

Company Registration Number: 07834711 (England & Wales)

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**GFM EDUCATION**  
(A company limited by guarantee)

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 AUGUST 2018**

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**GFM EDUCATION**  
**(A company limited by guarantee)**

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**REFERENCE AND ADMINISTRATIVE DETAILS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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**Members**

C Beswick  
J Bonsor  
J Callander (resigned 6 February 2018)  
N Duncan

**Trustees**

J Bonsor  
J Callander (resigned 6 February 2018)  
A Cojocar (appointed 28 September 2018)  
M Corkill (appointed 28 September 2018)  
C Donovan (appointed 28 September 2018)  
N Duncan (resigned 6 February 2018)  
P Lane  
J Morgan  
I Potter  
K Robertson

**Company registered number**

07834711

**Company name**

GFM Education

**Principal and registered office**

Bay House School  
Gomer lane, Alverstoke  
Gosport  
Hampshire  
PO12 2QP

**Chief executive officer**

I Potter

**Senior management team**

Mrs K Andrew-Power, Associate Headteacher  
Mr P Bowden, Operations Director  
Mrs S Carter, Executive Finance Director  
Dr D Hall, Associate Headteacher  
Dr N Matthias, Associate Headteacher  
Mrs G Mulhall, Headteacher  
Mr S Parker-Tyreman, Headteacher  
Mr I Potter, Executive Headteacher

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY TRUST, ITS TRUSTEES AND  
ADVISERS  
FOR THE YEAR ENDED 31 AUGUST 2018**

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**Advisers (continued)**

**Independent auditors**

Hopper Williams & Bell Limited  
Statutory Auditor  
Highland House  
Mayflower Close  
Chandlers Ford  
Eastleigh  
Hampshire  
SO53 4AR

**Bankers**

Lloyds Bank Plc  
38 London Road  
North End  
Portsmouth  
Hampshire  
PO2 0LR

**Solicitors**

Blake Morgan LLP  
New Kings Court  
Tollgate  
Chandlers Ford  
Eastleigh  
Hampshire  
SO53 3LG

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**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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The Trustees present their annual report together with the financial statements and auditor's report of the Gosport and Fareham Multi-Academy Trust ("GFM Education") for the year ended 31 August 2018. The annual report serves the purposes of both a trustees' report, and a directors' report under Company law.

GFM Education operates one Junior School, two Secondary Schools in Gosport, and a Special School in the Gosport and Fareham area. Its academies have a combined pupil capacity of 4,203 and had a roll of 3,791 as at 31 August 2018.

**Structure, Governance and Management**

**Constitution**

GFM Education 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 academy trust.

GFM Education is currently responsible for Bay House Academy and Sixth Form, Gomer Junior School, Lord Wilson Academy and Brune Park Community School.

The trustees of GFM Education are also the directors of the charitable company for the purposes of company law. The charitable company is known as GFM Education. Details of the trustees who served during the year are included in the Reference and Administrative Details on page 1.

**Members' Liability**

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

**Trustees' Indemnities**

In accordance with normal commercial practice, GFM Education provides Directors' & Officers' indemnity insurance up to £5,000,000 on any one claim.

**Method of Recruitment and Appointment or Election of Trustees**

GFM Education's Members are responsible for appointing the directors of the Trust (Trustees). When appointing new trustees, the members give consideration to the skills and experience of the existing trustees in order to ensure that the Board has the necessary skills and expertise to contribute fully to GFM Education's development, set strategic direction and meet all its statutory obligations as set out in the Academies Financial Handbook.

**Policies and Procedures Adopted for the Induction and Training of Trustees**

During the year, Trustees and Members attended four meetings. All Trustees are provided with copies of procedures, minutes other documents that they will need to undertake their role. All Trustees are made aware of, and invited to attend, a variety of governance training sessions both externally and in-house.

**Organisational Structure**

The trustees retain the power to appoint Governors on Local Governing Committees. The Board of Members and Trustees meet four times per year and monitor the academic progress of all GFM Education's schools and the overall strategic direction of the Trust. The Executive Leadership Team report to the Board of Members and Trustees and meet approximately four times per term, chaired by the Chief Executive of GFM Education.

The Finance and Audit Committee meet three times per year and is attended by the Chief Executive, the Executive Finance Director, at least one Trustee and representatives from each of the Local Governing Committees.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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**Arrangements for Setting Pay and Remuneration of Key Management Personnel**

Teachers are paid taking account of the provisions of the School Teacher's Pay and Conditions Document. Pay progression is determined through a Quality of Practice audit and moderation process in accordance with each of the individual School's Pay Policy for Teaching Staff.

Leadership are paid taking account of the provisions of the School Teachers' Pay and Conditions Documents. Pay progression is determined through individual reviews by the Executive Leadership Teams and moderation process by the Chief Executive.

For support (non-teaching) staff, pay progression is determined in accordance with the individual School's Pay Policy for Support Staff.

All teaching, support and leadership recommendations for pay progression are considered and agreed by the Governors Salaries Committee.

**Trade Union Facility Time**

Under the provisions of the Trade Union (Facility Time Publication Requirements) Regulations 2017, where an academy trust has more than 49 full time equivalent employees throughout any 7 months within the reporting period, it must include information included in Schedule 2 of the Regulations. The information relating to GFM Education employees is as follows:

*Relevant Union Officials*

Number of employees who were relevant union officials during the year	3
Full-time equivalent employee number	0.35

*Percentage of time spent on facility time*

<u>Percentage of time</u>	<u>Number of employees</u>
0%	541
1%-50%	3
51%-99%	0
100%	0

*Percentage of pay bill spent on facility time*

Total cost of facility time	£21,862
Total pay bill	£17,044,007
% of total pay bill spent on facility time	0.13%

*Paid trade union activities*

Time spent on paid trade union activities as a % of total paid facility time hours	100%
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**Related Parties and other Connected Charities and Organisations**

GFM Education purchased consultancy services from J B Consultancy during the year ended 31 August 2018, which is connected to a Member of the Trust. The value of the service amounted to approximately £10.5k.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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**Objectives and Activities**

**Objectives, Strategies and Activities**

The principal object of GFM Education is the provision of education for pupils aged between 7 and 19 and was established with a focus of pioneering a local education model recognising the need to work in partnership with Hampshire County Council and all local schools to build better outcomes and opportunities for the young people of Gosport and Fareham.

The Trust aims to do this through:

- Continually improving the quality of provision within all of its Academies.
- Managing the demands of austerity of provision within all of its Academies.
- Contributing to system governance, leadership and improvement.
- Implementing targeted improvement plans for all learners, particularly in terms of outcomes and Ofsted Ratings.
- Investing in and improving systems and processes to support excellent service delivery.
- Developing local solutions to deliver wider benefit and impact within the Gosport and Fareham community.

The Members and Trustees have a clear ambition and belief in local schools working together for the benefit of all their young people and from September 2018, Rowner Junior School joins our growing family bringing a wider reach across the Primary Phase and additional skills to the team.

Working across all phases of education: Sixth Form, Secondary, Primary and SEN, we believe it is through our collective endeavour that we can make a difference, with Gosport and Fareham learners achievement being greater and aspiring them further. The local commitment to this initiative is overwhelming; schools and communities see this as an opportunity for a group of schools to become greater than the sum of their parts. This enables us to have an integrated and sustainable positive impact on our students through collaboration, cooperation and empathy.

We also recognise the value of, and are highly committed to developing strong and effective partnerships beyond our own walls. We actively contribute to and learn from educational improvement at a local, national and worldwide level, through the diversity and richness of our international links. In doing so, we empower our own learners to be successful 21st Century global citizens.

**Public Benefit**

GFM Education has considered the Charity Commission's guidance on Public Benefit. The key public benefit delivered by the trust is the provision of high quality education for all its pupils and students. The trust aims, above all, to improve pupils' and students' knowledge, skills, experience and imaginative understanding believing this to be the surest route to acquiring moral values, making informed choices and judgements in life, and learning to communicate effectively. Through its curriculums, GFM Education also encourages young people to become active participants in their own learning and society and be responsible contributors to both. To serve these ends, the trust endeavours to provide a rational, tolerant yet always disciplined atmosphere within all of its Schools, and to foster active participation by pupils and students in both the classroom and extra-curricular activities. In our society of rapid change, we believe that it is essential that young people should be equipped through their schooling to be sufficiently flexible to learn new roles and adapt to constantly changing circumstances in employment and in other respects.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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**Strategic Report**

**Achievements and Performance**

***Bay House School***

Whilst it is difficult to compare results to previous years, with the new reformed 9 to 1 grades allowing greater differentiation between students across a wide range of subjects, 70% of Year 11 students achieved a good pass in both English and Mathematics GCSEs (2017: 73%).

In addition, 22% of pupils achieved the English Baccalaureate. The English Baccalaureate refers to a combination of subjects which includes English language and literature, mathematics, the sciences, geography or history and a foreign language.

This year, assessment was mainly by examination, with other types of assessment used only where they were needed to test essential skills. Mathematics attainment continues to outstanding with a pass rate of 76% at grades 9-4. Traditional academic subjects also continue to excel, with above average pass rates in Biology (77% 9-4), Physics (74% 9-4), History (71% 9-4) and Mandarin (100% A\*-C). Other key successes include PE GCSE (91% 9-4), Dance GCSE (90% A\*-C), Textiles (88% 9-4), Sociology (83% A\*-C), Religious Studies (80% 9-4) and Music (81% 9-4). 85% of pupils also achieved a Level 2 Certificate in Financial Education from the London Institute of Banking of Finance.

We recognise that against a national picture of reformed GCSEs with their increased rigour, that these results are quite exceptional and reflect the hard work of both staff and pupils in achieving them.

***Bay House Sixth Form***

This year sees us maintain last year's record breaking results, with 90% of grades at A\*- C and 67% at the highest A\*- B grades. In addition, the latest DfE tables show Bay House Sixth Form has once again achieved an outstanding value-added performance for the 2018 cohort.

The value-added score, showing progress made between GCSE and A Level, is +0.39, placing it in the very highest category, 'well above average', and therefore within the top 5% of schools and colleges nationally. Perhaps even more gratifying is the performance of our 'disadvantaged' students, who gained a value-added score of +0.42.

These outstanding results will allow approximately 90% of our students to achieve places at their first-choice university. Around 50% of our students will be the first in their family to go to university – a statistic that we are especially proud of.

We are especially delighted this year to have a record number of eight students securing Oxbridge places.

Additionally, students who joined us with relatively modest GCSE results have achieved some absolutely outstanding A Level results. We think these results will make our Sixth Form one of the highest achieving state sixth forms in the country.

The headlines results include:

- Passes at A\*-E: 100% (2017: 100%)
- Passes at A\*-C: 90% (2017: 90%)
- Passes at A\*-B: 67% (2017: 67%)



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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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***Brune Park Community School***

The performance in core subjects at Brune Park has seen a marked improvement to previous years with the number of students achieving a 'Standard' Pass (grade 4) or better in English and Mathematics increasing. Most significantly, the number of students achieving 'strong' passes (grade 5 or above) improved by 12% in English and 7% in Maths with nearly half of the students achieving at least a standard pass in both subjects. The provisional 2018 Progress 8 score is -0.44 (2017: -0.71) and the Attainment 8 score also saw a dramatic rise to 39.3 (2017: 33.7).

44% of students studying the Science Trilogy course achieved a standard pass or better, an improvement of over 30% on last year's results. There was more than a 50% improvement in the students studying the separate Sciences achieving a standard pass or higher, Biology 86%, Chemistry 84% and Physics 86%.

Students achieving standard passes or better has improved in a range of other subjects; Geography, French, Religious Studies, Physical Education, Design Tech, Health and Social Care, Art, Business, Computing, Performing Arts, Drama, Film Studies and Music, most of these by more than 10%.

More than 70% of students achieved a standard pass or better in Business Studies, Dance, Drama, Engineering, Food & Nutrition, Health & Fitness, Health & Social Care, IT User Skills, Performing Arts, Physical Education, Religious Studies and Workskills.

***Gomer Junior School***

Gomer Junior School ended the year on a high winning the Science, Technology and Engineering Team of the year award at the prestigious 2018 Tes Schools Awards, the first junior school to do so. The awards, celebrating their tenth year, recognise outstanding contributions made by education teams and individuals to help students around the country to succeed, both inside and outside the classroom. Children receive three hours of science, technology, engineering and maths (STEM) learning per week – an exceptional standard for a junior school – with children encouraged to "think like engineers". To facilitate this, the school has linked "engineering habits of mind", developed by the Royal Academy of Engineering, to its own pedagogy.

"Gomer Junior School has developed a wonderful and extensive experience for primary students in science and engineering, offering a rich curriculum. It links into secondary science education and inputs into primary education courses. It showcases how integrated and inspirational primary science can be and it is a truly worthy winners of science, technology and engineering team of the year." Judges of Tes Schools Awards.

At the start of the new academic year, the Minister of State for School Standards visited the school to see the award winning gSTEM running alongside the wider curriculum, describing Gomer as a "pioneering and excellent school".

The school has also been awarded an ENTHUSE partnership to lead on STEM improvement locally. Gomer is working with the University of Chichester to share its pedagogy and has offered support to the institution with the writing of a primary undergraduate STEM degree course.

***Academic Results***

The results at the end of Key Stage 2 for 2018 show that Gomer Junior School has a combined reading, writing and maths score of 79% (2017: 64.4%) which is 14% above the national average of 65% (2017: 61.1%) set by the DfE. Reading and writing attainment continues to be well above national average with many students working at greater depth. Disadvantaged KS2 students are also achieving above Age Related Expectation.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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**LWS Academy**

As an Academy for students with social, emotional and mental health needs, LWS aims to meet the needs of secondary aged boys who have difficulty managing social interactions; and recognising and regulating their emotions in order to promote positive mental health. As an educational establishment LWS strives to improve outcomes academically, but acknowledges that good mental health, social skills and emotional development is the priority for students in order to achieve the highest levels of positive change.

Despite facing a challenging journey being held against national academic standards, LWS were able to showcase their approach to the pathway of learning and were announced as a nominee in the 2018 Tes Schools Awards, being shortlisted for the Science, Technology and Engineering Team of the year alongside Gomer Junior School. This was a great achievement for LWS with the awards celebrating the extraordinary commitment, quality and innovation shown by teachers and support staff across the UK.

"It is wonderful to see such innovative ideas and best-practice emerging from our schools and teachers, despite the current squeeze on funding. We had a record year for entries and the standard was the best so far – all those shortlisted should be very proud: it's an extraordinary achievement." Ann Mroz, Tes Editor.

**Academic Results**

With the changes to the national assessment framework to consider and increased rigour in curriculum content, the achievements of the students have been a great success. The students surpassed last year's results by 40% and there has been a 40% improvement in English, 23% improvement in Mathematics and 25% in Ebacc. Other headline GCSE results include:

- 75% of students passed English Language
- 62% of students passed English Literature
- 86% of students passed Mathematics
- 100% of students passed combined Science

The provisional 2018 Progress best 8 score is -1.49, which is a significant improvement on last year's results of -2.52. The Attainment best 8 score also saw a dramatic rise to 13.38 (2017 Attainment 8: 4). These outcomes are a testament to the transformational change and improvements being delivered at LWS and the new rigorous academic progress tracking systems now in place.

**Key Performance Indicators**

*1. Pupil Numbers*

Number on roll vs maximum:

Bay House School:	1,733 v 1,750 (2017: 1,754 v 1,754)
Bay House Sixth Form:	419 v 460 (2017: 437 v 460)
Brune Park Community School:	1,346 v 1,704 (2017: 1,353 v 1,776)
Gomer Junior School:	241 v 240 (2017: 239 v 240)
LWS Academy:	52 v 49 (2017: 50 v 52)

*2. Staff Costs as a percentage of total costs*

2018 – 74.2% (2017: 76.8%)

*3. Premises Costs as a percentage of total costs*

2018 – 7.1% (2017: 5.6%)

**Going Concern**

After making appropriate enquiries, the board of trustees has a reasonable expectation that GFM Education 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.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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**Financial Review**

**Review of Financial Performance and Position**

The Board of Trustees consider that GFM Education is in a sound financial position.

Most of the Academy Trust's income is obtained from the EFSA in the form of recurrent grants and following its initial year of formation, GFM Education generated an operating surplus of £86,136, before transfers, for charitable and other activities for the period to 31 August 2018. This also included activities funded through community use of the space.

There was an overall net expenditure for the year of £1.36m after spending from the fixed asset fund was taken into account. GFM Education receives capital grants and these are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. At 31 August 2018 the net book value of fixed assets was £66.7m. The assets were used exclusively for providing education and associated support services to the learners across GFM Education.

**Reserves Policy**

The Trust, after careful analysis of its cash flow, has concluded that the adequate range of reserves should be equivalent to approximately one month's expenditure, currently estimated to be between £1.7m and £1.8m, of combined Restricted and Unrestricted Funds (excluding restricted fixed asset fund and pension reserve). GFM Education's reserves are the resources the Trust has or can make available to spend for or all of the school's purposes once it has met its commitments and covered its planned expenditure. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants. In addition to this, a sufficient level of reserves, over and above the range shown above, is being put aside for future capital work to cover replacement, refurbishment and repairs within GFM Education buildings and grounds to help support reduced school and insufficient capital funding. It is deemed prudent to set aside a contingency fund to enable essential maintenance work to be carried out over the coming academic years which will include major roofing and window repairs, classroom refurbishments and the replacement of at least one mini bus within the Trust.

The reserves as at 31 August 2018 were as follows:

- Unrestricted (free) reserves of £1,820,503
- A restricted fixed asset fund of £66,714,461, which can only be realised through disposal of tangible fixed assets
- A pension deficit of £4,081,000
- Other restricted funds of £1,954,299
- Total funds of £66,408,263

There is a £4,081,000 deficit in respect of the Local Government Pension Scheme. This will result in increased employers' pension contributions over a period of years. We have reflected the effect of increased pension costs in our future budgets. Increased pension contributions will be met from the Trust's budgeted annual income, and whilst the deficit might not be eliminated, there should be no actual cash flow deficit on the fund, or direct impact on the free reserves of the Trust as a result of recognising the deficit. The trustees are satisfied that the level of reserves is in line with the policy.

**Investment Policy**

The objective is to maximise investment on any long term accrued balances in order to protect those balances against inflation. The Trust also aims to invest any other surplus cash fund on a short term basis. All investments will be made ensuring there is no tangible risk to the loss of those funds. Where a short term surplus is identified, these funds will be invested through the Treasury Deposit mechanism using the Trust's bankers, Lloyds Bank. Investments are made with regards to the Charity Commission guidance in relation to investments.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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**Principal Risks and Uncertainties**

All administrative and support staff are entitled to membership of the Local Government Pension Scheme. GFM Education's share of the Scheme's assets is currently assessed to be less than its liabilities in the Scheme, and consequently the balance sheet show a net liability of £4,081,000. The Actuary's assumptions are very much influenced with the latest international financial and economic crisis.

**Fundraising**

As part of its work within the community, GFM Education undertakes fundraising activities, for example through fetes, cake sales, world book day, non-uniform days, etc. GFM Education raises funds in order to support its own operations and also to make donations to local and national charities. The academy trust undertakes all such activities itself, with the help of its students and their families.

We confirm that when fundraising:

- No unsolicited approaches are made to members of the public.
- No commercial participators are used.
- No regularity schemes or standards are applicable.
- No complaints were made to the academy trust during the year.

**Plans for Future Periods**

The intent of the GFM Education Board is for the Trust to continue working together with staff, young learners and parents and to enhance the education provision in the local area and improve the education prospects of all young people in Gosport and Fareham. Securing staffing stability and quality throughout all School's within the Trust will be key to continually improving the quality of provision for all of our learners.

In order to support our strategic objectives, we are keen to improve on our evaluation and monitoring procedures to understand, reflect and provide clear evidence of the impact we have on the GFM community. We hope to develop a clear framework for doing this including the impact on the health, well-being and performance of students with higher needs.

**Funds Held as Custodian Trustee on Behalf of Others**

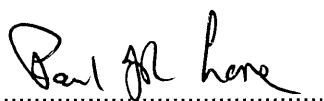
No funds are held on behalf of others.

**Auditor**

Insofar as the trustees are aware:

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

The Trustees' Report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 11 December 2018 and signed on the board's behalf by:



.....  
**P Lane**  
**Chair of Trustees**

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**GOVERNANCE STATEMENT**

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**Scope of Responsibility**

As trustees, we acknowledge we have overall responsibility for ensuring that GFM Education 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 Chief Executive Officer, 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 GFM Education 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 Trustees' responsibilities statement. The board of trustees has formally met four times during the year. Attendance during the year at meetings of the board of trustees was as follows:

<b>Member / Trustee</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
Cris Beswick	3	4
Jenny Bonsor	4	4
Paul Lane	4	4
Jean Morgan	4	4
Ian Potter	4	4
Kirsty Robertson	3	4
Nigel Duncan	4	4

**Review of Value for Money**

As Accounting Officer, the Chief Executive Officer has responsibility for ensuring that GFM Education 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 GFM Education'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. Over the financial year, GFM Education has continued to achieve financial efficiencies in how it has sought out and taken opportunities for reductions in staffing and taking advantage of economies of scale in establishing central services for its schools. The ongoing withdrawal from a number of inherited Service Level Agreements and supplying the service either internally or on a 'needs basis' has brought greater value for money.

Key achievements during the year include:

- Ongoing online IT systems development, at no additional hardware or software cost, improving communication across the Trust.
- Implementation of alternative solutions for traditional software improving lesson monitoring and reporting and streamlining communications with parents.
- Renegotiation of several contracts supporting all schools in the Trust reducing costs through one supply.
- Focusing on local suppliers to provide cost effective and high-quality products and services using economies of scale.

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**GOVERNANCE STATEMENT (continued)**

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**Review of Value for Money (continued)**

Looking forward, additional work will be undertaken including:

- Reviewing the use of the greater purchasing power as a larger combined customer for various purchasing arrangements.
- Continuing to develop our curriculum budgeting process to provide a flexible but efficient solution to our teaching and support needs.
- Investigating alternative sources and models for services such as utilities as costs increase across the market.

**The Purpose of the System of Internal Control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of 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 GFM Education for the year 1 September 2017 to 31 August 2018 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 2017 to 31 August 2018 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. 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 finance and general purposes committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes
- setting targets to measure financial and other performance
- clearly defined purchasing (asset purchase or capital investment) guidelines
- delegation of authority and segregation of duties
- identification and management of risks

The Board of Trustees has considered the need for a specific internal audit function and has decided to appoint Wilkins Kennedy LLP, an external auditor, to perform additional checks.

The reviewer's role will include giving advice on financial matters and performing a range of checks on the Trust's financial systems. Particular focus will be around the key areas as highlighted in the Academies Financial Handbook published by the ESFA. This covers: leadership and governance, people management, policy and strategy, partnership and resources, processes, and systems and reports to the ESFA.

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**GOVERNANCE STATEMENT (continued)**

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**The Risk and Control Framework (continued)**

Checks carried out in the year included procedures around:

- Testing of payroll systems
- Testing of purchase systems & controls
- Data security
- Grant and other income
- Budgeting & compliance
- Governance Procedures

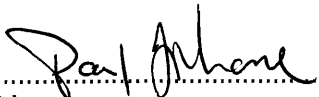
**Review of Effectiveness**

As Accounting Officer, the Chief Executive Officer 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 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 board of trustees and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on 11 December 2018 and signed on their behalf, by:



.....  
P Lane  
Chair of Trustees



.....  
I Potter  
Accounting Officer

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**GFM EDUCATION**  
**(A company limited by guarantee)**

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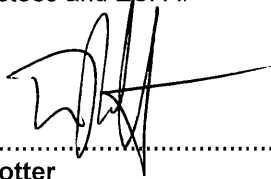
**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

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As Accounting Officer of GFM Education 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 2017.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2017.

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



.....  
**I Potter**  
**Accounting Officer**

Date: 11 December 2018



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**GFM EDUCATION**  
**(A company limited by guarantee)**

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**STATEMENT OF TRUSTEES' RESPONSIBILITIES**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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The Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Strategic report, the Trustees' report and the financial statements in accordance with the Annual Accounts Direction issued 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:

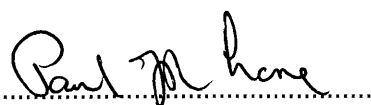
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting 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 11 December 2018 and signed on its behalf by:



P Lane  
Chair of Trustees

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**GFM EDUCATION**  
**(A company limited by guarantee)**

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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF GFM  
EDUCATION**

---

**OPINION**

We have audited the financial statements of GFM Education (the 'Academy Trust') for the year ended 31 August 2018 which comprise the Statement of financial activities incorporating income and expenditure account, 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'.

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 2018 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 2017 to 2018 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.

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**GFM EDUCATION**  
**(A company limited by guarantee)**

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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF GFM  
EDUCATION**

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**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. 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.

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**GFM EDUCATION**  
**(A company limited by guarantee)**

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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF GFM  
EDUCATION**

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**RESPONSIBILITIES OF TRUSTEES**

As explained more fully in the Statement of Trustees' responsibilities, 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](http://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 Trust'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 Trust'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 Trust and its members, as a body, for our audit work, for this report, or for the opinions we have formed.



Richard Hurst FCA (Senior statutory auditor)  
for and on behalf of

**Hopper Williams & Bell Limited**

Statutory Auditor

Highland House

Mayflower Close

Chandlers Ford

Eastleigh

Hampshire

SO53 4AR

Date:

18 December 2018

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**GFM EDUCATION**  
**(A company limited by guarantee)**

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**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO GFM  
EDUCATION AND THE EDUCATION & SKILLS FUNDING AGENCY**

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In accordance with the terms of our engagement letter dated 4 September 2017 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by GFM Education during the year 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

**RESPECTIVE RESPONSIBILITIES OF GFM EDUCATION'S ACCOUNTING OFFICER AND THE  
REPORTING ACCOUNTANT**

The Accounting Officer is responsible, under the requirements of GFM Education's funding agreement with the Secretary of State for Education dated 1 January 2012, and the Academies Financial Handbook extant from 1 September 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2017 to 2018. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

**APPROACH**

We conducted our engagement in accordance with the Academies Accounts Direction 2017 to 2018 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

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**GFM EDUCATION**  
**(A company limited by guarantee)**

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**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO GFM  
EDUCATION AND THE EDUCATION & SKILLS FUNDING AGENCY (continued)**

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**SUMMARY OF WORK UNDERTAKEN**

We carried out the following:

- planning of assurance procedures including identifying key risks;
- substantive testing including analytical review;
- concluding on procedures carried out.

Substantive testing included the following procedures:

- confirming that activities conform to the Academy Trust's framework of authorities;
- considering the evidence supporting the Accounting Officer's statement on regularity, propriety and compliance;
- evaluating the general control environment of the Academy Trust;
- testing a sample of transactions to consider whether the transaction is permissible within the Academy Trust's framework of authorities;
- confirming whether any extra-contractual payments have been made and whether appropriate authority was obtained;
- reviewing documentation for evidence of borrowing and confirming if approval was obtained from the ESFA;
- confirming whether ESFA approval was obtained for any disposals of assets;
- reviewing the internal control procedures relating to credit cards;
- reviewing for any indication of purchases for personal use by staff or officers;
- reviewing the list of suppliers to consider whether supplies are from related parties;
- considering whether income generating activities are permissible within the Academy Trust's charitable objects;
- reviewing whether lettings to related parties are made at favourable rates.

**CONCLUSION**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Richard Hurst FCA

**Hopper Williams & Bell Limited**

Statutory Auditor  
Highland House  
Mayflower Close  
Chandlers Ford  
Eastleigh  
Hampshire  
SO53 4AR

Date: 18 December 2018

**GFM EDUCATION**  
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31 AUGUST 2018**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
<b>INCOME FROM:</b>					
Donations & capital grants:					
Transfer from local authority on conversion	2	-	-	-	35,092,284
Transfer of existing academy joining the trust	2	-	-	-	3,672,107
Other donations and capital grants	2	32,760	82,522	115,282	171,258
Charitable activities	3	21,216,022	-	21,216,022	15,355,911
Other trading activities	4	283,117	-	283,117	139,040
Investments	5	2,776	-	2,776	1,846
<b>TOTAL INCOME</b>	<b>285,893</b>	<b>21,248,782</b>	<b>82,522</b>	<b>21,617,197</b>	<b>54,432,446</b>
<b>EXPENDITURE ON:</b>					
Charitable activities	-	21,448,539	1,524,806	22,973,345	15,941,711
<b>TOTAL EXPENDITURE</b>	6	<b>21,448,539</b>	<b>1,524,806</b>	<b>22,973,345</b>	<b>15,941,711</b>
<b>NET INCOME / (EXPENDITURE) BEFORE TRANSFERS</b>	<b>285,893</b>	<b>(199,757)</b>	<b>(1,442,284)</b>	<b>(1,356,148)</b>	<b>38,490,735</b>
Transfers between Funds	19	-	168,728	-	-
<b>NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES</b>	<b>285,893</b>	<b>(368,485)</b>	<b>(1,273,556)</b>	<b>(1,356,148)</b>	<b>38,490,735</b>
Actuarial gains on defined benefit pension schemes	23	-	1,198,000	1,198,000	1,763,000
<b>NET MOVEMENT IN FUNDS</b>	<b>285,893</b>	<b>829,515</b>	<b>(1,273,556)</b>	<b>(158,148)</b>	<b>40,253,735</b>
<b>RECONCILIATION OF FUNDS:</b>					
Total funds brought forward	1,534,610	(2,956,216)	67,988,017	66,566,411	26,312,676
<b>TOTAL FUNDS CARRIED FORWARD</b>	<b>1,820,503</b>	<b>(2,126,701)</b>	<b>66,714,461</b>	<b>66,408,263</b>	<b>66,566,411</b>

The notes on pages 25 to 50 form part of these financial statements.

**GFM EDUCATION**  
**(A company limited by guarantee)**  
**REGISTERED NUMBER: 07834711**

**BALANCE SHEET**  
**AS AT 31 AUGUST 2018**

	Note	£	2018 £	£	2017 £
<b>FIXED ASSETS</b>					
Tangible assets	14		66,685,794		67,926,884
<b>CURRENT ASSETS</b>					
Stocks	15	13,019		14,031	
Debtors	16	733,852		854,358	
Cash at bank and in hand		4,404,828		3,788,970	
			<u>5,151,699</u>		<u>4,657,359</u>
<b>CREDITORS: amounts falling due within one year</b>	17	<b>(1,277,989)</b>		<b>(1,100,853)</b>	
<b>NET CURRENT ASSETS</b>			<b>3,873,710</b>		<b>3,556,506</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<b>70,559,504</b>		<b>71,483,390</b>
<b>CREDITORS: amounts falling due after more than one year</b>	18		<b>(70,241)</b>		<b>(111,979)</b>
<b>NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES</b>			<b>70,489,263</b>		<b>71,371,411</b>
Defined benefit pension scheme liability	23		<b>(4,081,000)</b>		<b>(4,805,000)</b>
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITIES</b>			<b>66,408,263</b>		<b>66,566,411</b>
<b>FUNDS OF THE ACADEMY</b>					
Restricted income funds:					
Restricted income funds	19	1,954,299		1,848,784	
Restricted fixed asset funds	19	66,714,461		67,988,017	
Restricted income funds excluding pension liability		68,668,760		69,836,801	
Pension reserve		(4,081,000)		(4,805,000)	
Total restricted income funds			<b>64,587,760</b>		<b>65,031,801</b>
Unrestricted income funds	19		<b>1,820,503</b>		<b>1,534,610</b>
<b>TOTAL FUNDS</b>			<b>66,408,263</b>		<b>66,566,411</b>



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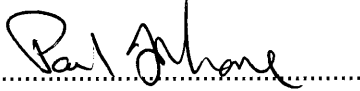
**GFM EDUCATION**  
**(A company limited by guarantee)**

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**BALANCE SHEET (continued)**  
**AS AT 31 AUGUST 2018**

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The financial statements on pages 21 to 50 were approved by the Trustees, and authorised for issue, on 11 December 2018 and are signed on their behalf, by:



**P Lane**  
**Chair of Trustees**

The notes on pages 25 to 50 form part of these financial statements.

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**GFM EDUCATION**  
**(A company limited by guarantee)**

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**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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	Note	2018 £	2017 £
<b>Cash flows from operating activities</b>			
Net cash provided by operating activities	21	<u>899,574</u>	<u>2,093,614</u>
<b>Cash flows from investing activities:</b>			
Purchase of tangible fixed assets		<u>(283,716)</u>	<u>(91,827)</u>
<b>Net cash used in investing activities</b>		<u>(283,716)</u>	<u>(91,827)</u>
<b>Change in cash and cash equivalents in the year</b>		<b>615,858</b>	<b>2,001,787</b>
Cash and cash equivalents brought forward		<u>3,788,970</u>	<u>1,787,183</u>
<b>Cash and cash equivalents carried forward</b>	22	<u><u>4,404,828</u></u>	<u><u>3,788,970</u></u>

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**GFM EDUCATION**  
**(A company limited by guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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**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 historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

GFM Education constitutes a public benefit entity as defined by FRS 102.

**1.2 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 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.

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**GFM EDUCATION**  
**(A company limited by guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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**1. ACCOUNTING POLICIES (continued)**

**1.3 Income**

All income is recognised once the Academy Trust has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Grants are included in the Statement of financial activities incorporating income and expenditure account on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

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

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

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

Other income, including the hire of facilities, is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

Where assets are received by the trust on conversion to an academy, the transferred assets are measured at fair value and recognised in the Balance sheet at the point when the risk and rewards of ownership pass to the trust. An equal amount of income is recognised as a transfer on conversion within Income from donations and capital grants.

Where assets are received on the transfer of an existing academy into the trust, the transferred assets are measured at fair value and recognised in the Balance sheet at the point when the risks and rewards of ownership pass to the trust, which is on signing of the transfer agreement with the transferring trust. An equal amount of income is recognised for the transfer of an existing academy into the trust within Income and donations and capital grants.

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**GFM EDUCATION**  
**(A company limited by guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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**1. ACCOUNTING POLICIES (continued)**

**1.4 Expenditure**

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

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

All expenditure is inclusive of irrecoverable VAT.

**1.5 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.

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**GFM EDUCATION**  
**(A company limited by guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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**1. ACCOUNTING POLICIES (continued)**

**1.6 Tangible fixed assets and depreciation**

All assets costing more than £5,000 (2017: £1,000) are capitalised 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 incorporating income and expenditure account 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 incorporating income and expenditure account. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is not charged on freehold land. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	10-50 years straight line or 15% reducing balance
Leasehold property	-	10-50 years straight line or 15% reducing balance
Long-term leasehold land	-	Not provided
Furniture and fixtures	-	15% reducing balance or 10% straight line
Motor vehicles	-	25% reducing balance
Computer equipment	-	20% straight line

Long leasehold land has not been depreciated as it is similar to freehold land, which does not require depreciation.

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.

**1.7 Operating leases**

Rentals under operating leases are charged to the Statement of financial activities incorporating income and expenditure account on a straight line basis over the lease term.

**1.8 Stocks**

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**1. ACCOUNTING POLICIES (continued)**

**1.9 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 Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

**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 Trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. 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 Financial instruments**

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

*Financial assets* - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 16. Prepayments are not financial instruments. Amounts due to the Academy Trust's wholly owned subsidiary are held at face value less any impairment. Cash at bank is classified as a basic financial instrument and is measured at face value.

*Financial liabilities* - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in notes 17 and 18. 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 other financial instruments. Amounts due to the Academy Trust's wholly owned subsidiary are held at face value less any impairment.

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**1. ACCOUNTING POLICIES (continued)**

**1.14 Pensions**

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 23, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each Balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of financial activities incorporating income and expenditure account 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.

**1.15 Agency arrangements**

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



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**NOTES TO THE FINANCIAL STATEMENTS**  
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**1. ACCOUNTING POLICIES (continued)**

**1.16 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 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 (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 23, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

**2. INCOME FROM DONATIONS AND CAPITAL GRANTS**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
Transfer from local authority on conversion	-	-	-	-	35,092,284
Transfer of existing academy joining the trust	-	-	-	-	3,672,107
Subtotal detailed disclosure	-	-	-	-	38,764,391
Donations	-	32,760	-	32,760	37,899
Capital Grants	-	-	82,522	82,522	133,359
Subtotal	-	32,760	82,522	115,282	171,258
	-	32,760	82,522	115,282	38,935,649
<i>Total 2017</i>	<i>1,070,741</i>	<i>(2,949,084)</i>	<i>40,813,992</i>	<i>38,935,649</i>	

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**3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	<i>Total funds 2017 £</i>
<b>DfE/ESFA grants</b>				
General Annual Grant (GAG)	-	18,798,338	18,798,338	13,446,091
DfE/ESFA other grants	-	1,125,067	1,125,067	1,049,838
	-	19,923,405	19,923,405	14,495,929
<b>Other government grants</b>				
Local authority grants	-	607,484	607,484	271,661
	-	607,484	607,484	271,661
<b>Other funding</b>				
Trip income	-	279,376	279,376	340,397
Tuition fee income	-	65,522	65,522	44,780
Other income	-	340,235	340,235	203,144
	-	685,133	685,133	588,321
	-	21,216,022	21,216,022	15,355,911
<i>Total 2017</i>	-	15,355,911	15,355,911	

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**NOTES TO THE FINANCIAL STATEMENTS  
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**4. OTHER TRADING ACTIVITIES**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Hire of facilities	283,117	-	283,117	139,040
<i>Total 2017</i>	<u>139,040</u>	<u>-</u>	<u>139,040</u>	

**5. INVESTMENT INCOME**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Deposit account interest	2,776	-	2,776	1,846
<i>Total 2017</i>	<u>1,846</u>	<u>-</u>	<u>1,846</u>	

**6. EXPENDITURE**

	Staff costs 2018 £	Premises 2018 £	Other costs 2018 £	Total 2018 £	Total 2017 £
Academy's educational operations:					
Direct costs	14,298,273	-	1,549,581	15,847,854	11,145,519
Support costs	2,745,734	1,636,447	2,743,310	7,125,491	4,796,192
	<u>17,044,007</u>	<u>1,636,447</u>	<u>4,292,891</u>	<u>22,973,345</u>	<u>15,941,711</u>
<i>Total 2017</i>	<u>12,246,258</u>	<u>889,492</u>	<u>2,805,961</u>	<u>15,941,711</u>	

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**NOTES TO THE FINANCIAL STATEMENTS  
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**7. ANALYSIS OF SUPPORT COSTS**

	Educational operations £	Total 2018 £	Total 2017 £
Technology costs	174,248	174,248	58,422
Premises costs	1,636,447	1,636,447	889,492
Governance Costs	33,309	33,309	3,224
Other costs	1,010,947	1,010,947	674,295
Wages and salaries	1,782,421	1,782,421	1,409,760
National insurance	173,738	173,738	97,371
Pension cost	789,575	789,575	666,672
Depreciation	1,524,806	1,524,806	996,956
	<u>7,125,491</u>	<u>7,125,491</u>	<u>4,796,192</u>
<i>Total 2017</i>	<u>4,796,192</u>	<u>4,796,192</u>	

**8. EXPENDITURE - ANALYSIS OF SPECIFIC EXPENSES**

Included within expenditure are the following transactions:

	Total £	Individual items above £5,000 Amount £	Reason
Unrecoverable debts	724	-	

**9. NET INCOME/(EXPENDITURE)**

This is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets:		
- owned by the charity	1,524,806	996,956
Auditors' remuneration - audit	10,925	10,680
Auditors' remuneration - other services	5,880	4,705
Operating lease rentals	<u>31,537</u>	<u>21,850</u>

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**10. STAFF COSTS**

**a. Staff costs**

Staff costs were as follows:

	2018 £	2017 £
Wages and salaries	13,332,506	9,566,057
Social security costs	1,224,912	851,746
Operating costs of defined benefit pension schemes	2,486,589	1,828,455
	<u>17,044,007</u>	<u>12,246,258</u>

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

Included in staff costs are non-statutory/non-contractual severance payments totalling £80,405 (2017: £21,500). Individually, the payments were £27,000, £24,000, £11,405, £10,000, £5,000, and £3,000 (2017: £8,500, £7,000, and £6,000).

**c. Staff numbers**

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

	2018 No.	2017 No.
Teachers	264	201
Administration and support	256	187
Management	24	19
	<u>544</u>	<u>407</u>

**d. Higher paid staff**

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

	2018 No.	2017 No.
In the band £60,001 - £70,000	3	3
In the band £70,001 - £80,000	2	3
In the band £140,001 - £150,000	0	1
In the band £150,001 - £160,000	1	0

**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 staff costs in respect of key management personnel was £771,813 (2017: £571,798).

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**11. CENTRAL SERVICES**

The Academy Trust has provided the following central services to its academies during the year:

- Staff costs
- Insurance
- Governance costs
- Other support costs

The Academy Trust charges for these services on the following basis:

The costs have been recharged based upon fixed percentages, as shown below.

The actual amounts charged during the year were as follows:

	2018	2017
	£	£
Bay House School - 53% (2017: 58%)	1,200,229	446,969
Brune Park Community School - 37% (2017: 32%)	837,895	246,604
Gomer Junior School - 5% (2017: 6%)	113,229	46,238
Lord Wilson School - 5% (2017: 4%)	113,229	30,825
	<b>2,264,582</b>	<b>770,636</b>
Total	<b>2,264,582</b>	<b>770,636</b>

**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 Principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and other staff members under their contracts of employment, and not in respect of their role as Trustees. The value of Trustees' remuneration and other benefits was as follows:

		2018	2017
		£'000	£'000
I Potter	Remuneration	150-155	<i>(Included</i>
	Pension contributions paid	20-25	<i>below)</i>
A total of five trustees	Remuneration	-	200-205
	Pension contributions paid	-	30-35

During the year, no Trustees received any reimbursement of expenses (2017: £nil).

**13. TRUSTEES' AND OFFICERS' INSURANCE**

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5m on any one claim and the cost for the year ended 31 August 2018 was £2,126 (2017 - £2,126).

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**NOTES TO THE FINANCIAL STATEMENTS  
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**14. TANGIBLE FIXED ASSETS**

	Freehold property £	Leasehold property £	Furniture and fixtures £	Motor vehicles £	Computer equipment £	Total £
<b>Cost</b>						
At 1 September 2017	62,746,716	7,223,989	1,100,010	162,951	911,819	72,145,485
Additions	197,043	-	58,744	10,900	17,029	283,716
At 31 August 2018	<u>62,943,759</u>	<u>7,223,989</u>	<u>1,158,754</u>	<u>173,851</u>	<u>928,848</u>	<u>72,429,201</u>
<b>Depreciation</b>						
At 1 September 2017	2,890,990	60,984	434,055	105,056	727,516	4,218,601
Charge for the year	1,204,035	148,582	102,941	15,496	53,752	1,524,806
At 31 August 2018	<u>4,095,025</u>	<u>209,566</u>	<u>536,996</u>	<u>120,552</u>	<u>781,268</u>	<u>5,743,407</u>
<b>Net book value</b>						
At 31 August 2018	<u><u>58,848,734</u></u>	<u><u>7,014,423</u></u>	<u><u>621,758</u></u>	<u><u>53,299</u></u>	<u><u>147,580</u></u>	<u><u>66,685,794</u></u>
At 31 August 2017	<u><u>59,855,726</u></u>	<u><u>7,163,005</u></u>	<u><u>665,955</u></u>	<u><u>57,895</u></u>	<u><u>184,303</u></u>	<u><u>67,926,884</u></u>

Freehold and leasehold property includes an estimated figure in respect of the fair value of two academies where a formal valuation had not been received by the date of approval of the financial statements.

**15. STOCKS**

	2018 £	2017 £
Uniform stocks	<u>13,019</u>	<u>14,031</u>

**16. DEBTORS**

	2018 £	2017 £
Trade debtors	36,739	35,738
Other debtors	-	437
Prepayments and accrued income	586,560	552,422
Tax recoverable	110,553	265,761
	<u>733,852</u>	<u>854,358</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
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**17. CREDITORS: Amounts falling due within one year**

	2018	2017
	£	£
Trade creditors	343,394	393,571
Other taxation and social security	283,758	280,032
Other creditors	366,157	341,097
Accruals and deferred income	284,680	86,153
	1,277,989	1,100,853
	2018	2017
	£	£
<b>Deferred income</b>		
Deferred income at 1 September 2017	48,663	68,680
Resources deferred during the year	228,370	48,663
Amounts released from previous years	(48,663)	(68,680)
Deferred income at 31 August 2018	228,370	48,663

At the balance sheet date the academy trust was holding funds received in advance for trips, sixth form bus passes, locker deposits, and other income in relation to the forthcoming term.

**18. CREDITORS: Amounts falling due after more than one year**

	2018	2017
	£	£
Other creditors	70,241	111,979

Included in other creditors are the following:

- a) ESFA funding loan of £75,000 (2017: £121,538), repayable in instalments ending in August 2019
- b) Salix energy efficiency loans of £90,481 (2017: £135,722), repayable in instalments ending in August 2021



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**NOTES TO THE FINANCIAL STATEMENTS  
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**19. STATEMENT OF FUNDS**

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
<b>Unrestricted funds</b>						
Reserves	1,534,610	285,893	-	-	-	1,820,503
<b>Restricted funds</b>						
General Annual Grant (GAG)	1,848,784	18,798,338	(18,524,095)	(168,728)	-	1,954,299
Pupil premium	-	911,155	(911,155)	-	-	-
Other DfE/ESFA grants	-	213,912	(213,912)	-	-	-
Local authority grants	-	607,484	(607,484)	-	-	-
Other educational activities	-	717,893	(717,893)	-	-	-
Pension reserve	(4,805,000)	-	(474,000)	-	1,198,000	(4,081,000)
	<u>(2,956,216)</u>	<u>21,248,782</u>	<u>(21,448,539)</u>	<u>(168,728)</u>	<u>1,198,000</u>	<u>(2,126,701)</u>
<b>Restricted fixed asset funds</b>						
Fixed asset fund	67,926,884	-	(1,524,806)	283,716	-	66,685,794
ESFA - Devolved formula capital	21,443	82,522	-	(75,298)	-	28,667
Other capital grants	20,089	-	-	(20,089)	-	-
Balances on transfer	19,601	-	-	(19,601)	-	-
	<u>67,988,017</u>	<u>82,522</u>	<u>(1,524,806)</u>	<u>168,728</u>	<u>-</u>	<u>66,714,461</u>
Total restricted funds	<u>65,031,801</u>	<u>21,331,304</u>	<u>(22,973,345)</u>	<u>-</u>	<u>1,198,000</u>	<u>64,587,760</u>
Total of funds	<u><u>66,566,411</u></u>	<u><u>21,617,197</u></u>	<u><u>(22,973,345)</u></u>	<u><u>-</u></u>	<u><u>1,198,000</u></u>	<u><u>66,408,263</u></u>

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**NOTES TO THE FINANCIAL STATEMENTS  
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**19. STATEMENT OF FUNDS (continued)**

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

**General annual grant**

This includes all funding received from the ESFA to carry out the objectives of the academy. It includes the school budget share, minimum funding guarantee, education services grant, insurance, rates, pre-16 high need funding, and post-16 high needs funding.

**Pupil premium and other DfE/ESFA grants**

This is funding received from the ESFA for specific purposes.

**Local authority grants**

This is funding received from the local authority for specific purposes, for example Special Educational Needs funding.

**Other educational activities**

This includes all other educational income/expenditure.

**Pension reserve**

This represents the negative reserve in respect of the liability on the LGPS pension scheme which was transferred to the academy on conversion.

**Fixed asset fund**

The fund includes the value of the tangible fixed assets of the academy on conversion, and amounts transferred from GAG or other restricted funds specifically for expenditure on tangible fixed assets, and the annual charges for depreciation of these assets.

**DfE/ESFA capital grants**

This is money received from the DfE/ESFA specifically for expenditure on tangible fixed assets.

Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2018.

**ANALYSIS OF ACADEMIES BY FUND BALANCE**

Fund balances at 31 August 2018 were allocated as follows:

	<b>Total 2018 £</b>	<i>Total 2017 £</i>
Bay House School	1,497,067	1,664,623
Brune Park Community School	2,053,844	1,466,882
Gomer Junior School	146,954	150,491
Lord Wilson School	76,937	101,398
Total before fixed asset fund and pension reserve	<b>3,774,802</b>	3,383,394
Restricted fixed asset fund	<b>66,714,461</b>	67,988,017
Pension reserve	<b>(4,081,000)</b>	(4,805,000)
Total	<b>66,408,263</b>	66,566,411

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**NOTES TO THE FINANCIAL STATEMENTS  
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**19. STATEMENT OF FUNDS (continued)**

**ANALYSIS OF ACADEMIES BY COST**

Expenditure incurred by each academy during the year was as follows:

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciat- ion £	Total 2018 £	Total 2017 £
Bay House School	8,129,627	1,389,026	926,714	1,356,987	11,802,354	11,740,499
Brune Park Community School	4,807,076	1,045,914	438,131	1,140,891	7,432,012	2,380,765
Gomer Junior School	703,273	168,592	83,486	200,026	1,155,377	429,637
Lord Wilson School	658,297	142,202	101,250	157,047	1,058,796	393,854
	<u>14,298,273</u>	<u>2,745,734</u>	<u>1,549,581</u>	<u>2,854,951</u>	<u>21,448,539</u>	<u>14,944,755</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
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**19. STATEMENT OF FUNDS (continued)**

**STATEMENT OF FUNDS - PRIOR YEAR**

	<i>Balance at 1 September 2016 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers in/out £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 August 2017 £</i>
<b>General funds</b>						
Reserves	323,682	1,211,627	(699)	-	-	1,534,610
	<u>323,682</u>	<u>1,211,627</u>	<u>(699)</u>	<u>-</u>	<u>-</u>	<u>1,534,610</u>
<b>Restricted funds</b>						
General Annual Grant (GAG)	-	13,446,091	(11,597,307)	-	-	1,848,784
Pupil premium	-	771,960	(771,960)	-	-	-
Other DfE/ESFA grants	-	277,878	(277,878)	-	-	-
Local authority grants	-	271,661	(271,661)	-	-	-
Other educational activities	947,672	593,237	(1,540,909)	-	-	-
School fund	25,341	-	(25,341)	-	-	-
Pension reserve	(3,155,000)	(2,954,000)	(459,000)	-	1,763,000	(4,805,000)
	<u>(2,181,987)</u>	<u>12,406,827</u>	<u>(14,944,056)</u>	<u>-</u>	<u>1,763,000</u>	<u>(2,956,216)</u>
<b>Restricted fixed asset funds</b>						
Fixed asset fund	28,170,981	40,661,032	(996,956)	91,827	-	67,926,884
ESFA - Devolved formula capital	-	113,270	-	(91,827)	-	21,443
Other capital grants	-	20,089	-	-	-	20,089
Balances on transfer	-	19,601	-	-	-	19,601
	<u>28,170,981</u>	<u>40,813,992</u>	<u>(996,956)</u>	<u>-</u>	<u>-</u>	<u>67,988,017</u>
Total restricted funds	<u>25,988,994</u>	<u>53,220,819</u>	<u>(15,941,012)</u>	<u>-</u>	<u>1,763,000</u>	<u>65,031,801</u>
Total of funds	<u>26,312,676</u>	<u>54,432,446</u>	<u>(15,941,711)</u>	<u>-</u>	<u>1,763,000</u>	<u>66,566,411</u>

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A CURRENT YEAR 12 MONTHS AND PRIOR YEAR 12 MONTHS COMBINED POSITION IS AS FOLLOWS:

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
<b>Unrestricted funds</b>						
Reserves	323,682	1,497,520	(699)	-	-	1,820,503
	<u>323,682</u>	<u>1,497,520</u>	<u>(699)</u>	<u>-</u>	<u>-</u>	<u>1,820,503</u>
<b>Restricted funds</b>						
General Annual Grant (GAG)	-	32,244,429	(30,121,402)	(168,728)	-	1,954,299
Pupil premium	-	1,683,115	(1,683,115)	-	-	-
Other DfE/ESFA grants	-	491,790	(491,790)	-	-	-
Local authority grants	-	879,145	(879,145)	-	-	-
Other educational activities	947,672	1,311,130	(2,258,802)	-	-	-
School fund	25,341	-	(25,341)	-	-	-
Pension reserve	(3,155,000)	(2,954,000)	(933,000)	-	2,961,000	(4,081,000)
	<u>(2,181,987)</u>	<u>33,655,609</u>	<u>(36,392,595)</u>	<u>(168,728)</u>	<u>2,961,000</u>	<u>(2,126,701)</u>
<b>Restricted fixed asset funds</b>						
Fixed asset fund	28,170,981	40,661,032	(2,521,762)	375,543	-	66,685,794
ESFA - Devolved formula capital	-	195,792	-	(167,125)	-	28,667
Other capital grants	-	20,089	-	(20,089)	-	-
Balances on transfer	-	19,601	-	(19,601)	-	-
	<u>28,170,981</u>	<u>40,896,514</u>	<u>(2,521,762)</u>	<u>168,728</u>	<u>-</u>	<u>66,714,461</u>
	<u>25,988,994</u>	<u>74,552,123</u>	<u>(38,914,357)</u>	<u>-</u>	<u>2,961,000</u>	<u>64,587,760</u>
<b>Total of funds</b>	<u><u>26,312,676</u></u>	<u><u>76,049,643</u></u>	<u><u>(38,915,056)</u></u>	<u><u>-</u></u>	<u><u>2,961,000</u></u>	<u><u>66,408,263</u></u>

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**20. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	66,685,794	66,685,794
Current assets	1,820,503	3,302,529	28,667	5,151,699
Creditors due within one year	-	(1,277,989)	-	(1,277,989)
Creditors due in more than one year	-	(70,241)	-	(70,241)
Pension liability	-	(4,081,000)	-	(4,081,000)
	<u>1,820,503</u>	<u>(2,126,701)</u>	<u>66,714,461</u>	<u>66,408,263</u>

**ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR**

	<i>Unrestricted funds 2017 £</i>	<i>Restricted funds 2017 £</i>	<i>Restricted fixed asset funds 2017 £</i>	<i>Total funds 2017 £</i>
Tangible fixed assets	-	-	67,926,884	67,926,884
Current assets	1,534,610	3,061,616	61,133	4,657,359
Creditors due within one year	-	(1,100,853)	-	(1,100,853)
Creditors due in more than one year	-	(111,979)	-	(111,979)
Pension liability	-	(4,805,000)	-	(4,805,000)
	<u>1,534,610</u>	<u>(2,956,216)</u>	<u>67,988,017</u>	<u>66,566,411</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
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**21. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES**

	2018 £	2017 £
Net (expenditure)/income for the year (as per Statement of Financial Activities)	(1,356,148)	38,490,735
<b>Adjustment for:</b>		
Depreciation charges	1,524,806	996,956
Decrease in stocks	1,012	9,737
Decrease/(increase) in debtors	120,506	(547,866)
Increase in creditors	135,398	392,084
Defined benefit pension scheme obligation inherited	-	2,954,000
Defined benefit pension scheme cost less contributions payable	474,000	459,000
Tangible fixed assets transferred into the trust	-	(3,944,689)
Tangible fixed assets on conversion	-	(36,716,343)
<b>Net cash provided by operating activities</b>	<b>899,574</b>	<b>2,093,614</b>

**22. ANALYSIS OF CASH AND CASH EQUIVALENTS**

	2018 £	2017 £
Cash in hand	1,951	1,277
Notice deposits (less than 3 months)	4,402,877	3,787,693
<b>Total</b>	<b>4,404,828</b>	<b>3,788,970</b>

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**23. PENSION COMMITMENTS**

The Academy Trust's employees belong to two principal pension schemes: the Teacher's 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 Hampshire County Council. Both are Multi-employer defined benefit pension schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

Contributions amounting to £258,776 were payable to the schemes at 31 August 2018 (2017 - £252,024) and are included within creditors.

**Teachers' Pension Scheme**

**Introduction**

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

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

**Valuation of the Teachers' Pension Scheme**

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

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

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

The employer's pension costs paid to TPS in the period amounted to £1,416,071 (2017 - £1,006,542).



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**23. PENSION COMMITMENTS (continued)**

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

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

**Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £891,000 (2017 - £587,000), of which employer's contributions totalled £695,000 (2017 - £450,000) and employees' contributions totalled £196,000 (2017 - £137,000). The agreed contribution rates for future years are 15.1% for employers and between 5.5% and 12.5% for employees.

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

Principal actuarial assumptions:

	2018	2017
Discount rate for scheme liabilities	2.80 %	2.50 %
Rate of increase in salaries	3.50 %	3.50 %
Rate of increase for pensions in payment / inflation	2.00 %	2.00 %
Inflation assumption (CPI)	2.00 %	2.00 %

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

	2018	2017
Retiring today		
Males	24.1	24.0
Females	27.2	27.0
Retiring in 20 years		
Males	26.2	26.0
Females	29.4	29.3

<b>Sensitivity analysis</b>	<b>At 31 August 2018</b>	<b>At 31 August 2017</b>
	£	£
Discount rate +0.1%	12,126,000	11,557,000
Discount rate -0.1%	12,668,000	12,140,000
Mortality assumption - 1 year increase	12,742,000	12,194,000
Mortality assumption - 1 year decrease	12,046,000	11,498,000

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FOR THE YEAR ENDED 31 AUGUST 2018**

**23. PENSION COMMITMENTS (continued)**

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

	Fair value at 31 August 2018 £	Fair value at 31 August 2017 £
Equities	5,312,000	4,308,000
Property	574,000	458,000
Government bonds	1,904,000	1,746,000
Corporate bonds	100,000	77,000
Cash and other liquid assets	191,000	211,000
Other	232,000	240,000
Total market value of assets	<u>8,313,000</u>	<u>7,040,000</u>

The actual return on scheme assets was £534,000 (2017 - £481,000).

The amounts recognised in the Statement of financial activities incorporating income and expenditure account are as follows:

	2018 £	2017 £
Current service cost	(1,057,000)	(817,000)
Past service cost	-	(13,000)
Net interest cost	(112,000)	(79,000)
Total	<u>(1,169,000)</u>	<u>(909,000)</u>

Movements in the present value of the defined benefit obligation were as follows:

	2018 £	2017 £
Opening defined benefit obligation	11,845,000	6,476,000
Upon conversion	-	5,009,000
Transferred in on existing academies joining the trust	-	672,000
Interest cost	297,000	170,000
Employee contributions	196,000	137,000
Actuarial gains	(849,000)	(1,373,000)
Benefits paid	(152,000)	(76,000)
Current service cost	1,057,000	817,000
Past service costs	-	13,000
Closing defined benefit obligation	<u>12,394,000</u>	<u>11,845,000</u>

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**23. PENSION COMMITMENTS (continued)**

Movements in the fair value of the Academy Trust's share of scheme assets:

	2018 £	2017 £
Opening fair value of scheme assets	7,040,000	3,321,000
Upon conversion	-	2,403,000
Transferred in on existing academies joining the trust	-	324,000
Interest income	185,000	91,000
Actuarial losses	349,000	390,000
Employer contributions	695,000	450,000
Employee contributions	196,000	137,000
Benefits paid	(152,000)	(76,000)
	<u>8,313,000</u>	<u>7,040,000</u>
Closing fair value of scheme assets	<u>8,313,000</u>	<u>7,040,000</u>

**24. OPERATING LEASE COMMITMENTS**

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

	2018 £	2017 £
<b>Amounts payable:</b>		
Within 1 year	27,807	22,453
Between 1 and 5 years	59,019	45,882
	<u>86,826</u>	<u>68,335</u>
Total	<u>86,826</u>	<u>68,335</u>

**25. RELATED PARTY TRANSACTIONS**

Owing to the nature of the academy trust 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 and with the trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

During the year the trust made the following purchases from related parties:

1) J Bonsor (trustee and member) - £10,459 (2017: £1,438). No statement of assurance was provided in respect of the element above £2,500 being provided at no more than cost.

2) J Morgan (trustee) - £1,179 (2017: £nil)

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**26. POST BALANCE SHEET EVENTS**

Rowner Junior School joined the Trust on 1 September 2018.

**27. 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.

**28. AGENCY ARRANGEMENTS**

The academy trust distributes 16-19 bursary funds to students as an agent for the ESFA. During the year the trust received £23,538 (2017: £24,596) and disbursed £23,764 (2017: £20,740) from the fund. An amount of £6,720 (2017: £6,946) is included in other creditors relating to undistributed funds that are repayable to the ESFA.