

GFM Education
(A Company Limited by Guarantee)
Annual Report and Financial Statements
Year ended 31 August 2019

Company Registration Number:
07834711 (England and Wales)

GFM Education

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GFM Education

Reference and Administrative Details

Members:

C Beswick
J Bonsor
A Cojocar
N Duncan
R Williams

Trustees:

J Bonsor
A Cojocar (appointed 28 September 2018)
M Corkill (appointed 28 September 2018)
C Donovan (appointed 28 September 2018)
P Lane
J Morgan
I Potter
K Robertson

Senior Management Team:

I Potter	Chief Executive Officer
G Mulhall	Executive Head Teacher
K Andrew-Power	Head Teacher
N Matthias	Head Teacher
K Payne	Head Teacher
S Parker-Tyreman	Head Teacher
R Peet	Deputy Head Teacher
M Smith	Director of HR
S Carter	Finance Director to 31 October 2018
S Hamilton	Finance Director from 1 November 2018

Company Name

GFM Education

Principal and Registered Office

Gomer Lane
Alverstoke
Gosport
Hampshire
PO12 2QP

Company Registration Number

07834711 (England and Wales)

GFM Education

Reference and Administrative Details

Independent Auditor

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

GFM Education

Trustees' Report

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 2019. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

GFM Education operates two Junior Schools, two Secondary Schools and a Special School in the Gosport and Fareham area. Its academies have a combined pupil capacity of 4,390 and had a roll of 3,995 as at 31 August 2019.

Structure, Governance and Management

Constitution

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The trustees of GFM Education are also the directors of the charitable company for the purposes of company law. The charitable company operates as GFM Education.

Details of the trustees who served during the year and to the date these accounts are approved 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 £2,000,000 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 six meetings. All Trustees are provided with copies of procedures, minutes and 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.

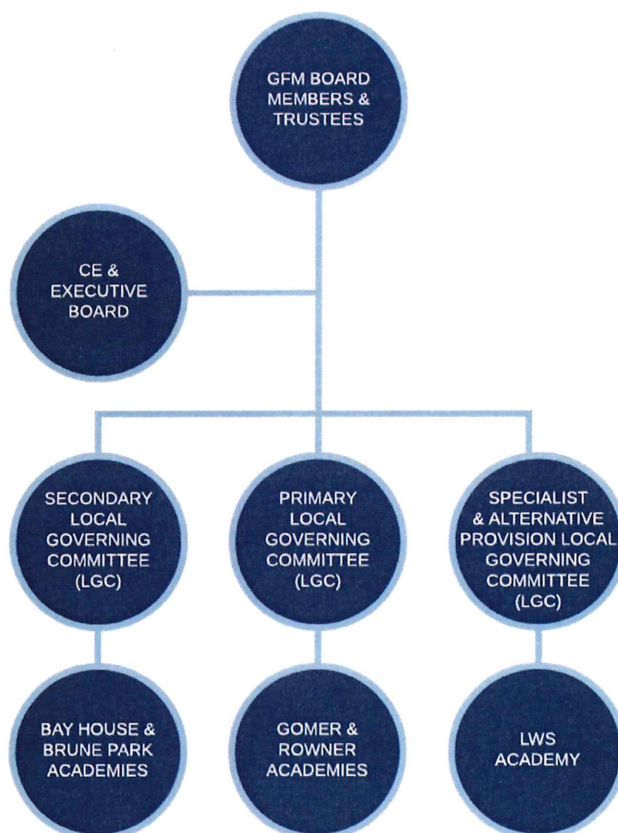
GFM Education

Trustees' Report

Organisational Structure

The Board has approved a Scheme of Delegation which is renewed annually. The exercise of delegated power or function does not include the further delegation of that power, unless expressly provided by the Board. The main powers under the Scheme include the following:

- **Appointment:** members appoint the trustees in accordance with the Articles of Association. The trustees retain the power to approve the appointment of non-elected Governors on Local Governing Committees. The trustees also oversee the appointment of the Executive Headteacher, each Academy Headteacher, the Clerk and the Executive Finance Director.
- **Members:** oversight of the Mission of the Trust.
- **Trustees:** compliance with the Academies Financial Handbook, funding agreement and audit targets, progression of the core vision and Trust operating model and overseeing significant capital development programmes and standards and outcomes of the Trust's academies.
- **Local Governing Committees:** meet at least 4 times per year and have oversight of the quality of teaching, learning and assessment, ensuring a broad and balanced curriculum in line with the trust's vision.
- **Executive Leadership:** the team report on the performance of the Trust to the Board of Members and Trustees and meet approximately four times per term, chaired by the Chief Executive Officer of GFM Education.



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Trustees' Report

Organisational Structure (continued)

The Board of Members and Trustees meet at least four times per year and monitor the academic progress of all GFM Education's schools and the overall strategic direction of the Trust. In addition, the Members meet independently throughout the year.

The Finance and Audit Committee meet a minimum of three times per year and is attended by the Chief Executive Officer, the Executive Finance Director, at least one Trustee and representatives from each of the Local Governing Committees. The Finance and Audit Committee is responsible for planning the internal audit schedule for the year ahead based on the risk register and reports back on progress to the main Board.

Arrangements for setting pay and remuneration of key management personnel

Trustees

The trustees are unpaid although they can claim reasonable expenses associated with the undertaking of their role in line with the GFM Trustee Expenses Policy.

Senior Leadership Team

Leadership are paid taking account of the provisions and recommendations of the School Teachers' Review Body (STRB). Pay progression is determined through individual reviews by the Executive Leadership Teams and moderation process by the Chief Executive Officer. The task of appraising the Executive is carried out by the Chief Executive Officer. The task of appraising the Chief Executive Officer is carried out by the GFM Board. Final pay decisions are made by the GFM Staff Salaries Committee.

For non-teaching staff, the Finance and Audit Committee, as delegated by the GFM Board, will determine, on an annual basis, salary increases to be applied to the various salary spines and other additional payments paying regard to the National Joint Council (NJC) for Local Government services National Agreement on Pay and conditions of Service.

All members of the Leadership Group must demonstrate sustained high quality of performance with particular regard to leadership, management and pupil progress with a school. There will be no automatic pay progression for those in the Leadership Group: progression (if any) up the leadership group pay range will depend on performance. Members of the Leadership Group who are at the top of their scale may be eligible for realignment with a new maxima of the pay scale as suggested by the STRB or NJC recommendations; however, this will be applied at the absolute discretion of the Trust, and only where the individual has had a successful performance management cycle.

GFM Staff Salaries Committee

The GFM Staff Salaries Committee will consist of a minimum of 3 Trustees, none of whom should be employees of GFM Education. The CEO and/or a representative of the Headship team may attend in an advisory capacity and will withdraw when his/her salary is under consideration. The Chair of the LGC or the Chair of the GFM Board are ex-officio members of the Salaries Committee. The GFM Board has delegated to this Committee full powers for carrying out the annual review of employees' salaries in accordance with the salary policy.

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Trustees' Report

Trade union facility time

Relevant union officials

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
4	0.95

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	-
1%-50%	4
51%-99%	-
100%	-

Percentage of pay bill spent on facility time

Total cost of facility time	£28,428
Total pay bill	£18.8m
Percentage of the total pay bill spent on facility time	0.15%

Paid trade union activities

Time spent on paid trade union activities as a percentage 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 JB Consultancy during the year ended 31 August 2019, which is connected to a Member of the Trust. The value of the service amounted to £4,402. The Trust also purchased consultancy services from J Morgan, a Trustee, totalling £1,104.

GFM Education

Trustees' Report

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 vision is '*to be greater and to aspire further*'.

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. The GFM was formed on 1st April 2017 with Brune Park Community School joining from 1st May 2017 and Rowner Junior School from 1st September 2018 extending reach across all phases of education: Sixth Form, Secondary, Primary and SEN.

The GFM believes 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 and business links. In doing so, we empower our own learners to be successful 21st Century global citizens.

GFM Education

Trustees' Report

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.

Strategic Report

Achievements and Performance

The Trust is in its third year of operation and has seen a number of changes, achievements and challenges this year. These have culminated in a number of strategic activities in order to continue to push forwards as the main agency for education and one of the largest employers in Gosport.

Priority 1: Strategic use of Pupil Premium across the GFM to meet pupil need & ensure best possible progress.

The GFM intends to use pupil premium funding to ensure equity of opportunity and outcomes for all pupils - we recognise that learners achieving age related expectations is the greatest impact we can have on our disadvantaged community. Our approach builds upon relevant research using it alongside our robust and thorough understanding of our learners to make informed decisions about the effective use of funding.

Our strategy is a three tiered approach:

- High quality for teaching and learning;
- Targeted support through specific interventions linked to overcoming barriers to learning; and
- Wider strategies to support pupils that experience socio-economic disadvantage

As well as a GFM strategy, each phase within our organisation (primary, secondary and special) have personalised action plans that align to the GFM strategy and meet the unique needs of their communities.

GFM Education

Trustees' Report

Achievements and Performance (continued)

Current strengths & areas for improvement across the GFM		
Primary phase	Secondary phase	Special phase
<p>Positives Improved quality of teaching and learning for all.</p> <p>Outcomes for disadvantaged pupils are improving and therefore the gap to non-disadvantaged is narrowing from entry data into Key Stage 2.</p> <p>Writing outcomes are in line with national 'all' writing outcomes.</p> <p>Areas for improvement Maths and reading outcomes across the phase for disadvantaged through careful sequencing of learning based upon diagnostic assessment as pupils enter Key Stage 2.</p>	<p>Positives There is a more systematic approach to the use of PPG and the subsequent monitoring of the impact of PPG.</p> <p>A more robust knowledge of disadvantaged pupils ensures that social and emotional needs are more effectively addressed.</p> <p>Areas for improvement Attainment and progress for disadvantaged pupils across the phase.</p>	<p>Positives Pupils are well supported and make progress in their attitudes towards learning.</p> <p>Attendance is improving for pupils eligible for PPG.</p> <p>Most students gain a place at college when they finish KS4.</p> <p>Areas for improvement Continue to improve outcomes through careful sequencing of learning in KS3.</p> <p>Focus upon reading and writing progress and attainment to address learning gaps/overcome previous barriers to learning.</p>

Priority 2: Improving on standards by ensuring a sound trajectory of progress from KS2 – KS3 – KS4 – 6th Form.

This is progressed through the implementation of individual school improvement plans. In addition, the GFM has extended its learning and development programme to support improvement across all schools in the Trust.

GFM Institute of Education

The GFM Institute of Education ('IOE') has had increased scope throughout the year due to a higher level of focus across all areas and school phases of the GFM in terms of learning and development, coaching and mentoring. The IOE has a guiding principle to seek deeper understanding of how young people and adults learn by engaging in rigorous educational enquiry and research and to drive 'next practice' through enhanced understanding. The core focus of the IOE is to ensure that all colleagues across the GFM have access to a diverse range of career phase appropriate and high quality professional learning and development opportunities.

GFM Education

Trustees' Report

Achievements and Performance (continued)

Through partnerships with external institutions, the IOE also enables and supports colleagues to deliver Initial Teacher Training, thus securing high quality future teaching staff for all of the schools within the GFM. The intent of the IOE's work across the GFM is characterised by an ethos and commitment to social justice; that every young person regardless of their background achieves beyond their expectation and progresses to where they previously had not imagined or thought possible.

The GFM Research website has also been developed by the IOE during the year in order to provide an accessible tool where all GFM staff can access links to useful information and resources to help keep up to date with the latest educational research and also to high-quality subject-specific resources to help reduce workload.

Priority 3: Develop an iSTEM+ continuum curriculum from KS2 to KS3 that engages pupils in these subjects and enhances the opportunity for a STEM based career.

Community Curriculum Strategy

Along with our families and our Community partners, the Trust aims to work collaboratively over the next 5 years and beyond to raise the aspiration for all children in Gosport. The Community Curriculum Strategy sets out to ensure that all children in Gosport aspire to achieve their full potential, supported fully by their families, education and the community.

Whilst maintaining our core academic curriculum across the Trust remains paramount, we will be developing a curriculum which further promotes the use of Artificial Intelligence as a tool for learning and brings further alignment across the Secondary phase, including having tutor time in the middle of the day. Our 'Community Curriculum' provision, building on its success over the last academic year, will continue to further enable a strong Curriculum provision to personally develop all students through a broad and exciting range of activities across 8 dynamic and enriching Curriculum areas for year 7 from September including:

- AI & Technology
- Careers & Employability
- STEM
- Personal, Social, Health & Religious Education
- Reading, Literacy & Oracy
- Creative Arts, Culture & Humanities
- Sports & Outdoors
- Community Action

GFM Education

Trustees' Report

Achievements and Performance (continued)

Why? We want every young person across the GFM, regardless of their background to achieve beyond their expectations and progress to where they previously had not imagined or thought possible. Together with our local community and parents our 'Big Idea' aims to combat the historic and economic social injustice that exists in Gosport through offering a dynamic curriculum which is rooted in our commitment for equity and developing cultural capital in supporting personal development across our community. Further enabling all GFM students in being resilient, confident and aspirational in all that they do.

How? During the year, the GFM Business & Education Partners Forum was set up to hold regular meetings with key local businesses, entrepreneurs and other local charities and trusts. This brings together businesses and employers such as the Royal Navy, Airbus, NATS, English Heritage, Gosport Borough Council and the Solent LEP to discuss opportunities for career pathways and collaborative partnership opportunities with the GFM.

What? Through this partnership, the GFM hosted its first Annual Aspirational Pathways Conference for GFM students to meet with and listen to inspirational speakers across a wide range of local and national business sectors. The conference was focused on introducing students to career opportunities with interactive stands for students to explore local industry and engagement in TED style seminars. In addition, parents and carers were invited to attend at the end of the school day to meet local employers in order to extend engagement to the wider community. As a follow up, the GFM held the first Community Curriculum day for students in years 7 to provide industry experience in and out of school with the next one planned for January 2020. Additional pilot schemes and activities are taking place during 2019/20 in order to develop alternative models of the wider curriculum.

Impact? As part of the strategy, over the next 3 to 5 years the intention of the Community Curriculum is to embed efficiency and new activities within our main objective of delivering excellent education and opportunities across the Trust. The intention is to:

- **Protect a wide breadth of curriculum provision** through giving greater currency and equity within the curriculum model to otherwise marginalised areas of learning and experience, whilst securing our core academic curriculum across all key stages.
- **Facilitate more flexible programmes of study** exploring ways across the GFM of utilising the most up-to-date Artificial Intelligence/ Apps and Business/ Employer encounters to support learning for all.
- **Reshape the school day/ week across the Secondary Phase from September 2020** to enable great learning experiences and opportunities within the school day.

This will be supported financially through our reserves policy ensuring that the Trust reserves are spent effectively in order to maximise impact.

GFM Education

Trustees' Report

Achievements and Performance (continued)

Gosport STEM Centre

On the 1st March 2019, the Gosport STEM Centre was officially opened by the Rt Hon Damian Hinds, then Secretary of State for Education. Funded through sponsorship, it has been designed as a multi-user space that can accommodate age groups from early years to adults. The purpose of the centre is to enable the curiosity, engagement and opportunities through having a dedicated STEM space. As part of the wider provision, this also provides room for other related activities across the Trust and into the wider community, for example Lego therapy sessions, enrichment activities, teacher training or a venue for local industry to train apprentices. As an example, the Trust recently held a talk on the benefits of apprenticeships by Airbus, one of the area's biggest engineering firms.

"It has been brilliant meeting the children, staff and local businesses who are supporting the Gosport STEM Centre. This is great for helping the inventors, the developers and entrepreneurs of tomorrow. The STEM Centre is for all of the schools across the Gosport peninsula and that is really important so that all schools get the chance to benefit." Damian Hinds MP

"It is fantastic that the Secretary of State has agreed to open the Gosport STEM and see the work and time that the Gosport and Fareham Multi Academy Trust have invested into STEM learning. As we look towards the future, we know we need equip our young people with skills to succeed. This new STEM Centre will make a big difference for local children for years to come." Caroline Dinenage MP

"The GFM is really proud and pleased to be opening the Gosport STEM Centre because of the opportunities it will bring to the young people of the town and the wider community. It is the only STEM centre in the country based within a school, with the National STEM Centre based in York. It therefore puts Gosport on the national map for the initiative it demonstrates in how our schools are moving forward with STEM related teaching. There are so many employment opportunities in the local area connected with STEM industry and so we are committed to understanding how an engineer thinks and works being a significant part of our provision in our schools." Ian Potter, GFM CEO

The GFM were shortlisted for the TES STEM Team of the Year, growing on the model created by Gomer Junior School who won the category in 2018 following their integrated model 'iSTEM+' which ensures that STEM is genuinely incorporated into the curriculum, whilst giving a real-world context, often through partners in industry.

GFM Education

Trustees' Report

Achievements and Performance (continued)

Academy Performance

Bay House School & Sixth Form

Results from national tests and examinations continue to show progress well above the national average (+0.11 Progress 8 and in the 'well above average' band for three of the last four years). 79% of pupils in English and 74% in Mathematics achieved GCSE Grade 9-4. Also achieved were superb results of 84% in Biology, 79% in Chemistry and 80% in Physics. Geography (70% 9-4) and History (69% 9-4) are also well above the national averages and results improved dramatically in French to 70%. Results were also very good in Performing Arts and in sport.

96% of pupils stayed in education or entered employment (2% above the national average).

Sixth Form Results: Another record breaking year with 90% of grades at A*- C, 70% at A*- B grades, and 38% A* – A grades. These results allow approximately 90% of our students to achieve places at their first-choice university, and 50% of these will be the first in their family to go to university. 46 students achieved 3 or 4 A*/A grades (nearly 25%). 9 secured places to study Medicine/Veterinary Medicine and 6 at Oxbridge.

Brune Park Community School

"We are working hard at school to 'model' for young people; positivity, belief, high aspirations – so that we can support our young people become successful, happy and positive adults." Brune Park teacher feedback.

Brune Park is going through an intensive programme of change. Critically, the school is now safe, more orderly and calm. There are clearer lines of support and accountability with distributed leadership around secure common values and approach. Pockets of inconsistency remain, which means that the school requires improvement.

"Students are extremely positive towards their school." "Students enjoy their learning, and are grateful for the staff who work with them. They appreciate coming to Brune Park and they wouldn't want to go to school anywhere else." Evaluation visits, October 2018 and January 2019.

Learning & Development: Significant resource is channelled into teacher professional learning with staff becoming increasingly confident and secure in their roles to shift from the previous situation when staff were under confident and staffing was erratic and inconsistent, leading to poor teaching and learning frequently disrupted by poor behaviour.

Although the school still requires further development, there have been significant improvements in the past year. This can be seen in the stabilisation of performance in core subjects with many more students this year achieving 'Standard' Passes (grade 4) or better. In addition, the number of students achieving in English and Mathematics is significantly improved on last year.

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Trustees' Report

Achievements and Performance (continued)

Table 1 – Brune Park School Improvement KPIs

	2018-19			2019-20
	Term 1	Term 2	Term 3	Term 1
Fixed term exclusions	193	125	55	29
Permanent exclusions	4	3	2	0
Formal complaints	49	18	11	1
Student attendance	94.07	92.54	91.75	92.5
Teachers receiving support	44	43	39	23

Gomer Junior School

Following a sound data set in 2018, well above national average and the highest attaining school in Gosport, we continued our practice anticipating it would have the same impact of the 2019 cohort - it did not. We have therefore since remodelled some approaches to teaching and learning and evaluated approaches, within a certain parameter, for each year group ensuring that each year group is very clear on targets and how to achieve them - triangulated amongst all staff and captured in the Learning Reviews.

A QLA of the 2019 SATs results identified that our pupils in a reading SAT need to enhance the inference skills to maximise their score; in maths our pupils need to be better at applying number knowledge to more complex reasoning problems and in writing our pupils need to use more sophisticated language and write consistently well across a range of genres. The 2019-2020 SIP builds upon these areas of development.

Rowner Junior School

Rowner Junior School joined the GFM on 1st September 2018. Over the past year, standards across all aspects of the school have improved significantly. The end of key stage 2 outcome data indicated that the school is now in line with national attainment and progress is improving in all subjects, especially in reading which is above national for age related and greater depth.

Rowner Junior School has also had great success beyond the school curriculum by winning their heats at the Junior Rock Challenge and subsequently winning the Junior Rock Challenge final where over 20,000 pupils participated nationally. Of the 80 pupils representing the school, over 70% of the pupils are disadvantaged which reflects the success of the teaching and community cohesion.

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Trustees' Report

Achievements and Performance (continued)

LWS Academy

LWS had an inspection under the new Ofsted framework and made good improvement since its last inspection moving to 'Good' in 3 of the 4 categories. Improvements are still required in reading in the earlier years. The inspector commented that "leaders know they need to focus more on improving pupils' reading, writing and spelling skills."

A key observation from the inspection report outlined: "This school has improved since its last inspection. Staff are skilled at using the information in pupils' education, health and care (EHC) plans to decide how best to help pupils manage their SEMH needs. Consequently, pupils typically behave well in school. Staff recognise that several pupils have had difficult experiences of education before they join the school. They have worked well with families so that they now have a much better understanding of the difficulties that some pupils face in coming to school. This is helping staff to tailor the help they provide, so that pupils are starting to attend more regularly."

2019 examination results reflected the school's improvement:

- 25% of students left with 7 or more qualifications.
- 50% of students left with 6 or more qualifications.
- 75% of students left with 5 or more qualifications.
- 87.5% pass rate in English Language
- 62.5% pass rate in English Literature
- 87.5% pass rate in Mathematics
- 87.5% pass rate in Science

GFM Education

Trustees' Report

Key Performance Indicators

1. Pupil Numbers

Number on roll vs maximum:

Bay House School: 1,726 v 1,750 (2018: 1,733 v 1,750)

Bay House Sixth Form: 412 v 460 (2018: 419 v 460)

Brune Park Community School: 1,343 v 1,650 (2018: 1,346 v 1,704)

Gomer Junior School: 242 v 240 (2018: 239 v 240)

LWS Academy: 55 v 50 (2018: 50 v 49)

Rowner Junior School: 216 v 240 (2018: N/A)

2. Financial Performance Indicators

<i>Income KPIs</i>	2018-19	2017-18
Total Revenue Income per Pupil	5,887	5,680
GAG Income per Pupil	4,899	4,959
GAG Income as % of Total Revenue Income	83%	87%

<i>Expenditure KPIs</i>	2018-19	2017-18
Staff Costs as % of Total Revenue Income	80%	79%
Staff Costs as % of Total Revenue Expenditure	80%	79%
Teaching and Educational Support Staff Costs as % of Total Revenue Income	66%	66%
Teaching and Educational Support Staff Costs as % of Total Revenue Expenditure	66%	67%
Teaching and Educational Support Staff Costs as % of Total Staff Costs	82%	84%
Premises Costs as % of Total Revenue Expenditure	7%	8%
Total revenue Expenditure as % of Total Revenue Income	99%	100%

Going Concern

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

GFM Education

Trustees' Report

Financial Review

Trading Result for the Year

The overall net movement in funds was £1.783m for the year. This balance is made up of a number of factors:

A surplus was made against unrestricted and restricted general funds of £1.020m after transfers. This was largely due to restructures in administration and back office / estates departments, coupled with a lag in recruitment in the secondary phase. Towards the end of the academic year, the financial performance was close to budget and some of the surplus will be used to further develop alternative provision across the Trust as well as continuous improvement around the quality of education and in developing our community curriculum.

Annual grant income from government increased to £22.067m during the year (2018: £20.531m). This represents 94% of total revenue income (2018: 95%). Other revenue income has been generated through earned income (community rentals and property hire) and other educational activities such as trips and tuition fees. In addition, the Trust received a Schools Condition Allocation (SCA) grant of £2.5m and recognised the transfer of assets for Rowner Junior School from Hampshire County Council.

Total revenue expenditure amounted to £22.47m (2018: £20.97m). Total expenditure including restricted pension and fixed asset funds was £24.95m (2018: £22.97m). Of this, direct costs of education totalled £17.29m or 69.3% of charitable activities (2018: £15.85m, 69.0%) with the bulk of expenditure around educational staff costs which represented £15.46m (2018: £14.3m).

An independent revaluation of the LGPS pension scheme by AON was undertaken during the year which saw the Trust liability increase from £4.081m to £7.803m. This £3.772m loss has been recognised in the accounts for the year. 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.

There was a £4.5m increase in the fixed asset funds. Alongside depreciation charges of £1.59m, Rowner Junior School was converted into the Trust bringing assets of £2.84m as at 1st September 2018. In addition, the Trust was in receipt of a £2.5m SCA grant which will be used over the next 12 months to improve the condition of the estate. This money is prioritised for use by the Executive with Board approval based on the need across the various properties in the Trust. A limited programme of focused capital development work will be carried out implementing:

- Replacement roofs, windows and cladding in order to improve learning conditions and increase energy efficiency;
- Health & safety upgrades including electrical and safety doors in line with fire and other regulations;
- Lighting and heating improvements to improve energy efficiency;
- Rebuilding classroom space to ensure fit for purpose due to poor condition; and
- Fencing, intruder & fire detection systems to improve safety of staff and students.

Note that the fixed asset funds incorporate estimated valuations for three schools which may be adjusted during 2019/20 once independent valuations are undertaken.

GFM Education

Trustees' Report

Financial Review (continued)

Financial Reserves

The reserves as at 31 August 2019 were as follows:

- Unrestricted (free) reserves of £2,150,190
- A restricted fixed asset fund of £71,199,584, which can only be realised through disposal of tangible fixed assets
- A pension deficit of £7,803,000
- Other restricted funds of £2,644,553
- Total funds of £68,191,327

Reserves Policy

Current policy is to hold the equivalent to approximately one month's expenditure, currently estimated to be between £1.8m and £1.9m, of combined restricted and unrestricted general 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.

The Board reviews its reserves annually and has recognised that in addition to the amount identified above, after various restructures and the receipt of a capital grant to help improve the condition of parts of the estate, that reserves are able to be used to enhance the educational services and to fund strategic projects. Critically, this includes support to expand the GFM alternative provision and the continued development of the 'Big Idea' around an extended community curriculum. In addition to capital works planned under the SCA grant fund, additional capital expenditure is planned using DFC grants and reserves which includes internal refurbishment and IT infrastructure.

It is also 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 additional classroom space, school refurbishment, improvement to outdoor spaces and community areas and shared facilities between the various schools.

The trustees are satisfied that the level of reserves is in line with the policy.

GFM Education

Trustees' Report

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.

Principal Risks and Uncertainties

All administrative and support staff are entitled to membership of the Local Government Pension Scheme. The fund was revalued during the year and 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 £7,803,000. 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.

GFM Education

Trustees' Report

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 10 December 2019 and signed on the board's behalf by:

A handwritten signature in black ink, appearing to read 'P Lane', written in a cursive style.

P Lane
Trustee

GFM Education

Governance Statement

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 Statement of Trustees' Responsibilities. The board of trustees has formally met six times during the year. Members are not required to attend Board meetings but do to ensure they maintain a good understanding of the performance of the Trust. In addition, members meet independently to discuss matters relating to their responsibilities.

Attendance during the year at meetings of the board of trustees (excluding members) was as follows:

Trustee	Meetings attended	Out of a possible
Jenny Bonsor	5	6
Adrian Cojocaru	6	6
Max Corkill	2	6
Chris Donovan	6	6
Paul Lane	6	6
Jean Morgan	6	6
Ian Potter	6	6
Kirsty Robertson	6	6

Following a review of skills gap in 2018, two appropriately qualified trustees were appointed at the start of the year in order to provide further support around finance, governance and HR. Agreement was also reached to expand the number of members from three to five based on recommendations and best practice guidelines.

GFM Education

Governance Statement

Governance (continued)

The full Board including trustees, members and the Executive met on the 10th July to look in detail at the Trust performance and obtain updates from the wider system and implications of the new Ofsted Education Inspection Framework. A detailed overview of the current condition of the various buildings in the various schools was presented in light of the first SCA capital grant that was due to be received from the Department of Education. High level areas for improvement were agreed and support given to develop a more detailed asset management plan. Trustees also discussed case studies and learnings from other multi-academy trusts around tackling the challenge of MAT development in order to understand where strategic plans for the Trust may need to evolve.

The **Finance and Audit Committee** is a sub-committee of the main board of trustees. Its purpose is to review, and where applicable approve, the financial performance of the Trust including budgets and forecasts, to review the risk register and direct internal audit to ensure appropriate of identified areas of risk, and to make recommendations to the Board on all finance and audit matters. During the year, the committee also reviewed and authorised (through delegated powers) several large capital additions and service contracts ensuring value for money and adherence to policy and procedures of the Trust.

The Sub-Committee consists of the Chief Executive Officer, Executive Finance Director and at least 2 members of the GFM Board. Additional members from the GFM Governors Committee are invited to attend (currently attended by a primary phase governor). Attendance at meetings in the year was as follows:

Committee Members	Meetings attended	Out of a possible
Max Corkill (Trustee & Chair of Committee)	3	3
Chris Donovan (Trustee)	1	1
Elodie Gardner (Primary Phase Governor)	3	3
Susan Hamilton (Executive Finance Director)	3	3
Jean Morgan (Trustee)	3	3
Ian Potter (Trustee & CEO)	2	3

GFM Education

Governance Statement

Review of Value for Money

As accounting officer the Chief Executive Officer has responsibility for ensuring that the academy trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The accounting officer considers how the academy trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where appropriate. Over the financial year, the Trust 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 through bringing services in-house where appropriate. Tighter contract management of key services such as cleaning, catering and contractors has also continued to ensure value for money.

Key achievements during the year include:

- Consolidating energy contracts through a central purchasing provider releasing resources in-house and reducing the cost of utilities.
- Bringing property maintenance in-house and into a central estates team, releasing the Trust from ineffective service level agreements and resulting in reduced cost of maintenance and repair to be re-diverted into a proactive rolling maintenance programme across all schools.
- Centralisation of administration in Bay House School providing a 'hub' style service to support school needs and reduce costs. A similar review is due to be undertaken at Brune Park School.
- Restructure of finance staff following improvement in purchasing procedures reducing cost of service.

Looking forward, the following areas will be reviewed for further efficiency savings and to ensure value for money:

- Consolidation of cleaning contracts, one of the largest back office costs in the Trust. Note that this is being done on a financial and impact led assessment basis to ensure that the Trust ends up with the right provider and that third party staff are supported in line with Trust values.
- Review of the HR infrastructure to determine areas for improvement.
- Evaluation of insurance costs at point of renewal including a review of the Department of Education backed Risk Protection Arrangement (RPA) as an alternative to commercial insurance.
- Further development of the Trust asset plans to ensure money is spent on the highest priority areas in terms of need.

GFM Education

Governance Statement

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in GFM Education for the period 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

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

The Risk and Control Framework

The academy trust's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. 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 considers the need for a specific internal audit function and has through the appointment of Wilkins Kennedy LLP, an external auditor, agreed 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, governance and other 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.

GFM Education

Governance Statement

The Risk and Control Framework (continued)

There were three internal audit visits throughout the year. Risks were reviewed and key areas identified where an independent review and scrutiny of procedures would be beneficial given the development stage of the Trust. These were:

- Conversion process and introduction of new academy into the Trust;
- Governance procedures including trustee induction and monitoring;
- Assets and purchasing arrangements to ensure value for money procedures and adherence to policy with regards to financial approval, monitoring and reporting;
- Website compliance and data protection / adherence to GDPR regulations; and
- Adherence to other regulatory policy and regulations (policies and procedures) including related parties and information relevant to parents and carers; and
- Focus on strategic direction of school development plans.

From the reviews undertaken there was nothing requiring urgent attention and 8 items identified that were matters meriting attention. All have been actioned. All reports were presented and scrutinised by the Finance & Audit Sub-Committee.

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 internal auditor;
- The work of the external auditor;
- The financial management and governance self-assessment process; and
- The work of the executive managers within the 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 Finance & Audit Sub-Committee 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 10 December 2019 and signed on its behalf by:



P Lane
Trustee



I Potter
Accounting Officer

GFM Education

Statement of Regularity, Propriety and Compliance

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 2018.

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

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



I Potter

Accounting Officer

10 December 2019

GFM Education

Statement of Trustees' Responsibilities

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

Company law requires the trustees to prepare financial statements for each financial year. Under company law, the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the trustees are required to:

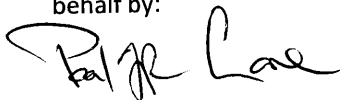
- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019
- make judgments and accounting estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business

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

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

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

Approved by order of the members of the board of trustees on 10 December 2019 and signed on its behalf by:



P Lane
Trustee

GFM Education

Independent Auditor's Report on the Financial Statements to the Members of GFM Education

Opinion

We have audited the financial statements of GFM Education ('the charitable company') for the year ended 31 August 2019 which comprise the Statement of Financial Activities (including the Income and Expenditure Account), the Balance Sheet, the Statement of Cash Flows, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

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

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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC'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 charitable company'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.

GFM Education

Independent Auditor's Report on the Financial Statements to the Members of GFM Education

Material uncertainty related to land and buildings valuation

We draw attention to note 12 in the financial statements which highlights that the Academy Trust has included an estimate of £39.5m for the value of the land and buildings for three of the academies when they joined the Academy Trust. The Academy Trust has requested valuations from the ESFA but these have not been received at the date of this report. Should the valuations prove to be materially higher or lower than the estimate of the total value currently included in the accounts for the three schools of £39.5m, then an adjustment will be required to the Balance Sheet and Statement of Financial Activities to recognise the increase or decrease in the valuation. Our opinion is not modified in respect of this matter.

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 auditor's report thereon. It includes the Reference and Administrative Details, the Report of the Directors and Strategic Report and the Governance Statement. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Report has been prepared in accordance with applicable legal requirements.

GFM Education

Independent Auditor's Report on the Financial Statements to the Members of GFM Education

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' 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;
- the financial statements are not in agreement with the accounting records and returns;
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not obtained all the information and explanations necessary for the purposes of our audit.

Responsibilities of the trustees

As explained more fully in the Statement of Trustees' Responsibilities, the trustees (who are also the directors of the charitable company 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 to 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 charitable company'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 charitable company or to cease operations, or have no realistic alternative but to do so.

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

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

GFM Education

Independent Auditor's Report on the Financial Statements to the Members of GFM Education

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



R Hurst FCA (Senior statutory auditor)

For and on behalf of Hopper Williams & Bell Limited

Statutory Auditor

Highland House, Mayflower Close, Chandlers Ford, Eastleigh SO53 4AR

Date 13 December 2019

GFM Education

Independent Reporting Accountant's Assurance Report on Regularity to GFM Education and the Education & Skills Funding Agency

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

This report is made solely to the governing body 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 the 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 2018, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

GFM Education

Independent Reporting Accountant's Assurance Report on Regularity to GFM Education and the Education & Skills Funding Agency

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2018 to 2019 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.

The work undertaken to draw to our conclusion includes:

- 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.

GFM Education

Independent Reporting Accountant's Assurance Report on Regularity to GFM Education and the Education & Skills Funding Agency

Conclusion

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



R Hurst FCA

Reporting Accountant

Hopper Williams & Bell Limited

Chartered Accountants

Highland House, Mayflower Close, Chandlers Ford, Eastleigh SO53 4AR

Date 13 December 2019

GFM Education

Statement of Financial Activities for the year ended 31 August 2019 (including Income and Expenditure Account)

	Note	Un- restricted funds £	Restricted General Funds £	Restricted Pension Funds £	Restricted Fixed Asset Funds £	2018/19 Total £	2017/18 Total £
Income and endowments from:							
Donations and capital grants	2	-	26,979	-	2,844,735	2,871,714	115,282
Transfer from local authority on conversion		63,280	-	(235,000)	3,146,832	2,975,112	-
Charitable activities:							
Funding for the academy trust's educational operations	3	-	23,224,107	-	-	23,224,107	21,216,022
Other trading activities	4	262,944	-	-	-	262,944	283,117
Investments	5	3,463	-	-	-	3,463	2,776
Total		329,687	23,251,086	(235,000)	5,991,567	29,337,340	21,617,197
Expenditure on:							
Charitable activities:							
Academy trust educational operations	7	-	22,474,485	886,000	1,592,791	24,953,276	22,973,345
Net income / (expenditure)		329,687	776,601	(1,121,000)	4,398,776	4,384,064	(1,356,148)
Transfers between funds	18	-	(86,347)	-	86,347	-	-
Other recognised gains / (losses):							
Actuarial (losses) / gains on defined benefit pension schemes	25	-	-	(2,601,000)	-	(2,601,000)	1,198,000
Net movement in funds		329,687	690,254	(3,722,000)	4,485,123	1,783,064	(158,148)
Reconciliation of funds							
Total funds brought forward		1,820,503	1,954,299	(4,081,000)	66,714,461	66,408,263	66,566,411
Total funds carried forward		2,150,190	2,644,553	(7,803,000)	71,199,584	68,191,327	66,408,263

The notes on pages 38 to 61 form part of these financial statements.

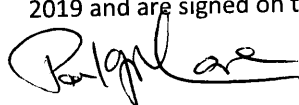
GFM Education

Balance Sheet as at 31 August 2019

Company Number 07834711

	Note	2019 £	2019 £	2018 £	2018 £
Fixed assets					
Tangible assets	12		68,726,139		66,685,794
Current assets					
Stock	13	10,292		13,019	
Debtors	14	793,636		733,852	
Investments	15	100,000		-	
Cash at bank and in hand		7,909,231		4,404,828	
		8,813,159		5,151,699	
Liabilities					
Creditors: Amounts falling due within one year	16	(1,544,971)		(1,277,989)	
Net current assets			7,268,188		3,873,710
Total assets less current liabilities			75,994,327		70,559,504
Creditors: Amounts falling due after more than one year	17		-		(70,241)
Net assets excluding pension liability			75,994,327		70,489,263
Defined benefit pension scheme liability	25		(7,803,000)		(4,081,000)
Total net assets			68,191,327		66,408,263
Funds of the academy trust:					
Restricted funds					
Fixed asset fund	18	71,199,584		66,714,461	
Restricted income fund	18	2,644,553		1,954,299	
Pension reserve	18	(7,803,000)		(4,081,000)	
Total restricted funds			66,041,137		64,587,760
Unrestricted income funds	18		2,150,190		1,820,503
Total funds			68,191,327		66,408,263

The financial statements on pages 35 to 61 were approved by the trustees and authorised for issue on 10 December 2019 and are signed on their behalf by:



P Lane
Trustee

The notes on pages 38 to 61 form part of these financial statements.

GFM Education

Statement of Cash Flows for the year ended 31 August 2019

	Note	2019 £	2018 £
Cash flows from operating activities			
Net cash provided by (used in) operating activities	21	4,090,707	899,574
Cash flows from investing activities			
	22	(586,304)	(283,716)
Change in cash and cash equivalents in the reporting period		3,504,403	615,858
Cash and cash equivalents at 1 September 2018		4,404,828	3,788,970
Cash and cash equivalents at 31 August 2019	23	7,909,231	4,404,828

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Notes to the Financial Statements for the Year Ended 31 August 2019

1 Accounting policies

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

Basis of Preparation

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 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Going Concern

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

Income

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

- **Grants**

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

General Annual Grant is recognised in full in the Statement of Financial Activities in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

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

- **Donations**

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

GFM Education

Notes to the Financial Statements for the Year Ended 31 August 2019

Income (continued)

- **Other Income**

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the academy trust has provided the goods or services.

- **Donated goods, facilities and services**

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

- **Transfer on conversion**

Where assets and liabilities are received by the academy 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 risks and rewards of ownership pass to the academy trust. An equal amount of income is recognised as transfer on conversion within Donations and capital grant income to the net assets received.

The conversion from a state maintained school to an academy trust involved the transfer of identifiable assets and liabilities and the operation of the school for £nil consideration. The substance of the transfer is that of a gift and it has been accounted for on that basis as set out below.

The assets and liabilities transferred on conversion to the academy trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in Donations – transfer from local authority on conversion in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

Expenditure

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

- **Charitable Activities**

These are costs incurred on the academy trust's educational operations, including support costs and costs relating to the governance of the academy trust apportioned to charitable activities.

All resources expended are inclusive of irrecoverable VAT.

GFM Education

Notes to the Financial Statements for the Year Ended 31 August 2019

Tangible Fixed Assets

Assets costing £5,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities.

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

Freehold Land and Buildings	10-50 years straight line or 15% reducing balance
Leasehold Land and Buildings	10-50 years straight line or 15% reducing balance
Furniture and Equipment	15% reducing balance or 10% straight line
Computer Equipment	20% straight line
Motor Vehicles	25% reducing balance

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

Where the academy trust can identify the value of major components of freehold or leasehold buildings based upon additions following conversion to academy status, the academy trust reviews whether one or more such components have significantly different patterns of consumption of economic benefits. In such cases, the academy trust allocates the cost of the asset to its major components and depreciates each component separately over its useful life.

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.

Liabilities

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

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Notes to the Financial Statements for the Year Ended 31 August 2019

Provisions

Provisions are recognised when the academy trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

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.

Leased Assets

Rentals under operating leases are charged on a straight line basis over the lease term.

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 14. Prepayments are not financial instruments.

Current asset investments

Current asset investments comprise fixed term bank deposits. These investments are classified as a basic financial instrument and are measured at amortised cost.

Cash at bank

Cash at bank is classified as a basic financial instrument and is measured at face value. An investment is treated as a cash equivalent when it has a short maturity of three months or less from the date of acquisition.

Financial liabilities

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

Stock

Unsold uniforms and catering stocks are valued at the lower of cost or net realisable value.

Taxation

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

Accordingly, the academy trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by part 11, chapter 3 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

GFM Education

Notes to the Financial Statements for the Year Ended 31 August 2019

Pensions Benefits

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

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

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

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

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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Notes to the Financial Statements for the Year Ended 31 August 2019

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

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

The assumptions used are disclosed in note 25.

Critical areas of judgement

There are no other critical areas of judgement.

Agency arrangements

The academy trust acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the 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.

2 Donations and capital grants

	Unrestricted funds £	Restricted funds £	2018/19 Total £	2017/18 Total £
Capital grants	-	2,844,735	2,844,735	82,522
Other donations	-	26,979	26,979	32,760
	-	2,871,714	2,871,714	115,282
<i>Total 2018</i>	-	115,282	115,282	

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Notes to the Financial Statements for the Year Ended 31 August 2019

3 Funding for the Academy Trust's educational operations

	Unrestricted funds £	Restricted funds £	2018/19 Total £	2017/18 Total £
DfE / ESFA grants				
General Annual Grant (GAG)	-	19,570,696	19,570,696	18,798,338
Pupil premium	-	1,311,556	1,311,556	911,155
Other DfE Group grants	-	566,385	566,385	213,912
	-	21,448,637	21,448,637	19,923,405
Other Government grants				
Local authority grants	-	618,369	618,369	607,484
Other income from the academy trust's educational operations				
Trip income	-	572,778	572,778	279,376
Tuition fee income	-	72,861	72,861	65,522
Other income	-	511,462	511,462	340,235
	-	1,157,101	1,157,101	685,133
	-	23,224,107	23,224,107	21,216,022
<i>Total 2018</i>	-	21,216,022	21,216,022	

4 Other trading activities

	Unrestricted funds £	Restricted funds £	2018/19 Total £	2017/18 Total £
Hire of facilities	262,944	-	262,944	283,117
<i>Total 2018</i>	283,117	-	283,117	

5 Investment income

	Unrestricted funds £	Restricted funds £	2018/19 Total £	2017/18 Total £
Short term deposits	3,463	-	3,463	2,776
<i>Total 2018</i>	2,776	-	2,776	

GFM Education

Notes to the Financial Statements for the Year Ended 31 August 2019

6 Expenditure

	Staff costs £	Non Pay Expenditure		Total 2018/19 £	Total 2017/18 £
		Premises £	Other £		
Academy's educational operations:					
Direct costs	15,460,991	-	1,828,524	17,289,515	15,847,854
Allocated support costs	3,305,014	1,693,438	2,665,309	7,663,761	7,125,491
	<u>18,766,005</u>	<u>1,693,438</u>	<u>4,493,833</u>	<u>24,953,276</u>	<u>22,973,345</u>
<i>Total 2018</i>	<u>17,044,007</u>	<u>1,636,447</u>	<u>4,292,891</u>	<u>22,973,345</u>	

Net income/(expenditure) for the period includes:

	2018/19 £	2017/18 £
Operating lease rentals	28,078	31,537
Depreciation	1,592,791	1,524,806
Fees payable to auditor for:		
Audit	11,145	10,925
Other services	3,175	5,880

7 Charitable activities

	2018/19 Total £	2017/18 Total £
Direct costs	17,289,515	15,847,854
Support costs	7,663,761	7,125,491
	<u>24,953,276</u>	<u>22,973,345</u>

Analysis of support costs:

	Educational operations £	2018/19 Total £	2017/18 Total £
Support staff costs	3,305,014	3,305,014	2,745,734
Depreciation	1,592,791	1,592,791	1,524,806
Technology costs	175,799	175,799	174,248
Premises costs	1,693,438	1,693,438	1,636,447
Other support costs	879,549	879,549	1,010,947
Governance costs	17,170	17,170	33,309
Total support costs	7,663,761	7,663,761	7,125,491
<i>Total 2018</i>	<u>7,125,491</u>	<u>7,125,491</u>	

GFM Education

Notes to the Financial Statements for the Year Ended 31 August 2019

8 Staff

a) Staff costs

Staff costs during the period were:

	2018/19	2017/18
	£	£
Wages and salaries	13,764,487	12,986,381
Social security costs	1,283,814	1,224,912
Pension costs	3,083,237	2,486,589
	<u>18,131,538</u>	<u>16,697,882</u>
Agency staff costs	634,467	346,125
	<u>18,766,005</u>	<u>17,044,007</u>

b) Non statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £8,000 (2018: £80,405). The total comprised a single payment of £8,000.

c) Staff numbers

The average number of persons employed by the academy trust during the year was as follows:

	2018/19	2017/18
	No.	No.
Teachers	270	264
Administration and support	285	256
Management	28	24
	<u>583</u>	<u>544</u>

d) Higher paid staff

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

	2018/19	2017/18
	No.	No.
£60,000 - £70,000	1	3
£70,001 - £80,000	2	2
£80,001 - £90,000	1	-
£150,001 - £160,000	1	1

e) Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy trust was £860,380 (2018: £771,813).

GFM Education

Notes to the Financial Statements for the Year Ended 31 August 2019

9 Related Party Transactions – Trustees’ remuneration and expenses

One or more trustees has been paid remuneration or has received other benefits from 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 staff members under their contracts of employment.

The value of trustees’ remuneration and other benefits was as follows:

		2018/19	2017/18
		£000	£000
I Potter	Remuneration	155-160	150-155
(Principal and trustee)	Employer’s pension contributions paid	20-25	20-25

During the period ended 31 August 2019, travel and subsistence expenses totalling £1,724 were reimbursed or paid directly to three trustees (2018: none).

10 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 £2m on any one claim and the cost for the period ended 31 August 2019 was included in the total insurance cost.

11 Central Services

The academy trust has provided the following central services to its academies during the year:

- Human resources
- Insurance
- Governance costs
- Other support costs

The academy trust charges for these services based upon fixed percentages. The actual amounts charged during the year were as follows:

	2018/19	2017/18	2018/19	2017/18
	%	%	£	£
Bay House School	51.1%	53.0%	1,046,812	1,200,229
Brune Park Community School	34.6%	37.0%	708,800	837,895
Gomer Junior School	4.7%	5.0%	96,282	113,229
Lord Wilson School	4.8%	5.0%	98,331	113,229
Rowner Junior School	4.8%	n/a	98,331	-
	100.0%	100.0%	2,048,556	2,264,582

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Notes to the Financial Statements for the Year Ended 31 August 2019

12 Tangible fixed assets

	Freehold Land and Buildings £	Leasehold Land and Buildings £	Furniture and Equipment £	Computer Equipment £	Motor Vehicles £	Total £
Cost						
At 1 September 2018	62,943,759	7,223,989	1,158,754	928,848	173,851	72,429,201
Acquisitions	250,240	84,863	78,017	73,184	-	486,304
Transfer on conversion	-	3,115,000	27,232	4,600	-	3,146,832
At 31 August 2019	<u>63,193,999</u>	<u>10,423,852</u>	<u>1,264,003</u>	<u>1,006,632</u>	<u>173,851</u>	<u>76,062,337</u>
Depreciation						
At 1 September 2018	4,095,025	209,566	536,996	781,268	120,552	5,743,407
Charged in year	1,211,412	211,828	102,374	53,848	13,329	1,592,791
At 31 August 2019	<u>5,306,437</u>	<u>421,394</u>	<u>639,370</u>	<u>835,116</u>	<u>133,881</u>	<u>7,336,198</u>
Net book values						
At 31 August 2018	58,848,734	7,014,423	621,758	147,580	53,299	66,685,794
At 31 August 2019	<u>57,887,562</u>	<u>10,002,458</u>	<u>624,633</u>	<u>171,516</u>	<u>39,970</u>	<u>68,726,139</u>

The Academy Trust has included an estimate of £39.5m for the value of the land and buildings for three of the academies when they joined the Academy Trust. The Academy Trust has requested valuations from the ESFA but these have not been received at the date of approval of the financial statements.

13 Stock

	2018/19 £	2017/18 £
Uniform stocks	<u>10,292</u>	<u>13,019</u>

14 Debtors

	2018/19 £	2017/18 £
Trade debtors	27,961	36,739
VAT recoverable	169,502	110,553
Other debtors	416	-
Prepayments and accrued income	<u>595,757</u>	<u>586,560</u>
	<u>793,636</u>	<u>733,852</u>

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Notes to the Financial Statements for the Year Ended 31 August 2019

15 Current asset investments

	2018/19	2017/18
	£	£
Bank deposits	<u>100,000</u>	-

16 Creditors: amounts falling due within one year

	2018/19	2017/18
	£	£
Trade creditors	505,762	343,394
Other taxation and social security	306,164	283,758
Loans falling due within one year	70,241	95,240
Other creditors falling due within one year	289,312	270,917
Accruals and deferred income	<u>373,492</u>	<u>284,680</u>
	<u>1,544,971</u>	<u>1,277,989</u>

	2018/19	2017/18
	£	£
Deferred income at 1 September 2018	228,370	48,663
Released from previous years	(228,370)	(48,663)
Resources deferred in the year	<u>269,944</u>	<u>228,370</u>
Deferred income at 31 August 2019	<u>269,944</u>	<u>228,370</u>

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.

Loans falling due within one year comprise the following:

a) Salix energy efficiency interest free loans from the ESFA of £45,241 (2018: £45,240), which are repayable in monthly instalments from December 2014 to March 2020.

b) An ESFA funding loan of £25,000 (2018: £50,000), which carries interest at 5% and is repayable in monthly instalments from October 2015 to February 2020.

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Notes to the Financial Statements for the Year Ended 31 August 2019

17 Creditors: amounts falling due in greater than one year

	2018/19	2017/18
	£	£
Loans falling due in greater than one year	-	70,241

Loans falling due in greater than one year comprised the following:

a) Salix energy efficiency interest free loans from the ESFA of £20,241, which are repayable in monthly instalments from December 2014 to March 2020.

b) An ESFA funding loan of £50,000, which carries interest at 5% and is repayable in monthly instalments from October 2015 to February 2020.

18 Funds

	Balance at 1 September 2018	Income	Expenditure	Transfers	Gains and losses	Balance at 31 August 2019
	£	£	£	£	£	£
Restricted general funds						
General Annual Grant (GAG)	1,954,299	19,570,696	(18,807,978)	(86,347)	-	2,630,670
Pupil Premium	-	1,311,556	(1,311,556)	-	-	-
Other DfE/ESFA grants	-	544,568	(544,568)	-	-	-
SGO grant	-	21,817	(7,934)	-	-	13,883
Other government grants	-	618,369	(618,369)	-	-	-
Other educational activities	-	1,184,080	(1,184,080)	-	-	-
	1,954,299	23,251,086	(22,474,485)	(86,347)	-	2,644,553
Pension reserve	(4,081,000)	(235,000)	(886,000)	-	(2,601,000)	(7,803,000)
	(2,126,701)	23,016,086	(23,360,485)	(86,347)	(2,601,000)	(5,158,447)
Restricted fixed asset funds						
Fixed asset fund	66,685,794	3,146,832	(1,592,791)	486,304	-	68,726,139
DfE Group capital grants (DFC)	28,667	307,828	-	(274,356)	-	62,139
School Condition Allocation	-	2,536,907	-	(125,601)	-	2,411,306
	66,714,461	5,991,567	(1,592,791)	86,347	-	71,199,584
Total restricted funds	64,587,760	29,007,653	(24,953,276)	-	(2,601,000)	66,041,137
Total unrestricted funds	1,820,503	329,687	-	-	-	2,150,190
Total funds	66,408,263	29,337,340	(24,953,276)	-	(2,601,000)	68,191,327

GFM Education

Notes to the Financial Statements for the Year Ended 31 August 2019

18 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; and pre- and post-16 high needs funding streams.

Other DfE/ESFA grants

This is funding received from the ESFA for specific purposes, for example pupil premium funding.

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 trust 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 funding received from the DfE/ESFA specifically for expenditure on tangible fixed assets.

Transfers between funds

Transfers to the restricted fixed asset fund represent the cost of fixed asset additions which have been funded from restricted or unrestricted general funds.

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Notes to the Financial Statements for the Year Ended 31 August 2019

18 Funds (continued)

Total funds analysis by academy

Fund balances at 31 August 2019 were allocated as follows:

	2018/19	2017/18
	£	£
Bay House School	1,250,470	1,497,067
Brune Park Community School	3,090,701	2,053,844
Gomer Junior School	238,963	146,954
Lord Wilson School	98,726	76,937
Rowner Junior School	115,883	-
Total before fixed assets and pension reserve	<u>4,794,743</u>	3,774,802
Restricted fixed asset fund	71,199,584	66,714,461
Pension reserve	<u>(7,803,000)</u>	<u>(4,081,000)</u>
Total	<u>68,191,327</u>	<u>66,408,263</u>

Total cost analysis by academy

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 (excl. dep- reciation)	2018/19 Total	2017/18 Total
	£	£	£	£	£	£
Bay House School	8,382,243	1,688,855	1,125,053	1,275,952	12,472,103	11,802,354
Brune Park Community School	4,835,151	1,140,371	474,967	973,450	7,423,939	7,432,012
Gomer Junior School	681,030	180,823	84,894	172,974	1,119,721	1,155,377
Lord Wilson School	732,627	125,299	81,183	160,607	1,099,716	1,058,796
Rowner Junior School	829,940	169,666	62,427	182,973	1,245,006	-
	<u>15,460,991</u>	<u>3,305,014</u>	<u>1,828,524</u>	<u>2,765,956</u>	<u>23,360,485</u>	<u>21,448,539</u>

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Notes to the Financial Statements for the Year Ended 31 August 2019

18 Funds (continued)

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

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers £	Gains and losses £	Balance at 31 August 2018 £
Restricted general funds						
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)	-	-	-
Other government grants	-	607,484	(607,484)	-	-	-
Other educational activities	-	717,893	(717,893)	-	-	-
	1,848,784	21,248,782	(20,974,539)	(168,728)	-	1,954,299
Pension reserve	(4,805,000)	-	(474,000)	-	1,198,000	(4,081,000)
	(2,956,216)	21,248,782	(21,448,539)	(168,728)	1,198,000	(2,126,701)
Restricted fixed asset funds						
Fixed asset fund	67,926,884	-	(1,524,806)	283,716	-	66,685,794
DfE Group capital grants (DFC)	21,443	82,522	-	(75,298)	-	28,667
Other capital grants	20,089	-	-	(20,089)	-	-
Balances on transfer	19,601	-	-	(19,601)	-	-
	67,988,017	82,522	(1,524,806)	168,728	-	66,714,461
Total restricted funds	65,031,801	21,331,304	(22,973,345)	-	1,198,000	64,587,760
Total unrestricted funds	1,534,610	285,893	-	-	-	1,820,503
Total funds	66,566,411	21,617,197	(22,973,345)	-	1,198,000	66,408,263

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Notes to the Financial Statements for the Year Ended 31 August 2019

19 Analysis of net assets between funds

	Un-restricted funds	Restricted general funds	Restricted pension funds	Restricted fixed asset funds	Total funds
	£	£	£	£	£
Tangible fixed assets	-	-	-	68,726,139	68,726,139
Current assets	2,150,190	4,189,524	-	2,473,445	8,813,159
Current liabilities	-	(1,544,971)	-	-	(1,544,971)
Pension scheme liability	-	-	(7,803,000)	-	(7,803,000)
Total net assets	2,150,190	2,644,553	(7,803,000)	71,199,584	68,191,327

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

	Un-restricted funds	Restricted general funds	Restricted pension funds	Restricted fixed asset funds	Total funds
	£	£	£	£	£
Tangible fixed assets	-	-	-	66,685,794	66,685,794
Current assets	1,820,503	3,302,529	-	28,667	5,151,699
Current liabilities	-	(1,277,989)	-	-	(1,277,989)
Non-current liabilities	-	(70,241)	-	-	(70,241)
Pension scheme liability	-	-	(4,081,000)	-	(4,081,000)
Total net assets	1,820,503	1,954,299	(4,081,000)	66,714,461	66,408,263

20 Commitments under operating leases

At 31 August 2019 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2018/19	2017/18
	£	£
Amounts due within one year	28,519	27,807
Amounts due between one and five years	31,577	59,019
	60,096	86,826

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Notes to the Financial Statements for the Year Ended 31 August 2019

21 Reconciliation of net income/(expenditure) to net cash flow from operating activities

	2018/19	2017/18
	£	£
Net income / (expenditure) for the reporting period	4,384,064	(1,356,148)
Adjusted for:		
Depreciation	1,592,791	1,524,806
Tangible fixed assets on conversion	(3,146,832)	-
Defined benefit pension scheme net obligation on conversion	235,000	-
Defined benefit pension scheme cost less contributions payable	773,000	362,000
Defined benefit pension scheme finance cost	113,000	112,000
Decrease in stocks	2,727	1,012
(Increase) / decrease in debtors	(59,784)	120,506
Increase in creditors	196,741	135,398
Net cash provided by Operating Activities	<u>4,090,707</u>	<u>899,574</u>

22 Cash flows from investing activities

	2018/19	2017/18
	£	£
(Increase) / decrease in current asset investments	(100,000)	-
Purchase of tangible fixed assets	(486,304)	(283,716)
Net cash used in investing activities	<u>(586,304)</u>	<u>(283,716)</u>

23 Analysis of cash and cash equivalents

	2018/19	2017/18
	£	£
Cash in hand and at bank	<u>7,909,231</u>	<u>4,404,828</u>

24 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.

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Notes to the Financial Statements for the Year Ended 31 August 2019

25 Pension and similar obligations

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

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

Contributions amounting to £281,151 were payable to the schemes at 31 August 2019 (2018: £258,776) and are included within creditors.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS or scheme) is a statutory, unfunded, defined benefit occupational scheme, governed by the Teachers' Pensions Regulations 2010 (as amended), and the Teachers' Pension Scheme Regulations 2014 (as amended). These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension budgeting and valuation account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and Public Service Pensions Act (2013) and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – contributions from members, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Acts.

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Valuation of the Teachers' Pension Scheme

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

A copy of the latest valuation report can be found on the Teachers' Pension Scheme website at:
<https://www.teacherspensions.co.uk/news/employers/2019/04/teachers-pensions-valuation-report.aspx>

GFM Education

Notes to the Financial Statements for the Year Ended 31 August 2019

25 Pension and similar obligations (continued)

Scheme changes

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

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

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

The employer's pension costs paid to TPS in the period amounted to £1,473,269 (2018: £1,416,071).

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

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was as follows:

	2019	2018
	£	£
Employer's contributions	822,000	695,000
Employees' contributions	214,000	196,000
	<u>1,036,000</u>	<u>891,000</u>

The agreed contribution rates for future years are 16.1% for employers (increasing to 18.9% from 1 April 2020) and 5.5% to 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 an academy trust closure, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

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Notes to the Financial Statements for the Year Ended 31 August 2019

25 Pension and similar obligations (continued)

GMP Indexation and Equalisation

Guaranteed Minimum Pension (GMP) is a portion of pension that was accrued by individuals who were contracted out of the State Second Pension between 6 April 1978 and 6 April 1997. The rate at which GMP was accrued, and the date it is payable, is different for men and women, meaning there is an inequality for male and female members who have GMP. This was a consequence of the State Pension itself being unequal at the time. On 26 October 2018 the High Court ruled in the Lloyds Bank case that equalisation for the effect of unequal GMPs is required. The scheme actuary has estimated the potential additional liability arising from GMP Indexation to be approximately 0.3% of the total defined benefit obligation, and likely to be lower than this because, on conversion, only the liability in relation to the transferring active members was transferred to the academy trust, many of whom may have joined the scheme after 6 April 1997. The actuary has estimated that for most academy employers the additional liability will be in the region of 0.1% of the total defined benefit obligation. No adjustment has been made for the potential additional liability since it is not considered to be material to the financial statements.

Principal actuarial assumptions

	2019	2018
Rate of increase in salaries	3.6%	3.5%
Rate of increase for pensions in payment/inflation	2.1%	2.0%
Discount rate for scheme liabilities	1.8%	2.8%
Inflation assumption (CPI)	2.1%	2.0%

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

	2019	2018
<i>Retiring today</i>		
Males	23.1	24.1
Females	25.8	27.2
<i>Retiring in 20 years</i>		
Males	24.7	26.2
Females	27.6	29.4

Sensitivity analysis

	Increase/(reduction) in defined benefit obligation	
	2019	2018
	£	£
Discount rate +0.1%	(390,000)	(268,000)
Discount rate -0.1%	398,000	274,000
Mortality assumption – 1 year increase	608,000	348,000
Mortality assumption – 1 year decrease	(601,000)	(348,000)

GFM Education

Notes to the Financial Statements for the Year Ended 31 August 2019

25 Pension and similar obligations (continued)

The academy trust's share of the assets in the scheme were:

	2019	2018
	£	£
Equities	6,137,000	5,312,000
Property	734,000	574,000
Government bonds	2,100,000	1,904,000
Corporate bonds	-	100,000
Cash	194,000	191,000
Other	1,030,000	232,000
Total market value of assets	10,195,000	8,313,000

The actual return on scheme assets was £550,000 (2018: £534,000).

Amount recognised in the Statement of Financial Activities

	2018/19	2017/18
	£	£
Current service cost	1,071,000	1,057,000
Past service cost	524,000	-
Interest income	(254,000)	(185,000)
Interest cost	367,000	297,000
Total amount recognised in the SOFA	1,708,000	1,169,000

The past service cost represents an actuarial estimate of the additional underpin liability arising as a result of the McCloud/Sargeant judgement in December 2018 and the Supreme Court's decision not to allow the Government an appeal on 27 June 2019.

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

	2018/19	2017/18
	£	£
At 1 September	12,394,000	11,845,000
Conversion of academy trusts	679,000	-
Current service cost	1,071,000	1,057,000
Interest cost	367,000	297,000
Employee contributions	214,000	196,000
Actuarial loss / (gain)	2,897,000	(849,000)
Benefits paid	(148,000)	(152,000)
Past service cost	524,000	-
At 31 August	17,998,000	12,394,000

GFM Education

Notes to the Financial Statements for the Year Ended 31 August 2019

25 Pension and similar obligations (continued)

Changes in the fair value of academy trust's share of scheme assets:	2018/19	2017/18
	£	£
At 1 September	8,313,000	7,040,000
Conversion of academy trusts	444,000	-
Interest income	254,000	185,000
Actuarial gain	296,000	349,000
Employer contributions	822,000	695,000
Employee contributions	214,000	196,000
Benefits paid	(148,000)	(152,000)
At 31 August	10,195,000	8,313,000

Included within employer contributions is £252,700 (2018: £211,674) in respect of fixed contributions to the academy trust's share of the deficit in the scheme.

26 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 the trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH, including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and with the academy trust's financial regulations and normal procurement procedures relating to connected and related party transactions. The following related party transactions took place in the financial period.

Expenditure Related Party Transactions:

J Bonsor (trustee and member)

- The academy trust purchased services from J Bonsor totalling £4,402 (2018: £10,459) during the period. There were no amounts outstanding at 31 August 2019 (2018: £nil).
- The academy trust made the purchase at arms' length following a competitive tendering exercise in accordance with its financial regulations, which J Bonsor neither participated in, nor influenced.
- In entering into the transaction the academy trust has complied with the requirements of the Academies Financial Handbook 2018.
- The element above £2,500 has been provided 'at no more than cost' and J Bonsor has provided a statement of assurance confirming this.

J Morgan (trustee)

- The academy trust purchased services from J Morgan totalling £1,104 (2018: £1,179) during the period. There were no amounts outstanding at 31 August 2019 (2018: £nil).
- The academy trust made the purchase at arms' length following a competitive tendering exercise in accordance with its financial regulations, which J Morgan neither participated in, nor influenced.
- In entering into the transaction the academy trust has complied with the requirements of the Academies Financial Handbook 2018.

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Notes to the Financial Statements for the Year Ended 31 August 2019

27 Agency arrangements

The academy trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ended 31 August 2019 the academy trust received £23,485 and disbursed £30,205 from the fund. At 31 August 2019 there were no undistributed funds repayable to ESFA. Comparatives for the accounting period ending 31 August 2018 are £23,538 received, £23,764 disbursed and £6,720 included in other creditors.

28 Conversion of academies into the academy trust

On 1 September 2018 Rowner Junior School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to the Academy trust from Hampshire County Council for £nil consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the Balance Sheet under the appropriate headings with a corresponding net amount recognised as a net gain in the Statement of Financial Activities as Donations - transfer from local authority on conversion.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of Financial Activities.

	Un-restricted funds	Restricted general funds	Restricted pension funds	Restricted fixed asset funds	Total funds
	£	£	£	£	£
Tangible fixed assets	-	-	-	3,146,832	3,146,832
Current assets	63,280	-	-	-	63,280
Pension scheme liability	-	-	(235,000)	-	(235,000)
Net assets/(liabilities)	63,280	-	(235,000)	3,146,832	2,975,112