

Registered number: 08410002

GLYNE GAP SCHOOL
(A Company Limited by Guarantee)

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

GLYNE GAP SCHOOL
(A Company Limited by Guarantee)

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GLYNE GAP SCHOOL
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REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2017

Members

C Cordell
A D Phillips
T Henning (appointed 25 January 2017)

Trustees

K Prawanna, Headteacher and Accounting Officer¹
C Cordell, Chair of Trustees
A D Phillips, Deputy Chair of Trustees¹
T Newstead
M Rowland (appointed 20 September 2016)
F Hall (appointed 20 September 2016)¹

¹ member of the Resources Committee

Company registered number

08410002

Company name

Glyne Gap School

Principal and registered office

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

Company secretary

V Pullen

Senior management team

K Prawanna, Headteacher
M Jukes, Assistant Headteacher, (FE)
B Clarke, Assistant Headteacher (Upper School)
I Wooderson, Assistant Headteacher (Lower School)
J Dallaway, Assistant Headteacher (appointed 18 April 2017)
B Smart, Business Manager

Independent auditors

Whitley Stimpson Limited, 67 Hightown Road, Banbury, OXON, OX16 9BE

Bankers

National Westminster Bank Plc, 9 Devonshire Road, Bexhill on Sea, East Sussex, TN40 1GW

Solicitors

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

GLYNE GAP SCHOOL
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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 the charitable company for the period from 1 September 2016 to 31 August 2017. The annual report serves the purposes of both a Trustees' report and a Directors' report, including a strategic report, under company law.

The Trust operates as an Academy Trust for pupils aged 2 to 19 serving a catchment area of Hastings and Rother, with a pupil capacity of 120 and 115 pupils currently enrolled based on the October 2017 Census.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

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

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

Details of the Trustees who served throughout the year 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 £10.00, for the debts and liabilities contracted before they ceased to be a member.

Trustees' Indemnities

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

Method of Recruitment and Appointment or Election of Trustees

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

- The Headteacher;
- Any Staff Governors;
- Up to 3 Community Governors;
- A minimum of 2 Parent Governors;

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

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

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

Policies and Procedures Adopted for the Induction and Training of Trustees

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

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

Organisational Structure

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

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

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

- Teaching and Learning
- Resources
- Staffing

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

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

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

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

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

Arrangements for Setting Pay and Remuneration of Key Management Personnel

The Trustees consider the senior leadership team to comprise the key management personnel of the Academy Trust in charge of directing and controlling, running and operating the Academy Trust on a day-to-day basis. The members of the senior leadership team are included in the Reference and Administrative Details on page 1. The pay of the senior management team is reviewed annually the Staffing Committee in line with the Academy's pay and remuneration policy and by reference to published pay scales for both teaching and administrative support staff.

Related Parties and Other Connected Charities and Organisations

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

OBJECTIVES AND ACTIVITIES

Objects and Aims

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

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

The aims of the Academy Trust during the year ended 31 August 2017 are summarised below:

- Maintain, manage and develop Glyne Gap School across all sites:-
 - o Glyne Gap School, Hastings Road, Bexhill on Sea
 - o Glyne Gap Faculty, Penland Road, Bexhill on Sea
 - o Glyne Gap Nursery, School Place, Hastings Road, Bexhill on Sea
 - o Independent Living Accommodation, Victoria Road, Bexhill on Sea
- Ensure the learning and wellbeing of all pupils and students
- Complete all aspects of the school development plan

Objectives, Strategies and Activities

The key priorities for the period are contained in the Academy Trust's Development Plan that is available from the Headteacher.

The key activities of the Academy Trust for the year ended 31 August 2017, taken from the school development plan, were as follows:

- Further improve achievement in pupils' expressive and receptive communication skills – value for money judged as excellent.

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

- Improve staff knowledge and skills in enabling pupils' receptive and expressive communication skills – value for money judged as excellent.
- Improve our (staff) ability in understanding and progressing children's learning through introducing 'supergoals' – value for money judged as excellent.
- Develop a core Glyne Gap vocabulary linked to Glyne Gap curriculum – value for money judged as good.

Review and update school assessment measures and data collection procedures including levels 1c-2a for English and Maths and the ARR policy in light of the Rochford Report recommendations – value for money judged as satisfactory.
- Review/revise school council – value for money judged as good.
- Run termly focussed parent workshops – value for money judged as excellent.
- Create and implement a systematic approach for professional development for all – value for money judged as satisfactory.

Public Benefit

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

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

STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE

The Academy Trust continues to evolve and to adapt to the ever-changing educational environment. The Trust is in its fourth full year of operation since conversion to an Academy Trust. The total number of pupils in the year ended 31 August 2017 was 113, but this has increased to 115 at the October 2017 census.

The Academy Trust is committed to continual improvement which is achieved in a number of ways; including improvement planning, review meetings, continual professional development, lesson observations, performance management, self-evaluation, data analysis and action planning.

The particular achievements and performance of the Academy Trust during the year ended 31 August 2017 were as follows:

- All pupils are making at least good progress.
- The majority (57%) are making outstanding progress.
- 5 pupils credited as making Transformational progress through achieving their Super goal.

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TRUSTEES' REPORT (continued)
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Key Performance Indicators

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

A key financial performance indicator for the Trust is the level of reserves held at the balance sheet date and, in particular, the amount of unrestricted reserves plus restricted income reserves carried forward. At 31 August 2017, the balance of the unrestricted and restricted income reserves was £799,782 (2016 - £673,946), which is after transfers of £22,861 to the restricted fixed asset fund to fund capital expenditure during the year. Further details on the level of reserves held by the Academy Trust are set out in the Reserves Policy section below.

As the majority of the Academy Trust's funding is based on pupil numbers, pupil numbers is also a key performance indicator. As noted earlier in this report, pupil numbers at the most recent census were 115 which is an increase of 2 pupils (1.8%) from the previous census.

Staffing costs are another key performance indicator for the Academy Trust. The Academy Trust receives its funding on a 50:50 split from the GAG and Local Authority, this income makes up 96.8% of its total income. The percentage of total staff costs to income (excluding capital grants) for the year was 78.9% (2016 - 76.1%) while the percentage of total staff costs to total expenditure (excluding depreciation and FRS102 pension costs and interest costs) was 83.8% (2016 - 82.5%).

Going Concern

As only 50% of funding is guaranteed for the year, any change in the number of pupils on roll can be significant to the Academy's ability to operate as a going concern. The Headteacher reviews the number on roll on a monthly basis and liaises with the Local Authority regarding possible new pupils, as they are responsible for admissions to the school.

The Academy Trust completes five-year forecasts to enable the Board of Trustees to consider its operations existence. The Board of Trustees are aware that income and expenditure needs to be reviewed in future years.

Key financial uncertainties facing the Academy Trust:-

- The introduction of the national living wage has had an impact on the staff costs.
- Rise in Teachers Pension contribution rate.
- Fixed income with rising costs across the board.

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 near future, income and expenditure needs to be reviewed to ensure that this is the case for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies within the financial statements.

FINANCIAL REVIEW

Approximately half of the Academy Trust's income is received from the Education and Skills Funding Agency ('ESFA') in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the year ended 31 August 2017 and the associated expenditure of these grants are shown as restricted funds in the Statement of Financial Activities. The other half is received from the Local Authority (East Sussex County Council) as 'top-up' funding for pupils with Special Educational Needs.

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

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

For the year ended 31 August 2017, the Academy Trust's total income (excluding capital grants) was £2,520,912 (2016 - £2,585,279) while the total expenditure (excluding depreciation and LGPS FRS102 pension cost charges) was £2,372,215 (2016 - £2,384,618), resulting in a net surplus for the year of £148,697 (2016 - £200,661).

The balance of reserves at 31 August 2017, excluding the restricted fixed asset funds and LGPS liability fund was £799,782 (2016 - £673,946).

The net book value of fixed assets at 31 August 2017 were £2,398,780. The fixed assets held by the Academy Trust are used exclusively for providing education and associated support services to the pupils of the Academy Trust.

Included within the Academy's balance sheet at year end is a defined benefit pension scheme liability of £799,000 (2016 - £1,371,000), which arises from the deficit in the Local Government Pension Scheme ("LGPS") that is attributable to the Academy. Further details regarding the deficit in the LGPS at 31 August 2017 are set out in note 19 to the financial statements.

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

- Scheme of financial delegation
- LGPS discretions
- Charges and Lettings.

Reserves Policy

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

The Trustees have determined that the appropriate level of free cash reserves should be approximately four months of operational costs. The reason for this is to provide sufficient working capital to cover delays between spending and receipts of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance, long term staff absences etc.

The Academy Trust's current level of reserves at 31 August 2017 is £2,482,057 (2016 - £1,843,338), of which £799,782 (2016 - £673,946) is represented by revenue reserves (that is, total funds less amounts held in restricted fixed asset funds and the pension liability fund). Of these total revenue reserves, £158,336 (2016 - £121,614) is represented by free reserves (that is, total funds less the amount held in total restricted funds).

Although the current level of revenue reserves are in line with the target level set out above, the Trustees expectation is that these reserves will be utilised over the next few years to fund the ongoing development, including the need to retain key staff in light of the increasing cost pressures in future years.

The value of the restricted fixed asset fund at 31 August 2017 is £2,481,275 (2016 - £2,540,392), which is represented by the fixed assets that are used exclusively for providing education and associated support services to the pupils of the Trust, together with unspent capital grants carried forward. These funds can only be realised by disposing of the associated tangible fixed assets.

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The pension reserve fund has a deficit balance at 31 August 2017 of £799,000, which represents the deficit in the LGPS at the balance sheet date. The effect of the LGPS deficit is that Academy Trust is required to ongoing pension contributions in order to fund the deficit. These pension contributions will be funded from the Trust's annual recurring income, which may significantly impact its ability to continue to deliver its educational outcomes with the available public funding it receives. The Trustees have noted however that the Government has provided a guarantee that in the event of an Academy closure, any outstanding LGPS liabilities would be met by the Department for Education.

Investment Policy

All funds surplus to immediate requirements are invested to optimal effect by the Academy Trust with the objective of ensuring maximum return on assets invested but with minimal risk. On a daily basis this is achieved by automatic transfer of funds over £10,000 to an overnight deposit account with the Academy Trust's principal bankers. Due to low interest rates, alternative forms of investment are being investigated.

Principal Risks and Uncertainties

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

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

Educational

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

Safeguarding and child protection

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

Financial

The Academy Trust has considerable reliance on continued Government funding through the ESFA (and Local Authority). In the year, approximately 96.8% of the Academy Trust's income was ultimately Government funded. Whilst this level is expected to continue, there is no assurance that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms, particularly in light continuing changes in to the National Funding Formula for schools.

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

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

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

Staffing

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

Failures in governance and / or management

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

Fraud and mismanagement of funds

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

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

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

PLANS FOR FUTURE PERIODS

The Academy Trust strives to continually improve levels of attainment for all pupils, equipping them with the qualifications, skills and character to follow their chosen pathway as well as promoting the continued professional development of its staff. The items below are taken from the Academy Trust's strategic development plan for 2017/18, which is year one of the strategic development plan 2017-2020. The plan was developed through consultation with Trustees, staff and other stakeholders.

Outcomes for pupils

- Key stage 4 and 5 pupils will develop purposeful and measurable work skills
- Pupils at key stages 3,4 and 5 will improve their functional literacy and numeracy skills
- Pupils (for whom it is relevant) will develop skills to manage their own behaviour

Provision

- Refine and improve all staffs ability to recognise, analyse and impact on learning
- Review and refine assessment measure for pupils engaged in subject specific learning (in light of new statutory assessment measures)
- Establish networks of support for key stage 5 pupils engaged in Special Access curriculum
- Review and refine sustainability of holiday club and after school club offer and funding

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

Leadership and management

- Develop lesson observation moderation within SLD branch of Special Schools Alliance
- Consider Challenge Partners as a developmental tool for further school improvement
- Ensure systems and structures are in place to support the autonomy, accountability and sustainability of new senior/middle leaders
- Create and implement professional development course for class teams
- Review and refine induction processes for contracted and supply staff
- Implement a core professional development offer for teachers and teaching assistants
- Develop own specialist supply bank
- Create a staff wellbeing committee
- Develop Master Practitioner specification with Special School Alliance
- Establish a regular parent café
- Develop parent activities/tools to support and enable parents to deliver learning at home

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

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

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

AUDITORS

In so far as the Trustees are aware:

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

The Trustees' Report, incorporating a strategic report, was approved by order of the Board of Trustees, as company Directors, on 19 December 2017 and signed on its behalf by:



A D Phillips
Trustee

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GOVERNANCE STATEMENT

Scope of Responsibility

As Trustees, we acknowledge we have overall responsibility for ensuring that Glyne Gap School has an effective and appropriate system of control, financial and otherwise. However such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Board of Trustees has delegated the day-to-day responsibility to the Headteacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Glyne Gap School and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has formally met 4 times during the year ended 31 August 2017. Attendance during the year ended 31 August 2017 at meetings of the Board of Trustees was as follows:

| Trustee | Meetings attended | Out of a possible |
|--|-------------------|-------------------|
| K Prawanna | 4 | 4 |
| C Cordell, Chair of Trustees | 4 | 4 |
| A D Phillips, Deputy Chair of Trustees | 3 | 4 |
| T Newstead | 4 | 4 |
| M Rowland | 4 | 4 |
| F Hall | 4 | 4 |

Governance is reviewed annually at the Full Governors' meetings in Term 4. In 2016/17 training needs were identified for safeguarding and finance for specific trustees.

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

Attendance at meetings in the year ended 31 August 2017 was as follows:

| Trustee | Meetings attended | Out of a possible |
|----------------------|-------------------|-------------------|
| C Cordell * | 1 | 3 |
| A D Phillips (chair) | 3 | 3 |
| F Hall | 3 | 3 |
| K Prawanna | 3 | 3 |
| T Newstead * | 1 | 3 |

* Although C Cordell and T Newstead are not appointed members of the Resources Committee, all Trustees have a standing invitation to attend all Resources Committee meetings throughout the year.

The key issues dealt with by the Finance Committee during the year was the review of the Academy Trust's 5 year financial forecasts and the actions required to address the reduced funding expected over this period.

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GOVERNANCE STATEMENT (continued)

Review of Value for Money

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

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

- Continuing to deliver outstanding teaching and learning, this was achieved within the GAG and Top up Funding allocated to the Academy Trust.
- Challenges at the Resource Committee meeting have been robust.
- The Academy has used the pupil premium allocation to ensure that pupils make as good as, if not better progress, than their peers.
- A review of the vehicle fleet has taken place.
- The Academy has applied for grants to fund a holiday club for pupils.
- The Academy is applying for funding to improve the outside learning space at the main school site.
- The Academy has procedures for purchasing goods and services that both meet legal requirements and secure VFM. Decisions are informed by the '3Es' : Economy: minimising the costs of resources used by the school, but having regard to quality; Efficiency: the relationship between output, in terms of goods, services or other results, and the resources used to produce them; Effectiveness: the extent to which objectives have been achieved and the relationship between an activity's intended impact and its actual impact.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Glyne Gap School for the year ended 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 Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks, that has been in place for the year ended 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.

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:

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GOVERNANCE STATEMENT (continued)

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

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

The auditors' role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. In particular the checks carried out in the current period included:

- review of and testing of income recognition and recording systems and procedures
- review of and testing of payroll systems and procedures
- review of and testing of procurement systems and procedures
- review of and testing of bank control procedures
- review of management information preparation procedures, including information prepared for and presented to the Board of Trustees

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

The auditors' have delivered their schedule of work as planned, and while no material control issues were identified from their work, a number of areas were identified where internal control process could be improved, which management will look at implementing over the coming year.

Review of Effectiveness

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

During the year ended 31 August 2017 the review has been informed by:

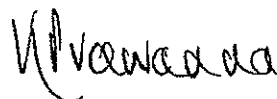
- the work of the external auditors;
- the work of the Business Managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the Board of Trustees on 19 December 2017 and signed on their behalf, by:



A D Phillips
Trustee



K Prawanna
Accounting Officer

GLYNE GAP SCHOOL
(A Company Limited by Guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Glyne Gap School I have considered my responsibility to notify the academy trust board of trustees and the Education 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.



K Prawanna
Accounting Officer

Date: 19 December 2017

GLYNE GAP SCHOOL
(A Company Limited by Guarantee)

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

The Trustees (who act as governors of Glyne Gap School 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 19 December 2017 and signed on its behalf by:



A D Phillips
Trustee

GLYNE GAP SCHOOL
(A Company Limited by Guarantee)

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

OPINION

We have audited the financial statements of Glyne Gap School (the 'Academy') for the year ended 31 August 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', the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

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.

GLYNE GAP SCHOOL
(A Company Limited by Guarantee)

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

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 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.

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.

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

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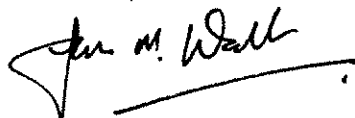
INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF GLYNE
GAP SCHOOL

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.



Jonathan Mark Walton ACA FCCA (Senior Statutory Auditor)

for and on behalf of

Whitley Stimpson Limited

Chartered Accountants
Registered Auditors

67 Hightown Road
Banbury
OXON
OX16 9BE

Date: 3 January 2018

GLYNE GAP SCHOOL
(A Company Limited by Guarantee)

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

In accordance with the terms of our engagement letter dated 7 October 2016 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 Glyne Gap School 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 Glyne Gap School and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Glyne Gap School and 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 Glyne Gap School and the ESFA, for our work, for this report, or for the conclusion we have formed.

RESPECTIVE RESPONSIBILITIES OF GLYNE GAP SCHOOL'S ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT

The Accounting Officer is responsible, under the requirements of Glyne Gap School's funding agreement with the Secretary of State for Education dated 1 October 2014, and the Academies Financial Handbook extant from 1 September 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.

The work undertaken to draw our conclusions included:

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

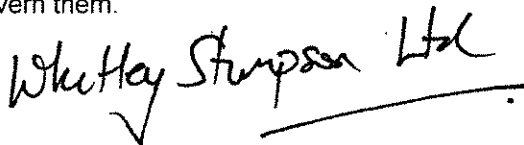
GLYNE GAP SCHOOL
(A Company Limited by Guarantee)

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO GLYNE GAP SCHOOL AND THE EDUCATION AND SKILLS FUNDING AGENCY (continued)

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

CONCLUSION

In the course of our work, nothing has come to our attention which 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.



Reporting Accountant

Whitley Stimpson Limited

Chartered Accountants
Registered Auditors

67 Hightown Road
Banbury
OXON
OX16 9BE

Date: **3 January 2018**

GLYNE GAP SCHOOL
(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 and capital grants | 2 | 17,642 | - | 8,057 | 25,699 | 97,486 |
| Charitable activities | 3 | 52,658 | 2,440,699 | - | 2,493,357 | 2,564,580 |
| Other trading activities | 4 | 8,645 | - | - | 8,645 | 4,913 |
| Investments | 5 | 1,268 | - | - | 1,268 | 3,469 |
| TOTAL INCOME | | 80,213 | 2,440,699 | 8,057 | 2,528,969 | 2,670,448 |
| EXPENDITURE ON: | | | | | | |
| Charitable activities | | 43,491 | 2,481,724 | 90,035 | 2,615,250 | 2,533,495 |
| TOTAL EXPENDITURE | 6 | 43,491 | 2,481,724 | 90,035 | 2,615,250 | 2,533,495 |
| NET INCOME / (EXPENDITURE) BEFORE TRANSFERS | | | | | | |
| Transfers between Funds | 15 | 36,722 | (41,025) | (81,978) | (86,281) | 136,953 |
| | | - | (22,861) | 22,861 | - | - |
| NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES | | | | | | |
| | | 36,722 | (63,886) | (59,117) | (86,281) | 136,953 |
| Actuarial gains/(losses) on defined benefit pension schemes | 19 | - | 725,000 | - | 725,000 | (611,000) |
| NET MOVEMENT IN FUNDS | | 36,722 | 661,114 | (59,117) | 638,719 | (474,047) |
| RECONCILIATION OF FUNDS: | | | | | | |
| Total funds brought forward | | 121,614 | (818,668) | 2,540,392 | 1,843,338 | 2,317,385 |
| TOTAL FUNDS CARRIED FORWARD | | 158,336 | (157,554) | 2,481,275 | 2,482,057 | 1,843,338 |

The notes on pages 24 to 44 form part of these financial statements.

GLYNE GAP SCHOOL
(A Company Limited by Guarantee)
REGISTERED NUMBER: 08410002

BALANCE SHEET
AS AT 31 AUGUST 2017

| | Note | £ | 2017 £ | £ | 2016 £ |
|--|------|-----------|-----------|-------------|-------------|
| FIXED ASSETS | | | | | |
| Tangible assets | 12 | | 2,398,780 | | 2,448,214 |
| CURRENT ASSETS | | | | | |
| Debtors | 13 | 141,219 | | 198,811 | |
| Cash at bank and in hand | | 930,011 | | 751,487 | |
| | | 1,071,230 | | 950,298 | |
| CREDITORS: amounts falling due within one year | 14 | (188,953) | | (184,174) | |
| NET CURRENT ASSETS | | | 882,277 | | 766,124 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | | | |
| Defined benefit pension scheme liability | 19 | | (799,000) | | (1,371,000) |
| NET ASSETS INCLUDING PENSION SCHEME LIABILITIES | | | 2,482,057 | | 1,843,338 |
| FUNDS OF THE ACADEMY | | | | | |
| Restricted fixed asset fund: | | | | | |
| Restricted income funds | 15 | 641,446 | | 552,332 | |
| Restricted fixed asset funds | 15 | 2,481,275 | | 2,540,392 | |
| Restricted income funds excluding pension liability | | 3,122,721 | | 3,092,724 | |
| Pension reserve | | (799,000) | | (1,371,000) | |
| Total restricted fixed asset fund | | | 2,323,721 | | 1,721,724 |
| Unrestricted income funds | 15 | | 158,336 | | 121,614 |
| TOTAL FUNDS | | | 2,482,057 | | 1,843,338 |

The financial statements on pages 21 to 44 were approved by the Trustees, and authorised for issue, on 19 December 2017 and are signed on their behalf, by:



A D Phillips
Trustee

The notes on pages 24 to 44 form part of these financial statements.

GLYNE GAP SCHOOL
(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 | 17 | <u>209,800</u> | <u>133,448</u> |
| Cash flows from investing activities: | | | |
| Dividends, interest and rents from investments | | 1,268 | 3,469 |
| Purchase of tangible fixed assets | | (40,601) | (98,547) |
| Capital grants from DfE/ESFA | | 8,057 | 85,169 |
| Net cash used in investing activities | | <u>(31,276)</u> | <u>(9,909)</u> |
| Change in cash and cash equivalents in the year | | 178,524 | 123,539 |
| Cash and cash equivalents brought forward | | <u>751,487</u> | <u>627,948</u> |
| Cash and cash equivalents carried forward | 18 | <u><u>930,011</u></u> | <u><u>751,487</u></u> |

The notes on pages 24 to 44 form part of these financial statements.

GLYNE GAP SCHOOL
(A Company Limited by Guarantee)

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

Glyne Gap School constitutes a public benefit entity as defined by FRS 102.

1.2 Going concern

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

1.3 Taxation

The Academy 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.

1.4 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 Education Funding Agency, Local Authority and other funders where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder and include grants from Education Funding Agency, Local Authority and other funders.

GLYNE GAP SCHOOL
(A Company Limited by Guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.5 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.

Sponsorship income provided to the Academy which amounts to a donation is recognised in the Statement of Financial Activities incorporating Income and Expenditure Account in the period in which it is receivable, where receipt is probable and it is measurable.

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.

1.6 Expenditure

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

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

All expenditure is inclusive of irrecoverable VAT.

GLYNE GAP SCHOOL
(A Company Limited by Guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.7 Interest receivable

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

1.8 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:

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

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

1.9 Operating leases

Rentals under operating leases are charged to the Statement of Financial Activities incorporating Income and Expenditure Account on a straight line basis over the lease term.

1.10 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.

GLYNE GAP SCHOOL
(A Company Limited by Guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.11 Cash at Bank and in hand

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

1.12 Liabilities and provisions

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

1.13 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 19, 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.

GLYNE GAP SCHOOL
(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 13. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in note 14. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments.

1.15 Agency arrangements

The Academy Trust acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the Trust does not have control over the charitable application of the funds. The funds received and paid and any balances held are disclosed in note 23.

1.16 Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

The Academy trust 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 19, 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.

Critical areas of judgment:

There are no key judgements that the academy has made which have a significant effect on the financial statements.

GLYNE GAP SCHOOL
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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 £ | Total funds 2016 £ |
|---|------------------------------------|----------------------------------|---|-----------------------------|-----------------------------|
| Donations | 17,642 | - | - | 17,642 | 12,317 |
| Capital grants and other capital income | - | - | 8,057 | 8,057 | 85,169 |
| | <u>17,642</u> | <u>-</u> | <u>8,057</u> | <u>25,699</u> | <u>97,486</u> |
| | <u>12,317</u> | <u>62,744</u> | <u>22,425</u> | <u>97,486</u> | |

3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

| | Unrestricted funds 2017 £ | Restricted funds 2017 £ | Total funds 2017 £ | Total funds 2016 £ |
|---|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| DfE/ESFA grants | | | | |
| Education | - | 1,242,165 | 1,242,165 | 1,258,686 |
| Other EFA/DfE grants | - | 118,278 | 118,278 | 76,256 |
| | <u>-</u> | <u>1,360,443</u> | <u>1,360,443</u> | <u>1,334,942</u> |
| Other government grants | | | | |
| Local Authority grants | - | 1,080,256 | 1,080,256 | 1,200,787 |
| | <u>-</u> | <u>1,080,256</u> | <u>1,080,256</u> | <u>1,200,787</u> |
| Other funding | | | | |
| Income from trips, nursery and holiday club | 52,658 | - | 52,658 | 28,851 |
| | <u>52,658</u> | <u>-</u> | <u>52,658</u> | <u>28,851</u> |
| | <u>52,658</u> | <u>2,440,699</u> | <u>2,493,357</u> | <u>2,564,580</u> |
| Total 2016 | <u>28,851</u> | <u>2,535,728</u> | <u>2,564,579</u> | |

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**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 £ | Total funds 2016 £ |
|-------------------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| Lettings income | 1,058 | - | 1,058 | - |
| Other income | 7,587 | - | 7,587 | 4,913 |
| | <u>8,645</u> | <u>-</u> | <u>8,645</u> | <u>4,913</u> |
| <i>Total 2016</i> | <u>4,913</u> | <u>-</u> | <u>4,913</u> | |

5. INVESTMENT INCOME

| | Unrestricted funds 2017 £ | Restricted funds 2017 £ | Total funds 2017 £ | Total funds 2016 £ |
|-------------------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| Investment income | 1,268 | - | 1,268 | 3,469 |
| <i>Total 2016</i> | <u>3,469</u> | <u>-</u> | <u>3,469</u> | |

6. EXPENDITURE

| | Staff costs 2017 £ | Premises 2017 £ | Other costs 2017 £ | Total 2017 £ | Total 2016 £ |
|-------------------|--------------------------|-----------------------|--------------------------|--------------------|--------------------|
| Activities: | | | | | |
| Direct costs | 1,702,943 | - | 106,867 | 1,809,810 | 1,846,634 |
| Support costs | 408,316 | 302,330 | 94,794 | 805,440 | 686,861 |
| | <u>2,111,259</u> | <u>302,330</u> | <u>201,661</u> | <u>2,615,250</u> | <u>2,533,495</u> |
| <i>Total 2016</i> | <u>2,003,408</u> | <u>159,278</u> | <u>370,809</u> | <u>2,533,495</u> | |

In 2017, of the total expenditure, £43,491 (2016 - £40,374) was to unrestricted funds and £2,71,759 (2016 - £2,493,121) was to restricted funds.

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

7. CHARITABLE ACTIVITIES

| | Total funds 2017 £ | Total funds 2016 £ |
|---|---------------------------------------|---------------------------------------|
| DIRECT COSTS - EDUCATIONAL OPERATIONS | | |
| Wages and salaries | 1,356,732 | 1,363,663 |
| National insurance | 105,823 | 91,254 |
| Pension cost | 240,388 | 238,364 |
| Technology costs | 7,134 | 11,957 |
| Educational supplies | 99,733 | 141,396 |
| | <u>1,809,810</u> | <u>1,846,634</u> |
| SUPPORT COSTS - EDUCATIONAL OPERATIONS | | |
| Wages and salaries | 230,838 | 222,502 |
| National insurance | 12,839 | 10,637 |
| Pension cost | 164,638 | 76,988 |
| Depreciation | 90,035 | 86,877 |
| FRS102 LGPS pension interest cost | 30,000 | 27,000 |
| Technology costs | 12,178 | 8,906 |
| Premises costs | 163,473 | 159,278 |
| Other support costs | 83,145 | 71,832 |
| Governance costs | 18,294 | 22,841 |
| | <u>805,440</u> | <u>686,861</u> |
| Subtotal | 805,440 | 686,861 |
| Other costs | - | - |
| | <u>805,440</u> | <u>686,861</u> |
| | <u><u>2,615,250</u></u> | <u><u>2,533,495</u></u> |

During the year ended 31 August 2017, the Academy incurred governance costs of £18,294 (2016: 22,841).

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

8. NET INCOME/(EXPENDITURE)

This is stated after charging:

| | 2017 | 2016 |
|--|-------------------|-------------------|
| | £ | £ |
| Depreciation of tangible fixed assets: - owned by the charity | 90,035 | 86,877 |
| Auditors' remuneration - audit services | 6,600 | 6,000 |
| Auditors' remuneration - other non-audit services | 4,600 | 5,200 |
| Operating lease rentals | 5,120 | 5,193 |
| | <u> </u> | <u> </u> |

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**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 | 1,433,465 | 1,465,793 |
| Social security costs | 118,662 | 101,891 |
| Operating costs of defined benefit pension schemes | 405,026 | 315,352 |
| | <u>1,957,153</u> | <u>1,883,036</u> |
| Supply teacher costs | 154,106 | 120,372 |
| | <u>2,111,259</u> | <u>2,003,408</u> |

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

| | 2017 | 2016 |
|----------------------------|-----------|-----------|
| | No. | No. |
| Teachers | 18 | 17 |
| Administration and support | 57 | 63 |
| Management | 7 | 4 |
| | <u>82</u> | <u>84</u> |

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

| | 2017 | 2016 |
|-------------------------------|------|------|
| | No. | No. |
| In the band £70,001 - £80,000 | 0 | 1 |
| In the band £80,001 - £90,000 | 1 | 0 |

The above employee participated in the Teachers Pension Scheme. During the period ended 31 August 2017 pension contributions for this member of staff totalled £13,376 (2016 £13,163).

The key management personnel of the Academy Trust comprise the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by the key management personnel for their services to the Academy Trust during the year was £349,895 (2016 - £332,716).

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

10. TRUSTEES' REMUNERATION AND EXPENSES

One or more Trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The Headteacher and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Headteacher and 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 |
|-----------|----------------------------|---------------|---------------|
| | | £ | £ |
| K Prawana | Remuneration | 80,000-85,000 | 75,000-80,000 |
| | Pension contributions paid | 10,000-15,000 | 10,000-15,000 |
| D Clark | Remuneration | - | 25,000-30,000 |
| | Pension contributions paid | - | 5,000-10,000 |
| F Hall | Remuneration | 45,000-50,000 | - |
| | Pension contributions paid | 5,000-10,000 | - |

During the year ended 31 August 2017, expenses totalling £906 (2016 - £NIL) were reimbursed to 2 Trustees (2016 - NIL).

11. TRUSTEES' AND OFFICERS' INSURANCE

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

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

12. TANGIBLE FIXED ASSETS

| | Long-term leasehold property £ | Plant and machinery £ | Motor vehicles £ | Furniture and equipment £ | Computer equipment £ | Total £ |
|-----------------------|---|-----------------------------|------------------------|------------------------------------|----------------------------|-------------------------|
| Cost | | | | | | |
| At 1 September 2016 | 2,478,265 | 114,439 | 30,903 | 63,770 | 44,996 | 2,732,373 |
| Additions | - | 15,803 | - | 24,798 | - | 40,601 |
| At 31 August 2017 | <u>2,478,265</u> | <u>130,242</u> | <u>30,903</u> | <u>88,568</u> | <u>44,996</u> | <u>2,772,974</u> |
| Depreciation | | | | | | |
| At 1 September 2016 | 148,063 | 25,542 | 30,903 | 39,196 | 40,455 | 284,159 |
| Charge for the year | 49,565 | 22,621 | - | 15,500 | 2,349 | 90,035 |
| At 31 August 2017 | <u>197,628</u> | <u>48,163</u> | <u>30,903</u> | <u>54,696</u> | <u>42,804</u> | <u>374,194</u> |
| Net book value | | | | | | |
| At 31 August 2017 | <u><u>2,280,637</u></u> | <u><u>82,079</u></u> | <u><u>-</u></u> | <u><u>33,872</u></u> | <u><u>2,192</u></u> | <u><u>2,398,780</u></u> |
| At 31 August 2016 | <u><u>2,330,202</u></u> | <u><u>88,897</u></u> | <u><u>-</u></u> | <u><u>24,574</u></u> | <u><u>4,541</u></u> | <u><u>2,448,214</u></u> |

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

Included within this leasehold land valued at £1 which is not depreciated.

13. DEBTORS

| | 2017 £ | 2016 £ |
|--------------------------------|-----------------------|-----------------------|
| Trade debtors | 2,401 | 3,665 |
| Other debtors | 89,852 | 98,221 |
| Prepayments and accrued income | 30,383 | 33,594 |
| VAT recoverable | 18,583 | 63,331 |
| | <u><u>141,219</u></u> | <u><u>198,811</u></u> |

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

14. CREDITORS: Amounts falling due within one year

| | 2017 | 2016 |
|--------------------------------------|----------------|----------------|
| | £ | £ |
| Trade creditors | 85,119 | 41,724 |
| Other taxation and social security | 34,803 | 26,693 |
| Other creditors | 52,018 | 87,136 |
| Accruals and deferred income | 17,013 | 28,621 |
| | <u>188,953</u> | <u>184,174</u> |
| | 2017 | 2016 |
| | £ | £ |
| Deferred income | | |
| Deferred income at 1 September 2016 | 1,403 | 5,659 |
| Resources deferred during the year | 9,677 | 1,403 |
| Amounts released from previous years | (1,403) | (5,659) |
| Deferred income at 31 August 2017 | <u>9,677</u> | <u>1,403</u> |

Deferred income relates to Universal Infant Free School Meal grants which will be utilised in the year ending 31 August 2018.

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

| | Balance at 1 September 2016 £ | Income £ | Expenditure £ | Transfers in/out £ | Gains/ (Losses) £ | Balance at 31 August 2017 £ |
|--|---|-------------------------|---------------------------|--------------------------|-------------------------|--------------------------------------|
| Unrestricted funds | | | | | | |
| General funds | 121,614 | 80,213 | (43,491) | - | - | 158,336 |
| Restricted funds | | | | | | |
| Restricted Funds - GAG | 552,332 | 1,242,165 | (1,137,190) | (22,861) | - | 634,446 |
| Other DfE/EFA grants | - | 118,278 | (111,278) | - | - | 7,000 |
| Local Authority grants | - | 1,080,256 | (1,080,256) | - | - | - |
| Pension reserve | (1,371,000) | - | (153,000) | - | 725,000 | (799,000) |
| | <u>(818,668)</u> | <u>2,440,699</u> | <u>(2,481,724)</u> | <u>(22,861)</u> | <u>725,000</u> | <u>(157,554)</u> |
| Restricted fixed asset fund | | | | | | |
| Fixed assets transferred on conversion | 1,608,568 | - | (43,213) | - | - | 1,565,355 |
| Assets funded from capital grants and other income | 910,218 | 8,057 | (46,171) | 22,861 | - | 894,965 |
| Swimming pool fund | 21,606 | - | (651) | - | - | 20,955 |
| | <u>2,540,392</u> | <u>8,057</u> | <u>(90,035)</u> | <u>22,861</u> | <u>-</u> | <u>2,481,275</u> |
| Total restricted funds | <u>1,721,724</u> | <u>2,448,756</u> | <u>(2,571,759)</u> | <u>-</u> | <u>725,000</u> | <u>2,323,721</u> |
| Total of funds | <u><u>1,843,338</u></u> | <u><u>2,528,969</u></u> | <u><u>(2,615,250)</u></u> | <u><u>-</u></u> | <u><u>725,000</u></u> | <u><u>2,482,057</u></u> |

STATEMENT OF FUNDS - PRIOR YEAR

| | Balance at 1 September 2015 £ | Income £ | Expenditure £ | Transfers in/out £ | Gains/ (Losses) £ | Balance at 31 August 2016 £ |
|---------------------------|--|---------------|------------------|--------------------------|-------------------------|--------------------------------------|
| Unrestricted funds | | | | | | |
| General funds | 112,438 | 49,550 | (40,374) | - | - | 121,614 |
| | <u>112,438</u> | <u>49,550</u> | <u>(40,374)</u> | <u>-</u> | <u>-</u> | <u>121,614</u> |

GLYNE GAP SCHOOL
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

15. STATEMENT OF FUNDS (continued)

Restricted funds

| | | | | | | |
|---------------------------|------------------|------------------|--------------------|----------|------------------|------------------|
| Restricted Funds - GAG | 303,555 | 1,258,686 | (1,009,909) | - | - | 552,332 |
| Other DfE/EFA grants | - | 76,256 | (76,256) | - | - | - |
| Local Authority grants | - | 1,200,787 | (1,200,787) | - | - | - |
| Exceptional place funding | 57,292 | - | (57,292) | - | - | - |
| Pension reserve | (698,000) | - | (62,000) | - | (611,000) | (1,371,000) |
| | <u>(337,153)</u> | <u>2,535,729</u> | <u>(2,406,244)</u> | <u>-</u> | <u>(611,000)</u> | <u>(818,668)</u> |

Restricted fixed asset fund

| | | | | | | |
|--|------------------|------------------|--------------------|----------|------------------|------------------|
| Fixed assets transferred on conversion | 1,683,764 | - | (75,196) | - | - | 1,608,568 |
| Assets funded from capital grants and other income | 836,270 | 85,169 | (11,221) | - | - | 910,218 |
| Swimming pool fund | 22,066 | - | (460) | - | - | 21,606 |
| | <u>2,542,100</u> | <u>85,169</u> | <u>(86,877)</u> | <u>-</u> | <u>-</u> | <u>2,540,392</u> |
| Total restricted funds | <u>2,204,947</u> | <u>2,620,898</u> | <u>(2,493,121)</u> | <u>-</u> | <u>(611,000)</u> | <u>1,721,724</u> |
| Total of funds | <u>2,317,385</u> | <u>2,670,448</u> | <u>(2,533,495)</u> | <u>-</u> | <u>(611,000)</u> | <u>1,843,338</u> |

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

Restricted funds:

The General Annual Grant Fund (GAG) is used for the educational purposes in line with the Academy's objects and its funding agreement with the EFA.

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

The pension reserve represents the Local Government Pension Scheme deficit.

Fixed asset restricted funds:

Restricted fixed assets funds represent the investment in fixed assets, net of accumulated depreciation and include the value of fixed assets transferred to the Academy Trust on conversion together with any capital expenditure funded from restricted or unrestricted funds. Unspent capital grants are also held in this fund and their use is restricted to the capital projects for which the grant was paid.

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

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.

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

16. ANALYSIS OF NET ASSETS BETWEEN FUNDS

| | Unrestricted funds 2017 £ | Restricted funds 2017 £ | Restricted fixed asset funds 2017 £ | Total funds 2017 £ |
|--|------------------------------------|----------------------------------|---|-----------------------------|
| Tangible fixed assets | - | - | 2,398,780 | 2,398,780 |
| Current assets | 158,336 | 824,635 | 88,259 | 1,071,230 |
| Creditors due within one year | - | (183,189) | (5,764) | (188,953) |
| Provisions for liabilities and charges | - | (799,000) | - | (799,000) |
| | <u>158,336</u> | <u>(157,554)</u> | <u>2,481,275</u> | <u>2,482,057</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 | - | - | 2,448,214 | 2,448,214 |
| Current assets | 121,614 | 669,241 | 159,443 | 950,298 |
| Creditors due within one year | - | (116,909) | (67,265) | (184,174) |
| Provisions for liabilities and charges | - | (1,371,000) | - | (1,371,000) |
| | <u>121,614</u> | <u>(818,668)</u> | <u>2,540,392</u> | <u>1,843,338</u> |

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

| | 2017 £ | 2016 £ |
|--|----------------|----------------|
| Net (expenditure)/income for the year (as per Statement of Financial Activities) | (86,281) | 136,953 |
| Adjustment for: | | |
| Depreciation charges | 90,035 | 86,877 |
| Dividends, interest and rents from investments | (1,268) | (3,469) |
| Decrease/(increase) in debtors | 57,038 | (46,807) |
| Increase/(decrease) in creditors | 5,333 | (16,937) |
| Capital grants from DfE/ESFA and other capital income | (8,057) | (85,169) |
| Defined benefit pension scheme cost less contributions payable | 123,000 | 35,000 |
| Defined benefit pension scheme finance cost | 30,000 | 27,000 |
| Net cash provided by operating activities | <u>209,800</u> | <u>133,448</u> |

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NOTES TO THE FINANCIAL STATEMENTS
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18. ANALYSIS OF CASH AND CASH EQUIVALENTS

| | 2017 | 2016 |
|--------------|----------------|----------------|
| | £ | £ |
| Cash in hand | 930,011 | 751,487 |
| Total | <u>930,011</u> | <u>751,487</u> |

19. 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 East Sussex 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 £33,129 were payable to the schemes at 31 August 2017 (2016 - 31,876) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

- employer contribution rates set at 16.48% of pensionable pay, including a 0.08% employer administration charge (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

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**NOTES TO THE FINANCIAL STATEMENTS
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19. PENSION COMMITMENTS (continued)

- 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 £97,411 (2016 - £97,208).

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 £231,000 (2016 - £228,000), of which employer's contributions totalled £185,000 (2016 - £183,000) and employees' contributions totalled £46,000 (2016 - £45,000). The agreed contribution rates for future years are 22.9% for employers and 5.5% to 12.5% for employees.

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

Principal actuarial assumptions:

| | 2017 | 2016 |
|--|--------|--------|
| Discount rate for scheme liabilities | 2.50 % | 2.10 % |
| Rate of increase in salaries | 2.80 % | 4.10 % |
| Rate of increase for pensions in payment / inflation | 2.40 % | 2.10 % |
| Inflation assumption (CPI) | 2.40 % | 2.10 % |
| Retail price index | 3.40 % | 3.10 % |

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 | 22.1 | 22.2 |
| Females | 24.4 | 24.4 |
| Retiring in 20 years | | |
| Males | 23.8 | 24.2 |
| Females | 26.3 | 26.7 |

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

19. PENSION COMMITMENTS (continued)

Sensitivity analysis

The sensitivities regarding the principal assumptions used to measure the scheme liabilities (i.e. the defined benefit obligations) are as follows:

| Sensitivities | At 31 August 2017 | At 31 August 2016 |
|----------------------------|------------------------------|------------------------------|
| | £ | £ |
| Discount rate -0.5% | 463,000 | 494,000 |
| Salary increase rate +0.5% | 76,000 | 192,000 |
| CPI rate +0.5% | 379,000 | 284,000 |

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

| | Fair value at 31 August 2017 | Fair value at 31 August 2016 |
|-------------------------------------|---|---|
| | £ | £ |
| Equities | 1,906,000 | 1,540,000 |
| Bonds | 371,000 | 352,000 |
| Corporate bonds | - | - |
| Cash | - | 88,000 |
| Property | 265,000 | 220,000 |
| Cash and other liquid assets | 106,000 | - |
| Total market value of assets | 2,648,000 | 2,200,000 |

The actual return on scheme assets was £209,000 (2016 - £299,000).

The amounts recognised in the Statement of Financial Activities incorporating Income and Expenditure Account are as follows:

| | 2017 | 2016 |
|----------------------|------------------|------------------|
| | £ | £ |
| Current service cost | (308,000) | (218,000) |
| Past service cost | (377) | - |
| Interest income | 48,000 | 66,000 |
| Interest cost | (78,000) | (93,000) |
| Total | (338,377) | (245,000) |

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19. PENSION COMMITMENTS (continued)

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

| | 2017 £ | 2016 £ |
|------------------------------------|------------------|------------------|
| Opening defined benefit obligation | 3,571,000 | 2,328,000 |
| Current service cost | 308,000 | 218,000 |
| Interest cost | 78,000 | 93,000 |
| Employee contributions | 46,000 | 45,000 |
| Actuarial (gains)/losses | (516,000) | 910,000 |
| Benefits paid | (40,000) | (23,000) |
| | <u>3,447,000</u> | <u>3,571,000</u> |

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

| | 2017 £ | 2016 £ |
|-------------------------------------|------------------|------------------|
| Opening fair value of scheme assets | 2,200,000 | 1,630,000 |
| Interest income | 48,000 | 66,000 |
| Actuarial gains/(losses) | 209,000 | 299,000 |
| Employer contributions | 185,000 | 183,000 |
| Employee contributions | 46,000 | 45,000 |
| Benefits paid | (40,000) | (23,000) |
| | <u>2,648,000</u> | <u>2,200,000</u> |

20. 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 | 5,129 | 5,093 |
| Between 1 and 5 years | 2,391 | 7,567 |
| | <u>7,520</u> | <u>12,660</u> |

21. MEMBERS' LIABILITY

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

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22. 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.

No related party transactions took place in the period of account, other than certain Trustees' remuneration and expenses already disclosed in note 10.

23. AGENCY ARRANGEMENTS

The Academy Trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ended 31 August 2017, the Trust received £5,297 (2016: £10,097) and disbursed £3,112 (2016: £14,972) from the fund. An amount of £5,448 (2016: £3,263) is included in other creditors relating to undistributed funds that are repayable to ESFA.