

Company Registration Number: 08410002 (England & Wales)

GLYNE GAP SCHOOL
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2019

GLYNE GAP SCHOOL
(A company limited by guarantee)

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REFERENCE AND ADMINISTRATIVE DETAILS

Members

C Cordell
A D Phillips
T Henning

Trustees

C Cordell
F Hall¹
T Newstead, Chair of Trustees¹
A D Phillips¹
K Prawanna, Headteacher and Accounting Officer¹
M Rowland

¹ member of the Resources Committee

Company registered number

08410002

Company name

Glyne Gap School

Principal and registered office

School Place, Hastings Road, Bexhill on Sea, East Sussex, TN40 2PU

Company secretary

B Smart

Senior management team

K Prawanna, Headteacher
B Clarke, Assistant Headteacher
J Dallaway, Assistant Headteacher
S Tidmarsh, Assistant Headteacher (appointed 1 September 2018)
B Smart, Business Manager

Independent auditors

Cooper Parry Group Limited, Park View, One Central Boulevard, Blythe Valley Park, Solihull, West Midlands, B90 8BG

Bankers

Natwest Bank, Devonshire Road, Bexhill on Sea, TN40 1GW

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REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Solicitors

Brown Jacobson LLP, 1 Manor Court, Dix's Field, Exeter, Devon, EX1 1UP

GLYNE GAP SCHOOL
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TRUSTEE'S REPORT
FOR THE YEAR ENDED 31 AUGUST 2019

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period from 1 September 2018 to 31 August 2019. The annual report serves the purposes of both a Trustees' report and a Directors' report, including a strategic report, under company law.

The Trust operates as an Academy Trust for pupils aged 2 to 19 serving a catchment area of Hastings and Rother, with a pupil capacity of 115 and 112 pupils currently enrolled based on the Summer 2019 Census.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Academy Trust is a company limited by guarantee and an exempt charity. The charitable company's Memorandum and Articles of Association are the primary governing documents of the Trust.

The Trustees are also the Directors of the charitable company for the purposes of company law. The charitable company is known as Glyne Gap School.

Details of the Trustees who served throughout the year and to the date the approval of this report and the financial statements 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 £10,000, for the debts and liabilities contracted before they ceased to be a member.

Trustees' Indemnities

The Academy Trust has opted into the Department of Education's Risk Protection Arrangement ('RPA'), an alternative to insurance where UK government funds cover losses that arise. The scheme protects Members, Trustees from claims arising from negligent acts, errors or omissions occurring whilst on Academy Trust business. The scheme provides cover up to £10,000,000.

Method of Recruitment and Appointment or Election of Trustees

The Trust shall have the following Trustees, as set out in its Articles of Association and funding agreement:

- The Headteacher;
- Any Staff Governors;
- Up to three Community Governors;
- A minimum of two Parent Governors.

Trustees are appointed for a 4 year period, except that this time limit does not apply to the Headteacher. Subject to remaining eligible to be a particular type of Trustee, any Trustee can be re-appointed or re-elected.

When appointing new Trustees, the Board of Trustees will give consideration to the skills and experience mix of existing Trustees in order to ensure the Board of Trustees has the necessary skills to contribute fully to the Academy Trust's ongoing development.

Policies and Procedures Adopted for the Induction and Training of Trustees

The training and induction provided for new Trustees will depend upon their existing experience but will always include a tour of the School and a chance to meet staff and pupils.

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TRUSTEE'S REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

All Trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents they will need to undertake their role as Trustees. All new Trustees also have the opportunity to undertake National Governor Association training and all Trustees receive regular National Governor Association updates. As there are normally only a few new Trustee appointments each year, induction tends to be done informally and is tailored specifically to the individual. Advantage is taken of specific courses offered by various external organisations as appropriate.

A bespoke governance development program is operated throughout the year which allows Trustees to meet informally as a team for training, so as to keep the Trustees updated on relevant developments impacting on their roles and responsibilities, and to contribute to the strategic leadership and direction of the Academy Trust.

Organisational Structure

The Trustees are responsible for setting general policy, adopting an annual development plan and budget, approving the annual statutory accounts, monitoring the Academy Trust by the use of budgets and other data, and making the major decisions about the direction of the Academy Trust, capital expenditure and staff appointments

Trustees are responsible for appointing the Headteacher and ensuring performance management of the Headteacher. Trustees are also responsible for the performance related pay of the Headteacher and all teaching staff.

The Board of Trustees normally meet four times each year. The Board of Trustees establishes an overall framework for the governance of the Academy Trust and determines membership, terms of reference and procedures of Committees of the Board of Trustees and other groups. It receives reports including policies from its Committees for ratification. It monitors the activities of the Committees through the minutes of their meetings and through direct reporting from the elected Chair of each Committee. The Board of Trustees may from time to time establish working groups to perform specific tasks over a limited timescale.

There are two Committees of the Board of Trustees as follows:

- Teaching and Learning
- Resources (including Audit)

Each Committee has its own terms of reference detailing the responsibilities discharged to it.

The following decisions are reserved to the full Board of Trustees:

- to consider any proposals for changes to the status or constitution of the Academy Trust and its committee structure, and
- to appoint or remove the Chair and / or Vice Chair.

The Trustees have devolved the day-to-day management of the Academy Trust to the Senior Leadership Team ('SLT'), which is led by the Headteacher. The SLT comprises the Headteacher and three Assistant Headteachers. The SLT is supported by the Senior Management Team (SMT), the SMT comprises of the Business Manager, the Communication Team Leader and one Master Practitioner. The Headteacher is the Academy Trust's Accounting Officer and has overall responsibility for the day to day financial management of the Academy Trust. The SLT implements the policies laid down by the Trustees and reports back to them on performance.

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TRUSTEE'S REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Arrangements for Setting Pay and Remuneration of Key Management Personnel

The Trustees consider the Board of Trustees and the senior management team to comprise the key management personnel of the Academy in charge of directing and controlling, running and operating the Academy on a day-to-day basis. All Trustees give of their time freely and no Trustee received any remuneration in the current or prior year, other than those Trustees who are also employees of the Academy. Details of Trustees' remuneration and expenses are disclosed in note 12 of the financial statements respectively. The pay of the senior management team is reviewed annually the Resources Committee in line with the Academy's pay and remuneration policy and by reference to published pay scales for both teaching and administrative support staff.

Related Parties and Other Connected Charities and Organisations

There are no related parties or connected organisations which either control or significantly influence the decisions and operations of the Academy Trust.

OBJECTIVES AND ACTIVITIES

Objects and Aims

The principal objects of the Academy Trust, as set out in its Articles of Association, are to:

- advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school, offering a broad and balanced curriculum; and
- promote for the benefit of the inhabitants of Hastings and Rother and the surrounding area the provision of facilities for recreation or other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity, disablement, financial hardship or social and economic circumstances for the public at large in the interests of social welfare and with the object of improving the condition of life of the said inhabitants.

The aims of the Academy Trust during the year ended 31 August 2019 are summarised below:

- Maintain, manage and develop Glyne Gap School across all sites:-
 - o Glyne Gap School, Hastings Road, Bexhill on Sea
 - o Glyne Gap Faculty, Bexhill College, Penland Road, Bexhill on Sea
 - o Glyne Gap Nursery, Hastings Road, Bexhill on Sea
 - o Independent Living Accommodation, Victoria Road, Bexhill on Sea
- Ensure the learning and wellbeing of all pupils and students
- Complete all aspects of the school development plan
- Ensure that robust financial management systems are in place in line with EsFA guidance.

Objectives, Strategies and Activities

The key priorities for the period are contained in the Academy Trust's Development Plan (2017-2020) which is available from the Headteacher.

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TRUSTEE'S REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

The key activities of the Academy Trust for the year ended 31 August 2019 were focused as follows:

Outcomes for pupils

- Key stage 4 and 5 pupils will develop purposeful and measurable work skills
- Pupils at key stages 3,4 and 5 will improve their functional literacy and numeracy skills
- Pupils throughout the school are more independent and autonomous within their work and leisure

Provision

- Consider how to develop a depth of expertise in Tier 1 PSHE as an essential area
- Review and refine assessment measure for pupils working between P1 and P4 in light of Rochford report and to enhance plan/do/review cycle
- Review Personal Care assessment tool to enhance plan/do/review cycle
- Develop a systematic approach to healthcare plans
- Establish a school choir

Leadership and Management

- To review and plan for regular external moderation opportunities across a range of areas/aspects, for example lesson observation, pupil progress, evidence of new pre-standards in literacy and numeracy at key stages 1 and 2.
- Ensure systems and structures are in place to support the autonomy, accountability and sustainability of new middle leaders
- Implement a core professional development offer for teachers and teaching assistants
- Consider a seconded post to SLLT
- Consider running a Teacher Apprenticeship
- Consider access to animals to promote learning
- Develop Master Practitioner specification with Special School Alliance
- Support and enable parents and pupils to drive EHC and life planning at key stage 3+

Public Benefit

The Academy Trust aims to advance for the public benefit education in the Hastings and Rother and the surrounding area, offering a broad curriculum and an excellent education environment for its pupils. The Academy Trust also allows use of its facilities for recreational and other leisure time occupation for the community at large in the interests of social welfare and with the interest of improving the life of that community.

The Trustees confirm that they have complied with the duty in the Charities Act 2011 to have due regard to the Charity Commission general guidance on public benefit in exercising their powers or duties. They have referred to this guidance when reviewing the Academy Trust's aims and objectives and in planning its future activities.

STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE

The Academy Trust continues to evolve and to adapt to the ever changing educational environment. The Trust is in its sixth year of operation since conversion to an Academy Trust. The total number of pupils in the year ended 31 August 2019 was 111, and this has remained the same at the October 2019 census due to the continued demand for places at the Academy Trust.

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TRUSTEE'S REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

The Academy Trust is committed to continual improvement which is achieved in a number of ways, including improvement planning, review meetings, continual professional development, lesson observations, performance management, self evaluation, data analysis and action planning. The particular achievements and performance of the Academy Trust during the year ended 31 August 2019 were as follows:

- 22 pupils made transformational progress last year through achieving their Supergoal.
- The majority (62%) of pupils are making outstanding progress
- Outstanding Ofsted inspection May 2019
- Successful Safeguarding in schools inspection carried out by East Sussex Standards and Learning Effectiveness Service.
- Successful management of the schools resources

Key Performance Indicators

The Academy Trust uses a number of benchmarks or performance indicators to evaluate its financial performance and drive budgetary control and monitoring.

A key financial performance indicator for the Trust is the level of reserves held at the balance sheet date and, in particular, the amount of unrestricted reserves plus restricted income reserves carried forward. At 31 August 2019, the balance of the unrestricted and restricted income reserves was £935,054 (2018: £847,712), which is after transfers of £15,545 to the restricted fixed asset fund to fund capital expenditure during the year. Further details on the level of reserves held by the Academy Trust are set out in the Reserves Policy section below.

As the majority of the Academy Trust's funding is based on pupil numbers, pupil numbers is also a key performance indicator. As noted earlier in this report, pupil numbers at the most recent census were 112 which is an increase of 1 from the previous census.

Staffing costs are another key performance indicator for the Academy Trust and the percentage of total staff costs to total educational grant funding (being GAG funding plus other operating educational grants from the ESFA and / or Local Authority) for the year was 82.9% (2018: 83.8%), while the percentage of staff costs to total costs (excluding depreciation and LGPS FRS102 pension cost charges) was 84.7% (2018: 83.5%).

Going Concern

As only 50% of funding is guaranteed for the year, any change in the number of pupils on roll can be significant to the Academy's ability to operate as a going concern. The Headteacher reviews the number on roll on a monthly basis and liaises with the local authority regarding possible new pupils, as they are responsible for admissions to the school. The Academy Trust completes five year forecasts (three years of which are in depth) to enable the Board of Trustees to consider its operations existence. The Board of Trustees are aware that income and expenditure needs to be reviewed in future years.

Key financial uncertainties facing the Academy Trust:-

- A further increase to the national living wage;
- Rise in pension contributions;
- Fixed income with rising costs across the board.
- Political uncertainty

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

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TRUSTEE'S REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

FUNDRAISING

The Academy Trust raises funds for specific projects that will enhance the learning experience and environment for existing and future students, where funds cannot be accessed via existing channels such as government education funding.

Fundraising is primarily undertaken by staff or parents, no professional fundraisers or commercial participators work with the Trust currently. Fundraising is undertaken in line with the Fundraising Regulator's Code of Fundraising Practice and is monitored by the Headteacher monthly and the Resource Committee three times a year.

The Academy Trust is mindful of the requirement to protect the public, particularly vulnerable people, from unreasonably intrusive or persistent fundraising approaches or undue pressure to donate. No complaints have been received in respect of fundraising activities, the general complaints policy of the trust would be applicable if so.

During this period funds have been raised for:-

- Holiday Club

FINANCIAL REVIEW

The majority of the Academy Trust's income is received from the Education and Skills Funding Agency ('ESFA') in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the year ended 31 August 2019 and the associated expenditure of these grants are shown as restricted funds in the Statement of Financial Activities.

The Academy Trust also receives grants for fixed assets from the ESFA and other organisations / funders and these are shown as restricted fixed asset funds in the Statement of Financial Activities. The balance of the restricted fixed asset fund is reduced by the depreciation charges on the assets acquired using these funds.

For the year ended 31 August 2019, the Academy Trust's total income (excluding capital grants) was £2,465,009 (2018: £2,442,077) while the total expenditure (excluding depreciation and LGPS FRS102 pension cost charges) was £2,362,122 (2018: £2,387,239), resulting in a net operating surplus for the year of £102,887 (2018: operating surplus of £54,838).

After the transfer from reserves to fund capital expenditure in the year, the balance of reserves at 31 August 2019, excluding the restricted fixed asset funds and LGPS liability fund, was £935,054 (2018: £847,712).

The net book value of fixed assets at 31 August 2019 were £2,338,998. The fixed assets held by the Academy Trust are used exclusively for providing education and associated support services to the pupils of the Academy Trust.

Included within the Academy's balance sheet at year end is a defined benefit pension scheme liability of £1,286,000 (2018: £465,000), which arises from the deficit in the Local Government Pension Scheme ("LGPS") that is attributable to the Academy. Further details regarding the deficit in the LGPS at 31 August 2019 are set out in note 21 to the financial statements.

The key financial policies reviewed and adopted during the period included the Financial Procedures Policies and Manual, which lays out the framework for the Academy Trust's financial management, including financial responsibilities of the Board of Trustees, Headteacher, managers, budget holders and other staff, as well as the delegated authorities for spending. The other financial policies reviewed and adopted during the period included Charges and Lettings, Asset Management and Insurance.

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TRUSTEE'S REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Reserves Policy

The Trustees review the reserve levels of the Academy Trust annually. This review encompasses the nature of the income and expenditure streams, the need to match income with commitments and the nature of reserves. The Trustees also take into consideration the future plans of the Academy Trust, the uncertainty over future income streams and other key risks identified during the risk review.

The Trustees have determined that the appropriate level of reserves should be approximately 10% of total income (approximately £250,000). This is to provide sufficient working capital to cover

- delays between spending and receipts of grants
- unexpected emergencies such as urgent maintenance, structural defects
- long term teacher absence/support staff absence, or (in the worst case scenario) the closure of the Academy Trust.
- Improvements to the security of the school site
- Improvements to outside space for older pupils
- Improving school vehicles

The Headteacher can approve expenditure from reserves, but this will only be for fixed costs not related to day-to-day running costs of the school. For example, SaLT for one term. These costs will be reported to the Resources Committee on a termly basis.

Should the reserves fall below the agreed amount then reserves will be monitored by the Chair of Trustees on a monthly basis.

The Academy Trust's current level of reserves at 31 August 2019 is £2,009,316 (2018: £2,821,914), of which £935,054 (2018: £847,712) is represented by operating reserves (that is, total funds less the amount held in restricted fixed asset funds and the restricted pension reserve fund).

Although the current level of reserves is above the target level identified above, the Trustees expectation is that these reserves will be utilised over the next few years to fund the ongoing maintenance and development

- Security of premises
- Development of outdoor play space
- Replacement of school vehicles
- Extended schools provision.

The value of the restricted fixed asset fund at 31 August 2019 is £2,360,262 (2018: £2,434,943), which is represented by the fixed assets that are used exclusively for providing education and associated support services to the pupils of the Trust and any balances of unspent capital grants held at the year end. These funds can only be realised by disposing of the associated tangible fixed assets.

The pension reserve fund has a deficit balance at 31 August 2019 of £1,286,000, which represents the deficit in the LGPS at the balance sheet date. The effect of the LGPS deficit is that Academy Trust is required to make accelerated pension contributions over a number of years in order to fund the deficit. These accelerated pension contributions will be funded from the Trust's annual recurring income, which may significantly impact its ability to continue to deliver its educational outcomes with the available public funding it receives. The Trustees have noted however that the Government has provided a guarantee that in the event of an Academy closure, any outstanding LGPS liabilities would be met by the Department for Education.

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TRUSTEE'S REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Investment Policy

All funds surplus to immediate requirements are invested to optimal effect by the Academy Trust with the objective of ensuring maximum return on assets invested but with minimal risk. On a daily basis this is achieved by automatic transfer of surplus funds to an overnight deposit account with the Academy Trust's principal bankers.

Where cash flow allows, sums in excess of working capital requirements may be invested on deposit for extended periods with the Academy Trust's principal bankers or other reputable financial institutions.

Principal Risks and Uncertainties

The Trustees have assessed the major risks to which the Academy Trust is exposed, especially in the operational areas, such as in relation to teaching, health & safety, safeguarding and school trips, and in relation to the control of finances and strategic development of the Trust. They have introduced systems, including operational procedures and internal financial controls in order to minimise risk and have agreed a Risk Management Strategy and Risk Management Plan, which incorporates a Risk Register. Where significant financial risk still remains, the Trustees have ensured the Academy Trust has adequate insurance cover in place. The Risk Management Plan is constantly reviewed in light of any new information and formally reviewed annually.

The principal risks and uncertainties facing the Academy Trust are as follows:

Educational

The continuing success of the Academy Trust is dependent on continuing to attract pupil applicants in sufficient numbers by maintaining the highest educational standards across all key stages. To mitigate this risk, the Trustees ensure that pupil success and achievement are closely monitored and reviewed, with corrective actions embedded at an early stage, and that relationships and partnerships with parents, the local community and other organisations and groups are maintained and are effective in producing a cohesive and supportive community.

Safeguarding and child protection

The Trustees continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health & safety and discipline. A Designated Safeguarding Lead is in post.

Financial

The Academy Trust has considerable reliance on continued Government funding through the ESFA and Local Authority. In the year, approximately 99% of the Academy Trust's income was ultimately Government funded. Whilst this level is expected to continue, there is no assurance that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms, particularly in light of continuing changes in the National Funding Formula for schools.

Continuing increases in employment costs, including pension costs associated with both the Teachers' Pension Scheme and the Local Government Pension Scheme, and premises costs will also continue to place significant pressure on the Trust's financial position and its ability to deliver balanced budgets in the future.

The Trustees examine the financial health of the Academy Trust formally every term, reviewing performance against budgets and overall expenditure by means of regular update reports at all full Trustees and Finance and Resources Committee meetings.

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TRUSTEE'S REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Staffing

The success of the Academy Trust is reliant on the quality of its staff so the Trustees monitor and review policies and procedures to ensure continued development and training of staff as well as ensuring there is clear succession planning.

Failures in governance and / or management

The risk in this area arises from the potential failure to effectively manage the Academy Trust's finances, internal controls, compliance with regulations and legislation, statutory returns etc. The Trustees continue to review and ensure appropriate measures are in place to mitigate these risks, which includes those relating to fraud and mismanagement of funds.

Fraud and mismanagement of funds

The Academy Trust engaged Whitley Stimpson Limited to perform a program of work aimed at checking and reviewing the financial systems and records as required by the Academies Financial Handbook. All finance staff receive training to keep them up to date with financial practice requirements and to develop their skills in this area.

At the balance sheet date, the Academy Trust had no significant liabilities arising from trade creditors or debtors where there would be a significant effect on the Academy Trust's liquidity.

The Trustees recognise that the LGPS deficit represents a significant potential liability to the Academy Trust. However, as the Trustees consider the Academy Trust is able to meet its known annual contribution commitments for the foreseeable future, the risk from this liability is minimised.

TRADE UNION FACILITY TIME

Relevant union officials

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
Nil	Nil

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	Nil
1%-50%	Nil
51%-99%	Nil
100%	Nil

Percentage of pay bill spent on facility time

Total cost of facility time	No cost
Total pay bill	Total pay bill
Percentage of total pay bill spent on facility time	Nil

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	Nil
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TRUSTEE'S REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

PLANS FOR FUTURE PERIODS

The Academy Trust strives to continually improve levels of attainment for all pupils, equipping them with the qualifications, skills and character to follow their chosen pathway, whether it is into further and higher education or employment, as well as promoting the continued professional development of its staff.

The Academy Trust's plans for future periods are:

- Key stage 4 and 5 pupils will develop purposeful and measurable work skills
- Pupils at key stages 3,4 and 5 will improve their functional numeracy skills
- Enhance the depth of expertise in the teaching and learning of PSHE as an essential area
- Ensure online safety is taught systematically (to pupils for whom it is relevant)
- Maximise teacher capacity and time to teach through refining AR & R/planning processes.
- Ensure the school wide Mental Health strategy meets the needs of pupils, families and staff
- Review and extend school clubs and holiday club leadership and offer
- Enhance safeguarding procedures through implementation of the recommendations and learning from recent safeguarding audit and review
- Develop leadership of class teachers to enable them, in turn, to develop the practice of their teams through delivery of a series of twilights
- Implement a core professional development offer for teachers and teaching assistants
- Appoint an outdoor learning co-ordinator
- Re-design school entrance to enhance security
- Redevelop outside space for older pupils

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

The Academy Trust and its Trustees do not act as Custodian Trustees of any other charity.

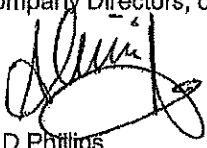
The Academy does however hold Post 16 Bursary Funds on behalf of the ESFA, which are distributed to students as required and in line with the terms and conditions of the funds.

AUDITOR

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The Trustees' Report, incorporating a strategic report, was approved by order of the Board of Trustees, as company Directors, on 20 December 2019 and signed on its behalf by:


A D Phillips
Trustee

GLYNE GAP SCHOOL
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GOVERNANCE STATEMENT

Scope of responsibility

As Trustees, we acknowledge we have overall responsibility for ensuring that Glyne Gap School 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 of Trustees has delegated the day-to-day responsibility to the Headteacher, as accounting officer, for ensuring financial controls conform with 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 Glyne Gap School and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees 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 of Trustees has formally met 4 times during the year.

Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
C Cordell	4	4
F Hall	4	4
T Newstead	2	4
A D Phillips	4	4
K Prawanna	4	4
M Rowland	4	4

The Board of Trustees reviewed the Trust's governance structure during the year to evaluate its impact and effectiveness. The Board of Trustees has a wide range of skills that contribute to the successful governance of the Trust and are satisfied that the current structure in place is appropriate and effective for the Trust. There have been no changes in the composition of the Board during the period.

Although the Board of Trustees has met less than 6 times in the year, the Trustees are satisfied they maintain effective oversight of the Academy Trust through the additional combined 6 separate sub-Committee meetings of the Resource Committee and the Teaching and Learning Committee.

Resources Committee

The Resources Committee is a sub-Committee of the Board of Trustees. Its purpose is to provide oversight, guidance and assistance to the Board of Trustees on all matters related to finance resources, premises and Health & Safety of the Academy Trust. This Committee also acts as the Academy Trust's Audit Committee, where its purpose is to maintain an oversight of the Trust's governance, risk management, internal control and value for money framework. Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
A D Phillips	3	3
A D Phillips	3	3
F Hall	3	3
T Newstead	1	3
K Prawanna	3	3

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GOVERNANCE STATEMENT (CONTINUED)

Governance (continued)

The key issue dealt with by the Resources Committee during the year was the review of the Academy Trust's 5 year financial forecasts and the actions required to address any shortfall between income and expenditure over this period.

Review of value for money

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

The Accounting Officer considers how the Academy Trust's use of its resources has provided good value for money during each academic year, and reports to the Board of Trustees where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the Academy Trust has delivered improved value for money during the year by:

- Continuing to deliver outstanding teaching and learning, this was achieved within the GAG and Top Up funding allocated to the Academy Trust.
- Ensuring that we have rigorous systems for all staff appointments.
- Good internal financial controls which are externally moderated.
- Encouraging robust challenges at all meetings.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Academy Trust 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 system of internal control has been in place in Glyne Gap School for the year 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Board of Trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the year 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

The risk and control framework

The Academy 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

GLYNE GAP SCHOOL
(A company limited by guarantee)

GOVERNANCE STATEMENT (CONTINUED)

The risk and control framework (continued)

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 of Trustees
- regular reviews by the Resources 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
- identification and management of risks

The Board of Trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have appointed Whitley Stimpson Limited, to perform a program of additional internal reviews and checks.

The auditor's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. In particular, the checks carried out in the current year covered the review of cash flow management and asset management processes.

On an annual basis, the external auditors report to the Board of Trustees through the Resources Committee on the operation of the systems of control and on the discharge of the Trustees' financial responsibilities.

The auditor has delivered their program of work during the year ended 31 August 2019 as planned and no significant internal control weaknesses were identified from the work completed.

Review of effectiveness

As Accounting Officer, the Headteacher has responsibility for reviewing the effectiveness of the system of internal control.

During the year in question the review has been informed by:

- the work of the external auditors;
- the work of the internal reviewer;
- work of the executive managers within the Academy Trust who have 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 Resources Committee and a plan to ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Trustees on 20 December 2019 and signed on their behalf by:



A D Phillips
Trustee



K Prawanna
Accounting Officer

GLYNE GAP SCHOOL
(A company limited by guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Glyne Gap School I have considered my responsibility to notify the Academy Trust Board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Academy Trust, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

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

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



K Prawanna
Accounting Officer

Date: 20 December 2019

GLYNE GAP SCHOOL
(A company limited by guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2019

The Trustees (who are also the Directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with the Academies Accounts Direction published by the Education & Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its 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 of the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the Board of Trustees on 20 December 2019 and signed on its behalf by:



A O Phillips
Trustee

GLYNE GAP SCHOOL
(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF GLYNE GAP SCHOOL

Opinion

We have audited the financial statements of Glyne Gap School (the 'Academy') for the year ended 31 August 2019 which comprise the Statement of financial activities, the balance sheet, the statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy Trust's affairs as at 31 August 2019 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Academy Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Academy Trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

GLYNE GAP SCHOOL
(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF GLYNE GAP SCHOOL (CONTINUED)

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditors' report thereon. Other information includes the Reference and administrative details, the Trustees' report including the Strategic report, and the Governance statement. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' report including the Strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' report and the Strategic report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the Academy Trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report including the Strategic report.

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

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

GLYNE GAP SCHOOL
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF GLYNE
GAP SCHOOL (CONTINUED)**

Responsibilities of trustees

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

In preparing the financial statements, the Trustees are responsible for assessing the Academy Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Academy Trust or to cease operations, or have no realistic alternative but to do so.

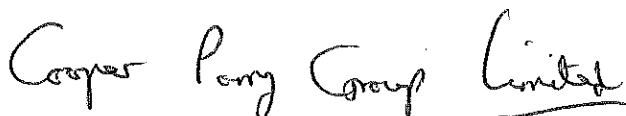
Auditors' responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the Academy'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 Academy's Members those matters we are required to state to them in an auditors' 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 Academy and its Members, as a body, for our audit work, for this report, or for the opinions we have formed.



Simon Atkins FCA (senior statutory auditor)

for and on behalf of

Cooper Parry Group Limited

Chartered Accountants

Registered Auditors

Park View

One Central Boulevard

Blythe Valley Park

Solihull

West Midlands

B90 8BG

20 December 2019

GLYNE GAP SCHOOL
(A company limited by guarantee)

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO GLYNE GAP SCHOOL AND THE EDUCATION & SKILLS FUNDING AGENCY

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

This report is made solely to Glyne Gap School and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Glyne Gap School and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Glyne Gap School and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Glyne Gap School's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Glyne Gap School's funding agreement with the Secretary of State for Education dated 1 October 2014 and the Academies Financial Handbook, extant from 1 September 2018, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2018 to 2019 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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 conclusions included:

- A review of internal control policies and procedures implemented by the Academy Trust and an evaluation of their design and effectiveness to understand how the Academy Trust has complied with the framework of authorities;
- A review of the minutes of meetings of the Directors, relevant sub-committees and Local Governing Bodies and other evidence made available to us, relevant to our consideration of regularity;

GLYNE GAP SCHOOL
(A company limited by guarantee)

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO GLYNE GAP SCHOOL AND THE EDUCATION & SKILLS FUNDING AGENCY (CONTINUED)

Approach (continued)

- Enquiries of the Accounting Officer, including a review of the work undertaken by the Accounting Officer in relation to their Statement on Regularity, Propriety and Compliance; and
- Detailed testing of the income and expenditure of the Academy Trust based on our assessment of the risk of material irregularity, impropriety and non-compliance. This work was integrated with our audit of the financial statements where appropriate and included analytical review and detailed substantive testing of transactions

Conclusion

In the course of our work, nothing has come to our attention which suggest in all material respects the expenditure disbursed and income received during the year 1 September 2018 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Cooper Parry Group Limited

Reporting Accountant

Cooper Parry Group Limited
Park View
One Central Boulevard
Blythe Valley Park
Solihull
West Midlands
B90 8BG

Date: 20 December 2019

GLYNE GAP SCHOOL
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2019**

	Note	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £	Total funds 2018 £
Income from:						
Donations and capital grants	3	9,919	880	21,264	32,063	45,039
Charitable activities		32,630	2,413,113	-	2,445,743	2,430,577
Other trading activities		5,736	-	-	5,736	10,030
Investments	6	2,731	-	-	2,731	683
Total income		51,016	2,413,993	21,264	2,486,273	2,486,329
Expenditure on:						
Charitable activities		38,124	2,488,998	115,749	2,642,870	2,662,472
Total expenditure		38,124	2,488,998	115,749	2,642,871	2,662,472
Net income/(expenditure)		12,892	(75,005)	(94,485)	(156,598)	(176,143)
Transfers between funds	16	(15,545)	-	15,545	-	-
Net movement in funds before other recognised gains/(losses)		(2,653)	(75,005)	(78,940)	(156,598)	(176,143)
Other recognised gains/(losses):						
Actuarial losses on defined benefit pension schemes	21	-	(656,000)	-	(656,000)	516,000
Net movement in funds		(2,653)	(731,005)	(78,940)	(812,598)	339,857
Reconciliation of funds:						
Total funds brought forward		191,170	191,542	2,439,202	2,821,914	2,482,057
Net movement in funds		(2,653)	(731,005)	(78,940)	(812,598)	339,857
Total funds carried forward		188,517	(539,463)	2,360,262	2,009,316	2,821,914

The notes on pages 27 to 50 form part of these financial statements.

GLYNE GAP SCHOOL
(A company limited by guarantee)
REGISTERED NUMBER: 08410002

BALANCE SHEET
AS AT 31 AUGUST 2019

	Note	2019 £	2019 £	2018 £	2018 £
Fixed assets					
Tangible assets	13		2,338,998		2,439,202
			<u>2,338,998</u>		<u>2,439,202</u>
Current assets					
Debtors	14	130,142		142,887	
Cash at bank and in hand		991,071		868,771	
		<u>1,121,213</u>		<u>1,011,658</u>	
Creditors: amounts falling due within one year	15	(164,895)		(163,946)	
Net current assets			<u>956,318</u>		<u>847,712</u>
Total assets less current liabilities			<u>3,295,316</u>		<u>3,286,914</u>
Net assets excluding pension liability			<u>3,295,316</u>		<u>3,286,914</u>
Defined benefit pension scheme liability	21	(1,286,000)		(465,000)	
Total net assets			<u><u>2,009,316</u></u>		<u><u>2,821,914</u></u>
Funds of the Academy Trust					
Restricted funds:					
Fixed asset funds	16	2,360,262		2,439,202	
Restricted income funds	16	746,537		656,542	
Restricted funds excluding pension asset	16	<u>3,106,799</u>		<u>3,095,744</u>	
Pension reserve	16	(1,286,000)		(465,000)	
Total restricted funds	16		<u>1,820,799</u>		<u>2,630,744</u>
Unrestricted income funds	16		<u>188,517</u>		<u>191,170</u>
Total funds			<u><u>2,009,316</u></u>		<u><u>2,821,914</u></u>

GLYNE GAP SCHOOL
(A company limited by guarantee)

BALANCE SHEET (CONTINUED)
AS AT 31 AUGUST 2019

The financial statements on pages 23 to 50 were approved by the Trustees, and authorised for issue on 20 December 2019 and are signed on their behalf, by:



A D Phillips
Trustee

The notes on pages 27 to 50 form part of these financial statements.

GLYNE GAP SCHOOL
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2019

	Note	2019 £	2018 £
Cash flows from operating activities			
Net cash provided by operating activities	18	112,970	27,480
Cash flows from investing activities			
	19	9,330	(88,720)
Change in cash and cash equivalents in the year		122,300	(61,240)
Cash and cash equivalents at the beginning of the year		868,771	930,011
Cash and cash equivalents at the end of the year	20	<u>991,071</u>	<u>868,771</u>

The notes on pages 27 to 50 form part of these financial statements

GLYNE GAP SCHOOL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies

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

1.1 Basis of preparation of financial statements

The financial statements of the Academy Trust, which is a public benefit entity under FRS 102, have been prepared under the historic cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Glyne Gap School meets the definition of a public benefit entity under FRS 102.

1.2 Going concern

The Trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Academy Trust to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Academy Trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Taxation

The Academy Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

Accordingly, the Academy Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Part 11, chapter 3 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.

1.4 Fund accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the funders where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder/donor and include grants from the Department for Education Group.

GLYNE GAP SCHOOL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.5 Income

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

• **Grants**

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

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

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

• **Sponsorship income**

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

• **Donations**

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

• **Other income**

Other income, including the hire of facilities, is recognised in the year it is receivable and to the extent the Academy Trust has provided the goods or services.

1.6 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Charitable activities and Governance costs are costs incurred on the Academy's educational operations, including support costs and those costs relating to the governance of the Academy appointed to charitable activities.

GLYNE GAP SCHOOL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies (continued)

1.6 Expenditure (continued)

All resources expended are inclusive of irrecoverable VAT.

1.7 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Academy Trust; this is normally upon notification of the interest paid or payable by the institution with whom the funds are deposited.

1.8 Tangible fixed assets

Assets costing £1,000 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. Where there are specific conditions attached to the funding requiring the continued use of the asset, 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 the relevant assets is charged directly to the restricted fixed asset fund in the statement of financial activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets other than freehold land and assets under construction, at rates calculated to write off the cost of each asset on a reducing balance basis over its expected useful life, as follows:

Depreciation is provided on the following bases:

Leasehold land	- not depreciated
Long-term leasehold buildings	- 2% straight line
Fixtures and fittings	- 20% straight line
Plant and equipment	- 25% straight line
Motor vehicles	- 25% straight line
Computer equipment	- 25% straight line

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 incorporating Income and Expenditure Account.

1.9 Operating leases

Rentals paid under operating leases are charged to the statement of financial activities on a straight line basis over the lease term.

GLYNE GAP SCHOOL
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

1. Accounting policies (continued)

1.10 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

1.11 Cash at bank and in hand

Cash at bank and in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.12 Liabilities and provisions

Liabilities and provisions are recognised when there is an obligation at the Balance Sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the Academy anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.13 Pensions

Retirement benefits to employees of the Academy Trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Government Pension Scheme ("LGPS"). These are defined benefit schemes.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded multi-employer scheme and the assets are held separately from those of the Academy Trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the statement of financial activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

1. Accounting policies (continued)

1.14 Financial instruments

The Academy Trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the Academy Trust and their measurement bases are as follows:

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 14. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 15. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

1.15 Agency arrangements

The Academy Trust acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the Trust does not have control over the charitable application of the funds. The funds received and paid and any balances held are disclosed in note 24.

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2. Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 21, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Tangible fixed assets are depreciated over their economic useful lives taking into account residual values where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors.

Critical areas of judgment:

The classification of expenditure between restricted and unrestricted funds is a critical area of judgement as certain expenditure can be applied to both funds. Where this is the case and the amounts in question are considered material the expenditure is apportioned to both funding streams on an appropriate basis.

The Academy Trust obtains use of fixed assets as a lessee. The classification of such leases as operating or finance lease requires the Academy Trust to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the Balance Sheet.

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3. Income from donations and capital grants

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £
Donations	9,919	-	-	9,919
Capital grants and other capital income	-	880	21,264	22,144
	<u>9,919</u>	<u>880</u>	<u>21,264</u>	<u>32,063</u>

	Unrestricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Donations	787	36,533	37,320
Capital Grants	-	7,719	7,719
	<u>787</u>	<u>44,252</u>	<u>45,039</u>

4. Funding for the Academy Trust's educational operations

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £
General Annual Grant from ESFA	-	1,168,330	1,168,330
Other ESFA/DfE grants	-	137,530	137,530
Local Authority grants	-	1,107,253	1,107,253
Income from trips, nursery and holiday club	32,630	-	32,630
	<u>32,630</u>	<u>2,413,113</u>	<u>2,445,743</u>

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	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £
DfE/ESFA grants			
General Annual Grant	-	1,229,513	1,229,513
Other ESFA/DfE grants	-	72,953	72,953
	-	1,302,466	1,302,466
Local Authority Income			
Local Authority grants	-	1,074,062	1,074,062
	-	1,074,062	1,074,062
Other income			
Income from trips, nursery and holiday club	54,049	-	54,049
	<u>54,049</u>	<u>2,376,528</u>	<u>2,430,577</u>

5. Income from other trading activities

	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Lettings Income	-	-	79
Other income	5,736	5,736	9,951
	<u>5,736</u>	<u>5,736</u>	<u>10,030</u>

In 2018, of the total income from other trading activities, £10,030 was to unrestricted funds and £Nil was to restricted funds.

6. Investment income

	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Investment income	<u>2,731</u>	<u>2,731</u>	<u>683</u>

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6. Investment income (continued)

In 2018, of the total income from Investment income, £683 was to unrestricted funds and £Nil was to restricted funds.

7. Expenditure

	Staff Costs 2019 £	Premises 2019 £	Other 2019 £	Total 2019 £
Educational operations:				
Direct costs	1,735,425	-	46,082	1,781,507
Allocated support costs	415,718	417,931	27,714	861,363
	<u>2,151,143</u>	<u>417,931</u>	<u>73,796</u>	<u>2,642,870</u>

In 2019, of the total expenditure, £38,124 (2018 - £34,044) was to unrestricted funds and £2,604,747 (2018 - £2,629,757) was to restricted funds.

	Staff Costs 2018 £	Premises 2018 £	Other 2018 £	Total 2018 £
Educational operations:				
Direct costs	1,717,476	-	111,267	1,828,743
Allocated support costs	434,842	194,619	204,268	833,729
	<u>2,152,318</u>	<u>194,619</u>	<u>315,535</u>	<u>2,662,472</u>

8. Analysis of expenditure by activities

	Activities undertaken directly 2019 £	Support costs 2019 £	Total funds 2019 £
Educational operations	<u>1,781,507</u>	<u>861,363</u>	<u>2,642,870</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

8. Analysis of expenditure by activities (continued)

	Activities undertaken directly 2018 £	Support costs 2018 £	Total funds 2018 £
Educational operations	1,828,743	833,729	2,662,472

Analysis of support costs

	Total funds 2019 £	Total funds 2018 £
FRS102 LGPS net pension Interest cost	15,000	22,000
Staff costs	415,717	434,842
Depreciation	115,749	93,233
Technology costs	11,968	10,363
Premises costs	211,022	199,276
Other support costs	75,797	62,958
Governance costs	16,110	11,057
	<u>861,363</u>	<u>833,729</u>

9. Net income/(expenditure)

Net Income/(expenditure) for the year includes:

	2019 £	2018 £
Operating lease rentals	1,179	5,129
Depreciation of tangible fixed assets	115,749	93,232
Fees paid to auditors for:		
- audit	7,000	6,700
- other services	4,400	4,357
	<u>128,328</u>	<u>109,418</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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10. Staff costs

a. Staff costs

Staff costs during the year were as follows:

	2019 £	2018 £
Wages and salaries	1,431,996	1,439,998
Social security costs	119,432	117,761
Pension costs	434,959	436,302
	<u>1,986,387</u>	<u>1,994,061</u>
Agency staff costs	164,756	152,831
Staff restructuring costs	-	5,426
	<u>2,151,143</u>	<u>2,152,318</u>

Staff restructuring costs comprise:

	2019 £	2018 £
Severance payments	-	5,426
	<u>-</u>	<u>5,426</u>

b. Non-statutory/non-contractual staff severance payments

Included in staff severance payments are non-statutory / non-contractual severance payments totalling £Nil (2018: £5,426).

c. Staff numbers

The average number of persons employed by the Academy Trust during the year was as follows:

	2019 No.	2018 No.
Teachers	17	16
Administration and support	61	59
Management	4	6
	<u>82</u>	<u>81</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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10. Staff costs (continued)

d. Higher paid staff

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	2019 No.	2018 No.
In the band £80,001 - £90,000	1	1

The above employee participated in the Teachers Pension Scheme. During the period ended 31 August 2019 pension contributions for this member of staff totalled £13,994 (2018: £13,428).

e. Key management personnel

The key management personnel of the Academy Trust comprise the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by the key management personnel for their services to the Academy Trust during the year was £343,594 (2018 - £330,192).

11. Trustees' and Officers' insurance

The Academy Trust has opted into the Department of Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business, and provides cover up to £10,000,000. It is not possible to quantify the Trustees and officers indemnity element from the overall cost of the RPA scheme membership.

12. Trustees' remuneration and expenses

One or more Trustees has been paid remuneration or has received other benefits from an employment with the Academy Trust. The Headteacher and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Headteacher and staff members under their contracts of employment. The value of Trustees' remuneration and other benefits was as follows:

		2019 £	2018 £
K Prawanna, Headteacher	Remuneration	80,000 -	80,000 -
		85,000	85,000
	Pension contributions paid	10,000 -	10,000 -
		15,000	15,000
F Hall	Remuneration	45,000 -	45,000 -
		50,000	50,000
	Pension contributions paid	5,000 -	5,000 -
		10,000	10,000

During the year ended 31 August 2019, expenses totalling £1,190 (2018 - £1,611) were reimbursed to 2 Trustees (2018 - 2).

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13. Tangible fixed assets

	Long-term leasehold property £	Plant and machinery £	Motor vehicles £	Furniture and equipment £	Computer equipment £	Total £
Cost or valuation						
At 1 September 2018	2,478,265	130,242	64,363	187,024	46,735	2,906,629
Additions	-	-	-	15,545	-	15,545
At 31 August 2019	<u>2,478,265</u>	<u>130,242</u>	<u>64,363</u>	<u>202,569</u>	<u>46,735</u>	<u>2,922,174</u>
Depreciation						
At 1 September 2018	247,193	74,735	35,783	64,670	45,046	467,427
Charge for the year	49,565	26,283	8,365	30,716	820	115,749
At 31 August 2019	<u>296,758</u>	<u>101,018</u>	<u>44,148</u>	<u>95,386</u>	<u>45,866</u>	<u>583,176</u>
Net book value						
At 31 August 2019	<u>2,181,507</u>	<u>29,224</u>	<u>20,215</u>	<u>107,183</u>	<u>869</u>	<u>2,338,998</u>
At 31 August 2018	<u>2,231,072</u>	<u>55,507</u>	<u>28,580</u>	<u>122,354</u>	<u>1,689</u>	<u>2,439,202</u>

The long-term leasehold property comprises the land and buildings of the Glyne Gap School, which were transferred to the Academy Trust from East Sussex County Council on conversion to Academy Trust. The Trust occupies the land and buildings under a 125 year lease arrangement with East Sussex County Council.

14. Debtors

	2019 £	2018 £
Due within one year		
Trade debtors	5,572	2,440
Other debtors	91,475	88,971
Prepayments and accrued income	11,372	10,169
VAT recoverable	21,723	41,307
	<u>130,142</u>	<u>142,887</u>

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15. Creditors: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	42,599	33,118
Other taxation and social security	30,183	28,825
Other creditors	40,984	49,976
Accruals and deferred income	51,129	52,027
	<u>164,895</u>	<u>163,946</u>
	2019 £	2018 £
Deferred income at 1 September 2018	45,407	9,677
Resources deferred during the year	33,495	45,407
Amounts released from previous periods	(45,407)	(9,677)
	<u>33,495</u>	<u>45,407</u>

Deferred income relates to structural maintenance grants, holiday club income and free school meal grants which will be utilised in the year ending 31 August 2020.

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**NOTES TO THE FINANCIAL STATEMENTS
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16. Statement of funds

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
Unrestricted funds						
General funds	191,170	51,016	(38,124)	(15,545)	-	188,517
Restricted general funds						
General Annual Grant (GAG)	503,906	1,168,330	(925,699)	-	-	746,537
Other DfE/ESFA grants	1,880	137,530	(139,410)	-	-	-
Local Authority grants	150,756	1,107,253	(1,258,009)	-	-	-
Other restricted income	-	880	(880)	-	-	-
Pension reserve	(465,000)	-	(165,000)	-	(656,000)	(1,286,000)
	<u>191,542</u>	<u>2,413,993</u>	<u>(2,488,998)</u>	<u>-</u>	<u>(656,000)</u>	<u>(539,463)</u>
Restricted fixed asset funds						
Tangible fixed assets	1,523,282	-	(115,749)	931,465	-	2,338,998
Assets funded from capital grants and other income	894,965	-	-	(894,965)	-	-
Swimming pool fund	20,955	-	-	(20,955)	-	-
Capital grants and funding	-	21,264	-	-	-	21,264
	<u>2,439,202</u>	<u>21,264</u>	<u>(115,749)</u>	<u>15,545</u>	<u>-</u>	<u>2,360,262</u>
Total Restricted funds	<u>2,630,744</u>	<u>2,435,257</u>	<u>(2,604,747)</u>	<u>15,545</u>	<u>(656,000)</u>	<u>1,820,799</u>
Total funds	<u><u>2,821,914</u></u>	<u><u>2,486,273</u></u>	<u><u>(2,642,871)</u></u>	<u><u>-</u></u>	<u><u>(656,000)</u></u>	<u><u>2,009,316</u></u>

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

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

16. Statement of funds (continued)

Restricted funds:

The General Annual Grant Fund (GAG) is used for the educational purposes in line with the Academy's objects and its funding agreement with the ESFA. Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the amount of GAG it could carry forward at 31 August 2019.

Other ESFA/DfE grants and Local Authority funding are all used in accordance with the restrictions of the individual grants or funding which are all for the provision of education to the pupils of the Academy Trust, with the high needs funding being used to provide specialist support for the children.

The pension reserve represents the Local Government Pension Scheme deficit.

Fixed asset restricted funds:

Restricted fixed assets funds represent the investment in fixed assets, net of accumulated depreciation. Unspent capital grants are also held in this fund and their use is restricted to the capital projects for which the grant was paid.

The swimming pool fund was used to provide a new roof for the swimming pool and improve the air conditioning within the pool area.

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

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Unrestricted funds						
General funds	158,336	65,549	(32,715)	-	-	191,170
Restricted general funds						
General Annual Grant (GAG)	634,446	1,229,513	(1,353,145)	(6,908)	-	503,906
Other DfE/ESFA grants	7,000	72,953	(78,073)	-	-	1,880
Local Authority grants	-	1,074,062	(923,306)	-	-	150,756
Pension reserve	(799,000)	-	(182,000)	-	516,000	(465,000)
	<u>(157,554)</u>	<u>2,376,528</u>	<u>(2,536,524)</u>	<u>(6,908)</u>	<u>516,000</u>	<u>191,542</u>

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16. Statement of funds (continued)

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Restricted fixed asset funds						
Tangible fixed assets	1,565,355	36,533	(85,514)	-	-	1,523,282
Assets funded from capital grants and other income	894,965	7,719	(7,719)	-	-	894,965
Swimming pool fund	20,955	-	-	-	-	20,955
	<u>2,481,275</u>	<u>44,252</u>	<u>(93,233)</u>	<u>-</u>	<u>-</u>	<u>2,439,202</u>
Total Restricted funds	<u>2,323,721</u>	<u>2,420,780</u>	<u>(2,629,757)</u>	<u>(6,908)</u>	<u>516,000</u>	<u>2,630,744</u>
Total funds	<u><u>2,482,057</u></u>	<u><u>2,486,329</u></u>	<u><u>(2,662,472)</u></u>	<u><u>(6,908)</u></u>	<u><u>516,000</u></u>	<u><u>2,821,914</u></u>

17. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £
Tangible fixed assets	-	-	2,338,998	2,338,998
Current assets	188,519	911,432	21,264	1,121,214
Creditors due within one year	-	(164,895)	-	(164,895)
Provisions for liabilities and charges	-	(1,286,000)	-	(1,286,000)
Difference	(1)	-	-	1
Total	<u><u>188,518</u></u>	<u><u>(539,463)</u></u>	<u><u>2,360,262</u></u>	<u><u>2,009,317</u></u>

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17. Analysis of net assets between funds (continued)

Analysis of net assets between funds - prior year

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	2,439,202	2,439,202
Current assets	191,169	820,489	-	1,011,658
Creditors due within one year	-	(163,946)	-	(163,946)
Provisions for liabilities and charges	-	(465,000)	-	(465,000)
Total	<u>191,169</u>	<u>191,543</u>	<u>2,439,202</u>	<u>2,821,914</u>

18. Reconciliation of net expenditure to net cash flow from operating activities

	2019 £	2018 £
Net expenditure for the year (as per statement of financial activities)	<u>(156,598)</u>	<u>(176,143)</u>
Adjustments for:		
Depreciation charges	115,749	93,233
Capital grants	(22,144)	(44,252)
Dividends, interest and rents from investments	(2,731)	(683)
Defined benefit pension scheme cost less contributions payable	150,000	160,000
Defined benefit pension scheme finance cost	15,000	22,000
Decrease/(increase) in debtors	12,744	(1,668)
Increase/(decrease) in creditors	950	(25,007)
Net cash provided by operating activities	<u>112,970</u>	<u>27,480</u>

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19. Cash flows from investing activities

	2019	2018
	£	£
Dividends, interest and rents from investments	2,731	683
Purchase of tangible fixed assets	(15,545)	(133,655)
Capital grants from DfE Group	22,144	44,252
Net cash provided by/(used in) investing activities	9,330	(88,720)

20. Analysis of cash and cash equivalents

	2019	2018
	£	£
Cash in hand	991,071	868,771
Total cash and cash equivalents	991,071	868,771

21. Pension commitments

The Academy Trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by East Sussex County Council. Both are multi-employer defined benefit schemes.

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

Contributions amounting to £34,330 were payable to the schemes at 31 August 2019 (2018 - £31,255) and are included within creditors.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS or scheme) is a statutory, unfunded, defined benefit occupational scheme, governed by the Teachers' Pensions Regulations 2010 (as amended), and the Teachers' Pension Scheme Regulations 2014 (as amended). These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities.

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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

21. Pension commitments (continued)

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 Public Service Pensions Act (2013) 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 – contributions from members, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Acts.

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension 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 valuation of the Teachers' Pension Scheme has now taken place, in line with directions issued by HM Treasury and using membership data as at 31 March 2016. As a result of this valuation TPS employers will pay an increased contribution rate of 23.68% from September 2019 (this includes the administration levy of 0.8%). The timing of the implementation is to align its introduction with employers' budget planning cycles. Until then, employers will pay the current rate of 16.48%.

Scheme Change

The arrangements for a reformed Teachers' Pension Scheme, in line with the recommendations made by Lord Hutton, in particular the introduction of a Career Average Revalued Earnings (CARE) scheme, were implemented from 1 April 2015.

In December 2018, the Court of Appeal held that transitional protection provisions contained in the reformed judicial and firefighter pension schemes, introduced as part of public service pension reforms in 2015, gave rise to direct age discrimination and were therefore unlawful. The Supreme Court, in a decision made in June 2019, have rejected the Government's application for permission to appeal the Court of Appeal's ruling. The case will now be referred to an Employment Tribunal for a decision regarding the remedy which will need to be offered to those members of the two schemes who were subject of the age discrimination.

HM Treasury are clear that the ruling has implications for the other public service schemes, including the Teachers' Pension Scheme. Those implications are currently being considered and any impact on scheme costs is expected to be looked at within the next scheme valuation, which is currently scheduled to be based on April 2020 data and implemented in April 2023.

The employer's pension costs paid to TPS in the year amounted to £92,106 (2018 - £96,141).

A copy of the valuation report and supporting documentation is on the Teachers' Pension website at <https://www.teacherspensions.co.uk/news/employers/2019/04/teachers-pensions-valuation-report.aspx>.

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

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FOR THE YEAR ENDED 31 AUGUST 2019**

21. Pension commitments (continued)

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £245,000 (2018 - £229,000), of which employer's contributions totalled £194,000 (2018 - £183,000) and employees' contributions totalled £ 51,000 (2018 - £46,000). The agreed contribution rates for future years are 22.9% per cent for employers and 5.5% to 12.5% per cent for employees.

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

Principal actuarial assumptions

	2019	2018
Rate of increase in salaries	1.90	2.80 %
Rate of Increase for pensions in payment/inflation	2.70	2.70 %
Discount rate for scheme liabilities	2.30	2.30 %
Inflation assumption (CPI)	2.30	2.30 %
Retail price index	3.30	3.30 %

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

	2019	2018
<i>Retiring today</i>		
Males	21.2	22.1
Females	23.5	24.4
<i>Retiring in 20 years</i>		
Males	22.1	23.8
Females	24.9	26.3

Sensitivity analysis

	2019	2018
	£000	£000
Discount rate -0.5%	666	480
Salary increase rate +0.5%	81	70
CPI rate +0.5%	573	405

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21. Pension commitments (continued)

The Academy Trust's share of the assets in the scheme was:

	At 31 August 2019 £	At 31 August 2018 £
Equities	2,282,000	2,222,000
Corporate bonds	761,000	426,000
Property	311,000	305,000
Cash and other liquid assets	104,000	91,000
Total market value of assets	3,458,000	3,044,000

The actual return on scheme assets was £210,000 (2018 - £202,000).

The amounts recognised in the Statement of financial activities are as follows:

	2019 £	2018 £
Current service cost	(320,000)	(343,000)
Past service cost	(24,000)	-
Interest income	88,000	69,000
Interest cost	(103,000)	(91,000)
Total amount recognised in the Statement of financial activities	(359,000)	(365,000)

Changes in the present value of the defined benefit obligations were as follows:

	2019 £	2018 £
Opening defined benefit obligation	3,509,000	3,447,000
Current service cost	320,000	343,000
Interest cost	103,000	91,000
Employee contributions	51,000	47,000
Actuarial losses/(gains)	778,000	(383,000)
Benefits paid	(42,000)	(36,000)
Past service costs	24,000	-
At 31 August	4,743,000	3,509,000

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**NOTES TO THE FINANCIAL STATEMENTS
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21. Pension commitments (continued)

Changes in the fair value of the Academy Trust's share of scheme assets were as follows:

	2019 £	2018 £
Opening fair value of scheme assets	3,044,000	2,648,000
Interest income	88,000	69,000
Actuarial gains	122,000	133,000
Employer contributions	194,000	183,000
Employee contributions	51,000	47,000
Benefits paid	(42,000)	(36,000)
At 31 August	3,457,000	3,044,000

22. Operating lease commitments

At 31 August 2019 the Academy Trust had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Within 1 year	1,220	1,179
Between 1 and 5 years	-	1,220
Total	1,220	2,399

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. Agency arrangements

The Academy Trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ended 31 August 2019, the Trust received £7,684 (2018: £14,897) and disbursed £20,044 (2018: £7,985) from the fund. An amount of £Nil (2018: £12,360) is included in other creditors relating to undistributed funds that are repayable to ESFA.

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25. Related party transactions

Owing to the nature of the Academy Trust's operations and the composition of the Board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which Trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and with the Academy Trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

No related party transactions took place in the period of account, other than certain Trustees' remuneration and expenses already disclosed in note 12.