



**Sutton Grammar  
School Trust**

**Annual Report and Financial  
Statements**

**31 August 2013**

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

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## Reference and administrative information

**Directors**  
Miss F Alexander  
Mr J R Edwards (Chairman)  
Mr G D Ironside (Ex officio – Headmaster and Accounting Officer)  
Mr G W Jones  
Mr S Karlsson  
Mr R Murrill  
Ms A Nobel  
Mr R A Pletts  
Ms C Smith  
Ms M Takeda  
Mr R Ward  
Mrs L Williams

**Company Secretary** Dr N S Wrench

### Senior Leadership Team

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

**Registered address** Manor Lane  
Surrey  
SM1 4AS

**Company registration number** 07633715 (England and Wales)

**Auditor** Buzzacott LLP  
130 Wood Street  
London  
EC2V 6DL

**Bankers** Barclays Bank plc  
43 High Street  
Sutton  
Surrey  
SM1 1DR

## Reference and administrative information

**Solicitors** Vivash Hunt  
19/21 Central Road  
Worcester Park  
KT4 8EH

Baker Small Solicitors  
Exchange House  
494 Midsummer Boulevard  
Milton Keynes  
MK9 2EA

**Responsible Officer** Mr J Lloyd FCCA  
John Lloyd and Co  
Coles House  
64d Central Road  
Worcester Park  
KT4 8HY

## **Directors' report Year ended 31 August 2013**

The Directors of Sutton Grammar School Trust ('the Trust') present their statutory report together with the financial statements of the charitable company for the year ended 31 August 2013.

The financial statements have been prepared in accordance with the accounting policies set out on pages 24 to 42 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 Directors act as the trustees for the charitable activities of Sutton Grammar School Trust Limited and are the Directors of the Charitable Company for the purposes of company law. The Charitable Company is known as Sutton Grammar School. The Directors are also the governors of Sutton Grammar School. As a consequence the terms 'Director', 'trustee' and 'governor' are interchangeable.

Details of the Directors, at the date of this report and who served throughout the period under review, except as noted on page 5, are included in the Reference and Administrative information.

#### **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.

#### **Directors' indemnities**

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 year ended 31 August 2013 was £1,967 (15 month period to 31 August 2012 - £2,458).

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

**Principal activities**

This report covers the year ended 31 August 2013.

The objective of the Trust is the advancement of education, principally secondary education. The School is a single sex school. 120 boys are admitted through a competitive examination at age 11. The majority of boys stay into the sixth form. 16 students were admitted from other schools into Year 12, the lower sixth. During the year there were on average 847 students on roll.

It is the Trust's strategic educational objective to aim for excellence and to maintain and improve the School's standing in the national rankings. The overall aim is to produce well-rounded young men who can win places in the most competitive university courses and careers. This can only be achieved by providing the most broadly based educational opportunities in all age groups giving each student the chance to excel over a range of curricula and extracurricular activities. Funding changes by the DfE affecting all schools has made the attainment of this objective problematic on the basis of public funds alone. The Trust launched an appeal for voluntary donations from the parent body and the positive response will enable the Headmaster to continue to deliver a high standard of education as required by the Board.

**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 2013 and served throughout the year except where shown.

## Directors' report Year ended 31 August 2013

### STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

#### Directors (continued)

Governor	Appointed/ Resigned	Appointing body
Miss F Alexander	Appointed 15 October 2012	Elected by parents
Mr J R Edwards		Trust
Ms L Henderson	Resigned 30 June 2013	Elected by parents
Mr G D Ironside	Ex officio	Under Articles
Mr G W Jones		Trust
Mr S Karlsson		Board
Mr P Kearns	Resigned 31 October 2012	Board
Mrs S Lalani		Trust
Mr R Murrill	Appointed 17 October 2012	Board
Mr A Oommen		Board
Mr R Parrington	Resigned 4 October 2012	Board
Mr R A Pletts	Appointed 1 February 2013	Elected by staff
Mr S Shergold	Resigned 31 January 2013	Board
Ms C Smith		Board
Ms M Takeda		Board
Mr R Ward	Appointed 17 October 2012	Board
Mrs L Williams	Appointed 9 September 2012	Elected by staff

Following the year end, Mrs S Lalani resigned as a Director on 31 October 2013. Mr Oommen's term of office ended in October 2013, and Ms A Nobel was elected as a Director from 14 November 2013.

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

The composition of the Trust Board requires a minimum of two Directors to be elected by registered parents by nomination and secret ballot. There was one Director re-elected by parents during the year and five elected parent Directors served for the bulk of the period. Staff Directors, currently three, are elected by secret ballot. Two were elected during the year.

The Board is reviewing the skills and expertise needed for the ongoing successful strategic management of the Trust and how this might be reflected in the balance of appointed and elected members. Suitably qualified and experienced community governors will be appointed and where necessary consideration will also be given to the appointment of co-opted governors where this will be beneficial to the ongoing management of the Trust and School.

New Directors 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 four standing committees – the Finance and General Purposes Committee which is responsible for budget setting and monitoring, the Admissions Committee responsible for implementing the admissions policy and admissions decisions, the Audit Committee and the Remuneration Committee. Other committees of the Board are set up as required.

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

**Organisational structure (continued)**

The Board has delegated to the Headmaster responsibility of 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.

**Risk management**

The Academy has a formal risk management process to assess business risks and implement risk management strategies. This process involves identifying the types of risk the Academy faces, scoring and prioritising them in terms of their potential operational and financial impact, assessing the likelihood of occurrence and identifying means of mitigating the risks.

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 Bursar manages the Trust's funds on a daily basis to maximise interest 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. The Trust currently has no investments beyond cash at bank. Regular cash flow forecasts are prepared.

**OBJECTIVES AND ACTIVITIES**

**Objects and aims**

It is the Trust's strategic educational objective to aim for excellence in teaching and in academic achievement supported by varied and stimulating extra curricular activities. The overall aim is to continue to produce well-rounded young men who can win places in the most competitive university courses and careers. This can only be achieved by providing the most broadly based educational opportunities in all age groups giving each student the chance to excel over a range of curricular and extra curricular activities.

The Trust is committed to maintaining and further developing high-quality teaching and sports facilities and continuing to attract high calibre teaching and support staff.

The Trust also recognizes the importance of its place in the local community and seeks to collaborate effectively with other schools in Sutton, and with the Local Authority, in the interests of all children in the area.



## **OBJECTIVES AND ACTIVITIES (continued)**

### **Public benefit**

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

In terms of the broader charitable activities the Trust provides accommodation for the Sutton College of Learning for Adults (SCOLA). 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 also contributes to mathematics and science teaching in a number of local primary schools.

## **ACHIEVEMENTS AND PERFORMANCE**

### **Review of activities**

Because the School has a selective intake at Year 7 the Board considers it axiomatic that it should expect the School to deliver 100% 5 A\*-C, including Maths and English, at GCSE. This the School has achieved for the last five years, with the exception of one student who was unwell in 2013 and took no examinations.

The Board recognises that the points total from a student's best eight subjects (capped points) is the best measure of GCSE standards. Capped points attainment has been consistently in the 433 – 442 range for the last five years after steady growth from lower values.

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 2013, 90% achieved this standard. In addition the School recognised additional achievements, issuing its own awards for work in Physical Education and Sports Leadership.

The most relevant measure of success at A-Level is the progress of our sixth form students to tertiary education or their chosen career. In all, 101 students secured university places in the summer of 2013. 82 of these students went to Russell Group universities, 11 students obtained places at Oxbridge colleges and 10 at medical and dental schools. One boy doing medicine chose an overseas medical school. 13 boys chose other career options or delayed going to university.

The analysis of A-Level results showed an average points score of 433 (2012 – 438, 2011 – 431). 53 students achieved at least four A-Levels and 60 achieved three A-Levels. Many of these students had additional AS subjects and a Pre-U Global Perspectives qualification.

The provision of improved resources is essential to helping the staff to meet the educational aims of the Trust.

**ACHIEVEMENTS AND PERFORMANCE (continued)**

**Review of activities (continued)**

A new six teaching room block for mathematics came into operation at the start of the Autumn term 2012 and a new art facility was provided by the conversion of two former teaching rooms together with a new private study area for the sixth form. A substantial proportion of the funding for the new mathematics block was raised by the Trust. The Trust now has no significant private funds to support major capital investment and will, in the immediate future, be dependent on grants through the DfE capital programmes for further investment.

An EFA grant of £249,000 was received for the replacement of the over-aged boiler plant and the new plant, which could only be installed through the summer of 2013, was commissioned in October in time for the heating season 2013-14.

**Going concern**

After making appropriate enquiries, the Board has a 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 principal accounting policies.

**Key financial performance indicators**

The key performance indicators adopted by the Trust are: delivery of planned revenue expenditure in line with budget; capital projects delivered on time and to budget; and, interest maximised. With further reductions expected in the amount of funding per pupil, the Trust intends to continue a cautious budgeting policy.

**FINANCIAL REVIEW**

**Financial report for the period**

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). There was also some voluntary income from parents towards the costs of maintaining the broad-based curriculum.

The School's total incoming resources for the year ended 31 August 2013 amounted to £4,874,749 (15 month period to 31 August 2012 - £22,182,958) of which £4,058,174 (15 month period to 31 August 2012 - £5,098,419) related to the EFA revenue grant. In addition, during the 15 month period to 31 August 2012 the School received £15,338,577 on conversion which included buildings valued at £15,282,370 and a £718,000 inherited pension scheme deficit.

## Directors' report Year ended 31 August 2013

### **FINANCIAL REVIEW (continued)**

#### **Financial report for the period (continued)**

The School received £249,000 as a capital grant for the installation of a new boiler plant (£116,000 expended in the year). Donations by parents during the year totalled £158,000. This was supplemented by gift aid.

The PTA, as a result of its independent fund raising activities, was able to donate £53,000 towards building improvements and equipment.

Resources expended totalled £4,995,414 (15 month period to 31 August 2012 - £6,012,982) and includes £4,691,184 (15 month period to 31 August 2012 - £5,544,502) on the School's educational operations and £58,857 (15 month period to 31 August 2012 - £68,936) on governance costs.

The School held fund balances of £15,930,311 at 31 August 2013 (31 August 2012 - £16,059,976) which includes unrestricted funds of £478,404 (31 August 2012 - £640,242).

The results for the period are shown on page 21.

#### **Principal risks and uncertainties**

With the continued shortage of public funds as a result of the economic situation and the redefinition of the funding formula for 16-19 education the continued support of the PTA and parents is essential. The Board is continuing to give detailed consideration to the future funding of the School and the impact of this reduced public funding on its ability to provide the wide range of courses currently on offer.

#### **Reserves policy**

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.

The Board has approved holding a Strategic Reserve of £100,000 to protect the Trust against uninsured contingencies. Free reserves at 31 August 2013 were £478,404 (31 August 2012 - £640,242).

The deficit in the Trust's section of the London Borough of Sutton local government pension scheme is not considered to be material to the ongoing financial performance of the Company. The employer contributions at 26.5% are higher than as a maintained school (21.5%). It is hoped that the initiative of the Secretaries of State for Education and Communities and Local Government will be fruitful and allow the Trust's employer contributions to revert to the 'pooled' rate thus making a modest contribution to the boys' educational provision. Locally any decision in this respect must await the outcome of the current triennial valuation of the Sutton LGPS and any decision by the DCLG on changes to the LGPS Regulations.

## Directors' report Year ended 31 August 2013

### FINANCIAL REVIEW (continued)

#### Investment policy

The Board has approved a treasury policy whereby all surplus funds are managed as a single treasury deposit with interest allocated to the source funds on a proportionate basis. As treasury rates have been so low the Bursar negotiated no fee interest-bearing current accounts with its bankers for both its public and private funds.

#### PLANS FOR FUTURE PERIODS

The Board recognises that its future financial stability would be enhanced by an increase in pupil numbers. In 2012 an additional 10 places were provided in Year 12. During the year the Board entered into discussions with the London Borough of Sutton and other local schools as to how the Trust might contribute to providing places for the predicted substantial increase in the numbers of secondary pupils. As a result it has been agreed in principle that the School should take an additional 15 eligible boys from the immediate geographical area giving an admissions number of 135. This will be subject to detailed statutory consultation on the School's admissions policy.

The Manor Lane site is very constrained with limited expansion possibilities which might require the demolition of some existing buildings or provision of quality off-site accommodation. No expansion will be possible without a basic needs capital grant from the DfE and, or, the local authority. The Board has commissioned the Trust's architect to look at cost effective options.

The Trust's capital reserves were fully expended on the mathematics block in 2012 so further progress on modernising accommodation will have to await success in any future capital bidding round.

#### 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 on 11 December 2013 and signed on its behalf by:



Chair of the Board

Date: 16/12/13

## Governance statement 31 August 2013

### Scope of responsibility

As Directors, 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 Directors' Report and in the statement of Directors' responsibilities. The Board met four times during the year 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
Miss F Alexander	4	4
Ms L Henderson	2	3
Mr G D Ironside	4	4
Mr G Jones	4	4
Mr S Karlsson	3	4
Mr P Kearns	0	1
Mrs S Lalani	0	4
Mr R Murrill	3	3
Mr A Oommen	3	4
Mr R Pletts	2	2
Mr S Shergold	1	2
Mrs C Smith	4	4
Ms M Takeda	4	4
Mr R Ward	2	3
Mrs L Williams	2	4

Mrs Lalani was given leave of absence from attending Board meetings for personal reasons. Mrs Lalani resigned as a Director on 31 October 2013. Mr P Kearns resigned on 31 October 2012. Mr R Parrington resigned on 4 October 2012. Mr R Murrill, formerly a governor of the predecessor school, and Mr Richard Ward were appointed as Directors from 17 October 2012.

Miss Alexander, on completing her original term, was re-elected by the parents as a Director to serve until October 2016.

Mr Oommen's term of office as elected member ended in October 2013. Ms A Nobel was elected as a Director taking office on 14 November 2013.

## Governance statement 31 August 2013

### Governance (continued)

Mr Shergold's term of office ended on 31 January 2013 and Mr R Pletts was elected by the staff to be a Director effective 1 February 2013. Mrs L Williams was elected by the staff as a Director, taking office on 9 September 2012.

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.

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 period was as follows:

Director	Number of meetings attended	Out of a possible
Mr G Jones (Chairman)	3	4
Miss F Alexander	4	4
Mr J Edwards	4	4
Mr G D Ironside	4	4
Mr A Oommen	3	4
Mr S Shergold	2	2
Mr R Pletts	1	2

Mrs E C Beach, Bursar, was in attendance at each meeting.

The Audit Committee – Ms L Henderson, Ms Takeda and Mr R Ward – met once to consider the draft Annual Report and Financial Statements and the Auditor's Management Letter for the period ended 31 August 2012. The Board has decided that in future the Audit Committee function will be undertaken by the non-executive members of the FGPC.

### 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 2013 and up to the date of approval of the annual report and financial statements.

## **Governance statement 31 August 2013**

### **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 2013 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 FCCA is the Trust's Responsible Officer (RO). The RO's role includes giving advice on financial matters and performing a range of checks on the Trust's financial systems. The RO made three visits to the School making sample checks on various aspects of the financial system and controls. He made two minor detailed observations regarding procedures which have been adopted by the Finance Department.

### **Review of effectiveness**

The Headmaster, as accounting officer, has responsibility for reviewing the effectiveness of the system of internal control. During the period in question, the review has been informed by:

- ◆ the work of the responsible officer;
- ◆ the work of the external auditor;

**Governance statement 31 August 2013**

**Review of effectiveness (continued)**

- ◆ the financial management and governance self assessment process;
- ◆ the work of the Bursar who has responsibility for the development and maintenance of the internal control framework.

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the Finance and General Purposes Committee and a plan to ensure continuous improvement of the system is in place.

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



J R Edwards  
(Chairman)



G D Ironside  
(Principal and Accounting Officer)

Approved on: 11 December 2013

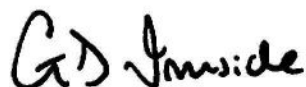


## Statement on regularity, propriety and compliance 31 August 2013

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.



G D Ironside  
Accounting Officer

Date: 11 December 2013

## Statement of Directors' responsibilities 31 August 2013

The Directors (who act as trustees of the charitable company) are responsible for preparing the Directors' report and the financial statements in accordance with the Annual Accounts Requirements 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 Directors to prepare financial statements for each financial year. Under company law, the Directors 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 Directors are required to:

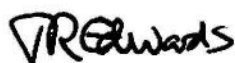
- ◆ select suitable accounting policies and then apply them consistently;
- ◆ observe the methods and principles in the Charities' Statement of Recommended Practice (the Charities' SORP);
- ◆ make judgments and estimates that are reasonable and prudent;
- ◆ state whether applicable United Kingdom Accounting 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 Directors 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 Directors 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 Directors 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 Directors on 11 December 2013 and signed on its behalf by:



J R Edwards  
Chairman

Date 16/12/13

## **Independent auditor's reports 31 August 2013**

### **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 2013 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 2013 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 Directors act as trustees for the charitable activities of Sutton Grammar School Trust.

As explained more fully in the statement of Directors' responsibilities set out in the Directors' report, the Directors 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 Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

## Independent auditor's reports 31 August 2013

### 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 2013 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 2013 issued by the Education Funding Agency.

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

In our opinion the information given in the Directors' 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 Directors' 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

*19 December 2013*

## **Independent auditor's reports 31 August 2013**

### **Independent reporting auditor'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 2013, 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 2012 to 31 August 2013 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 auditor**

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 2012, 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 2013. 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 2012 to 31 August 2013 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 2013 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 auditor's reports 31 August 2013

### 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 to 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 2012 to 31 August 2013 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

*19 December 2013*

## Statement of financial activities Year ended 31 August 2013

	Notes	Restricted funds			Year ended 31 August 2013 Total funds £	15 month period to 31 August 2012 Total funds £	
		Unrestricted general fund £	EFA £	Other £			Fixed assets fund £
<b>Incoming resources</b>							
Incoming resources from generated funds:							
. Voluntary income	2	118,640	—	10,891	53,716	183,247	217,242
. Voluntary income - transfer from SGS for Boys on conversion		—	—	—	—	—	15,338,577
. Activities for generating funds	3	422,240	—	24,014	—	446,254	472,465
. Investment income	4	10,357	—	—	—	10,357	6,991
Incoming resources from charitable activities							
. Funding for the academy's educational operations	5	—	4,058,174	42,788	133,929	4,234,891	6,147,683
<b>Total incoming resources</b>		<b>551,237</b>	<b>4,058,174</b>	<b>77,693</b>	<b>187,645</b>	<b>4,874,749</b>	<b>22,182,958</b>
<b>Resources expended</b>							
Cost of generating funds		245,373	—	—	—	245,373	399,544
Charitable activities							
. Academy's educational operations	7	124,495	4,202,246	—	364,443	4,691,184	5,544,502
Governance costs	8	—	58,857	—	—	58,857	68,936
<b>Total resources expended</b>	6	<b>369,868</b>	<b>4,261,103</b>	<b>—</b>	<b>364,443</b>	<b>4,995,414</b>	<b>6,012,982</b>
<b>Net incoming (outgoing) resources before transfers</b>		<b>181,369</b>	<b>(202,929)</b>	<b>77,693</b>	<b>(176,798)</b>	<b>(120,665)</b>	<b>16,169,976</b>
Gross transfers between funds	15	(343,207)	184,149	—	159,058	—	—
<b>Net income (expenditure) for the period</b>		<b>(161,838)</b>	<b>(18,780)</b>	<b>77,693</b>	<b>(17,740)</b>	<b>(120,665)</b>	<b>16,169,976</b>
<b>Other recognised gains and losses</b>							
Actuarial loss on defined benefit pension scheme	23	—	(9,000)	—	—	(9,000)	(110,000)
<b>Net movement in funds</b>		<b>(161,838)</b>	<b>(27,780)</b>	<b>77,693</b>	<b>(17,740)</b>	<b>(129,665)</b>	<b>16,059,976</b>
<b>Reconciliation of funds</b>							
Fund balances brought forward at 1 September 2012		640,242	(804,404)	50,238	16,173,900	16,059,976	—
Fund balances carried forward at 31 August 2013		478,404	(832,184)	127,931	16,156,160	15,930,311	16,059,976

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 2013

	Notes	2013 £	2013 £	2012 £	2012 £
<b>Fixed assets</b>					
Tangible fixed assets	12		16,156,160		16,173,900
<b>Current assets</b>					
Debtors	13	174,795		267,144	
Cash at bank and in hand		954,082		809,941	
		<u>1,128,877</u>		<u>1,077,085</u>	
Creditors: amounts falling due within one year	14	(482,726)		(351,009)	
<b>Net current assets</b>			<u>646,151</u>		<u>726,076</u>
<b>Net assets excluding pension scheme liability</b>			<u>16,802,311</u>		<u>16,899,976</u>
Pension scheme liability	23		(872,000)		(840,000)
<b>Net assets including pension scheme liability</b>			<u>15,930,311</u>		<u>16,059,976</u>
<b>Funds of the Academy</b>					
<b>Restricted funds</b>					
. Fixed asset fund	15		16,156,160		16,173,900
. EFA fund	15		39,816		35,596
. Pension reserve	23		(872,000)		(840,000)
. Other funds	15		127,931		50,238
			<u>15,451,907</u>		<u>15,419,734</u>
<b>Unrestricted funds</b>					
. General fund	15		478,404		640,242
<b>Total funds</b>			<u>15,930,311</u>		<u>16,059,976</u>

The financial statements on page 21 to 42 were approved by the Directors, and authorised for issue on 11 December 2013 and are signed on their behalf by:



Chairman

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



## Cash flow statement Year ended 31 August 2013

	Notes	Year ended 31 August 2013 £	15 month period to 31 August 2012 £
Net cash inflow from operating activities	18	292,843	264,802
Cash transferred on conversion to Academy		—	1,129,666
Returns on investment and servicing of finance	19	10,357	6,991
Capital expenditure	20	(159,058)	(591,518)
Increase in cash in the period	21	144,142	809,941
<b>Reconciliation of net cash flow to movement in net funds:</b>			
Net funds at 1 September 2012		809,941	—
<b>Net funds at 31 August 2013</b>		<b>954,083</b>	<b>809,941</b>

All of the cash flows derived from operations which commenced during the period ended 31 August 2012 and continued during the year ended 31 August 2013.

## **Principal accounting policies 31 August 2013**

### **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 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 2013

### **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 2013

### 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.

### 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 23, 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.

**Pensions Benefits (continued)**

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 2013

### 1 General Annual Grant (GAG)

Under the funding agreement with the Secretary of State the charitable company was subject to limits at 31 August 2013 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 2013.

### 2 Voluntary income

	Unrestricted funds £	Restricted funds £	Year ended 31 August 2013 total funds £	15 month period to 31 August 2012 total funds £
Capital grants	—	53,716	53,716	119,051
Other donations	118,640	10,891	129,531	98,191
	<u>118,640</u>	<u>64,607</u>	<u>183,247</u>	<u>217,242</u>

### 3 Activities for generating funds

	Unrestricted funds £	Restricted funds £	Year ended 31 August 2013 total funds £	15 month period to 31 August 2012 total funds £
Hire of facilities	107,736	—	107,736	95,076
Educational visits and school trips	242,694	—	242,694	244,642
Other activities	14,675	1,769	16,444	70,098
Miscellaneous income	57,135	22,245	79,380	62,649
	<u>422,240</u>	<u>24,014</u>	<u>446,254</u>	<u>472,465</u>

Notes to the Financial Statements Year ended 31 August 2013

**4 Investment Income**

	Unrestricted funds £	Restricted funds £	Year ended 31 August 2013 total funds £	15 month period to 31 August 2012 total funds £
Interest receivable	10,357	—	10,357	6,991

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

	Unrestricted funds £	Restricted funds £	Year ended 31 August 2013 total funds £	15 month period to 31 August 2012 total funds £
<b>Capital grants</b>				
. Payment under commercial transfer agreement	—	—	—	926,057
. Devolved formula grants	—	18,107	18,107	—
. Other DfE/ EFA	—	115,822	115,822	—
	—	133,929	133,929	926,057
<b>DfE / EFA revenue grants</b>				
. General Annual Grant (GAG)	—	4,043,222	4,043,222	5,166,087
. Other DfE / EFA	—	14,952	14,952	24,864
	—	4,058,174	4,058,174	5,190,951
<b>Other government grants</b>				
. SEN and EFL grants	—	42,788	42,788	17,636
. Educational projects	—	—	—	13,039
	—	42,788	42,788	30,675
	—	4,234,891	4,234,891	6,147,683

## Notes to the Financial Statements Year ended 31 August 2013

### 6 Resources expended

	Staff costs £	Non pay expenditure		Year ended 31 August 2013 total funds £	15 month period to 31 August 2012 total funds £
		Premises £	Other costs £		
Cost of generating funds					
. Cost of generating voluntary income	20,470	—	224,903	245,373	399,544
Charitable activities					
. School's educational operations					
.. Direct costs	3,030,205	—	256,195	3,286,400	3,865,260
.. Allocated support costs	443,484	403,414	557,886	1,404,784	1,679,242
	<u>3,494,159</u>	<u>403,414</u>	<u>1,038,984</u>	<u>4,936,557</u>	<u>5,944,046</u>
Governance costs	40,000	—	18,857	58,857	68,936
	<u>3,534,159</u>	<u>403,414</u>	<u>1,057,841</u>	<u>4,995,414</u>	<u>6,012,982</u>

	Year ended 31 August 2013 total funds £	15 month period to 31 August 2012 total funds £
<b>Outgoing resources for the year include:</b>		
Operating leases	42,733	39,331
Fees payable to auditor		
. Statutory audit		
.. Current year	10,150	9,300
.. Prior year	3,670	—
. Non statutory audit	2,475	700



## Notes to the Financial Statements Year ended 31 August 2013

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

	Unrestricted funds £	Restricted funds £	Year ended 31 August 2013 total funds £	15 month period to 31 August 2012 total funds £
<b>Direct costs</b>				
Teaching and educational support staff costs	37,873	2,992,332	3,030,205	3,629,215
Educational supplies	8,891	53,221	62,112	92,577
Examination fees	—	79,866	79,866	90,514
Staff development	—	8,169	8,169	11,099
Other direct costs	17,634	88,414	106,048	41,856
	<u>64,398</u>	<u>3,222,002</u>	<u>3,286,400</u>	<u>3,865,261</u>
<b>Allocated support costs</b>				
Support staff costs	—	443,484	443,484	644,766
Depreciation (see note 12)	—	364,443	364,443	379,939
Recruitment and support	—	1,899	1,899	2,544
Maintenance of premises and equipment	—	150,555	150,555	149,217
Cleaning	—	96,223	96,223	32,307
Rent and rates	—	46,171	46,171	56,707
Insurance	—	33,463	33,463	57,753
Security and transport	—	15,478	15,478	15,336
Catering	—	4,583	4,583	31,092
Bank interest and charges	—	482	482	274
Admission cost	—	4,756	4,756	14,927
Technology costs	—	6,247	6,247	—
Energy	—	110,465	110,465	—
Other support costs	60,097	66,438	126,535	294,379
	<u>60,097</u>	<u>1,344,687</u>	<u>1,404,784</u>	<u>1,679,241</u>
	<u>124,495</u>	<u>4,566,689</u>	<u>4,691,184</u>	<u>5,544,502</u>

### 8 Governance costs

	Unrestricted funds £	Restricted funds £	Year ended 31 August 2013 total funds £	15 month period to 31 August 2012 total funds £
Legal and professional fees	—	2,562	2,562	6,736
Auditor's remuneration				
· Current year	—	10,150	10,150	9,300
· Prior year	—	3,670	3,670	—
· Other services	—	2,475	2,475	700
Support staff costs	—	40,000	40,000	52,200
	<u>—</u>	<u>58,857</u>	<u>58,857</u>	<u>68,936</u>

## Notes to the Financial Statements Year ended 31 August 2013

### 9 Staff costs

Staff costs during the period were:

	Unrestricted funds £	Restricted funds £	Year ended 31 August 2013 total funds £	15 month period to 31 August 2012 total funds £
Wages and salaries	58,343	2,754,260	2,812,603	3,535,814
Social security costs	—	235,739	235,739	278,458
Pension costs	—	432,385	432,385	516,880
	58,343	3,422,384	3,480,727	4,331,152
Supply teacher costs	—	45,740	45,740	20,257
Compensation payments	—	7,692	7,692	—
	58,343	3,475,816	3,534,159	4,351,409

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

Charitable activities	2013 No	2012 No
Teachers	47	48
Administration and support	24	25
Management	5	5
	76	78

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

	2013 No	2012 No
£60,001 - £70,000	1	1
£90,001 - £100,000	1	1

All of the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2013 pension contributions for these staff amounted to £23,452 (15 month period to 31 August 2013 - £29,119).

### 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 during the year ended 31 August 2013 was as follows:

	Year ended 31 August 2013	15 month period to 31 August 2012
G D Ironside, Headmaster and Director	£95k - £100k	£120k - £125k
S Shergold, staff governor and Director	£15k - £20K	£55k - £60k
S Karlsson, staff governor and Director	£45k - £50k	£55k - £60k
J Hayman, staff governor and Director	—	£35k - £40k
R Pletts, staff governor and Director	£30k - £35k	—
L Williams, staff governor and Director	£25k - £30k	—

## Notes to the Financial Statements Year ended 31 August 2013

### 10 Directors' remuneration and expenses (continued)

During the year ended 31 August 2013, no (£nil) travel and subsistence expenses were reimbursed to Directors (15 month period to 31 August 2012 - £nil).

### 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 2013 was £1,967 (15 month period to 31 August 2012 - £2,458).

### 12 Tangible fixed assets

	Freehold land and buildings £	Furniture and equipment £	Total funds £
<b>Cost/valuation</b>			
At 1 September 2012	16,486,314	67,525	16,553,839
Additions	294,410	52,293	346,703
At 31 August 2013	16,780,724	119,818	16,900,542
<b>Depreciation</b>			
At 1 September 2012	373,172	6,767	379,939
Charge in period	339,325	25,118	364,443
At 31 August 2013	712,497	31,885	744,382
<b>Net book value</b>			
At 31 August 2013	16,068,227	87,933	16,156,160
At 31 August 2012	16,113,142	60,758	16,173,900

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

### 13 Debtors

	2013 £	2012 £
Trade debtors	12,071	27,483
Prepayments	44,968	32,338
VAT debtor	51,558	124,638
Gift Aid	37,225	—
Capital project debtor	—	44,051
Other debtors and accrued income	28,973	38,634
	174,795	267,144

## Notes to the Financial Statements Year ended 31 August 2013

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

	2013 £	2012 £
Trade creditors	125,845	123,436
Other taxation and social security	69,810	70,831
Other creditors	58,509	55,696
Accruals and deferred income	228,562	101,046
	<b>482,726</b>	<b>351,009</b>
<b>Deferred income</b>		
Deferred income at 1 September 2012	79,684	—
Resources deferred in the year	163,106	79,684
Amounts released from previous years	(79,684)	—
Deferred income at 31 August 2013	<b>163,106</b>	<b>79,684</b>

Deferred income of £23,465 (31 August 2012 - £22,450) relates to income received in the year for school trips that are taking place in the year ending 31 August 2014. Deferred income of £139,641 (31 August 2012 - £57,234) relates to grants received for 2013/14.

### 15 Funds

	Balance at 1 September 2012 £	Incoming resources £	Resources expended £	Gains, losses and transfers £	Balance at 31 August 2013 £
<b>EFA revenue grant fund</b>					
· General Annual Grant (GAG)	10,732	4,043,222	(4,238,103)	184,149	—
· Other EFA grants	24,864	14,952	—	—	39,816
	35,596	4,058,174	(4,238,103)	184,149	39,816
· Pension reserve	(840,000)	—	(23,000)	(9,000)	(872,000)
	(804,404)	4,058,174	(4,261,103)	175,149	(832,184)
<b>Fixed assets fund</b>					
· Academy buildings	14,553,739	—	(327,936)	128,265	14,354,068
· EFA grants	—	133,929	—	—	133,929
· Other grants	1,620,161	53,716	(36,507)	30,793	1,668,163
	16,173,900	187,645	(364,443)	159,058	16,156,160
<b>Other funds</b>					
· SEN and EFL grants	17,636	42,788	—	—	60,424
· Teacher training grants	13,039	—	—	—	13,039
· Other	19,563	34,905	—	—	54,468
	50,238	77,693	—	—	127,931
<b>Total restricted funds</b>	<b>15,419,734</b>	<b>4,323,512</b>	<b>(4,625,546)</b>	<b>334,207</b>	<b>15,451,907</b>
<b>Unrestricted funds</b>					
· Unrestricted funds	640,242	551,237	(369,868)	(343,207)	478,404
<b>Total unrestricted funds</b>	<b>640,242</b>	<b>551,237</b>	<b>(369,868)</b>	<b>(343,207)</b>	<b>478,404</b>
<b>Total funds</b>	<b>16,059,976</b>	<b>4,874,749</b>	<b>(4,995,414)</b>	<b>(9,000)</b>	<b>15,930,311</b>

## Notes to the Financial Statements Year ended 31 August 2013

### 15 Funds (continued)

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 2013. Note 1 discloses whether the limit was exceeded.

#### Fixed asset fund

These grants relate to funding received from the London Borough of Sutton under the Commercial Transfer Agreement for the new teaching block under construction at the date of conversion and donations for other work of a capital nature.

#### 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.

### 16 Analysis of net assets between funds

	Unrestricted funds £	Restricted general Funds £	Restricted fixed asset fund £	Total 2013 £
<b>Fund balances at 31 August 2013 are represented by:</b>				
Tangible fixed assets	—	—	16,156,160	16,156,160
Current assets	696,820	432,057	—	1,128,877
Current liabilities	(218,416)	(264,310)	—	(482,726)
Pension scheme liability	—	(872,000)	—	(872,000)
<b>Total net assets</b>	<b>478,404</b>	<b>(704,253)</b>	<b>16,156,160</b>	<b>15,930,311</b>

### 17 Capital Commitments

	2013 £	2012 £
Contracted for, but not provided for in the financial statements	50,375	163,591

## Notes to the Financial Statements Year ended 31 August 2013

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

	2013 £	2012 £
Net (expenditure) income	(120,665)	16,169,976
Cash transferred on conversion	—	(1,129,666)
Inherited land and buildings	—	(14,926,912)
Inherited pension deficit	—	718,000
Depreciation (note 12)	364,443	379,939
Capital grants from DfE and other capital income	(187,645)	(1,045,108)
Interest receivable (note 4)	(10,357)	(6,991)
FRS 17 pension cost less contributions payable (note 23)	(8,000)	(28,000)
FRS 17 pension finance cost (note 23)	31,000	40,000
Decrease (increase) in debtors	92,349	(267,144)
Increase in creditors	131,718	351,009
<b>Net cash inflow from operating activities</b>	<b>292,843</b>	<b>255,103</b>

### 19 Returns on investment and servicing of finance

	2013 £	2012 £
Interest received	10,357	6,991
<b>Net cash inflow from returns on investment and servicing of finance</b>	<b>10,357</b>	<b>6,991</b>

### 20 Capital expenditure and financial investment

	2013 £	2012 £
Purchase of tangible fixed assets	(346,703)	(1,626,928)
Capital grants received	133,929	926,057
Capital funding received from donations	53,716	119,051
<b>Net cash inflow from capital expenditure and financial investments</b>	<b>(159,058)</b>	<b>(581,820)</b>

### 21 Analysis of changes in net funds

	At 1 September 2012 £	Cashflows £	At 31 August 2013 £
Cash in hand and at bank	809,941	144,142	<b>954,083</b>

### 22 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

### **23 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 2004 and of the LGPS was 31 March 2010.

Contributions amounting to £58,507 (31 August 2012 – £54,702) 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). These regulations apply to teachers in schools that are maintained by local authorities and other educational establishments, including academies, in England and Wales. In addition teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and from 1 January 2007 automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

##### ***The Teachers' Pension Budgeting and Valuation Account***

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a "pay as you go" basis – these contributions along with those made by employers are credited to the Exchequer under arrangements governed by the above Act.

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

**Teachers' Pension Scheme (continued)**

The Teachers' Pensions Regulations require an annual account, the Teachers' Pension Budgeting and Valuation 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***

At the last valuation, the contribution rate to be paid into the TPS was assessed in two parts. First, a standard contribution rate (SCR) was determined. This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service during the period over which the contribution rate applies, which if it were paid over the entire active service of these teachers and lecturers would broadly defray the cost of benefits payable in respect of that service. Secondly, a supplementary contribution is payable if, as a result of the actuarial review, it is found that accumulated liabilities of the Account for benefits to past and present teachers, are not fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions. The total contribution rate payable is the sum of the SCR and the supplementary contribution rate.

The last valuation of the TPS related to the period 1 April 2001 to 31 March 2004. The Government Actuary's report of October 2006 revealed that the total liabilities of the Scheme (pensions in payment and the estimated cost of future benefits) amounted to £166,500 million. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at that valuation date) was £163,240 million. The assumed real rate of return was 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth was assumed to be 1.5%. The assumed gross rate of return was 6.5%. From 1 January 2007, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable.

Actuarial scheme valuations are dependent on assumptions about the value of future costs, the design of benefits and many other factors. Many of these assumptions are being considered as part of the work on the reformed TPS, as set out below. Scheme valuations therefore remain suspended. The Public Service Pensions Bill, which is being debated in the House of Commons, provides for future scheme valuations to be conducted in accordance with Treasury directions. The timing for the next valuation has still to be determined, but it is likely to be before the reformed schemes are introduced in 2015.



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

**Teachers' Pension Scheme (continued)**

***Teachers' Pension Scheme Changes***

Lord Hutton published his final report in March 2011 and made recommendations 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 and Ministers engaged in extensive discussions with trade unions and other representative bodies on reform of the TPS. Those discussions concluded on 9 March 2012 and the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

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. Importantly, 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 just 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 were to be phased in from April 2012 on a 40:80:100% basis.

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.