor's remuneration		
· Audit of financial statements	10	11
· Other services	5	7
Internal auditor	1	1
Support staff costs	58	46
	<u>81</u>	<u>72</u>

9 Comparative information

Analysis of income and expenditure in the year ended 31 August 2017 between restricted and unrestricted funds:

	Notes	Restricted funds			2017 Total funds £'000
		Unrestricted general fund £'000	General funds £'000	Fixed assets fund £'000	
Income from:					
Donations and capital grants	2	292	176	213	681
Charitable activities					
· Funding for the academy's educational operations	3	—	4,271	—	4,271
Other trading activities	4	231	333	—	564
Investments	5	4	—	—	4
Total income		<u>527</u>	<u>4,780</u>	<u>213</u>	<u>5,520</u>
Expenditure on:					
Raising funds	6	402	—	—	402
Charitable activities					
· Academy's educational operations	7	—	4,910	500	5,410
Total expenditure		<u>402</u>	<u>4,910</u>	<u>500</u>	<u>5,812</u>
Net income (expenditure) before transfers		125	(130)	(287)	(292)
Transfers between funds	17	(70)	23	47	—
Other recognised gains and losses					
Actuarial gains (losses) on defined benefit pension scheme	21	—	593	—	593
Net movement in funds		55	486	(240)	301
Reconciliation of funds					
Fund balances brought forward at 1 September 2016		564	(1,768)	17,563	16,359
Fund balances carried forward at 31 August 2017		<u>619</u>	<u>(1,282)</u>	<u>17,323</u>	<u>16,660</u>

Notes to the Financial Statements Year ended 31 August 2018

10 Staff costs

(a) Staff costs

Staff costs during the year were:

	2018 Total funds £'000	2017 Total funds £'000
Wages and salaries	3,187	3,073
Social security costs	326	304
Pension costs	666	610
	<u>4,179</u>	<u>3,987</u>
Supply teacher costs	11	13
	<u>4,190</u>	<u>4,000</u>

(b) Staff numbers

The average number of persons (including the senior management team) employed by the charitable company during the year ended 31 August 2018 was as follows:

Charitable activities	2018 No.	2017 No.
Teachers	57	55
Administration and support	45	45
Management	5	5
	<u>107</u>	<u>105</u>

(c) Higher paid staff

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

	2018 No.	2017 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 2018 pension contributions for these staff amounted to £49,505 (2017 – £49,015). None of the above employees contributed to the LGPS during the year ended 31 August 2018 (2017 – none).

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 £443,922 (2017 – £459,638).

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, other than expenses, from the academy in respect of their role as trustees. The value of trustees' remuneration and other benefits during the year ended 31 August 2018 was as follows:

	2018 £'000	2017 £'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 2018, no travel and subsistence expenses were reimbursed to trustees (2017 – 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 2018 was £156 (2017 – £261).

Notes to the Financial Statements Year ended 31 August 2018

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 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

	2018 £'000	2017 £'000
Trade debtors	79	45
VAT recoverable	36	32
Other debtors	22	5
Prepayments and accrued income	103	51
	240	133

15 Creditors: amounts falling due within one year

	2018 £'000	2017 £'000
Trade creditors	50	26
Taxation and social security	85	80
Prize funds	2	2
Other creditors	91	96
Loans (note 16)	7	7
Accruals and deferred income	299	175
	534	386
	2018 £'000	2017 £'000
Deferred income at 1 September 2017	148	80
Released during the year	(148)	(80)
Resources deferred in the year	186	148
Deferred income at 31 August 2018	186	148

15 Creditors: amounts falling due within one year (continued)

Deferred income of £44,961 (2017 – £48,830) relates to income received in the year for school trips that are taking place in the year ending 31 August 2019. Deferred income of £23,895 relates to capital grants received for 2018/19 (2017 – £11,725). £82,972 (2017 - £58,886) relates to other grants and activities for 2018/19. Other deferred income of £34,234 (2017 – £28,627) relates to advance payment for the hire of school facilities.

16 Creditors: amounts falling due in greater than one year

	2018 £'000	2017 £'000
Loans	33	40
	<u>33</u>	<u>40</u>

The total loan balance of £39,836 (2017 - £47,080) is from Salix Finance as part of the Condition Improvement Fund. The original amount borrowed was £57,944 and was repayable over eight years in annual instalments of £7,244, beginning in the year ended 31 August 2016. The loan is unsecured and interest free, and the remaining balance is payable as follows:

	2018 £'000	2017 £'000
Analysis of loans		
Wholly repayable within eight years	40	47
Less: included in current liabilities	(7)	(7)
Amounts included above	<u>33</u>	<u>40</u>
Loan maturity		
Debt due in one year or less (note 14)	7	7
In more than one year but not more than two years	7	7
In more than two years but not more than five years	21	21
In more than five years	5	12
	<u>40</u>	<u>47</u>

Notes to the Financial Statements Year ended 31 August 2018

17 Funds

	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>

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 2018. 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.

17 Funds (continued)

Fixed asset fund (continued)

The ESFA grants fixed assets fund has been set up to recognise the tangible assets purchased by the academy from the capital grants from the DfE under various schemes. 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 2016 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2017 £'000
Restricted general funds					
General Annual Grant (GAG)	—	4,130	(4,803)	673	—
Pupil Premium	—	48	—	(48)	—
Local authority grants	—	34	—	(34)	—
Other restricted funds	—	568	—	(568)	—
Pension reserve	(1,768)	—	(107)	593	(1,282)
	<u>(1,768)</u>	<u>4,780</u>	<u>(4,910)</u>	<u>616</u>	<u>(1,282)</u>
Restricted fixed asset funds					
Transfer on conversion	12,369	—	(274)	—	12,095
Capital grants	5,107	213	(193)	—	5,127
Capital expenditure from revenue funding	87	—	(33)	47	101
	<u>17,563</u>	<u>213</u>	<u>(500)</u>	<u>47</u>	<u>17,323</u>
Total restricted funds	<u>15,795</u>	<u>4,993</u>	<u>(5,410)</u>	<u>663</u>	<u>16,041</u>
Total unrestricted funds	<u>564</u>	<u>527</u>	<u>(402)</u>	<u>(70)</u>	<u>619</u>
Total funds	<u>16,359</u>	<u>5,520</u>	<u>(5,812)</u>	<u>593</u>	<u>16,660</u>

Notes to the Financial Statements Year ended 31 August 2018

17 Funds (continued)

Comparative information (continued)

A current year 12 months and prior year 12 months combined position is as follows:

	Balance at 1 September 2016 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2018 £'000
Restricted general funds					
General Annual Grant (GAG)	—	8,362	(9,774)	1,412	—
Pupil Premium	—	84	—	(84)	—
Local authority grants	—	78	—	(78)	—
Other restricted funds	—	1,033	—	(1,033)	—
Pension reserve	(1,768)	—	(238)	873	(1,133)
	<u>(1,768)</u>	<u>9,557</u>	<u>(10,012)</u>	<u>1,090</u>	<u>(1,133)</u>
Restricted fixed asset funds					
Transfer on conversion	12,369	—	(549)	—	11,820
Capital grants	5,107	580	(389)	—	5,298
Capital expenditure from revenue funding	87	—	(77)	106	116
	<u>17,563</u>	<u>580</u>	<u>(1,015)</u>	<u>106</u>	<u>17,234</u>
Total restricted funds	<u>15,795</u>	<u>10,137</u>	<u>(11,027)</u>	<u>1,196</u>	<u>16,101</u>
Total unrestricted funds	<u>564</u>	<u>1,093</u>	<u>(798)</u>	<u>(323)</u>	<u>536</u>
Total funds	<u>16,359</u>	<u>11,230</u>	<u>11,825</u>	<u>873</u>	<u>16,637</u>

18 Analysis of net assets between funds

	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	<u>536</u>	<u>(1,133)</u>	<u>17,234</u>	<u>16,637</u>

18 Analysis of net assets between funds (continued)

	Unrestricted funds £'000	Restricted general Funds £'000	Restricted fixed asset fund £'000	Total 2017 £'000
Fund balances at 31 August 2017 were represented by:				
Tangible fixed assets	—	—	17,144	17,144
Current assets	619	379	226	1,244
Current liabilities	—	(379)	(7)	(386)
Non-current liabilities	—	—	(40)	(40)
Pension scheme liability	—	(1,282)	—	(12,82)
Total net assets	619	(1,282)	17,323	16,660

19 Capital commitments

	2018 £'000	2017 £'000
Contracted for, but not provided in the financial statements	358	—

20 Commitments under operating leases

At 31 August 2018 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	Furniture and equipment	
	2018 £'000	2017 £'000
Amounts due within one year	15	13
Amounts due between one and five years	3	14
	18	27

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 £72,664 were payable to the schemes at 31 August 2018 (2017 – £67,435) and are included within creditors.

22 Pension and similar obligations (continued)

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

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

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

22 Pension and similar obligations (continued)

Teachers' Pension Scheme (continued)

Valuation of the Teachers' Pension Scheme (continued)

The employer's pension costs paid to TPS in the period amounted to £401,464 (2017 - £391,747).

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

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

Local Government Pension Scheme (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 2018 was £203,000 (2017 – £209,000), of which employer's contributions totalled £163,000 (2017 – £166,000) and employees' contributions totalled £40,000 (2017 – £43,000). The agreed contribution rates for future years are 27.5% for employers from March 2018 and between 5.5% and 12.5% for employees.

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

Principal Actuarial Assumptions	At 31 August 2018	At 31 August 2017
Rate of increase in salaries	3.80%	4.20%
Rate of increase for pensions in payment / inflation	2.30%	2.70%
Discount rate for scheme liabilities	2.65%	2.60%
Inflation assumption (CPI)	2.30%	2.70%

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 2018	At 31 August 2017
<i>Retiring today</i>		
Males	24.5	24.4
Females	26.1	26.0
 <i>Retiring in 20 years</i>		
Males	26.8	26.7
Females	28.5	28.3

22 Pension and similar obligations (continued)

Local Government Pension Scheme (LGPS) (continued)

	At 31 August 2018 £'000	At 31 August 2017 £'000
Sensitivity analysis – net change in obligation		
Discount rate +0.1%	2	(66)
Discount rate -0.1%	137	67
Mortality assumption – 1 year increase	175	105
Mortality assumption – 1 year decrease	(34)	(102)
CPI rate +0.1%	130	57
CPI rate -0.1%	9	(55)

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

	Fair value at 31 August 2018 £'000	Fair value at 31 August 2017 £'000
Equities	1,433	1,288
Gilts	281	237
Corporate bonds	192	304
Property	174	159
Cash and other liquid assets	33	4
Total market value of assets	2,113	1,992

	2018 £'000	2017 £'000
Amounts recognised in statement of financial activities		
Current service cost less employer contributions payable	(99)	(69)
Interest income	54	37
Interest cost	(85)	(74)
Admin expenses	(1)	(1)
Total amount recognised in the SOFA	(131)	(107)

	2018 £'000	2017 £'000
Changes in the present value of defined benefit obligations were as follows:		
At 1 September 2017	3,274	3,346
Current service cost	262	235
Interest cost	85	74
Employee contributions	40	43
Actuarial gain	(323)	(103)
Benefits paid	(24)	(4)
Change of demographic assumptions	—	153
Experience gain on defined benefit obligations	(68)	(470)
At 31 August 2018	3,246	3,274

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:	2018 £'000	2017 £'000
At 1 September 2017	1,992	1,578
Interest income	54	37
Other actuarial losses	(130)	(12)
Actuarial gain	19	185
Employer contributions	163	166
Employee contributions	40	43
Administrative expenses	(1)	(1)
Benefits paid	(24)	(4)
At 31 August 2018	2,113	1,992

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 2018 the Trust received £7,365 (2017 – £6,935) and distributed £4,400 (2017 – £6,525) to vulnerable and discretionary applicants. The balance of £2,535 (2017 – £410) will be carried forward for distribution during the year ending 31 August 2019.