



**Sutton Grammar  
School Trust**

**Annual Report and Financial  
Statements**

31 August 2016

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

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## Reference and administrative information

<b>Members</b>	Mr J R Edwards Mr G W Jones Mrs S Lalani
<b>Board of Trustees</b>	Mr J E 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 Murrill Ms A Nobel Mr R A Pletts Mr P Ritson Mr J Stevens Mr R Ward
<b>Company Secretary</b>	Dr N S Wrench
<b>Senior Leadership Team</b>	
Headmaster	Mr G D Ironside
Deputy Head	Mrs I Sutherland
Assistant Head	Mr S Brook
Assistant Head	Mr N Price
Bursar	Mrs E C Beach
<b>Registered address</b>	Manor Lane Surrey SM1 4AS
<b>Company registration number</b>	07633715 (England and Wales)
<b>Auditor</b>	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  
Exchange House  
494 Midsummer Boulevard  
Milton Keynes  
MK9 2EA

**Internal Auditor** Mr J Lloyd FCA  
John Lloyd and Co  
Coles House  
64d Central Road  
Worcester Park  
KT4 8HY



## **Directors' report** Year ended 31 August 2016

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 2016. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The financial statements have been prepared in accordance with the accounting policies set out on pages 29 to 35 of the attached financial statements and 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 872 students 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 Directors 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 2016 was £265 (2015 - £219).

**STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)**

**Directors**

The Directors of the Charitable Company are also Trustees for the purposes of the Charities Act 2011. The following Directors were in office at 31 August 2016 and served throughout the year except where shown.

Trustee	Appointed/ Resigned	Appointing body
Miss F Alexander		Elected by parents
Mr P S Chambers		Elected by parents
Mr P S Davis		Elected by staff
Mr J R Edwards		Trust
Mr G D Ironside		Under Articles
Mr G W Jones		Trust
Mr R Murrill		Board
Ms A Nobel		Elected by parents
Mr R A Pletts		Elected by staff
Mr P Ritson		Trust
Mr J Stevens		Board
Ms M Takeda	Resigned 31 December 2015	Elected by parents
Mr R Ward		Board
Mrs L Williams	Resigned 9 September 2016	Elected by staff

**Method of recruitment and appointment or election of Directors**

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. Four elected parent trustees and one appointed parent trustee served during the period. Three 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.

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

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

**STRUCTURE, GOVERNANCE AND MANAGEMENT** (continued)

**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.

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 only receive remuneration 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 senior leadership team (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.

**Related Parties and other Connected Charities and Organisations**

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

The School provides administrative services on a not for profit basis to the local selective schools by provision of a common entrance test designed to show 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). 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 and its associated companies.

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.

**STRUCTURE, GOVERNANCE AND MANAGEMENT** (continued)

**OBJECTIVES AND ACTIVITIES**

**Principal activities**

This report covers the period 1 September 2015 to 31 August 2016.

The objective of the Trust is the advancement of education, principally secondary education. The School is currently a single sex school and admits boys to Year 7 by competitive examination. 135 boys joined the School in Year 7 in September 2015. During the period there were on average 614 students on roll in years 7 to 11.

The majority of boys stay into the sixth form. There were 258 students on roll in the sixth form. 36 students joined the sixth form from other schools in September 2016. The Board has agreed to admit female students to the sixth form from September 2017.

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 Funding Agency (EFA).

**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. The 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 the best 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 take part in a range of curricular and extra curricular activities. This comprehensive programme cannot 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 Academy's objectives and planning its activities, the Board has given careful consideration to the Charity Commission's general guidance on public benefit.

In terms of the broader charitable activities the Trust provided accommodation for The Sutton College (SCOLA) which provided adult education in the evenings. The licence fee was designed to recover the Trust's marginal costs in providing the facilities. As a result of the need to consolidate its operations SCOLA withdrew from the agreement from the end of its academic year in July 2016.

The Trust continues to make its sports facilities available for community use. 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 7,8,9,10).

The Board expects all pupils at the School to achieve a minimum of 5 A\*-C grades at GCSE, including maths and English. This year the School prepared and entered 118 Year 11 boys for GCSE's and 118 achieved the standard of 5 GCSEs at A\*-C. In addition one Year 11 boy was unable to take any exams because of ill-health and one boy took seven subjects at a medical Pupil Referral Unit.

The Board is pleased that this maintains the School's performance so that over the last five years all the boys able to take the GCSE examination at the end of Year 11 achieved 5 A\*-C grades, including maths and English.

In total there were 1,346 entries and there were 1,275 passes at B grade or better. The proportion of A\*/A was slightly down at 77% from 78% in 2015 - largely due to a disputed fall in grades in English.

The Board recognises that the points total from a student's best 8 subjects (capped points) is the best measure of GCSE standards. This year the capped points were 436 (five year (range 433-447). National comparisons will in the future be based on Attainment 8 and Progress 8 measures which the Board favours.

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 Board was however pleased to note that in 2016, 108 boys achieved this standard. In addition to the GCSE exams the School recognised additional achievements by issuing its own awards for work in PE and sports leadership.

The School was awarded an Incorporated Society of Musicians Silver Certificate for the achievements in music at GCSE.

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 destination of a leaver is largely 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, 123 (2015: 132) students secured university places for autumn 2016 with four students choosing to take up places in 2017. 92 (2015: 92) of these students went to Russell Group universities including 12 (2015: 12) places at Oxbridge colleges; 12 (2015: 11) students achieved places at medical and dental schools.

**STRATEGIC REPORT** (continued)

**Student achievements** (continued)

The analysis of A-Level results showed an outstanding average points score of 462 pts (2015: 432, 2014: 443, 2013: 433, 2012:438, 2011:431). Over 26% of all A-Level entries were awarded an A\* grade. 38 students achieved at least four A-Levels and 84 three A-Levels. 122 of these students had previously obtained a Pre-U Global Perspectives qualification. In addition this group of students obtained 92 passes in AS subjects not then taken at A2 level.

As stated the Trust seeks to provide a broad range of educational opportunities. The School has become a licensed operator for the Duke of Edinburgh's Award Scheme.

There was a wide range of individual and collective achievements:

- ◆ Scientific American Innovation Prize (\$25,000);
- ◆ Chemistry Olympiad - first round: three gold, four silver, six bronze;
- ◆ Physics Olympiad – a member of the UK team;
- ◆ Senior Physics Challenge – Sapphire Award;
- ◆ Maths UK Challenge – Year 8 finalists: two individual gold medals;
- ◆ Apps for Good – Year 9 team Marketing prize;
- ◆ Young Enterprise – London Final; best company and best company report;  
-- National Final – first runner-up;
- ◆ Schools Judo Championship; Silver medal;
- ◆ Manufacturing Technologies Association – junior winner;
- ◆ Technological Design and Innovation Competition -- finalist.
- ◆ LAMDA – Gold grade 8; six distinction and two merits;  
– Silver grade 7; three distinctions and four merits;  
– Bronze grade 6; fourteen distinctions, six merits;
- ◆ Three teams in the National Finals of the UK Science and Engineering Prizes.
- ◆ Second Prize in the Nesta Longitude Explorer competition.
- ◆ UK Computational Challenge - three SGS students out of 32 nationally with full marks in the junior category; five SGS students out of fourteen with full marks in the senior category;
- ◆ Engineering School of the Year – runner-up.

**STRATEGIC REPORT** (continued)

**Student achievements** (continued)

The Head of Physics was awarded a British Science Association CREST teacher recognition award for guiding 27 projects through Bronze, Silver and Gold in 2014-15.

Other activities included:

- ◆ Five lower sixth students selected to participate in the Big Voice Law Commission.
- ◆ Extensive participation at all levels in the Duke of Edinburgh Award scheme and other similar character building outdoor activities.
- ◆ 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;
  - An Aurora Borealis flight;
  - Visit to Iceland; and
  - Skiing in Austria.

**Investment programme**

The provision of improved facilities and resources is seen by the Board as essential to helping the staff to meet the key educational aims of the Trust.

Teaching has greatly benefitted from the new teaching accommodation and extended canteen, funded by the DfE, the LA and private funders, commissioned in September 2015. These new facilities enabled several departments to re-locate improving teaching efficiency. The new music facilities funded by the Taylor Music Trust were fully commissioned during the year. As a result of these moves a new chemistry laboratory funded by grants from the Wolfson Trust, Garfield Weston Foundation and the SGSPTA was completed in time for the Autumn term. A second specialist drama room was also completed in the summer of 2016 funded by the SGSPTA. The Trust records its thanks to these grant making bodies for their support.

The Trust has made a major investment in improving the environmental impact of its operations. A new heating system in the main (1928) building was successfully commissioned for the winter heating season 2015 which, coupled with modern boilers, has made a contribution to CO2 reduction targets. It significantly improved the teaching environment for staff and students.



**STRATEGIC REPORT** (continued)

**Investment programme** (continued)

The installation of 104kW(pv) of photovoltaic panels on the roofs of the sports hall, the humanities block and the new sixth form centre has not only reduced the Trust's electricity costs but has also made a contribution to meeting CO2 reduction targets.. The Board would like to extend the installation but this cannot be achieved until some remedial work takes place on the roofs of the 1928 building.

The Trust was unsuccessful in its application, and subsequent appeal, for a grant under the Condition Improvement Fund (CIF) for 2016 to 2017 for remedial roof work on the main (1928) building. The need for this work remains a priority. It is to be hoped that a future application for grant will be successful.

The Pavilion at the Walch Memorial Sports Ground was built in the 1960s. It is used both by the School and community; it is now in need of modernisation or replacement. Some preliminary designs have been produced with the aim of improving both teaching and sports facilities.

**Key financial performance indicators**

The key financial performance indicators adopted by the Board are: delivery of planned revenue expenditure in line with budget; capital projects delivered on time and to budget; interest income maximised.

The Board has continued to examine opportunities to improve revenue. The historic popularity of the School leads the Board to believe 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 36 students decided to join the sixth form in Year 12 in September 2016. As stated earlier the Board has agreed to admit female students to the sixth form from September 2017.

**Going Concern**

Detailed forward projections of income and expenditure for the next seven years suggest that whilst the financial position should improve slightly towards the end of the forecast period the voluntary financial support provided by parents and other donors remains essential if the School is to continue to be able to deliver the broad based education to which the Board is committed.

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.



**STRATEGIC REPORT** (continued)

**Financial review**

***Financial report for the year***

The majority of the School's revenue funding was provided by the Education Funding Agency (EFA). 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 2016 amounted to £5,480,073 (period to 31 August 2015 - £7,886,867) of which £3,988,568 (period to 31 August 2015 - £3,982,009) related to the EFA General Annual Grant.

Capital grants from public sources during the period to August 2016 were £175,000 (period to August 2015 - £3,296,122).

Grants were received from the Wolfson Foundation - £35,000 and the Garfield Weston Foundation - £10,000 towards the provision of an additional laboratory for the chemistry department. The SGSPTA was also able to make a generous donation of £32,000 towards this project. In total the SGSPTA donated £83,000 (2015 - £89,592) to the Trust to enhance the educational opportunities provided for the students.

Other donations under HMRC's gift aid scheme provided a total of £279,894 (period to August 2015 - £237,027) which enabled to the Trust to maintain and enhance its curricular and non-curricular activities.

Expenditure totalled £5,691,858 (period to 31 August 2015 - £6,329,816) and includes £5,265,291 (period to 31 August 2015 - £6,006,055) on the School's educational operations and £71,388 (period to 31 August 2015 - £57,324) on governance costs.

The School held fund balances of £16,358,391 at 31 August 2016 (period to 31 August 2015 - £17,206,176) which includes unrestricted funds of £563,768 (period to 31 August 2015 - £580,322).

***Reserves policy***

The Board has approved the principle of maintaining a strategic reserve of £100,000 to protect the Trust against uninsured contingencies but as noted earlier it may be difficult to meet this objective solely from public funds and hence the importance of ongoing voluntary contributions.

The Trust has no significant private reserves for future capital investment. Revenue projections suggest that it will not be possible to rebuild any significant capital reserves from either public or private sources in the immediate future.

At the end of the period under review the Trust held £564,000 of unrestricted reserves which would be available for the operations of the Trust. The Trust held no restricted funds or any reserves which would become available by the disposal of a tangible asset.

**STRATEGIC REPORT** (continued)

**Financial review** (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.

The pupil weighted grant funding increased in 2015/16 as a result of a national review of grant funding by the DfE, but the increased cost of pensions and national insurance absorbed much of this increased grant. The Trust is currently benefitting from a half class basic needs funding from the London Borough of Sutton.

The Trust has considered its forward funding position for the next seven years and it recognises that income from sources other than grants will continue to be necessary.

**PLANS FOR FUTURE PERIODS**

The Board concluded that the School should 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. It confirmed that the number of boys admitted at Year 7 would remain at 135.

The Board agreed that the School could expand its sixth form provision without compromising the academic and pastoral standards and to this end will open the school to female students in September 2017. It will also be more ambitious in the number of external applicants it will seek to attract and has amended the admission number accordingly.

Retaining a small school in a single academy trust will require a strict financial discipline. Whilst the government earlier indicated that there would be a national funding formula, which might conceivably benefit the School, the Trust has continued to take a conservative view of the future funding position.

The most serious premises issues facing the Trust are the maintenance of the fabric of the older buildings. It is estimated £400,000 of work is needed to the roofs and windows in the main buildings.

## Directors' report Year ended 31 August 2016

### PLANS FOR FUTURE PERIODS (continued)

The School's sports field is located 3 miles from the main school. The sports pavilion was constructed in the 1960s and it is in need of substantial maintenance and modernisation or replacement. Outline designs for a more flexible facility including teaching accommodation have been developed but any development will be dependent on both on planning permission within a residential area and the availability of funding.

The School does not benefit for any split site funding for the provision of sport. Until the summer of 2016 a 70 seater coach and minibuses were used to take boys to and from the ground. The Board decided that it would be uneconomic to replace the coach; from September hired coaches have been obtained.

### 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, on 7 December 2016 and signed on the board's behalf by:



J R Edwards

(Chairman)

## Governance statement 31 August 2016

### 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:

Director	Number of meetings attended	Out of a possible
Mr J Edwards (Chairman)	4	4
Mr G W Jones	4	4
Mr P Ritson	4	4
Mr G D Ironside	4	4
Mr R Murrill	1	4
Mr R Ward	3	4
Miss F Alexander	4	4
Mr P S Chambers	3	4
Ms A Nobel	4	4
Mr J Stevens	4	4
Ms M Takeda	1	2
Mr P S Davis	4	4
Mr R A Pletts	3	4
Mrs L Williams	2	4

Ms Takeda resigned as a trustee on 31 December 2015. Mrs Williams resigned on 9 September 2016. Mr Murrill and Mr Ward having served a four year term as Community Trustees were reappointed by the Board from 1 November 2016. Miss Alexander having completed a four year term as an elected parent trustee was appointed as a co-opted trustee from 15 October.

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

## Governance statement 31 August 2016

### 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 EFA 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, approves the insurance arrangements and approves major tenders for capital expenditure.

Attendance at meetings in the year was as follows:

Director	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	3	4
Mr J R Edwards	3	4
Mr G D Ironside	3	4
Mr R Pletts	3	4
Mr P Ritson	3	3

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 2016.

The Remuneration Committee (Mr Edwards, Mr Jones and Mr Murrill) met four 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 closely monitors 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.

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

**The 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 2016 and up to the date of approval of the annual report and financial statements.

**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 2016 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.

**Internal Audit**

Mr John Lloyd FCA is the Trust's Internal Auditor (IA). The IA's role includes giving advice on financial matters and performing a range of checks on the Trust's financial systems. The IA made two visits to the School making sample checks on various aspects of the financial system and controls.

## **Governance statement 31 August 2016**

### **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;
- ◆ the financial management and governance self-assessment process.

Approved by order of the members of the Board of Trustees on 7 December 2016 and signed on its behalf by:

J R Edwards  
(Chairman)

G D Ironside  
(Headmaster and Accounting Officer)



## **Statement on regularity, propriety and compliance 31 August 2016**

As Accounting Officer of Sutton Grammar School Trust, I have considered my responsibility to notify the Trust's Board and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA 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 2015.

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 2015.

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

G D Ironside  
Accounting Officer

Date: 7 December 2016

## Statement of Trustees' responsibilities 31 August 2016

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 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 2015 to 2016;
- ◆ 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 EFA/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 on 7 December 2016 and signed on its behalf by:

J R Edwards  
Chairman

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

We have audited the financial statements of Sutton Grammar School Trust for the year ended 31 August 2016 which comprise the statement of financial activities, the balance sheet, the statement of cash flows, the principal accounting policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS102, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

This report is made solely to the 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.

**Respective responsibilities of Directors and Auditor**

The Trustees act as Directors of Sutton Grammar School Trust for the purpose of company law.

As explained more fully in the statement of Trustees' responsibilities set out in the Directors' report, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

**Scope of the audit of the financial statements**

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

## Independent auditor's report 31 August 2016

### Opinion

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 2016 and of its income and expenditure for the year then ended;
- ◆ the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- ◆ the financial statements have been prepared in accordance with the Companies Act 2006; and
- ◆ the financial statements have been prepared in accordance with the Charities' SORP 2015 and Academies Accounts Direction 2015 to 2016.

### Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report, including the strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

### Matters on which we are required to report by exception

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

- ◆ adequate accounting records have not been kept; or
- ◆ the financial statements are not in agreement with the accounting records and returns;  
or
- ◆ certain disclosures of Trustees' remuneration specified by law are not made; or
- ◆ we have not received all the information and explanations we require for our audit.



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

12 December 2016

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

In accordance with the terms of our engagement letter dated 9 August 2016 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Sutton Grammar School Trust during the period from 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Sutton Grammar School Trust and the EFA 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 EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Sutton Grammar School Trust and the EFA, 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 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2015 to 2016. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period from 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

**Approach**

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

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

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

**Independent reporting accountant's report 31 August 2016**

**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 2015 to 31 August 2016 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

*Buzzacott LLP*

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

*12 December 2016*

**Statement of financial activities (including the income and expenditure account)**  
Year ended 31 August 2016

	Notes	Unrestricted general fund £	Restricted funds			2016 Total funds £	2015 Total funds (restated) £
			General funds £	Other £	Fixed assets fund £		
<b>Income from:</b>							
Donations and capital grants	2	280,784	26,674	73,410	344,103	724,971	3,322,315
Charitable activities							
Funding for the academy's educational operations	5	—	4,107,248	95,229	—	4,202,477	4,102,401
Other trading activities	3	542,856	—	4,274	—	547,130	453,702
Investments	4	5,495	—	—	—	5,495	8,449
<b>Total income</b>		<u>829,135</u>	<u>4,133,922</u>	<u>172,913</u>	<u>344,103</u>	<u>5,480,073</u>	<u>7,886,867</u>
<b>Expenditure on:</b>							
Raising funds	6	426,567	—	—	—	426,567	323,761
Charitable activities							
Academy's educational operations	7	—	4,770,111	—	495,180	5,265,291	6,006,055
<b>Total expenditure</b>		<u>426,567</u>	<u>4,770,111</u>	<u>—</u>	<u>495,180</u>	<u>5,691,858</u>	<u>6,329,816</u>
<b>Net income (expenditure) before transfers</b>		402,568	(636,189)	172,913	(151,077)	(211,785)	1,557,051
Transfers between funds	17	(419,122)	557,189	(172,913)	34,846	—	—
<b>Net expenditure (income)</b>		(16,554)	(79,000)	—	(116,231)	(211,785)	1,557,051
<b>Other recognised gains and losses</b>							
Actuarial (losses) gains on defined benefit pension scheme	17	—	(636,000)	—	—	(636,000)	106,000
<b>Net movement in funds</b>		(16,554)	(715,000)	—	(116,231)	(847,785)	1,663,051
<b>Reconciliation of funds</b>							
Fund balances brought forward at 1 September 2015		580,322	(1,053,000)	—	17,678,854	17,206,176	15,543,125
<b>Fund balances carried forward at 31 August 2016</b>		<u>563,768</u>	<u>(1,768,000)</u>	<u>—</u>	<u>17,562,623</u>	<u>16,358,391</u>	<u>17,206,176</u>

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 2016

	Notes	2016 £	2016 £	2015 £	2015 £
<b>Fixed assets</b>					
Tangible fixed assets	13		17,616,946		17,736,798
<b>Current assets</b>					
Debtors	14	180,229		206,228	
Cash at bank and in hand		950,374		1,006,149	
		<u>1,130,603</u>		<u>1,212,377</u>	
<b>Liabilities</b>					
Creditors: amounts falling due within one year	15	(574,078)		(639,298)	
<b>Net current assets</b>			<u>556,525</u>		<u>573,079</u>
<b>Total assets less current liabilities</b>			<u>18,173,471</u>		<u>18,309,877</u>
Creditors: amounts falling due after one year	16		(47,080)		(50,701)
<b>Net assets excluding pension scheme liability</b>			<u>18,126,391</u>		<u>18,259,176</u>
Pension scheme liability	22		(1,768,000)		(1,053,000)
<b>Total net assets</b>			<u>16,358,391</u>		<u>17,206,176</u>
<b>Funds of the Academy</b>					
<b>Restricted funds</b>					
. Fixed asset fund	17		17,562,623		17,678,854
. Restricted income fund	17		—		—
. Pension reserve	17		(1,768,000)		(1,053,000)
<b>Total restricted funds</b>			<u>15,794,623</u>		<u>16,625,854</u>
<b>Unrestricted income funds</b>					
General fund	17		563,768		580,322
<b>Total funds</b>			<u>16,358,391</u>		<u>17,206,176</u>

The financial statements on page 25 to 50 were approved by the Directors, and authorised for issue on 7 December 2016 and are signed on their behalf by:

J R Edwards  
Chairman

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



## Statement of cash flows Year ended 31 August 2016

		2016 £	2015 £
<b>Net cash flows from operating activities</b>			
Net cash used in operating activities	A	(26,424)	(98,165)
<b>Cash flows from investing activities</b>	B	(25,730)	(155,197)
<b>Cash flows from financing activities</b>	C	(3,621)	—
<b>Change in cash and cash equivalents in the year</b>		(55,775)	(253,362)
<b>Cash and cash equivalents at 1 September 2015</b>		1,006,149	1,259,511
<b>Cash and cash equivalents at 31 August 2016</b>	D	950,374	1,006,149

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

	2016 £	2015 £
<b>Net (expenditure) income for the year (as per the statement of financial activities)</b>	(211,785)	1,582,051
<b>Adjusted for:</b>		
Depreciation charges (note 13)	495,180	1,423,121
Capital grants from DfE and other capital income	(344,103)	(3,070,696)
Interest receivable (note 4)	(5,495)	(8,449)
Defined benefit pension scheme cost less contributions payable (note 22)	40,000	51,000
Defined benefit pension scheme finance cost (note 22)	39,000	19,000
Decrease in debtors	25,999	47,003
Decrease in creditors	(65,220)	(141,195)
<b>Net cash used in operating activities</b>	(26,424)	(98,165)

### B Cash flows from investing activities

	2016 £	2015 £
Dividends, interest and rents from investments	5,495	8,449
Purchase of tangible fixed assets	(375,328)	(3,234,342)
Capital grants from DfE/EFA and other capital income	344,103	2,956,990
Capital funding received from sponsors and others	—	113,706
<b>Net cash used in investing activities</b>	(25,730)	(155,197)

## Statement of cash flows Year ended 31 August 2016

### C Cash flows from financing activities

	2016 £	2015 £
Repayments of borrowing	(3,621)	—
<b>Net cash used in financing activities</b>	<b>(3,621)</b>	<b>—</b>

### D Analysis of cash and cash equivalents

	2016 £	2015 £
Cash at bank and in hand	950,374	1,006,149
<b>Total cash and cash equivalents</b>	<b>950,374</b>	<b>1,006,149</b>

## Principal accounting policies 31 August 2016

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

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

### **Transition to FRS 102**

#### ***First time adoption of FRS 102***

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

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the trustees have amended certain accounting policies to comply with FRS 102 and SORP 2015.

#### ***Explanation of transition to FRS 102***

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

## Principal accounting policies 31 August 2016

### Transition to FRS 102 (continued)

#### *Explanation of transition to FRS 102 (continued)*

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

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

	31 August 2015 £
<b>Reconciliation of net income</b>	
Net income previously reported under UK GAAP	1,582,051
Change in recognition of LGPS interest cost (A)	(25,000)
<b>Net movement in funds reported under FRS 102</b>	<b>1,557,051</b>

#### **A – Change in recognition of LGPS interest cost**

Under previous UK GAAP the academy trust recognised an expected return on defined benefit plan assets in income/expense. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in income/expense. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to reduce the debit to expense by £25,000 and increase the credit in other recognised gains and losses in the statement of financial activities by an equivalent amount.

#### **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.

## Principal accounting policies 31 August 2016

### **Income**

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

### **Grants**

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

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.

### **Sponsorship income**

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

### **Donations**

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

### **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. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

### ***Expenditure on raising funds***

This includes all expenditure incurred by the 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 resources expended are stated net of recoverable VAT.

### **Tangible fixed assets**

Assets costing £2,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. 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%    |
| ◆ Plant              | 6.67% |

## Principal accounting policies 31 August 2016

### Tangible fixed assets (continued)

◆ Furniture	10%
◆ Fixtures and fittings	10%
◆ Electrical Equipment	20%
◆ Non Electrical Equipment	10%
◆ Vehicles	20%
◆ Computers	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.

Payments on account in respect of the School are recorded in a separate fixed asset category called 'Assets under construction', and represent the cost of purchasing, constructing and installing tangible fixed assets ahead of their productive use. Only the incremental costs which are directly attributable to the asset in the course of construction are capitalised. No depreciation is charged on the assets until they are brought into operational use by the School, at which point the assets are transferred into the relevant asset category within the fixed assets and depreciated over their useful economic life.

### Debtors

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

**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.

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/asset is also recognised in the statement of financial activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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



**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 Directors.

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

Restricted EFA funds comprise all other grants received from the Education 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 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.
- ◆ Estimating the useful economic life of tangible fixed assets for the purposes of calculating depreciation.

## Notes to the Financial Statements Year ended 31 August 2016

### 1 General Annual Grant (GAG)

Under the funding agreement with the Secretary of State the charitable company was subject to limits at 31 August 2016 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 2016.

### 2 Donations and capital grants

	Unrestricted funds £	Restricted funds £	2016 Total funds £	2015 Total funds (restated) £
Public capital grants	—	201,674	201,674	2,956,990
Voluntary capital grants	—	58,013	58,013	128,298
Other donations	280,784	184,500	465,284	237,027
	<u>280,784</u>	<u>444,187</u>	<u>724,971</u>	<u>3,322,315</u>

Public capital grants includes DfE/EFA and LA capital grants.

### 3 Other trading activities

	Unrestricted funds £	Restricted funds £	2016 Total funds £	2015 Total funds £
Hire of facilities/lettings	112,637	—	112,637	123,492
Trip income	335,315	—	335,315	249,787
Miscellaneous income	94,904	4,274	99,178	80,423
	<u>542,856</u>	<u>4,274</u>	<u>547,130</u>	<u>453,702</u>

### 4 Investments

	Unrestricted funds £	Restricted funds £	2016 Total funds £	2015 Total funds £
Interest receivable	5,495	—	5,945	8,449

Notes to the Financial Statements Year ended 31 August 2016

5 Funding for academy's educational operations

	Unrestricted funds £	Restricted funds £	2016 Total funds £	2015 Total funds (restated) £
<b>DfE / EFA grants</b>				
. General Annual Grant (GAG)	—	3,988,568	3,988,568	3,982,009
. Other DfE / EFA grants	—	118,680	118,680	47,650
	—	4,107,248	4,107,248	4,029,659
<b>Other government grants</b>				
. Local authority grants	—	40,084	40,084	30,427
. Special educational projects	—	55,145	55,145	42,315
	—	95,229	95,229	72,742
	—	4,202,477	4,202,477	4,102,401

6 Expenditure

	Staff costs £	Non pay expenditure		2016 total funds £	2015 total funds (restated) £
		Premises £	Other costs £		
Raising funds	23,084	—	403,483	426,567	323,761
Charitable activities					
. School's educational operations					
.. Direct costs	3,291,320	—	236,165	3,527,485	3,384,476
.. Allocated support costs	580,062	443,818	713,926	1,737,806	2,621,579
	3,894,466	443,818	1,353,574	5,691,858	6,329,816
<b>Net (expenditure) income for the year includes:</b>					
Operating lease rentals				13,880	8,100
Depreciation				495,180	1,423,121
Fees payable to auditor for					
. Audit				15,025	13,730
. Other services				2,175	2,094

Notes to the Financial Statements Year ended 31 August 2016

**7 Charitable activities - academy's educational operations**

	2016 Total funds £	2015 Total funds (restated) £
Direct costs	3,527,485	3,384,476
Support costs	1,737,806	2,621,579
	<u>5,265,291</u>	<u>6,006,055</u>

Analysis of support costs	2016 Total funds £	2015 Total funds (restated) £
Support staff costs	580,062	507,963
Depreciation	495,180	1,423,121
Technology costs	37,671	22,366
Premises costs	443,818	375,613
Other support costs	109,687	235,192
Governance costs (note 8)	71,388	57,324
<b>Total support costs</b>	<u>1,737,806</u>	<u>2,621,579</u>

**8 Governance costs**

	2016 total funds £	2015 total funds £
Legal and professional fees	10,688	1,500
Auditor's remuneration		
. Audit of financial statements	15,025	13,730
. Other services	2,175	—
. Responsible officer	1,500	2,094
Support staff costs	42,000	40,000
	<u>71,388</u>	<u>57,324</u>

Notes to the Financial Statements Year ended 31 August 2016

9 Comparative information

Analysis of income and expenditure in the year ended 31 August 2015 between restricted and unrestricted funds:

	Unrestricted general fund £	Restricted funds			2015 Total funds £
		General £	Other £	Fixed assets fund £	
<b>Income from:</b>					
Donations and capital grants	237,027	—	14,592	3,070,696	3,322,315
Charitable activities					
· Funding for the academy's educational operations	—	4,102,401	—	—	4,102,401
Other trading activities	441,664	—	12,038	—	453,702
Investments	8,449	—	—	—	8,449
<b>Total income</b>	<b>687,140</b>	<b>4,102,401</b>	<b>26,630</b>	<b>3,070,696</b>	<b>7,886,867</b>
<b>Expenditure on:</b>					
Raising funds	323,761	—	—	—	323,761
Charitable activities					
· Academy's educational operations	—	4,582,934	—	1,423,121	6,006,055
<b>Total expenditure</b>	<b>323,761</b>	<b>4,582,934</b>	<b>—</b>	<b>1,423,121</b>	<b>6,329,816</b>
<b>Net income/(expenditure) before transfers</b>	<b>363,379</b>	<b>(480,533)</b>	<b>26,630</b>	<b>1,647,575</b>	<b>1,557,051</b>
Transfers between funds	(464,604)	385,533	(26,630)	105,701	—
<b>Net income (expenditure)</b>	<b>(101,225)</b>	<b>(95,000)</b>	<b>—</b>	<b>1,753,276</b>	<b>1,557,051</b>
<b>Other recognised gains and losses</b>					
Actuarial gain/(loss) on defined benefit pension scheme	—	106,000	—	—	106,000
<b>Net movement in funds</b>	<b>(101,225)</b>	<b>11,000</b>	<b>—</b>	<b>1,753,276</b>	<b>1,663,051</b>
<b>Reconciliation of funds</b>					
Total balance brought forward at 1 September 2014	681,547	(1,064,000)	—	15,925,578	15,543,125
Total fund balance carried forward at 31 August 2015	580,322	(1,053,000)	—	17,678,854	17,206,176

Notes to the Financial Statements Year ended 31 August 2016

**10 Staff costs**

**(a) Staff costs**

Staff costs during the year were:

	2016 Total funds £	2015 Total funds (restated) £
Wages and salaries	3,036,373	2,948,103
Social security costs	269,090	234,888
Pension costs	574,217	501,686
	<b>3,879,680</b>	<b>3,684,677</b>
Supply teacher costs	14,786	12,483
	<b>3,894,466</b>	<b>3,697,160</b>

**(b) Staff numbers**

The average number of persons (including the senior management team) employed by the charitable company during the year ended 31 August 2016 was as follows:

Charitable activities	2016 No	2015 No
Teachers	54	50
Administration and support	34	34
Management	5	4
	<b>93</b>	<b>88</b>

**(c) Higher paid staff**

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

	2016 No	2015 No
£60,001 - £70,000	3	—
£70,001 - £80,000	1	1
£100,001 - £110,000	1	1

Four of the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2016 pension contributions for these staff amounted to £48,561 (2015 - £38,049). One employee contributed to the LGPS and contributions for this member of staff amounted to £15,024 (2015 - £14,428).

## Notes to the Financial Statements Year ended 31 August 2016

### 10 Staff costs (continued)

#### (d) Key management personnel

The key management personnel of the academy trust comprise the members, trustees and the senior management 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 £419,000 (2015 - £406,135).

### 11 Directors' 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 Directors. Other Directors did not receive any payments, other than expenses, from the academy in respect of their role as Directors. The value of Directors' remuneration and other benefits during the year ended 31 August 2016 was as follows:

	2016 £	2015 £
G D Ironside (Headmaster and Trustee)		
· Remuneration	£100k-£105k	£100k-£105k
· Employer's pension contributions	£15k-£20k	£10k-£15k
P S Davis (Staff Trustee)		
· Remuneration	£50k-£55k	£50k-£55k
· Employer's pension contributions	£5k-£10k	£5k-£10k
R Pletts (Staff Trustee)		
· Remuneration	£45k-£50k	£45k-£50k
· Employer's pension contributions	£5k-£10k	£5k-£10k
L Williams (Staff Trustee)		
· Remuneration	£25k-£30k	£20k-£25k
· Employer's pension contributions	£5k-£10k	£0k-£5k

During the year ended 31 August 2016, no travel and subsistence expenses were reimbursed to Directors (2015 - none).

### 12 Directors' and Officers' insurance

In accordance with normal commercial practice the School has purchased insurance to protect Directors 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 2016 was £265 (2015 - £219).

## Notes to the Financial Statements Year ended 31 August 2016

### 13 Tangible fixed assets

	Freehold land and buildings £	Assets under construction £	Furniture and equipment £	Computer equipment £	Motor vehicles £	Total funds £
<b>Cost/valuation</b>						
At 1 September 2015	15,796,801	3,039,051	361,176	—	—	19,197,028
Additions	256,996	—	49,421	36,416	32,495	375,328
Transfers	3,039,051	(3,039,051)	—	—	—	—
At 31 August 2016	19,092,848	—	410,597	36,416	32,495	19,572,356
<b>Depreciation</b>						
At 1 September 2015	1,355,249	—	104,981	—	—	1,460,230
Charge in period	406,457	—	70,084	12,140	6,499	495,180
At 31 August 2016	1,761,706	—	175,065	12,140	6,499	1,955,410
<b>Net book value</b>						
At 31 August 2016	17,331,142	—	235,532	24,276	25,996	17,616,946
At 31 August 2015	14,441,552	3,039,051	256,195	—	—	17,736,798

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

### 14 Debtors

	2016 £	2015 £
Trade debtors	42,998	37,038
VAT recoverable	52,077	148,486
Other debtors	63,227	2,584
Prepayments and accrued income	21,927	18,120
	<b>180,229</b>	<b>206,228</b>

### 15 Creditors: amounts falling due within one year

	2016 £	2015 £
Trade creditors	231,845	174,033
Taxation and social security	78,662	66,044
Prize funds	4,652	—
Other creditors	145,605	184,215
Loans (note 16)	7,244	7,244
Accruals and deferred income	106,070	207,762
	<b>574,078</b>	<b>639,298</b>

	2016 £	2015 £
Deferred income at 1 September 2015	144,328	428,323
Released during the year	(144,328)	(461,629)
Resources deferred in the year	79,723	177,634
Deferred income at 31 August 2016	<b>79,723</b>	<b>144,328</b>



## Notes to the Financial Statements Year ended 31 August 2016

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

Deferred income of £4,257 (2015 - £16,293) relates to income received in the year for school trips that are taking place in the year ending 31 August 2017. Deferred income of £19,924 relates to capital grants received for 2016/17 (2015 - £111,089) and £34,446 (2015 - £56,946) relating to other grants and activities for 2016/17. Other deferred income of £21,096 relates to advance payment for the hire of school facilities.

### 16 Creditors: amounts falling due in greater than one year

	2016 £	2015 £
Loans	47,080	50,701
	<u>47,080</u>	<u>50,701</u>

Included within creditors is a loan of £54,323 from Salix Finance which is provided as interest free loan repayable over eight years. The loan is unsecured.

The repayment schedule is 8 annual instalments of £7,244. As at 31 August 2016 the remaining balance is showing as £7,244 due within one year and the remainder showing as greater than one year.

Notes to the Financial Statements Year ended 31 August 2016

17 Funds

	Balance at 1 September 2015 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2016 £
<b>Restricted general funds</b>					
General Annual Grant (GAG)	—	3,988,568	(4,691,111)	702,543	—
Pupil Premium	—	37,400	—	(37,400)	—
Other grants	—	107,954	—	(107,954)	—
Pension reserve	(1,053,000)	—	(79,000)	(636,000)	(1,768,000)
	<u>(1,053,000)</u>	<u>4,133,922</u>	<u>(4,770,111)</u>	<u>(78,811)</u>	<u>(1,768,000)</u>
<b>Restricted fixed asset funds</b>					
Academy buildings	17,678,854	311,608	(488,681)	34,846	17,536,627
Motor vehicles	—	32,495	(6,499)	—	25,996
	<u>17,678,854</u>	<u>344,103</u>	<u>(495,180)</u>	<u>34,846</u>	<u>17,562,623</u>
<b>Other restricted funds</b>					
Local authority grants	—	40,084	—	(40,084)	—
Other restricted funds	—	132,829	—	(132,829)	—
	<u>—</u>	<u>172,913</u>	<u>—</u>	<u>(172,913)</u>	<u>—</u>
<b>Total restricted funds</b>	<u>16,625,854</u>	<u>4,650,938</u>	<u>(5,265,291)</u>	<u>(216,878)</u>	<u>15,794,623</u>
<b>Unrestricted funds</b>					
General funds	580,322	829,135	(426,567)	(419,122)	563,768
<b>Total unrestricted funds</b>	<u>580,322</u>	<u>829,135</u>	<u>(426,567)</u>	<u>(419,122)</u>	<u>563,768</u>
<b>Total funds</b>	<u>17,206,176</u>	<u>5,480,073</u>	<u>(5,691,858)</u>	<u>(636,000)</u>	<u>16,358,391</u>

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

*EFA 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 2016. Note 1 discloses whether the limit was exceeded.

**Notes to the Financial Statements** Year ended 31 August 2016

**17 Funds** (continued)

*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.

The EFA 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 and other restricted 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.

**18 Analysis of net assets between funds**

	Unrestricted funds £	Restricted general Funds £	Restricted fixed asset fund £	Total 2016 £
<b>Fund balances at 31 August 2016 are represented by:</b>				
Tangible fixed assets	—	—	17,616,946	17,616,946
Current assets	563,768	621,158	—	1,130,603
Current liabilities	—	(574,078)	(54,323)	(574,078)
Non-current liabilities	—	(47,080)	—	(47,080)
Pension scheme liability	—	(1,768,000)	—	(1,768,000)
<b>Total net assets</b>	<b>563,768</b>	<b>(1,768,000)</b>	<b>17,562,623</b>	<b>16,358,391</b>

**19 Capital commitments**

	2016 £	2015 £
Contracted for, but not provided for in the financial statements	—	213,330

**20 Commitments under operating leases**

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

	2016 £	2015 £
Amounts due within one year	20,610	5,920
Amounts due between one and five years	8,901	2,180
	<b>29,511</b>	<b>8,100</b>

**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 2013.

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

***Teachers' Pension Scheme***

*Introduction*

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

**22 Pension and similar obligations (continued)**

*Teachers' Pension Scheme (continued)*

*Introduction (continued)*

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

*Valuation of the Teachers' Pension Scheme*

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. 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 16.40% of pensionable pay – currently 14.1%. There is also 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%.

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS will be as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £356,080 (2015: £312,214).

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

**22 Pension and similar obligations (continued)**

***Teachers' Pension Scheme (continued)***

*Valuation of the Teachers' Pension Scheme (continued)*

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 2016 was £197,000, of which employer's contributions totalled £152,000 and employees' contributions totalled £45,000. The agreed contribution rates for future years are 25.5% of employers and between 5.5% and 12.5% of 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.

<b>Principal Actuarial Assumptions</b>	<b>At 31 August 2016</b>	<b>At 31 August 2015</b>
Rate of increase in salaries	4.10%	4.40%
Rate of increase for pensions in payment / inflation	2.30%	2.60%
Discount rate for scheme liabilities	2.20%	4.00%
Inflation assumption (CPI)	2.3%	2.6%
Commutation of pensions to lump sums	25%	25%

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

	<b>At 31 August 2016</b>	<b>At 31 August 2015</b>
<i>Retiring today</i>		
Males	22.2	21.7
Females	24.8	25.0
<i>Retiring in 20 years</i>		
Males	24.1	23.7
Females	27.0	27.0

**22 Pension and similar obligations (continued)**

**Local Government Pension Scheme (LGPS) (continued)**

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

	Fair value at 31 August 2016 £'000	Fair value at 31 August 2015 £'000
Equities	1,086	771
Bonds	386	323
Property	106	86
Cash	—	43
Other	—	17
<b>Total market value of assets</b>	<b>1,578</b>	<b>1,240</b>
<b>Present value of scheme liabilities</b>		
· Funded	(3,346)	(2,293)
<b>Deficit in the scheme</b>	<b>(1,768)</b>	<b>(1,053)</b>

Amounts recognised in statement of financial activities	2016 £'000	2015 (restated) £'000
Current service costs (net of employee contributions)	36	51
Administrative expenses	4	—
Net interest cost	39	19
<b>Total operating charge</b>	<b>79</b>	<b>70</b>

Analysis of pension finance costs		
Expected return on pension scheme assets	52	63
Interest on pension liabilities	(91)	(82)
<b>Pension finance costs</b>	<b>(39)</b>	<b>(19)</b>

Changes in the present value of defined benefit obligations were as follows:	2016 £'000	2015 (restated) £'000
At 1 September 2015	2,293	2,123
Current service cost	188	190
Interest cost	91	82
Employee contributions	45	42
Actuarial losses (gains)	799	(142)
Benefits paid	(70)	(2)
<b>At 31 August 2016</b>	<b>3,346</b>	<b>2,293</b>

## Notes to the Financial Statements Year ended 31 August 2016

### 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:	2016 £'000	2015 £'000 (restated)
At 1 September 2015	1,240	1,059
Interest income	52	63
Actuarial gains (losses)	163	(61)
Employer contributions	152	139
Employee contributions	45	42
Administrative expenses	(4)	—
Benefits paid	(70)	(2)
<b>At 31 August 2016</b>	<b>1,578</b>	<b>1,240</b>

### 23 Related party transactions

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

### 24 16-19 Bursary Fund

The Trust manages the DfE's 16 -19 Bursary Fund Grant. In the year ended 31 August 2016 the Trust received and distributed £6,908 to vulnerable and discretionary applicants. In addition the Trust distributed a further £6,115 from its own funds to support discretionary applicants.