



**Sutton Grammar  
School Trust**

**Annual Report and Financial  
Statements**

31 August 2015

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

## Contents

### Reports

Reference and administrative information	1
Directors' report	3
Governance statement	13
Statement of regularity, propriety and compliance	18
Statement of Trustees' responsibilities	19
Independent auditor's report	20
Independent reporting accountant's report	22

### Financial statements

Statement of financial activities	24
Balance sheet	25
Cash flow statement	26
Principal accounting policies	27
Notes to the financial statements	31

## 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 R Edwards (Chairman) Miss F H E Alexander Mr P S Chambers Mr P S Davis Mr G D Ironside (Ex officio – Headmaster and Accounting Officer) Mr G W Jones Mr R Murrill Ms A Nobel Mr R A Pletts Mr P Ritson Mr J Stevens Ms M Takeda Mr R Ward Mrs L Williams
<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

<b>Bankers</b>	Barclays Bank plc 43 High Street Sutton Surrey SM1 1DR
<b>Solicitors</b>	Vivash Brand LLP Nonsuch House 538 – 542 London Road Sutton SM3 9AA  Baker Small Solicitors Exchange House 494 Midsummer Boulevard Milton Keynes MK9 2EA
<b>Responsible Officer</b>	Mr J Lloyd FCA John Lloyd and Co Coles House 64d Central Road Worcester Park KT4 8HY

## **Directors' report** Year ended 31 August 2015

The Trustees of the Sutton Grammar School Trust ('the Trust') present their annual report together with the financial statements of the charitable company for the year ended 31 August 2015.

The financial statements have been prepared in accordance with the accounting policies set out on pages 27 to 46 of the attached financial statements and comply with the Trust's Memorandum and Articles of Association, applicable laws and the requirements of the Statement of Recommended Practice "Accounting and Reporting by Charities" issued in March 2005 ('SORP 2005').

### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

#### **Constitution**

The Trust is a company limited by guarantee and is an exempt charity by virtue of the Academies Act 2010. 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 Reference and Administrative details on page 1.

#### **Members' liability**

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

#### **Trustees' indemnities**

In accordance with normal commercial practice the Trust has purchased insurance to protect Trustees and officers from claims for negligent acts, errors or omissions occurring whilst on the Trust's business. The insurance provides cover up to £10 million on any one claim and the cost for the year ended 31 August 2015 was £219 (2014 - £1,927).

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

**Principal activities**

This report covers the period 1 September 2014 to 31 August 2015.

The objective of the Trust is the advancement of education, principally secondary education. The School is a single sex school and admits boys to Year 7 by competitive examination. Over the past few years 120 boys have been admitted at age 11 but from September 2015 135 boys joined the School in Year 7.

The majority of boys stay into the sixth form. 14 students were admitted from other schools into Year 12, the lower sixth in September 2015. During the period there were on average 858 students on roll.

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).

**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 2015 and served throughout the year except where shown.

<b>Trustee</b>	<b>Appointed/ Resigned</b>	<b>Appointing body</b>
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
Mrs S Lalani	Resigned 31 October 2014	Trust
Mr R Murrill		Board
Ms A Nobel		Elected by parents
Mr R A Pletts		Elected by staff
Mr P Ritson	Appointed 1 June 2015	Trust
Mr S Shergold		Board
Mr J Stevens	Appointed 13 October 2014	Board
Ms M Takeda		Board
Mr R Ward		Board
Mrs L Williams		Elected by staff

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

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

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. Two community trustees appointed by the Board served throughout the year. An additional trustee was appointed by Members in June 2015.

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 Ever6, 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.

## **OBJECTIVES AND ACTIVITIES**

### **Objectives and achievements**

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 PTA as a result of its independent fund raising activities.

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

### **Public benefit**

In setting the School'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 provides accommodation for the Sutton College (the local adult education and training provider). The licence fee is designed to recover the Trust's marginal costs in providing the facilities. The Trust makes its sports facilities available for community use. The School contributes to mathematics and science teaching in a number of local primary schools.

## **STRATEGIC REPORT**

### **Achievements and performance**

#### ***Student achievements***

The School has a selective intake at Year 7. There is a waiting list for places in years to which the School normally admits (Years 7,8,9,10 and 12).

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 all 120 Year 11 boys achieved the standard. Additionally the one boy who last year was unable to take any public exams for health reasons achieved the standard with 4 A\*s and 2 As. 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.

From 1,384 entries there were 1,320 passes at B grade or better. The proportion of A\*/A was slightly down at 79% from 87% in 2014.

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 439 (five year (range 433-447). The Board authorised the Headmaster to opt into the DfE's Progress 8 measure from 2015.

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 2015 107 boys achieved this standard. Four boys took non-standard entries each achieving an A\*. In addition to the GCSE exams the School recognised additional achievements by issuing its own awards for work in PE and sports leadership.



**STRATEGIC REPORT** (continued)

**Achievements and performance** (continued)

***Student achievements*** (continued)

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, 132 (2014 - 113) students secured university places for autumn 2015 with two students choosing to take up places in 2016. 92 (2014 - 73) of these students went to Russell Group universities including 12 (2014 - 11) places at Oxbridge colleges; 11 (2014 - 10) students achieved places at medical and dental schools. Two students accepted places at overseas institutions including one at a medical school. One boy with excellent A-Level qualifications took up a professional training position with an excellent starting salary with an agreement that he will subsequently go onto university.

The analysis of A-Level results showed an average points score of 433 pts (2014 - 443, 2013 - 433, 2012 - 438, 2011 - 431). 48 students achieved at least four A-Levels and 74 three A-Levels. 115 students obtained a Pre-U Global Perspectives qualification and 68 students also had additional AS subjects.

As stated the Trust seeks to provide a broad range of educational opportunities which can be exemplified by a wide range of achievements including:

- ◆ A finalist in the 2015 Google Science Fair and winner of the Scientific American Innovator Award (\$25,000);
- ◆ Three boys in the final of the Nesta Longitude Prize;
- ◆ Third place in the UK Engineer of the Year (2015);
- ◆ A runner up in the UK Young Scientist of the Year (2015);
- ◆ Gold and other medals in the UK Junior and Intermediate Maths Olympiads;
- ◆ One Year 11 boy being one of only four young people to score 100% in the AQA Further Maths Exam taken by 26,500 candidates; and
- ◆ Students in the National Youth and Children's orchestras.

Other notable activities include:

- ◆ A completely voluntary Combined Cadet Force with over 220 participants celebrating one hundred years since its formation in 1915;
- ◆ Extensive participation at all levels in the Duke of Edinburgh Award scheme and other similar character building outdoor activities; and

**STRATEGIC REPORT** (continued)

**Achievements and performance** (continued)

***Student achievements*** (continued)

- ◆ A range of school visits and study trips including:
  - ◇ Visits to Normandy, Spain and the Rhineland for languages' development;
  - ◇ Washington (US government and politics);
  - ◇ New York (drama);
  - ◇ Battlefields of both World Wars; and
  - ◇ Berlin (history).

***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.

The Trust was successful in obtaining a grant of £500,275 and a SALIX loan of £57,944 for the modernisation of the heating system to maximise the benefits from the new boilers installed with the benefit of a previous grant. The complexities of installing a new system, and removing the old, in a working building meant that the project was not complete at the year end. The system was however commissioned in time for onset of the cooler weather.

In order to take the increased number of students at Year 7 (135) as agreed as part of the locally agreed secondary school expansion plan the Trust received a grant of £1,500,000 from the DfE and a grant of £1,135,000 from the London Borough of Sutton for the demolition of a life expired single storey building and the construction of a three storey teaching block and enhanced catering facilities. Because conventional construction could not deliver within the funding available the Trust adopted a design and build method using modular construction techniques. The Trust contracted with Built Offsite Ltd for the project.

The budget for the project was extremely tight. There were some abnormal costs that were identified and the London Borough of Sutton provided a further grant £160,847 towards these costs. In addition the Parent Teacher Association (PTA) made a grant of £75,000 towards the project. As a result of these additional grants the new building was sufficiently complete to allow it to be occupied for teaching purposes by September, although there was still some work required for it to be fully completed.

The relocation of several departments into the new building permitted a rearrangement of facilities elsewhere. The Trust acknowledges a grant from the H R Taylor Music Trust for the provision of a new music suite which, although not complete, was up and running for the new academic year.

**STRATEGIC REPORT** (continued)

**Achievements and performance** (continued)

***Investment programme*** (continued)

As part of the Trust's commitment to energy efficiency and environmental improvement, photovoltaic panels were installed on the roofs of the sports hall, humanities block and the new building. The total installed capacity is 104 kW(pv). The Board will look to further installations when necessary remedial roof work is completed on the main building.

The extensive programme of building works during the year put a significant strain on the Bursar's department. The Board formally records its thanks to the small premises team who worked diligently, particularly during August, to ensure that the new facilities were available for teaching at the start of the Autumn term.

**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; and 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.

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.

**Going concern**

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

The deficit in the Trust's section of the London Borough of Sutton local government pension scheme is not considered to be material in the ongoing financial performance of the Trust. The Trust's employer's contribution during the year ended 31 March 2015 was 23.5%. Following the triennial valuation of the Fund at 31 March 2013 the Trust's employer contributions were set; to 31 March 2016 at 24.5%; and to 31 March 2017 at 25.5%.

## Directors' report Year ended 31 August 2015

### 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 PTA and other donors and income from lettings.

The School's total incoming resources for the period ended 31 August 2015 amounted to £7,886,867 (2014 - £4,929,491) of which £3,982,009 (2014 - £3,953,904) related to the EFA revenue grant.

The Trust received grants towards the costs of the new building of; EFA - £1,500,000 and London Borough of Sutton - £1,295,847. The Trust also received a grant of £500,275 from the EFA and a SALIX loan of £57,944 for the new heating system.

The H R Taylor Music Trust agreed a grant of £64,225 for a new music suite of which £38,706 was received during the Year.

The PTA, as a result of its independent fund raising activities, was able to donate £89,592 including the £75,000 towards the new building.

Resources expended totalled £6,304,816 (2014 - £5,162,677) and includes £4,904,591 (2014 - £4,825,283) on the School's educational operations and £57,324 (2014 - £59,585) on governance costs plus, as explained in Note 12 of the Financial Statements, £1,019,140 of additional depreciation in respect of the building demolished to enable construction of the new building.

The School held fund balances of £17,206,176 at 31 August 2015 (2014 - £15,543,125) which includes unrestricted funds of £580,322 (2014 - £681,547).

The results for the period are shown on page 24.

##### *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.

**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. 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 will increase from 2015-16 as a result of a national review of grant funding by the DfE, but the increased cost of pensions and national insurance will absorb much of this increased grant. The Trust will benefit from a half class basic needs funding from the London Borough of Sutton for the next five years.

The Trust has considered its forward funding position for the next seven years and it is clear that the amount of grants funding will be inadequate, on their own, to enable the Trust to deliver the type of education it provides even if the Trust maintains a cautious budgeting policy. Other sources of income, such as voluntary parental contributions, will therefore be essential.

**PLANS FOR FUTURE PERIODS**

The Board believes that the best way to maintain the School's reputation for excellent pastoral care and results is for it to remain at its current size. The Board has no plans to combine with other schools in a large multi academy trust. This will enable the Board to ensure that leadership is not diverted from the key role of running an outstanding school.

The School has just adjusted its admissions from 120 to 135 and the premises are adequate for this expansion. There are currently no plans to expand any further, other than encouraging suitably qualified students to the sixth form.

Retaining a small school will require strict financial discipline in the face of a tightening funding climate. The Trust is greatly heartened by the willingness of parents and other donors to contribute both directly, and through independent fund raising, to the curricular and extra-curricular work of the School. Continued support of this nature will be critical to the success of the School.

The School and teaching are increasingly benefiting from improved premises. Two IT suites are to be moved and an additional, and very necessary (tenth), laboratory created when funds permit.

**PLANS FOR FUTURE PERIODS** (continued)

There are still outstanding premises issues to be remedied. The most serious issue is that it was estimated that there is some £400,000 of work needed to the roofs of the main buildings. A grant application has been prepared and this will be submitted in the next round of application for capital grants.

As stated in the report for last year there are a number of investment issues surrounding the provision of sport. The School's sports field is located three miles from the main school and a 70-seater coach and minibuses are required to take boys to and from the ground. The coach is in urgent need of replacement. The sports pavilion was constructed in the 1960's and is in need of substantial maintenance and modernisation.

The Trust has no reserve of private funds for capital investment and will be reliant on DfE capital grants or private fund raising to further improve the facilities.

**AUDITOR**

In so far as the Directors are aware:

- ◆ there is no relevant audit information of which the charitable company's auditor is unaware; and
- ◆ the Directors 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.

Approved by order of the members of the board of directors on 16 December 2015 and signed on its behalf by:



J R Edwards  
(Chairman)

## Governance statement 31 August 2015

### 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	1	1
Mr G D Ironside	4	4
Mr R Murrill	2	4
Mr R Ward	4	4
Miss F Alexander	4	4
Mr P S Chambers	4	4
Ms A Nobel	3	4
Mr J Stevens	4	4
Ms M Takeda	3	4
Mr P S Davis	4	4
Mr R A Pletts	3	4
Mrs L Williams	3	4

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.

As part of a regular examination of the skills and competencies needed in the Board Mr J Stevens was appointed by the Board as parent trustee from 13 October 2014.

The Members undertook a search and interview process following which Mr Ritson was appointed by the Members from 1 June 2015.

## Governance statement 31 August 2015

### Finance and General Purposes Committee

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	3
Mr J R Edwards	4	4
Mr G D Ironside	4	4
Mr R Pletts	4	4

The non-executive members of the FGPC, excluding the Chairman of the Board, Mr Jones, Miss Alexander, Mr Chambers, Mr Pletts and Mr Ritson met as the Audit Committee to consider the draft Annual Report and Accounts and the Auditor's Management Letter for the year ended 31 August 2015.

### Review of value for money

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

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

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

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

The Headmaster supports the Remuneration Committee of the Board in determining the salaries of staff by providing evidence from staff appraisals and assessments including bench marking using appropriate job evaluations provided by external consultants. The Remuneration Committee uses appropriate external bench marks in setting the remuneration of the Headmaster.



## **Governance statement 31 August 2015**

### **Review of value for money (continued)**

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 Trust reached agreement with the London Borough of Sutton and other academies and maintained schools on the provision for additional secondary school places. The Trust received grants from the DfE and the London Borough of Sutton for the construction of a new three storey teaching block. Because of the complexities of building on an urban site, including the demolition of an existing single storey building, the Trust gave careful consideration to achieving its requirement within the grants available. Conventional design could not meet the Trust's requirements and it was decided to adopt a modular system which was built off site. This approach has successfully delivered the new building within the grants available.

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 2015 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 2015 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 finance and general purposes committee 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 – Responsible Officer**

Mr John Lloyd FCA was the Trust's Responsible Officer (RO). The RO's role included giving advice on financial matters and performing a range of checks on the Trust's financial systems. The RO made two visits to the School making sample checks on various aspects of the financial system and controls.

Following the changes in the Academies Financial Handbook 2015 the Board has agreed that Mr Lloyd should be continue to provide the internal audit function.

## Governance statement 31 August 2015

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

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



J R Edwards  
(Chairman)



G D Ironside  
(Headmaster and Accounting Officer)

Approved on: 16 December 2015

**Statement on regularity, propriety and compliance 31 August 2015**

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.

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.

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: 16 December 2015

## Statement of Trustees' responsibilities 31 August 2015

The Trustees (who act as trustees of the charitable company) are responsible for preparing the Trustees' report and the financial statements in accordance with the Annual Accounts Direction issued 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 incoming resources and application of resources, including 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' Statement of Recommended Practice (the Charities' SORP);
- ◆ make judgments and estimates that are reasonable and prudent;
- ◆ state whether applicable United Kingdom Accounting Standards 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 the EFA have been applied for the purposes intended.

The Trustees are responsible for the maintenance and integrity of the charity 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 16 December 2015 and signed on its behalf by:



J R Edwards  
Chairman

## Independent auditor's report 31 August 2015

### **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 2015 which comprise the statement of financial activities, the balance sheet, the cash flow statement, 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) and the Annual Accounts Direction 2014 to 2015 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 Trustees' 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 Trustees' 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 2015

### 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 2015 and of its incoming resources and application of resources, including 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 Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

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

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

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

*Buzzacott LLP*

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

*17 December 2015*

**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 19 August 2013 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2014 to 2015, 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 2014 to 31 August 2015 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 2014, 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 2014 to 2015. 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 2014 to 31 August 2015 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 2014 to 2015 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 2015**

**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 2014 to 31 August 2015 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

*Buzzacott LLP*

Buzzacott LLP  
Chartered Accountants  
130 Wood Street  
London  
EC2V 6DL

*17 December 2015*

## Statement of financial activities Year ended 31 August 2015

	Notes	Unrestricted general fund £	Restricted funds			2015 Total funds £	2014 Total funds £
			EFA £	Other £	Fixed assets £		
<b>Incoming resources</b>							
Incoming resources from generated funds							
. Voluntary income	2	237,027	—	14,592	113,706	<b>365,325</b>	242,970
. Activities for generating funds	3	441,664	—	12,038	—	<b>453,702</b>	425,657
. Investment income	4	8,449	—	—	—	<b>8,449</b>	8,356
Incoming resources from charitable activities							
. Funding for the academy's educational operations	5	—	4,102,401	—	2,956,990	<b>7,059,391</b>	4,252,508
<b>Total incoming resources</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>4,929,491</b>
<b>Resources expended</b>							
Cost of generating funds							
. Cost of generating voluntary income	6	299,188	—	—	—	<b>299,188</b>	240,940
. Fundraising trading	6	24,573	—	—	—	<b>24,573</b>	36,869
Charitable activities							
. Academy's educational operations	7	—	4,500,610	—	1,423,121	<b>5,923,731</b>	4,825,283
Governance costs	8	—	57,324	—	—	<b>57,324</b>	59,585
<b>Total resources expended</b>	6	<b>323,761</b>	<b>4,557,934</b>	<b>—</b>	<b>1,423,121</b>	<b>6,304,816</b>	<b>5,162,677</b>
<b>Net incoming/(outgoing) resources before transfers</b>		<b>363,379</b>	<b>(455,533)</b>	<b>26,630</b>	<b>1,647,575</b>	<b>1,582,051</b>	<b>(233,186)</b>
Gross transfers between funds	16	(464,604)	385,533	(26,630)	105,701	—	—
<b>Net (expenditure)/ income for the period</b>		<b>(101,225)</b>	<b>(70,000)</b>	<b>—</b>	<b>1,753,276</b>	<b>1,582,051</b>	<b>(233,186)</b>
<b>Other recognised gains and losses</b>							
Actuarial gain/(loss) on defined benefit pension scheme	24	—	81,000	—	—	<b>81,000</b>	(154,000)
<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>(387,186)</b>
<b>Reconciliation of funds</b>							
Fund balances brought forward at 1 September 2014		681,547	(1,064,000)	—	15,925,578	<b>15,543,125</b>	15,930,311
<b>Fund balances carried forward at 31 August 2015</b>		<b>580,322</b>	<b>(1,053,000)</b>	<b>—</b>	<b>17,678,854</b>	<b>17,206,176</b>	<b>15,543,125</b>

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

A separate Statement of Total Recognised Gains and Losses is not required as all gains and losses are included in the Statement of Financial Activities.

## Balance sheet 31 August 2015

	Notes	2015 £	2015 £	2014 £	2014 £
<b>Fixed assets</b>					
Tangible fixed assets	12		17,736,798		15,925,578
<b>Current assets</b>					
Debtors	13	206,228		253,231	
Cash at bank and in hand		1,006,149		1,259,511	
		<u>1,212,377</u>		<u>1,512,742</u>	
Creditors: amounts falling due within one year	14	(639,298)		(831,195)	
<b>Net current assets</b>			<u>573,079</u>		<u>681,547</u>
<b>Total assets less current liabilities</b>			<u>18,309,877</u>		<u>16,607,125</u>
Creditors: amounts falling due after one year	15		(50,701)		—
<b>Net assets excluding pension scheme liability</b>			<u>18,259,176</u>		<u>16,607,125</u>
Pension scheme liability	24		(1,053,000)		(1,064,000)
<b>Net assets including pension scheme liability</b>			<u>17,206,176</u>		<u>15,543,125</u>
<b>Funds of the Academy</b>					
Restricted funds					
. Fixed asset fund	16		17,678,854		15,925,578
. EFA fund	16		—		—
. Pension reserve	24		(1,053,000)		(1,064,000)
. Other funds	16		—		—
			<u>16,625,854</u>		<u>14,861,578</u>
Unrestricted funds					
. General fund	16		580,322		681,547
<b>Total funds</b>			<u>17,206,176</u>		<u>15,543,125</u>

The financial statements on page 24 to 46 were approved by the Directors, and authorised for issue on 16 December 2015 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)

## Cash flow statement Year ended 31 August 2015

	Notes	2015 £	2014 £
<b>Net cash (outflow)/inflow from operating activities</b>	19	<b>(98,165)</b>	290,417
Returns on investment and servicing of finance	20	8,449	8,356
Capital (expenditure)/income	21	(163,646)	6,656
<b>(Decrease)/increase in cash in the period</b>	22	<b>(253,362)</b>	305,429
<b>Reconciliation of net cash flow to movement in net funds:</b>			
Net funds at 1 September 2014		1,259,511	954,082
<b>Net funds at 31 August 2015</b>		<b>1,006,149</b>	1,259,511

**Basis of preparation**

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice: Accounting and Reporting by Charities' ('SORP 2005'), the Academies Accounts Direction 2014 to 2015 issued by the EFA and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

**Going concern**

The Directors 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 Directors make this assessment in respect of a period of one year from the date of approval of the financial statements.

**Incoming resources**

All incoming resources are recognised when the School has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

***Grants receivable***

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 entitlement of receipt its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund. Capital grants are recognised when receivable 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.

***Donations***

Donations are recognised on a receivable basis where there is certainty of receipt and the amount can be reliably measured.

***Other income***

Other income is recognised in the period it is receivable.

## Principal accounting policies 31 August 2015

### **Resources expended**

All expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

### **Costs of generating funds**

These are costs incurred in attracting voluntary income, those incurred in activities that raise funds and the provision of school clubs, trips and other activities.

### **Charitable activities**

These are costs incurred on the School's educational operations.

### **Governance costs**

These include the costs attributable to the School's compliance with constitutional and statutory requirements, including audit, strategic management and Director's meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable 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%
◆ Furniture	10%
◆ Fixtures and fittings	10%

## Principal accounting policies 31 August 2015

### Tangible fixed assets (continued)

◆ 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. In the year ended 31 August 2015, assets under construction related to a new sixth form block and canteen and a replacement heating system.

### Leased assets

Rentals applicable to operating leases, where substantially all of the benefits and risks of ownership remain with the lessor, are charged to the statement of financial activities on a straight line basis over the lease term.

### Taxation

The School is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the School 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 School are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes, are contracted out of the State Earnings-Related Pension Scheme ('SERPS'), and the assets are held separately from those of the School.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the School 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 quinquennial valuations using a prospective benefit method. As stated in Note 24, the TPS is a multi-employer scheme and the School is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The LGPS is a funded scheme and the assets are held separately from those of the School 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 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 gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other 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 the Local Authority.



## Notes to the Financial Statements Year ended 31 August 2015

### 1 General Annual Grant (GAG)

Under the funding agreement with the Secretary of State the charitable company was subject to limits at 31 August 2015 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 2015.

### 2 Voluntary income

	Unrestricted funds £	Restricted funds £	2015 total funds £	2014 total funds £
H R Taylor Music Trust	—	38,706	38,706	—
PTA donations	—	89,592	89,592	—
Parent and other donations including gift aid	237,027	—	237,027	242,970
	<u>237,027</u>	<u>128,298</u>	<u>365,325</u>	<u>242,970</u>

### 3 Activities for generating funds

	Unrestricted funds £	Restricted funds £	2015 total funds £	2014 total funds £
Hire of facilities	123,492	—	123,492	105,495
Educational visits and school trips	249,787	—	249,787	262,853
Other activities	23,441	—	23,441	16,520
Miscellaneous income	44,944	12,038	56,982	40,789
	<u>441,664</u>	<u>12,038</u>	<u>453,702</u>	<u>425,657</u>

### 4 Investment Income

	Unrestricted funds £	Restricted funds £	2015 total funds £	2014 total funds £
Interest receivable	8,449	—	8,449	8,356

Notes to the Financial Statements Year ended 31 August 2015

**5 Funding for academy's educational operations**

	Unrestricted funds £	Restricted funds £	2015 total funds £	2014 total funds £
<b>Capital grants</b>				
. Devolved formula grants	—	18,293	<b>18,293</b>	18,158
. Other DfE / EFA	—	1,680,988	<b>1,680,988</b>	152,415
. Local authority grants	—	1,257,709	<b>1,257,709</b>	—
	—	2,956,990	<b>2,956,990</b>	170,573
<b>DfE / EFA revenue grants</b>				
. General Annual Grant (GAG)	—	3,982,009	<b>3,982,009</b>	3,953,904
. Other DfE / EFA	—	47,650	<b>47,650</b>	70,300
	—	4,029,659	<b>4,029,659</b>	4,024,204
<b>Other government grants</b>				
. SEN and EFL grants	—	42,315	<b>42,315</b>	35,334
. Educational projects	—	—	—	22,397
. Local authority grants	—	30,427	<b>30,427</b>	—
	—	72,742	<b>72,742</b>	57,731
<b>Total funding for educational operations</b>	—	7,059,391	<b>7,059,391</b>	4,252,508

Notes to the Financial Statements Year ended 31 August 2015

**6 Resources expended**

	Staff costs £	Non pay expenditure		2015 total funds £	2014 total funds £
		Premises £	Other costs £		
Cost of generating funds					
. Cost of generating voluntary income	—	—	299,188	<b>299,188</b>	240,940
. Fundraising trading	24,573	—	—	<b>24,573</b>	36,869
	<u>24,573</u>	<u>—</u>	<u>299,188</u>	<b>323,761</b>	<u>277,809</u>
Charitable activities					
. School's educational operations					
.. Direct costs	3,124,624	—	259,852	<b>3,384,476</b>	3,236,939
.. Allocated support costs	507,963	375,613	1,655,679	<b>2,539,255</b>	1,588,344
	<u>3,632,587</u>	<u>375,613</u>	<u>1,915,531</u>	<b>5,923,731</b>	<u>4,825,283</u>
	<u>3,657,160</u>	<u>375,613</u>	<u>2,214,719</u>	<b>6,247,492</b>	<u>5,103,092</u>
Governance costs including allocated support costs	40,000	—	17,324	<b>57,324</b>	59,585
	<u>3,697,160</u>	<u>375,613</u>	<u>2,232,043</u>	<b>6,304,816</b>	<u>5,162,677</u>
<b>Included in the above expenditure are:</b>				<b>2015 total funds £</b>	<b>2014 total funds £</b>
Operating leases				<b>8,100</b>	42,732
Fees payable to auditor					
. Statutory audit					
.. Current year				<b>13,730</b>	13,175
.. Prior year				—	500
. Non statutory audit				<b>2,094</b>	2,910

Notes to the Financial Statements Year ended 31 August 2015

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

	2015 total funds £	2014 total funds £
<b>Direct costs</b>		
Teaching and educational support staff costs	3,124,624	2,977,173
Educational supplies	103,047	58,876
Examination fees	94,581	97,591
Staff development	10,186	13,203
Other direct costs	52,038	90,096
	<u>3,384,476</u>	<u>3,236,939</u>
<b>Allocated support costs</b>		
Support staff costs	507,963	502,973
Depreciation (note 12)	1,423,121	394,499
Recruitment and support	6,356	5,754
Maintenance of premises and equipment	178,737	167,081
Cleaning	90,608	82,415
Rent and rates	17,597	46,595
Insurance	31,369	35,931
Security and transport	21,239	26,575
Catering	14,473	14,033
Bank interest and charges	423	429
Admission cost	4,707	4,695
Technology costs	22,366	36,987
Energy	88,671	92,885
Other support costs	131,625	177,492
	<u>2,539,255</u>	<u>1,588,344</u>
	<u>5,923,731</u>	<u>4,825,283</u>

**8 Governance costs**

	2015 total funds £	2014 total funds £
Legal and professional fees	1,500	3,000
Auditor's remuneration		
· Current year	13,730	13,175
· Prior year	—	500
· Other services	2,094	2,910
Support staff costs	40,000	40,000
	<u>57,324</u>	<u>59,585</u>

Notes to the Financial Statements Year ended 31 August 2015

**9 Staff costs**

**(a) Staff costs**

Staff costs during the year were:

	2015 total funds £	2014 total funds £
Wages and salaries	2,948,103	2,843,195
Social security costs	234,888	235,316
Pension costs	501,686	441,893
	<u>3,684,677</u>	<u>3,520,404</u>
Supply teacher costs	12,483	36,611
	<u>3,697,160</u>	<u>3,557,015</u>

**(b) Staff numbers**

The average numbers of persons (including senior management team) employed by the Academy during the year expressed as a full time equivalents was as follows:

Charitable activities	2015 No	2014 No
Teachers	50	49
Administration and support	23	24
Management	5	5
	<u>78</u>	<u>78</u>

**(c) Higher paid staff**

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

	2015 No	2014 No
£60,001 - £70,000	—	1
£70,001 - £80,000	1	—
£90,001 - £100,000	—	1
£100,001 - £110,000	1	—

All of the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2015 pension contributions for these staff amounted to £24,274 (2014 - £23,799).

## Notes to the Financial Statements Year ended 31 August 2015

### 10 Directors' remuneration and expenses

Principal and staff governors 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 2015 was as follows:

	2015 £	2014 £
G D Ironside (Headteacher and Trustee)		
. Remuneration	£100k - £105k	£95k - £100k
. Employer's pension contributions	£10k-£15k	£10k-£15k
P S Davis (Staff Trustee)		
. Remuneration	£50k- £55k	£45k- £50k
. Employer's pension contributions	£5k-£10k	£5k-£10k
R Pletts (Staff Trustee)		
. Remuneration	£45k- £50k	£40k -£45k
. Employer's pension contributions	£5k-£10k	£5k-£10k
L Williams (Staff Trustee)		
. Remuneration	£20k - £25k	£15k - £20k
. Employer's pension contributions	£0k-£5k	£0k-£5k

During the year ended 31 August 2015, no travel and subsistence expenses were reimbursed to Directors (2014 - none).

### 11 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 2015 was £219 (2014 - £1,927).

## Notes to the Financial Statements Year ended 31 August 2015

### 12 Tangible fixed assets

	Assets under construction £	Freehold land and buildings £	Furniture and equipment £	Total funds £
<b>Cost/valuation</b>				
At 1 September 2014	34,565	16,898,574	131,320	17,064,459
Additions	3,004,486	—	229,856	3,234,342
Disposals (see below)	—	(1,101,773)	—	(1,101,773)
At 31 August 2015	3,039,051	15,796,801	361,176	19,197,028
<b>Depreciation</b>				
At 1 September 2014	—	1,075,189	63,692	1,138,881
Charge in period	—	362,692	41,289	403,981
Disposals (see below)	—	(82,632)	—	(82,632)
At 31 August 2015	—	1,355,249	104,981	1,460,230
<b>Net book value</b>				
At 31 August 2015	3,039,051	14,441,552	256,195	17,736,798
At 31 August 2014	34,565	15,823,385	67,628	15,925,578

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

In the year to 31 August 2015 the School demolished an existing building as part of a rebuilding project. The original cost and accumulated depreciation of the demolished building have been treated as an asset disposal and the resulting loss of £1,019,140 has been taken to the statement of financial activities as additional depreciation, charged as part of resources expended and allocated to the fixed asset fund. The new building is included within "assets under construction" and at the balance sheet date the costs associated with the rebuilding project amounted to £2.4m.

### 13 Debtors

	2015 £	2014 £
Trade debtors	37,038	30,151
Prepayments	18,120	127,970
VAT debtor	148,486	60,406
Other debtors and accrued income	2,584	34,704
	<b>206,228</b>	<b>253,231</b>

**Notes to the Financial Statements** Year ended 31 August 2015

**14 Creditors: amounts falling due within one year**

	2015 £	2014 £
Trade creditors	174,033	182,576
Other taxation and social security	66,044	68,871
Other creditors	184,215	121,319
Loans (note 15)	7,244	—
Accruals and deferred income	207,762	458,429
	<b>639,298</b>	<b>831,195</b>
<b>Deferred income</b>		
Deferred income at 1 September 2014	428,323	163,106
Resources deferred in the year	177,634	428,323
Amounts released from previous years	(461,629)	(163,106)
Deferred income at 31 August 2015	<b>144,328</b>	<b>428,323</b>

Deferred income of £16,293 (2014 - £12,721) relates to income received in the year for school trips that are taking place in the year ending 31 August 2016. Deferred income of £111,089 relates to capital grants received for 2015/16 (2014 - £332,900) and £56,946 (2014 - £27,934) relating to other grants and activities for 2015/16. Other deferred income relates to advance payment for the hire of school facilities.

**15 Creditors: amounts falling due in greater than one year**

	2015 £	2014 £
Salix Loan – Amount due after one year	50,701	—
The loan is repayable in instalments as follows:		
Due within one year (note 14)	7,244	—
Due between one and two years	7,244	—
Due between two and five years	21,732	—
Due after five years	21,725	—
	<b>57,945</b>	<b>—</b>

Included within creditors is a loan of £57,945 from Salix Finance which is provided as interest free loan repayable over eight years. The loans is unsecured.



Notes to the Financial Statements Year ended 31 August 2015

16 Funds

	Balance at 1 September 2014 £	Incoming resources £	Resources expended £	Gains, losses and transfers £	Balance at 31 August 2015 £
<b>EFA revenue grant fund</b>					
. General Annual Grant (GAG)	—	3,982,009	(4,480,234)	498,225	—
. Other EFA grants	—	40,805	—	(40,805)	—
. 16-19 Bursary fund	—	6,845	(7,700)	855	—
	—	4,029,659	(4,487,934)	458,275	—
. Pension reserve	(1,064,000)	—	(70,000)	81,000	(1,053,000)
	(1,064,000)	4,029,659	(4,557,934)	539,275	(1,053,000)
<b>Fixed assets fund</b>					
. Academy buildings	15,925,578	—	(1,423,121)	3,176,397	17,678,854
. EFA grants	—	1,680,988	—	(1,680,988)	—
. LA grants	—	1,257,709	—	(1,257,709)	—
. Other grants	—	131,999	—	(131,999)	—
	15,925,578	3,070,696	(1,423,121)	105,701	17,678,854
<b>Other funds</b>					
. SEN and EFL grants	—	42,315	—	(42,315)	—
. Teacher training grants	—	14,592	—	(14,592)	—
. Other	—	42,465	—	(42,465)	—
	—	99,372	—	(99,372)	—
<b>Total restricted funds</b>	14,861,578	7,199,727	(5,981,055)	545,604	16,625,854
<b>Unrestricted funds</b>					
. Unrestricted funds	681,547	687,140	(323,761)	(464,604)	580,322
<b>Total unrestricted funds</b>	681,547	687,140	(323,761)	(464,604)	580,322
<b>Total funds</b>	15,543,125	7,886,867	(6,304,816)	81,000	17,206,176

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 2014. Note 1 discloses whether the limit was exceeded.

*Fixed asset fund*

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

## Notes to the Financial Statements Year ended 31 August 2015

### 16 Funds (continued)

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.

### 17 Analysis of net assets between funds

	Unrestricted funds £	Restricted general Funds £	Restricted fixed asset fund £	Total 2015 £
<b>Fund balances at 31 August 2015 are represented by:</b>				
Tangible fixed assets	—	—	17,736,798	<b>17,736,798</b>
Current assets	580,322	632,055	—	<b>1,212,377</b>
Current liabilities	—	(632,055)	(7,243)	<b>(639,298)</b>
Non-current liabilities	—	—	(50,701)	<b>(50,701)</b>
Pension scheme liability	—	(1,053,000)	—	<b>(1,053,000)</b>
<b>Total net assets</b>	<b>580,322</b>	<b>(1,053,000)</b>	<b>17,678,854</b>	<b>17,206,176</b>

### 18 Capital commitments

	2015 £	2014 £
Contracted for, but not provided for in the financial statements	<b>213,330</b>	<b>787,456</b>

### 19 Reconciliation of net income to net cash inflow from operating activities

	2015 £	2014 £
Net income/(expenditure)	<b>1,582,051</b>	(233,186)
Depreciation (note 6)	<b>1,423,121</b>	394,499
Capital grants from DfE and other capital income	<b>(3,070,696)</b>	(170,573)
Interest receivable (note 4)	<b>(8,449)</b>	(8,356)
FRS 17 pension cost less contributions payable (note 23)	<b>51,000</b>	6,000
FRS 17 pension finance cost (note 24)	<b>19,000</b>	32,000
Decrease/(increase) in debtors	<b>47,003</b>	(78,436)
(Decrease) increase in creditors	<b>(141,195)</b>	348,469
<b>Net cash (outflow)/inflow from operating activities</b>	<b>(98,165)</b>	<b>290,417</b>

**Notes to the Financial Statements** Year ended 31 August 2015

**20 Returns on investment and servicing of finance**

	2015 £	2014 £
Interest received	8,449	8,356
<b>Net cash inflow from returns on investment and servicing of finance</b>	<b>8,449</b>	<b>8,356</b>

**21 Capital expenditure**

	2015 £	2014 £
Purchase of tangible fixed assets	(3,234,342)	(163,917)
Capital grants received	2,956,990	170,573
Capital funding received from donations	113,706	—
<b>Net cash (outflow)/inflow from capital expenditure</b>	<b>(163,646)</b>	<b>6,656</b>

**22 Analysis of changes in net funds**

	At 1 September 2014 £	Cashflows £	At 31 August 2015 £
Cash in hand and at bank	1,259,511	(253,362)	<b>1,006,149</b>

**23 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

**24 Pension and similar obligations**

The School'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 the London Borough of Sutton. Both are defined-benefit schemes.

The LGPS obligation relates to the employees of the trust, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the Scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the charitable company at the balance sheet date.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 2012 and of the LGPS was 31 March 2013.

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

Contributions amounting to £59,922 (2014 – £58,742) were payable to the schemes at 31 August and are included within creditors.

**Teachers' Pension Scheme**

***Introduction***

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' 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.

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.

The Teachers' Pensions Regulations require an annual account to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the account has been credited with a real rate of return, which is equivalent to assuming that the balance in the account is invested in notional investments that produce that real rate of return.

***Valuation of the Teachers' Pension Scheme***

The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- ◆ employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%);
- ◆ total scheme liabilities for service to the effective date of £191,500 million, and notional assets of £176,600 million, giving a notional past service deficit of £14,900 million; and
- ◆ an employer cost cap of 10.9% of pensionable pay will be applied to future valuations.

The new employer contribution rate is applicable from 1 April 2015 and will be implemented for the TPS from September 2015.

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (<https://www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx>).

## 24 Pension and similar obligations (continued)

### Teachers' Pension Scheme (continued)

#### *Teachers' Pension Scheme Changes*

Lord Hutton made recommendations in 2011 about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation with trade unions and other representative bodies. In March 2012 the Department for Education published proposals for the design for a reformed TPS.

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Pension benefits built up before 1 April 2015 will be fully protected.

In addition, the proposed final agreement includes a Government commitment that those within 10 years of normal pension age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall up to three and a half years outside of the 10 year protection.

In his interim report of October 2010, Lord Hutton recommended that short-term savings were also required, and that the only realistic way of achieving these was to increase member contributions. At the Spending Review 2010 the Government announced an average increase of 3.2 percentage points on the contribution rates by 2014-15. The increases have been phased in since April 2012 on a 40:80:100% basis.

The Department for Education has continued to work closely with trade unions and other representatives bodies to develop the reformatted Teachers' Pension Scheme and regulations giving effect to it came into force on 1 April 2014. Communications are being rolled out and the reformatted scheme will commence on 1 April 2015.

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The academy is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the academy has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy 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 2015 was £181,000 (2014 - £165,000), of which employer's contributions totalled £139,000 (2014 - £128,000) and employees' contributions totalled £42,000 (2014 - £37,000).

Notes to the Financial Statements Year ended 31 August 2015

24 Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

Principal Actuarial Assumptions	At 31 August 2015	At 31 August 2014
Rate of increase in salaries	3.50%	4.4%
Rate of increase for pensions in payment / inflation	2.60%	2.6%
Discount rate for scheme liabilities	4.00%	3.7%
Expected return on assets	5.40%	5.4%
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:

	At 31 August 2015	At 31 August 2014
<i>Current pensioners</i>		
Males	21.7	22.3
Females	25.0	24.5
<i>Future pensioners</i>		
Males	23.7	24.2
Females	27.0	26.8

The School's share of the assets and liabilities in the scheme and the expected rates of return were:

	Fair value at 31 August 2015 £'000	Fair value at 31 August 2014 £'000
Equities	771	689
Bonds	323	275
Property	86	74
Cash	43	21
Other assets	17	—
Total market value of assets	1,240	1,059
Present value of scheme liabilities	(2,293)	(2,123)
Deficit in the scheme	(1,053)	(1,064)

The expected return on scheme assets was 5.4% per annum.

The actual gain on scheme assets was £61,000 (2014 - £48,000).

Notes to the Financial Statements Year ended 31 August 2015

24 Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

Amounts recognised in statement of financial activities	2015 £'000	2014 £'000
Current service costs (net of employee contributions)	190	134
Total operating charge	190	134
<b>Analysis of pension finance income (costs)</b>		
Expected return on pension scheme assets	63	49
Interest on pension liabilities	(82)	(81)
<b>Pension finance income (costs)</b>	<b>(19)</b>	<b>(32)</b>

The actuarial gains and losses for the current period are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is a loss of £192,000 (2014 – loss of £273,000).

Movements in the overall deficit were as follows:	2015 £'000	2014 £'000
Deficit at 1 September 2014	(1,064)	(872)
Current service cost	(190)	(134)
Employer contributions	139	128
Net finance income (costs)	(19)	(32)
Actuarial gain/(loss)	81	(154)
<b>At 31 August 2015</b>	<b>(1,053)</b>	<b>(1,064)</b>

Movements in the present value of defined benefit obligations were as follows:	2015 £'000	2014 £'000
Scheme liabilities at 1 September 2014	2,123	1,680
Current service costs	190	134
Interest costs	82	37
Employee contributions	42	81
Actuarial (loss)/gain	(142)	202
Estimated benefit paid	(2)	(11)
<b>At 31 August 2015</b>	<b>2,293</b>	<b>2,123</b>

Movements in the fair value of School's share of scheme assets:	2015 £'000	2014 £'000
Scheme assets at 1 September 2014	1,059	808
Expected return on assets	63	49
Actuarial (loss)/gain	(61)	48
Employer contributions	139	128
Employee contributions	42	37
Benefit paid	(2)	(11)
<b>At 31 August 2015</b>	<b>1,240</b>	<b>1,059</b>

## Notes to the Financial Statements Year ended 31 August 2015

### 24 Pension and similar obligations (continued)

#### Local Government Pension Scheme (continued)

The estimated value of the employer contributions for the year ended 31 August 2016 is £145,000 (31 August 2015 - £127,000).

The experience adjustments are as follows:

	2015 £'000	2014 £'000	2013 £'000	2012 £'000
<b>Present value of defined benefit obligations</b>	<b>(2,293)</b>	(2,123)	(1,680)	(1,418)
<b>Fair value of share scheme assets</b>	<b>1,240</b>	1,059	808	578
<b>Deficit on the scheme</b>	<b>(1,053)</b>	(1,064)	(872)	(840)
<b>Experience adjustments on share of scheme assets</b>				
Amount	(61)	48	36	(20)
<b>Experience adjustments on scheme liabilities</b>				
Amount	—	77	—	—

### 25 Related party transactions

Other than those disclosed in notes 10 and 11, there were no related party transactions during the year.

### 26 Financial commitments

At 31 August 2015, the School has annual commitments under non-cancellable operating leases as follows:

	Land		Other	
	2015 £	2014 £	2015 £	2014 £
Expiring within one year	—	29,381	1,964	4,108
Expiring within two and five years inclusive	13,200	—	6,136	9,244
	<b>13,200</b>	<b>29,381</b>	<b>8,100</b>	<b>13,352</b>