

Company Registration Number: 07834711 (England & Wales)

GFM EDUCATION
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

GFM EDUCATION
(A company limited by guarantee)

CONTENTS

	Page
Reference and administrative details	1 - 2
Trustees' report	3 - 8
Governance statement	9 - 11
Statement on regularity, propriety and compliance	12
Statement of Trustees' responsibilities	13
Independent auditors' report on the financial statements	14 - 16
Independent reporting accountant's assurance report on regularity	17 - 18
Statement of financial activities incorporating income and expenditure account	19
Balance sheet	20 - 21
Statement of cash flows	22
Notes to the financial statements	23 - 48

GFM EDUCATION
(A company limited by guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2017

Members

P Allen (resigned 1 April 2017)
J Morgan (resigned 1 April 2017)
I Potter (resigned 1 April 2017)
D Wiltshire (resigned 1 April 2017)
C Beswick (appointed 1 April 2017)
J Bonsor (appointed 1 April 2017)
J Callander (appointed 1 April 2017)

Trustees

P Allen (resigned 1 April 2017)
P Andrews (resigned 1 April 2017)
C Beswick (appointed 1 April 2017)
J Bonsor (appointed 1 June 2017)
J Callander (appointed 1 April 2017)
C Donovan (resigned 1 April 2017)
N Duncan (appointed 1 June 2017)
D Higginbottom (appointed 5 September 2016, resigned 1 April 2017)
P Lane (appointed 1 June 2017)
D Mills (resigned 1 April 2017)
J Morgan
P Mulroy (resigned 1 April 2017)
I Potter
K Robertson (appointed 1 April 2017)
S Schofield (resigned 1 April 2017)
R Thomas (resigned 1 April 2017)
N Williams (resigned 1 April 2017)
R Williams (resigned 5 September 2016)
D Wiltshire (resigned 1 April 2017)

Company registered number

07834711

Company name

GFM Education

Principal and registered office

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

GFM EDUCATION
(A company limited by guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2017

Advisers (continued)

Chief executive officer

I Potter

Senior management team

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

Independent auditors

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

Bankers

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

Solicitors

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

GFM EDUCATION
(A company limited by guarantee)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2017

The Trustees present their annual report together with the financial statements and auditor's report of GFM Education for the year ended 31 August 2017. The annual report serves the purposes of both a trustees' report, and a directors' report under Company law.

The GFM operates one Junior School, two Secondary Schools in Gosport, and a Special School in the Gosport and Fareham area. Its academies have a combined pupil capacity of 4,282 and had a roll of 3,833 in the school census on January 2017.

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 is known as GFM Education. Details of the trustees who served during the year are included in the Reference and Administrative Details on page 1.

Members' Liability

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

Trustees' Indemnities

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

Method of Recruitment and Appointment or Election of Trustees

The trust'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 the trust'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, Governors and Members attended six meetings. All Governors are provided with copies of procedures, minutes other documents that they will need to undertake their role as governors. All Governors are made aware of, and invited to attend, a variety of governance training sessions both externally and in-house.

Organisational Structure

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

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

GFM EDUCATION
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

Arrangements for setting pay and remuneration of key management personnel

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

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

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

All Teaching/Non-Teaching and Leadership recommendations for pay progression are considered and agreed by the Governors Salaries Committee.

Related Parties and other Connected Charities and Organisations

The Trust purchased consultancy services from J B Consultancy during the year ended 31 August 2017, which is connected to a Member of the GFM. The value of the service amounted to approximately £1.8k.

Objectives and Activities

Objects and Aims

The principal object of the Academy Trust is the provision of education for pupils aged between 7 and 19.

Objectives, Strategies and Activities

The GFM was established during this reporting period with a focus of pioneering a local education model for the learners within the Gosport and Fareham area across all phases of education – Sixth Form, Secondary, Primary and SEN. The aim is to increase opportunity for all children within the GFM to achieve their potential and ambitions through local collaborations. The GFM will work, as an aligned group of schools, with all stakeholders including the young people, their parents and carers, the teachers and other staff and also with the local community, social and support services and businesses.

Public Benefit

The GFM 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, the GFM 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.

GFM EDUCATION
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

Strategic Report

Achievements and Performance

GFM Education was formed on 1st April 2017 initially as a Trust of three Schools, Bay House Secondary and Sixth Form, Gomer Junior and LWS Academy. On the 1st May 2017 the Trust was joined by Brune Park Community School under a sponsorship agreement with the RSC.

Bay House School and Sixth Form

We are delighted with the achievements of our Year 11 pupils who have achieved the best GCSE results ever at Bay House School and Sixth Form. 73% of pupils achieved a good pass in both the new more rigorous 9-1 English and mathematics GCSEs – a record high for the school. Progress across the whole curriculum continues to be outstanding. In addition to this, Bay House Sixth Form celebrated yet another outstanding set of A Level results which makes it the strongest-performing state provider in Hampshire. The headlines results include:

- The A*-E pass rate stands at 100%
- An impressive 90% of passes at A*-C
- 67% of passes at A*-B.

Bay House Sixth Form students consistently achieve higher than national averages; the A*-B pass rate standing a spectacular 14 per cent above average in 2017.

Brune Park Community School

Brune Park Community School has been on a challenging journey – both for staff and the youngsters. Despite these challenges, the BTEC Level 2 pass results were excellent: 98% passed Engineering, 94% passed Performing Arts, 90% passed Health and Social Care and 88% passed Business Studies. The ECDL results were 100% Merit or above with 8 out of 10 students achieving a distinction or better. Finally, the Performing Arts GCSE results were a massive success: Drama was 91% A*-C with 65% A*-B and Dance achieved 74% A*-C with over 50% achieving A*-B.

Gomer Junior School

The results at the end of Key Stage 2 for 2017 show that Gomer Junior School has a combined reading, writing and maths score of 64.4% which is above national. Writing Attainment is well above National Average. Disadvantaged KS2 pupils are also achieving above Age Related Expectation.

Summer 2017 SATs

Of the 60-strong cohort, ALL children completed the test. One child = 1.7%
The SATs results do not reflect Teacher Assessment. 12 pupils missed ARE by 1-3 marks.

	GJS 2017	National Average 2017
Reading	73%	71%
Writing	90%	76%
Maths	69.5%	75%
GPS	66.1%	77%
Combined (R, W, M)	64.4%	61.1%

LWS Academy

The Provisional 2017 Progress 8 score is -2.52, which is significantly below national data comparisons. However the transformational change required to turn this around moving forward, is being embedded following a rapid period of change in the first half-term of 2017/18. The review and implementation of robust academic progress tracking, within a highly sensitive SEMH environment that meets multi-agency accountabilities, is resulting in a new school culture and ethos. Leadership is demanding a rigorous approach coupled with a sensitivity to need, essential in retaining the professional capacity for improvement. Evidence of this cultural change is starting to be seen through new systems, evolved process and enhanced practice, but is yet to be proven through sustained student progress and outcomes

GFM EDUCATION
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

Key Performance Indicators

1. Pupil Numbers

Number on roll vs maximum:

Bay House School 11 to 16 – 1,754 Vs 1,754

Bay House Sixth Form – 437 Vs 460

Brune Park Community School 11 to 16 – 1,353 Vs 1,776

Gomer Junior School 7-11 – 239 Vs 240

LWS Academy 11 to 16 – 50 Vs 52

2. Staff Costs as a percentage of total costs

2016 – 81.8%

2015 – 82.2%

3. Maintenance Costs as a percentage of total costs

2016 – 2.1%

2015 – 1.1%

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
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

Financial Review

Review of Financial Performance and Position

The Board of Trustees consider that the Multi Academy Trust is in a sound financial position.

Following the in-year formation of the GFM, the Trust generated an operating surplus of £38.49m for the period to August 2017 and has declared an in-year surplus budget for 17/18. Most of the Academy Trust's income is obtained from the EFSA in the form of recurrent grants. The Trust also receives capital grants and are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. At 31 August 2017 the net book value of fixed assets was £67.927m. The assets were used exclusively for providing education and associated support services to the learners across the GFM.

Reserves Policy

The Trust, after careful analysis of its cash flow, has concluded that the adequate range of reserves should be equivalent to approximately one month's expenditure, currently estimated to be between £1.6m and £1.7m, of combined Restricted and Unrestricted Funds (excluding restricted fixed asset fund and pension reserve). The Trust's reserves are the resources the GFM has or can make available to spend for or all of the School's purposes once it has met its commitments and covered its planned expenditure. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants. In addition to this, a sufficient level of reserves, over and above the range shown above, is being put aside for future capital work to cover replacement, refurbishment and repairs within the Trust buildings and grounds to help support reduced school and insufficient capital funding. It is deemed prudent to set aside a contingency fund to enable essential maintenance work to be carried out over the coming academic years which will include major roofing and window repairs, classroom refurbishments and the replacement of at least one mini bus within the Trust.

The reserves as at 31 August 2017 were as follows:

- Unrestricted (free) reserves of £1,534,610
- A restricted fixed asset fund of £67,988,017, which can only be realised through disposal of tangible fixed assets
- A pension deficit of £4,805,000
- Other restricted funds of £1,848,784
- Total funds of £66,566,411

There is a £4,805,000 deficit in respect of the Local Government Pension Scheme. This will result in increased employers' pension contributions over a period of years. We have reflected the effect of increased pension costs in our future budgets. Increased pension contributions will be met from the Trust's budgeted annual income, and whilst the deficit might not be eliminated, there should be no actual cash flow deficit on the fund, or direct impact on the free reserves of the Trust as a result of recognising the deficit. The trustees are satisfied that the level of reserves is in line with the policy.

Investment Policy

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

Principal Risks and Uncertainties

All administrative and support staff are entitled to membership of the Local Government Pension Scheme. The School's share of the Scheme's assets is currently assessed to be less than its liabilities in the Scheme, and consequently the balance sheet show a net liability of £4,805,000. The Actuary's assumptions are very much influenced with the latest international financial and economic crisis.

GFM EDUCATION
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

Plans for Future Periods

The intent of the GFM 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.

The strategic goals of the Trust over the next few years are to:

1. Continually improve the quality of provision within all of its Academies;
2. Manage the demands of austerity in the education system;
3. Contribute to system leadership and improvement.
4. Targeted improvement plans for learners and Brune Park and LWS, particularly in terms of outcomes and Ofsted Ratings.

Funds Held as Custodian Trustee on Behalf of Others

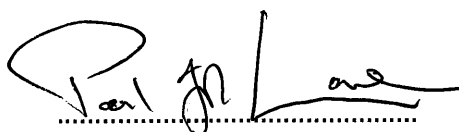
No funds are held on behalf of others.

Auditor

Insofar as the trustees are aware:

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

The Trustees' Report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 5 December 2017 and signed on the board's behalf by:



P Lane
Chair of Trustees

GFM EDUCATION
(A company limited by guarantee)

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 Trustees' responsibilities statement. The board of trustees has formally met three times during the year since the formation of the GFM. Prior to that, the trustees of Bay House School had also met three times during the year to formation. Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
P Allen	3	3
P Andrews	2	3
C F Donovan	3	3
J C Morgan	6	6
D Mills	3	3
I Potter	6	6
S Schofield	3	3
R P Thomas	1	2
N T Williams	2	3
D J Wiltshire	3	3
P Mulroy	1	3
D Higginbottom	2	3
C Beswick	2	3
P Lane	3	3
J Callander	2	3
J Bonsor	2	3
N Duncan	1	3

GFM EDUCATION
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

Review of Value for Money

As Accounting Officer, the Chief Executive Officer has responsibility for ensuring that the Academy 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's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the Academy has delivered improved value for money during the year by:

- Outsourcing the Cleaning Contract for Bay House School following a robust and successful tendering process
- Through the formation of the MAT, completed a cross Trust IT strategy which brought about a change in service providers. This not only provided significant financial savings but also greater internal control and streamlining of services.
- Created a Cross MAT Central Services structure for Finance, HR, Site and IT. This has also proved hugely cost effective and delivers a more efficient use of resources and expertise across the GFM.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in GFM Education for the year 1 September 2016 to 31 August 2017 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 is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy's significant risks that has been in place for the year 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

GFM EDUCATION
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

The Risk and Control Framework

The academy trust's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular it includes:

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees
- regular reviews by the finance and general purposes committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes
- setting targets to measure financial and other performance
- clearly defined purchasing (asset purchase or capital investment) guidelines
- delegation of authority and segregation of duties
- identification and management of risks

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

The reviewer's role will include giving advice on financial matters and performing a range of checks on the Trust's financial systems. In particular the checks to be carried out in the next period will include:

- Testing of payroll systems
- Testing of purchase systems
- Testing of control accounts and bank reconciliations

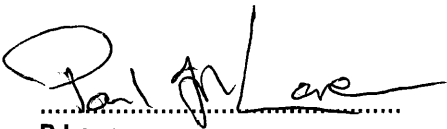
Review of Effectiveness

As Accounting Officer, the Chief Executive Officer has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:


- the work of the external auditors;
- the work of the executive managers within the Academy who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the board of trustees and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on 5 December 2017 and signed on their behalf, by:



.....
P Lane
Chair of Trustees



.....
I Potter
Accounting Officer

GFM EDUCATION
(A company limited by guarantee)

STATEMENT ON 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 and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, 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 2016.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2016.

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



.....
I Potter
Accounting Officer

Date: 5 December 2017

GFM EDUCATION
(A company limited by guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2017

The Trustees (who act as governors of GFM Education and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Strategic report, the Trustees' report and the financial statements in accordance with the Annual Accounts Direction issued by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

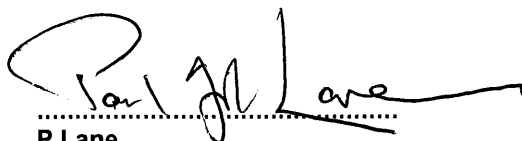
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) 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 5 December 2017 and signed on its behalf by:



.....
P Lane
Chair of Trustees

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

OPINION

We have audited the financial statements of GFM Education (the 'Academy') for the year ended 31 August 2017 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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

In our opinion the financial statements:

- give a true and fair view of the state of the Academy's affairs as at 31 August 2017 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

BASIS FOR OPINION

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

CONCLUSIONS RELATING TO GOING CONCERN

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

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Academy'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
(A company limited by guarantee)

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

OTHER INFORMATION

The Trustees are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Auditors' report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remunerations specified by law not made; or
- we have not received all the information and explanations we require for our audit.

GFM EDUCATION
(A company limited by guarantee)

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

RESPONSIBILITIES OF TRUSTEES

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

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

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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



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

Hopper Williams & Bell Limited

Statutory Auditor

Highland House

Mayflower Close

Chandlers Ford

Eastleigh

Hampshire

SO53 4AR

Date: 14 December 2017

GFM EDUCATION
(A company limited by guarantee)

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

In accordance with the terms of our engagement letter dated 4 September 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by GFM Education during the year 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

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

The Accounting Officer is responsible, under the requirements of GFM Education's funding agreement with the Secretary of State for Education dated 1 January 2012, and the Academies Financial Handbook extant from 1 September 2016, 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 2016 to 2017. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

APPROACH

We conducted our engagement in accordance with the Academies Accounts Direction 2016 to 2017 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's income and expenditure.

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

SUMMARY OF WORK UNDERTAKEN

We carried out the following:

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

Substantive testing included the following procedures:

- confirming that activities conform to the Academy'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;
- testing a sample of transactions to consider whether the transaction is permissible within the Academy'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's charitable objects;
- reviewing whether lettings to related parties are made at favourable rates.

CONCLUSION

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Richard Hurst FCA

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

Date: 14 December 2017

GFM EDUCATION
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2017**

	Note	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
INCOME FROM:						
Donations & capital grants:						
Transfer from local authority on conversion	2	981,941	(2,606,000)	36,716,343	35,092,284	-
Transfer of existing academy joining the trust	2	88,800	(380,983)	3,964,290	3,672,107	-
Other donations and capital grants	2	-	37,899	133,359	171,258	171,960
Charitable activities	3	-	15,355,911	-	15,355,911	11,508,645
Other trading activities	4	139,040	-	-	139,040	41,771
Investments	5	1,846	-	-	1,846	2,472
TOTAL INCOME		1,211,627	12,406,827	40,813,992	54,432,446	11,724,848
EXPENDITURE ON:						
Charitable activities		699	14,944,056	996,956	15,941,711	12,247,457
TOTAL EXPENDITURE	6	699	14,944,056	996,956	15,941,711	12,247,457
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES		1,210,928	(2,537,229)	39,817,036	38,490,735	(522,609)
Actuarial gains/(losses) on defined benefit pension schemes	24	-	1,763,000	-	1,763,000	(1,778,000)
NET MOVEMENT IN FUNDS		1,210,928	(774,229)	39,817,036	40,253,735	(2,300,609)
RECONCILIATION OF FUNDS:						
Total funds brought forward		323,682	(2,181,987)	28,170,981	26,312,676	28,613,285
TOTAL FUNDS CARRIED FORWARD		1,534,610	(2,956,216)	67,988,017	66,566,411	26,312,676

The notes on pages 23 to 48 form part of these financial statements.

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

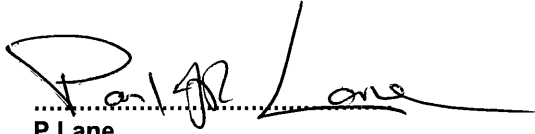
BALANCE SHEET
AS AT 31 AUGUST 2017

	Note	£	2017 £	£	2016 £
FIXED ASSETS					
Tangible assets	13		67,926,884		28,170,981
CURRENT ASSETS					
Stocks	14	14,031		23,768	
Debtors	15	854,358		306,492	
Cash at bank and in hand		3,788,970		1,787,183	
			<u>4,657,359</u>		<u>2,117,443</u>
CREDITORS: amounts falling due within one year	16	(1,100,853)		(635,400)	
NET CURRENT ASSETS			<u>3,556,506</u>		<u>1,482,043</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>71,483,390</u>		<u>29,653,024</u>
CREDITORS: amounts falling due after more than one year	17		<u>(111,979)</u>		<u>(185,348)</u>
NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES			<u>71,371,411</u>		<u>29,467,676</u>
Defined benefit pension scheme liability	24		<u>(4,805,000)</u>		<u>(3,155,000)</u>
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u><u>66,566,411</u></u>		<u><u>26,312,676</u></u>
FUNDS OF THE ACADEMY					
Restricted income funds:					
Restricted income funds	18	1,848,784		973,013	
Restricted fixed asset funds	18	67,988,017		28,170,981	
Restricted income funds excluding pension liability		69,836,801		29,143,994	
Pension reserve		(4,805,000)		(3,155,000)	
Total restricted income funds			<u>65,031,801</u>		<u>25,988,994</u>
Unrestricted income funds	18		<u>1,534,610</u>		<u>323,682</u>
TOTAL FUNDS			<u><u>66,566,411</u></u>		<u><u>26,312,676</u></u>

GFM EDUCATION
(A company limited by guarantee)

BALANCE SHEET (continued)
AS AT 31 AUGUST 2017

The financial statements on pages 19 to 48 were approved by the Trustees, and authorised for issue, on 5 December 2017 and are signed on their behalf, by:

A handwritten signature in black ink, appearing to read 'P Lane', is written over a horizontal dotted line.

P Lane
Chair of Trustees

The notes on pages 23 to 48 form part of these financial statements.

GFM EDUCATION
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2017

	Note	2017 £	2016 £
Cash flows from operating activities			
Net cash provided by operating activities	20	<u>2,093,614</u>	<u>355,166</u>
Cash flows from investing activities:			
Purchase of tangible fixed assets		<u>(91,827)</u>	<u>(296,383)</u>
Net cash used in investing activities		<u>(91,827)</u>	<u>(296,383)</u>
Change in cash and cash equivalents in the year		2,001,787	58,783
Cash and cash equivalents brought forward		<u>1,787,183</u>	<u>1,728,400</u>
Cash and cash equivalents carried forward	21	<u><u>3,788,970</u></u>	<u><u>1,787,183</u></u>

GFM EDUCATION
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES

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

1.1 Basis of preparation of financial statements

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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

1.2 Fund accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Department for Education 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 and include grants from the Department for Education.

GFM EDUCATION
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.3 Income

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

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

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

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

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

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

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

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

GFM EDUCATION
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.4 Expenditure

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

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

All expenditure is inclusive of irrecoverable VAT.

1.5 Going concern

The Trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Academy 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.

GFM EDUCATION
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.6 Tangible fixed assets and depreciation

All assets costing more than £1,000 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

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

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of these assets, less their estimated residual value, over their expected useful lives on the following bases:

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

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

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

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of financial activities incorporating income and expenditure account.

1.7 Operating leases

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

GFM EDUCATION
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.8 Stocks

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

1.9 Taxation

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

1.10 Debtors

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

1.11 Cash at Bank and in hand

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

1.12 Liabilities and provisions

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

1.13 Agency arrangements

The academy trust acts as an agent in distributing 16-19 bursary funds from the ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The trust did not use any of the allocation towards its own administration costs. The funds received and paid and any balances held are disclosed in note 16.

GFM EDUCATION
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.14 Financial instruments

The Academy only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the Academy 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 15. Prepayments are not financial instruments. Amounts due to the Academy's wholly owned subsidiary are held at face value less any impairment. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in notes 16 and 17. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or other financial instruments. Amounts due to the Academy's wholly owned subsidiary are held at face value less any impairment.

1.15 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 24, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

GFM EDUCATION
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.16 Conversion to an academy trust

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 from Brune Park Community School and Gomer Junior School to an 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 incorporating income and expenditure account and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

Further details of the transaction are set out in note 22.

1.17 Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 24, 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 2017. 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.

GFM EDUCATION
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	<i>Total funds 2016 £</i>
Transfer from local authority on conversion	981,941	(2,606,000)	36,716,343	35,092,284	-
Transfer of existing academy joining the trust	88,800	(380,983)	3,964,290	3,672,107	-
Subtotal detailed disclosure	<u>1,070,741</u>	<u>(2,986,983)</u>	<u>40,680,633</u>	<u>38,764,391</u>	<u>-</u>
Donations	-	37,899	-	37,899	56,819
Capital Grants	-	-	133,359	133,359	115,141
Subtotal	<u>-</u>	<u>37,899</u>	<u>133,359</u>	<u>171,258</u>	<u>171,960</u>
	<u>1,070,741</u>	<u>(2,949,084)</u>	<u>40,813,992</u>	<u>38,935,649</u>	<u>171,960</u>
<i>Total 2016</i>	<u>-</u>	<u>-</u>	<u>171,960</u>	<u>171,960</u>	

GFM EDUCATION
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	<i>Total funds 2016 £</i>
DfE/ESFA grants				
General Annual Grant (GAG)	-	13,446,091	13,446,091	10,278,712
DfE/ESFA other grants	-	1,049,838	1,049,838	482,008
	-	14,495,929	14,495,929	10,760,720
Other government grants				
Local authority grants	-	271,661	271,661	63,474
	-	271,661	271,661	63,474
Other funding				
Trip income	-	340,397	340,397	335,781
Tuition fee income	-	44,780	44,780	41,776
Examination fee income	-	-	-	4,858
Other income	-	203,144	203,144	302,036
	-	588,321	588,321	684,451
	-	15,355,911	15,355,911	11,508,645
<i>Total 2016</i>	-	11,508,645	11,508,645	

GFM EDUCATION
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	<i>Total funds 2016 £</i>
Hire of facilities	139,040	-	139,040	41,771
	<u>139,040</u>	<u>-</u>	<u>139,040</u>	
<i>Total 2016</i>	<u>41,771</u>	<u>-</u>	<u>41,771</u>	

5. INVESTMENT INCOME

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	<i>Total funds 2016 £</i>
Deposit account interest	1,846	-	1,846	2,472
	<u>1,846</u>	<u>-</u>	<u>1,846</u>	
<i>Total 2016</i>	<u>2,472</u>	<u>-</u>	<u>2,472</u>	

GFM EDUCATION
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

6. EXPENDITURE

	Staff costs 2017 £	Premises 2017 £	Other costs 2017 £	Total 2017 £	Total 2016 £
Academy's educational operations:					
Direct costs	10,053,960	-	1,091,559	11,145,519	8,899,329
Support costs	2,192,298	889,492	1,714,402	4,796,192	3,348,128
	<u>12,246,258</u>	<u>889,492</u>	<u>2,805,961</u>	<u>15,941,711</u>	<u>12,247,457</u>
<i>Total 2016</i>	<u>9,425,622</u>	<u>475,252</u>	<u>2,346,583</u>	<u>12,247,457</u>	

7. ANALYSIS OF SUPPORT COSTS

	Educational operations £	Total 2017 £	Total 2016 £
Technology costs	58,422	58,422	79,833
Premises costs	889,492	889,492	475,252
Governance Costs	3,224	3,224	12,610
Other costs	674,295	674,295	397,010
Wages and salaries	1,409,760	1,409,760	1,290,162
National insurance	97,371	97,371	66,233
Pension cost	666,672	666,672	249,139
Depreciation	996,956	996,956	777,889
	<u>4,796,192</u>	<u>4,796,192</u>	<u>3,348,128</u>
<i>At 31 August 2016</i>	<u>3,348,128</u>	<u>3,348,128</u>	

8. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets:		
- owned by the charity	996,956	777,889
Auditors' remuneration - audit	10,680	7,280
Auditors' remuneration - other services	4,705	3,765
Operating lease rentals	21,850	9,004
	<u>10,291,541</u>	<u>8,077,938</u>

GFM EDUCATION
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

9. STAFF COSTS

Staff costs were as follows:

	2017	2016
	£	£
Wages and salaries	9,566,057	7,665,636
Social security costs	833,251	580,635
Operating costs of defined benefit pension schemes	1,828,455	1,179,351
	<u>12,227,763</u>	<u>9,425,622</u>
Apprenticeship levy	18,495	-
	<u>12,246,258</u>	<u>9,425,622</u>

Included in staff costs are non-statutory/non-contractual severance payments totalling £21,500 (2016: £nil). Individually, the payments were: £8,500, £7,000, and £6,000.

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

	2017	2016
	No.	No.
Teachers	201	167
Administration and support	187	164
Senior management	19	9
	<u>407</u>	<u>340</u>

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

	2017	2016
	No.	No.
In the band £60,001 - £70,000	3	1
In the band £70,001 - £80,000	3	2
In the band £140,001 - £150,000	1	1

The key management personnel of the academy trust comprise the senior management team as listed on page 2. The total amount of staff costs in respect of key management personnel was £571,798 (2016: £420,898).

GFM EDUCATION
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

10. CENTRAL SERVICES

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

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

The Academy charges for these services on the following basis:

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

The actual amounts charged during the year were as follows:

	2017	2016
	£	£
Bay House School (58%)	446,969	-
Brune Park Community School (32%)	246,604	-
Gomer Junior School (6%)	46,238	-
Lord Wilson School (4%)	30,825	-
	<hr/>	<hr/>
Total	<u>770,636</u>	<u> </u>

11. TRUSTEES' REMUNERATION AND EXPENSES

One or more Trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The Principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and other staff members under their contracts of employment, and not in respect of their role as Trustees. The value of Trustees' remuneration and other benefits was as follows:

		2017	2016
		£'000	£'000
A total of five (2016: eight trustees)	Remuneration	200-205	450-455
	Pension contributions paid	30-35	70-75

An analysis of this total will be provided (if deemed appropriate) on application to the Executive Headteacher at the address shown on page 1.

During the year, no Trustees received any reimbursement of expenses (2016 - £nil).

12. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5m on any one claim and the cost for the year ended 31 August 2017 was £2,126 (2016 - £226).

GFM EDUCATION
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

13. TANGIBLE FIXED ASSETS

	Freehold property £	Long-term leasehold property £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
Cost						
At 1 September 2016	29,675,114	-	140,747	810,523	766,242	31,392,626
Additions	42,227	29,461	-	5,795	14,344	91,827
On transfer	-	3,845,903	14,204	68,820	15,762	3,944,689
On conversion	33,029,375	3,348,625	8,000	214,872	115,471	36,716,343
At 31 August 2017	<u>62,746,716</u>	<u>7,223,989</u>	<u>162,951</u>	<u>1,100,010</u>	<u>911,819</u>	<u>72,145,485</u>
Depreciation						
At 1 September 2016	2,130,960	-	90,075	349,199	651,411	3,221,645
Charge for the year	760,030	60,984	14,981	84,856	76,105	996,956
At 31 August 2017	<u>2,890,990</u>	<u>60,984</u>	<u>105,056</u>	<u>434,055</u>	<u>727,516</u>	<u>4,218,601</u>
Net book value						
At 31 August 2017	<u>59,855,726</u>	<u>7,163,005</u>	<u>57,895</u>	<u>665,955</u>	<u>184,303</u>	<u>67,926,884</u>
At 31 August 2016	<u>27,544,154</u>	<u>-</u>	<u>50,672</u>	<u>461,324</u>	<u>114,831</u>	<u>28,170,981</u>

14. STOCKS

	2017 £	2016 £
Uniform stocks	<u>14,031</u>	<u>23,768</u>

15. DEBTORS

	2017 £	2016 £
Trade debtors	35,738	86,145
Other debtors	437	-
Prepayments and accrued income	552,422	180,767
Tax recoverable	265,761	39,580
	<u>854,358</u>	<u>306,492</u>

GFM EDUCATION
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

16. CREDITORS: Amounts falling due within one year

	2017 £	2016 £
Trade creditors	393,571	113,588
Other taxation and social security	280,032	167,826
Other creditors	341,097	216,023
Accruals and deferred income	86,153	137,963
	1,100,853	635,400
	2017 £	2016 £
Deferred income		
Deferred income at 1 September 2016	68,680	145,356
Resources deferred during the year	48,663	68,680
Amounts released from previous years	(68,680)	(145,356)
Deferred income at 31 August 2017	48,663	68,680

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.

The academy trust distributes 16-19 bursary funds to students as an agent for the ESFA. During the year the trust received £24,596 (2016: £23,591) and disbursed £20,740 (2016: £20,501) from the fund. An amount of £6,946 (2016: £3,090) is included in other creditors relating to undistributed funds that are repayable to the ESFA.

17. CREDITORS: Amounts falling due after more than one year

	2017 £	2016 £
Other creditors	111,979	185,348

Included in other creditors are the following:

- a) ESFA funding loan of £121,538, repayable in instalments ending in August 2019
- b) Salix energy efficiency loan of £63,178, repayable in instalments ending in August 2021

GFM EDUCATION
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

18. STATEMENT OF FUNDS

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

GFM EDUCATION
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

18. STATEMENT OF FUNDS (continued)

STATEMENT OF FUNDS - PRIOR YEAR

	<i>Balance at 1 September 2015 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers in/out £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 August 2016 £</i>
Unrestricted funds						
Reserves	279,439	44,243	-	-	-	323,682
	<u>279,439</u>	<u>44,243</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>323,682</u>
Restricted funds						
	<i>Balance at 1 September 2015 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers in/out £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 August 2016 £</i>
General Annual Grant (GAG)	-	10,278,712	(10,278,712)	-	-	-
Pupil premium	-	473,349	(473,349)	-	-	-
Other DfE/ESFA grants	-	8,659	(8,659)	-	-	-
Local authority grants	-	63,474	(63,474)	-	-	-
Other educational activities	966,593	684,451	(559,374)	(118,657)	-	973,013
Pension reserve	(1,291,000)	-	(86,000)	-	(1,778,000)	(3,155,000)
	<u>(324,407)</u>	<u>11,508,645</u>	<u>(11,469,568)</u>	<u>(118,657)</u>	<u>(1,778,000)</u>	<u>(2,181,987)</u>
Restricted fixed asset funds						
	<i>Balance at 1 September 2015 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers in/out £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 August 2016 £</i>
Fixed asset fund	28,652,487	-	(777,889)	296,383	-	28,170,981
DfE/ESFA capital grants	5,766	171,960	-	(177,726)	-	-
	<u>28,658,253</u>	<u>171,960</u>	<u>(777,889)</u>	<u>118,657</u>	<u>-</u>	<u>28,170,981</u>
Total restricted funds	<u>28,333,846</u>	<u>11,680,605</u>	<u>(12,247,457)</u>	<u>-</u>	<u>(1,778,000)</u>	<u>25,988,994</u>
Total of funds	<u>28,613,285</u>	<u>11,724,848</u>	<u>(12,247,457)</u>	<u>-</u>	<u>(1,778,000)</u>	<u>26,312,676</u>

GFM EDUCATION
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

18. STATEMENT OF FUNDS (continued)

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

General annual grant

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

Pupil premium and other DfE/ESFA grants

This is funding received from the ESFA for specific purposes.

Local authority grants

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

Other educational activities

This includes all other educational income/expenditure.

Schools Direct

This is funding received from the DfE/ESFA in respect of School Direct courses for initial teacher training.

Pension reserve

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

Fixed asset fund

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

DfE/ESFA capital grants

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

Under the funding agreement with the Secretary of State, the Academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2017.

GFM EDUCATION
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

18. STATEMENT OF FUNDS (continued)

ANALYSIS OF ACADEMIES BY FUND BALANCE

Fund balances at 31 August 2017 were allocated as follows:

	Total 2017 £	<i>Total 2016 £</i>
Bay House School	1,664,623	1,296,695
Brune Park Community School	1,466,882	-
Gomer Junior School	150,491	-
Lord Wilson School	101,398	-
Total before fixed asset fund and pension reserve	<u>3,383,394</u>	1,296,695
Restricted fixed asset fund	67,988,017	28,170,981
Pension reserve	(4,805,000)	(3,155,000)
Total	<u><u>66,566,411</u></u>	<u><u>26,312,676</u></u>

ANALYSIS OF ACADEMIES BY COST

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciat- ion £	Total 2017 £	<i>Total 2016 £</i>
Bay House School	7,923,064	1,662,694	638,006	1,516,735	11,740,499	11,469,568
Brune Park Community School	1,603,750	367,588	79,422	330,005	2,380,765	-
Gomer Junior School	275,392	78,807	11,960	63,478	429,637	-
Lord Wilson School	251,754	64,714	34,653	42,733	393,854	-
	<u>10,053,960</u>	<u>2,173,803</u>	<u>764,041</u>	<u>1,952,951</u>	<u>14,944,755</u>	<u>11,469,568</u>

GFM EDUCATION
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

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

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £
Tangible fixed assets	-	-	28,170,981	28,170,981
Current assets	323,682	1,793,761	-	2,117,443
Creditors due within one year	-	(635,400)	-	(635,400)
Creditors due in more than one year	-	(185,348)	-	(185,348)
Pension reserve	-	(3,155,000)	-	(3,155,000)
	<u>323,682</u>	<u>(2,181,987)</u>	<u>28,170,981</u>	<u>26,312,676</u>

20. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2017 £	2016 £
Net income/(expenditure) for the year (as per Statement of Financial Activities)	38,490,735	(522,609)
Adjustment for:		
Depreciation charges	996,956	777,889
Decrease in stocks	9,737	10,409
(Increase)/decrease in debtors	(547,866)	52,456
Increase/(decrease) in creditors	392,084	(48,979)
Defined benefit pension scheme obligation inherited	2,954,000	-
Defined benefit pension scheme cost less contributions payable	459,000	86,000
Tangible fixed assets transferred into the trust	(3,944,689)	-
Tangible fixed assets on conversion	(36,716,343)	-
Net cash provided by operating activities	<u>2,093,614</u>	<u>355,166</u>

GFM EDUCATION
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

21. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2017	2016
	£	£
Cash in hand	1,277	1,289
Notice deposits (less than 3 months)	3,787,693	1,785,894
Total	3,788,970	1,787,183

22. CONVERSION TO AN ACADEMY TRUST

On 1 April 2017 and 1 May 2017 respectively Gomer Junior School and Brune Park Community School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to GFM Education 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 incorporating income and expenditure account 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 incorporating income and expenditure account.

	Unrestricted funds	Restricted funds	Restricted fixed asset funds	Total funds
	£	£	£	£
Tangible fixed assets				
- Freehold/leasehold land and buildings	-	-	36,378,000	36,378,000
- Other tangible fixed assets	-	-	338,343	338,343
Budget surplus/(deficit) on LA funds	981,941	-	-	981,941
LGPS pension surplus/(deficit)	-	(2,606,000)	-	(2,606,000)
Net assets/(liabilities)	981,941	(2,606,000)	36,716,343	35,092,284

GFM EDUCATION
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

23. TRANSFER OF EXISTING ACADEMIES INTO THE ACADEMY

LWS Academy (Lord Wilson School)

	Value reporting by transferring trust £	Fair value adjustments £	Transfer in recognised £
Tangible fixed assets			
Long-term leasehold property	3,845,903	-	3,845,903
Motor vehicles	14,204	-	14,204
Fixtures and fittings	68,820	-	68,820
Computer equipment	15,762	-	15,762
Debtors due within one year	17,963	-	17,963
Cash in bank and in hand	111,905	-	111,905
Liabilities			
Creditors due within one year	(54,450)	-	(54,450)
Pensions			
Pensions - pension scheme liabilities	(348,000)	-	(348,000)
Net assets	<u>3,672,107</u>	<u>-</u>	<u>3,672,107</u>

24. PENSION COMMITMENTS

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

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

Contributions amounting to £252,024 were payable to the schemes at 31 August 2017 (2016 - £142,061) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

GFM EDUCATION
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

24. PENSION COMMITMENTS (continued)

Valuation of the Teachers' Pension Scheme

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

- employer contribution rates set at 16.48% of pensionable pay, including a 0.08% employer administration charge (currently 14.1%)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £1,006,542 (2016 - £837,953).

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £587,000 (2016 - £392,000), of which employer's contributions totalled £450,000 (2016 - £294,000) and employees' contributions totalled £137,000 (2016 - £98,000). The agreed contribution rates for future years are 13.1% for employers and between 5.5% and 12.5% for employees.

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

GFM EDUCATION
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

24. PENSION COMMITMENTS (continued)

Principal actuarial assumptions:

	2017	2016
Discount rate for scheme liabilities	2.50 %	2.00 %
Rate of increase in salaries	3.50 %	3.40 %
Rate of increase for pensions in payment / inflation	2.00 %	1.90 %
Inflation assumption (CPI)	2.00 %	1.90 %

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

	2017	2016
Retiring today		
Males	24.0	24.6
Females	27.0	26.4
Retiring in 20 years		
Males	26.0	26.7
Females	29.3	28.7

Sensitivity analysis	At 31 August 2017	At 31 August 2016
	£	£
Discount rate +0.1%	11,557,000	6,319,000
Discount rate -0.1%	12,140,000	6,637,000
Mortality assumption - 1 year increase	11,498,000	6,273,000
Mortality assumption - 1 year decrease	12,194,000	6,680,000

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

	Fair value at 31 August 2017	Fair value at 31 August 2016
	£	£
Equities	4,308,000	1,883,000
Property	458,000	246,000
Government bonds	1,746,000	873,000
Corporate bonds	77,000	60,000
Cash and other liquid assets	211,000	173,000
Other	240,000	86,000
Total market value of assets	7,040,000	3,321,000

The actual return on scheme assets was £481,000 (2016 - £548,000).

GFM EDUCATION
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

24. PENSION COMMITMENTS (continued)

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

	2017 £	2016 £
Current service cost	(817,000)	(336,000)
Past service cost	(13,000)	-
Net interest cost	(79,000)	(44,000)
	<u>(909,000)</u>	<u>(380,000)</u>

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

	2017 £	2016 £
Opening defined benefit obligation	6,476,000	3,905,000
Upon conversion	5,009,000	-
Transferred in on existing academies joining the trust	672,000	-
Interest cost	170,000	146,000
Employee contributions	137,000	98,000
Actuarial (gains)/losses	(1,373,000)	2,224,000
Benefits paid	(76,000)	(233,000)
Current service cost	817,000	336,000
Past service costs	13,000	-
	<u>11,845,000</u>	<u>6,476,000</u>

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

	2017 £	2016 £
Opening fair value of scheme assets	3,321,000	2,614,000
Upon conversion	2,403,000	-
Transferred in on existing academies joining the trust	324,000	-
Interest income	91,000	102,000
Actuarial losses	390,000	446,000
Employer contributions	450,000	294,000
Employee contributions	137,000	98,000
Benefits paid	(76,000)	(233,000)
	<u>7,040,000</u>	<u>3,321,000</u>

GFM EDUCATION
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

25. OPERATING LEASE COMMITMENTS

At 31 August 2017 the total of the Academy trust's future minimum lease payments under non-cancellable operating leases was:

	2017	2016
	£	£
Amounts payable:		
Within 1 year	22,453	11,796
Between 1 and 5 years	45,882	32,514
Total	<u>68,335</u>	<u>44,310</u>

26. RELATED PARTY TRANSACTIONS

Owing to the nature of the Academy's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy's financial regulations and normal procurement procedures.

1) During the year the academy received donations from the Beacon Foundation (I Potter, C Donovan and D Wiltshire are trustees) of £nil (2016: £45,000).

2) During the year the trust made purchases from J Bonsor (trustee and member from 1 June 2017). The value of purchases subsequent to the date of appointment was £1,438 (2016: £nil).

27. MEMBERS' LIABILITY

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