

Chatham & Clarendon Grammar School
(A company limited by guarantee)

Annual Report and Financial Statements

For the year ended 31 August 2015

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Chatham & Clarendon Grammar School
(A company limited by guarantee)

Reference and Administrative Details of the Academy trust, its Members/ Trustees and Advisers
For the year ended 31 August 2015

Members

Mr. R.A. Bath
Mr. D.D. Harris
Mrs. J. King
Mr. J. Waker

Trustees

Mr. R.A. Bath, Chair of Trustees
Mr. S. Wren, Chair of Finance & Resources¹
Mr. D.D. Harris, Responsible Officer²
Mr. D. Burney, Staff Trustee (resigned 31 December 2014)¹
Dr. C. Cain (resigned 31 July 2015)²
Mr. D. Gullick (appointed 14 October 2014)¹
Mr. W. Hammond (appointed 14 October 2014)
Mrs. S.B. Harris (resigned 7 July 2015)
Mrs. R. Hewett, Staff Trustee¹
Mrs. J. King
Mr. J. Laven, Staff Trustee (appointed 25 March 2015)¹
Mrs. D. Liddicoat, Headteacher¹
Ms. C. Togher (appointed 10 February 2015)¹
Ms. C. Tonkin Jukes, Staff Trustee
Ms. R. Travers (appointed 14 October 2014)
Mr. J. Waker¹
Mr. R. Walton²

¹ members of the Finance and Resources Committee

² members of the Audit Committee

Company registered number

07455452

Principal and registered office

Chatham Street, Ramsgate, Kent, CT11 7PS

Company secretary

Mr. C. Freeman

Chief executive officer

Mrs. D.J. Liddicoat

Senior management team

Mrs. D. Liddicoat, Headteacher
Mr. M. Moody, Head of 6th Form
Mr. C. McFarlane, Deputy Headteacher - Upper School
Mr. C. Goodwin, Deputy Headteacher - Lower School
Mr. C. Bowman, Assistant Headteacher
Mrs. K. Parkins, Assistant Headteacher
Mr. C. Freeman, Business Manager

Independent auditors

UHY Kent LLP t/a UHY Hacker Young, Thames House, Roman Square, Sittingbourne, Kent, ME10 4BJ

Chatham & Clarendon Grammar School
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Regulation

Reference and Administrative Details of the Academy trust, its Members/ Trustees and Advisers
For the year ended 31 August 2015

Administrative details (continued)

Bankers

Lloyds Bank plc, 3 Queen Street, Ramsgate, Kent, CT11 7PS

Solicitors

Furley Page LLP, 39 St Margaret's Street, Canterbury, Kent, CT1 2TX

Chatham & Clarendon Grammar School
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Trustees' Report
For the year ended 31 August 2015

The trustees present their annual report and auditors' report of the School for the year ended 31 August 2015.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The academy trust (hereafter referred to as "the School") was incorporated on 30 November 2010 as a company limited by guarantee and an exempt charity. The School's memorandum and articles of association are its primary governing documents.

The trustees of Chatham & Clarendon Grammar School are also the directors of the School for the purposes of company law.

Details of the trustees who served throughout the year except as noted are included in the Reference and Administrative Details on page one.

As from 1 September 2013 the School changed its name and status from "The Chatham & Clarendon Grammar School Federation" to Chatham & Clarendon Grammar School, following the merger of the two individual schools into one combined school.

Members' liability

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

Trustees' indemnities

The School maintains trustees' and officers' liability insurance which gives appropriate cover for any legal action brought against its Trustees. The School has also granted indemnities to each of its trustees and other officers to the extent permitted by law. Qualifying third party indemnity provisions (as defined by section 234 of the Companies Act 2006) were in force during the year and remain in force, in relation to certain losses and liabilities which the trustees or other officers may incur to third parties in the course of acting as trustees or officers of the School.

Details of the insurance cover are provided in note 12 to the financial statements.

Method of recruitment and appointment or election of trustees

The School has determined that there will be 16 trustees (directors) on the Board in the following categories:

- Five trustees appointed by members;
- Four staff trustees consisting of the Headteacher, plus three staff trustees who are elected by the staff at the school. Employees of the School must not exceed one third of the total number of trustees;
- Four parent trustees who shall be elected by the parents/carers of registered students at the school. The elected parent trustee must be a parent/carer of a registered student at the school at the time when he or she is elected; and
- Three trustees co-opted by the Board of trustees.

A trustee's term of office is four years; this does not apply to the Headteacher.

The trustees shall each school year, at their first meeting in that year, elect a chairman and a vice-chairman from among their number. A trustee who is employed by the School shall not be eligible for election as chairman or vice-chairman.

The trustees who were in office at 31 August 2015 and served throughout the year, except where shown, are listed on page one.

Policies and procedures adopted for the induction and training of trustees

The training and induction provided for new trustees will depend on their existing experience. Where necessary induction will provide training on charity and educational legal and financial matters. All new trustees will be given a tour of the schools and the chance to meet with staff and students. All trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as trustees. As there are normally only two or three new trustees a year, induction tends to be done informally and is tailored specifically to the individual.

Chatham & Clarendon Grammar School
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Trustees' Report (continued)
For the year ended 31 August 2015

Organisation structure

The management structure consists of three levels: trustees, the Senior Management Team (SMT) and Pastoral/Curriculum Managers. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

Trustees are responsible for setting general policy, adopting an annual plan and budget, monitoring the School by the use of budgets and making major decisions about the direction of the School, capital expenditure and senior staff appointments. They do this through their structure which consists of four committees: the Curriculum and Welfare Committee; the Audit Committee; the Pay Committee and the Finance & Resources Committee. The trustees, the members and the committees met every term (except Audit – three times and Pay - twice) during the 2014/2015 academic year.

The Senior Management Team are the Headteacher, two Deputy Headteachers, Head of 6th form, two Assistant Headteachers and the Business Manager. These managers control the School at an executive level implementing the policies laid down by the trustees and reporting back to them. As a group, the Senior Management Team are responsible for the authorisation of spending within agreed budgets and the appointment of staff, though appointment boards for posts in the Management Team always contain a trustee. Some spending control is devolved to members of the Management Team, with limits above which a Senior Manager must countersign.

Risk management

The trustees have considered the major risks to which the School is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the School, and its finances. The trustees have implemented a number of systems to assess risks that the school faces, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school trips) and in relation to the control of finance. They have introduced systems, including operational procedures (e.g. vetting of new staff and visitors, supervision of school grounds) and internal financial controls (see below) in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover. The School maintains a Risk Register which is reviewed regularly by the trustees and senior management. The School also has an effective system of internal financial controls and this is explained in more detail in the following statement. The major risks are:

- failure to successfully recruit and retain students;
- changes to Government policy on Education Funding;
- changes to Education priorities by the Government;
- loss of a key member of the Senior Leadership Team;
- impact of an uncontrollable event, e.g. fire or flood;
- major injury or a Health & Safety issue or environmental incident; and
- changes to Pension policy or funding for the TPS and LGPS.

Connected organisations, including related parties

There is a Parent/Teacher Association, called the Friends of Chatham & Clarendon Grammar School, charity registration no. 283471, and commonly known as Friends of CCGS.

The school is also a founder member of BRESIC (Broadstairs and Ramsgate Ethos School Improvement Company) a collaborative trading partnership with five other church schools whose main aim is to share good practice in teaching and learning and achieve economies of scale in procuring goods and services.

OBJECTIVES AND ACTIVITIES

Objects and aims

The principal object and activity of the School is to provide high quality education for students of different abilities between the ages of 11 and 19. A more detailed summary is provided in the school prospectus (and on the website).

In accordance with the articles of association the School has adopted a "Scheme of Government" (Funding Agreement) approved by the Secretary of State for Education and Skills. The Scheme of Government specifies, amongst other things, the basis for admitting students to the School, the catchment area from which the students are drawn, and that the curriculum should comply with the substance of the national curriculum.

Objectives, strategies and activities

The main objectives of the School during the year ended 31 August 2015 are summarised below:

- to ensure that every student enjoys the same high quality education in terms of resourcing, tuition and care;
- to raise the standard of educational achievement of all students;
- to improve the effectiveness of the School by keeping the curriculum and organisational structure under continual review;
- to provide value for money for the funds expended;
- to comply with all appropriate statutory and curriculum requirements;
- to maintain close links with primary schools, industry and commerce; and
- to conduct the School's business in accordance with the highest standards of integrity, probity and openness.

Trustees' Report (continued)
For the year ended 31 August 2015

Objectives, strategies and activities (continued)

The School's main strategy is encompassed in its mission statement which is: 'Our school strives for excellence in everything we do to fulfil the potential of all students'. Our school exists to identify and develop the full potential of each student, to equip them with the skills and the qualifications they need to achieve their ambition, whatever that may be. We have a very strong track record of examination success at GCSE and Advanced Level. A high proportion of our students go on to Higher Education, usually securing places at their first choice university. A fuller explanation of our key values and purposes is set out in the School prospectus which is on the School's website but is also available as a hard copy on request. To this end the activities provided include:

- tuition and learning opportunities for all students to attain appropriate academic qualifications;
- training opportunities for all staff, and especially teaching staff;
- secondments and placements of students with industrial and commercial partners;
- a programme of sporting and after school leisure activities for all students;
- a wide selection of after school clubs to allow students to explore science, technology and engineering in a practical and project oriented way;
- a careers advisory service to help students obtain employment or move on to higher education;
- co-operation and sharing good practice with other local schools.

Public benefit

In setting our objectives and planning our activities the trustees have given careful consideration to the Charity Commission's general guidance on public benefit. The trustees believe that the School's educational object and aims are demonstrably to the public benefit.

Amongst the benefits brought to the wider community by the School are:

- Use of the Astroturf at Chatham House and the Newington Fields by local sports clubs;
- Use of the halls by local community groups;
- Inviting primary school pupils to special events such as greenpower or science days;
- Sixth formers visit local primary schools with mentoring schemes, literacy and numeracy support;
- Sixth form assistance in charity shops;
- Sixth form support in libraries;
- Sports coaching;
- Sixth form support for youth clubs and extra-curricular activities at the Royal School for the Deaf;
- Assistance in hedgerow planting scheme; and
- Help with local youth organisations.

Equal opportunities

The trustees recognise that equal opportunities should be an integral part of good practice within the workplace. The School aims to establish equal opportunity in all areas of its activities including creating a working environment in which the contribution and needs of all people are fully valued.

Disabled persons

Lifts and disabled toilets are installed in the CCVI centre and Beresford Road Science Block. Chatham House has stair lifts on its main staircase. The policy of the School is to support recruitment and retention of students and employees with disabilities. The School does this by making reasonable adjustment to the physical environment where possible, by making support resources available and through training and career development.

The School makes reasonable adjustments to ensure they are able to admit students with varying levels of disabilities within the constraints of the buildings and other resources available to it.

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Trustees' Report (continued)
For the year ended 31 August 2015

STRATEGIC REPORT

Achievements and performance

Total students in the year ended 31st August 2015 numbered 850 pre 16 and 519 16-19 (1,369 in total). The current PAN is 180 and in September 2015 we enrolled 150 Years 7s and 261 Year 12s.

In September 2014 the school had its first OFSTED Inspection since it was amalgamated. The outcome of the inspection, which was graded overall as GOOD, is summarised below:

- 1) School leaders and governors have successfully steered the school through a turbulent period, with the merging of the two grammar schools. Their commitment and skill have ensured that student achievement has continued to rise during this period of challenge and change.
- 2) As a result of good leadership, the school is a harmonious and happy place. Students are proud to wear the uniform, and staff morale is high. One staff member wrote, 'I am very proud to be a member of staff in this school.'
- 3) Behaviour and safety are good. Students are welcoming and courteous to visitors. Their conduct and manners are impeccable. They feel safe and respond to the demands of multi-site school with maturity and care for each other.
- 4) Teaching is good because teachers have a passion for their subject and plan interesting and engaging activities where students learn and achieve well. Relationships are strong and there is a very positive atmosphere in classrooms.
- 5) Achievement is good. Students make good progress and attain well in almost all subjects. Boys' progress is improving rapidly and is now close to matching that of girls.
- 6) The sixth form is good. Students like the range of subjects offered, the personalised support and the good teaching, which helps them learn and achieve. They are excellent role models for younger students to follow.
- 7) Students enjoy and participate enthusiastically in a wide range of house events and artistic, sporting and cultural pursuits available to them.

Examination results for 2014/15 were outstanding with an increase in the proportion of higher grades. This year saw the best ever results at GCSE with our school having the best results at GCSE in East Kent. The pass rate of students gaining 5+ A*-C including Maths and English was up to 98.1% (94.6% for the previous year). Just under 50% of all grades were A* or A.

At 'A' level the overall pass rate was 99.4% and 52.4% of these was the higher grade A*-B (99.6% and 56.5% respectively last year). The Average point score was down slightly to 357 per student (382 last year). A full report of the public exam results and destinations of the sixth form leavers is published on the website.

To ensure that standards are continually raised the School operates a programme of observation of lessons; is visited regularly by inspectors and school improvement partners; undertakes a comparison of results from entry to Key Stage 3 to GCSE and from GCSE to A-level to assess the added value. The School also participates in national programmes looking at added value through the key stages.

The School monitors the destination of its leavers, the vast majority of who progress to higher education attending some of the top universities in the country.

Most students in Year 10 were able to participate in a weeks work experience and in Year 12 and 13 all students had the opportunity to participate in one afternoon each week of sport activities or work experience.

The School plays an active part in the local community including sporting activities, fund-raising for charities and much more. The School is a local hub school for Gifted & Talented provision. It offers the full national curriculum for Year 7 to Year 11. The Sixth Form offers over 30 Level 3 courses (A levels and vocational courses). The School has an outstanding record of assisting students into higher education and for some years has had no 'NEETS'. The established House system, supported by sixth form prefects, regularly donate money to a range of local and national charities. (Full details are published in the School newsletters and also on the website).

Staff achievements: The School has strong links with local higher education teacher-training establishments. Inset funds are made available to support a thorough CPD programme. A member of staff is employed to provide careers advice, organise a work experience programme and provide support for students going to university.

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Trustees' Report (continued)
For the year ended 31 August 2015

Going concern

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

Key financial performance indicators

Pupil numbers at Y7 decreased slightly in 2014/15 and it is hoped this trend will reverse in future years by the School continuing to improve its provision for students, thereby increasing education funding.

Staff costs to income at the end of the period was a ratio of 71.6%, compared to 70.6% in 2014. We understand from benchmarking against information available from other schools that our ratio is slightly lower than the average secondary school.

Financial review

Most of the School's recurrent income is obtained from the EFA in the form of grants, the use of which is restricted to particular purposes. The grants received from the EFA during the year ended 31 August 2015 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

During the year ended 31 August 2015, total income amounted to £7.3m. Total expenditure in the year before actuarial losses on the Local Government Pension Scheme was £7.8m, however this included depreciation of fixed assets, a non-cash flow movement, of £790k. Therefore whilst the Statement of Financial Activities reports net expenditure for the year of £528k, net income from operating activities before the depreciation charge was £262k. The overall reduction in net funds, including the actuarial gain, was £512k.

At 31 August 2015, the net book value of fixed assets was £30.7m and movements in tangible fixed assets are shown in note 15 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the academy.

Financial and risk management objectives and policies

The School does not use complex financial instruments. It manages its activities using cash and various items such as trade debtors and trade creditors that arise directly from its operations.

The main risks arising from the trust's financial activities are liquidity risk and interest rate risk:

- *Liquidity risk* - the School manages its cash resources, including sufficient working capital, so that its bank ledger balance is available to the finance team for monitoring at all times and is always taken into account when making payments.
- *Interest rate risk* - the School currently has its current accounts which bring in a small amount of interest and has taken out two short-term higher rate interest bearing accounts in order to maximise income.

Principal risks and uncertainties

The School monitors the principal risks and has drawn up a risk register which is regularly reviewed.

Reserves policy

The trustees review the reserve levels of the School annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The trustees have determined that the appropriate level of free cash should be equivalent to four weeks expenditure, approximately £600,000. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance.

Financial position

The academy had fund balances at 31 August 2015 of £30.3m comprising £30.7m of restricted fixed asset funds, £701k of other restricted funds, £480k of unrestricted funds, and a pension reserve deficit of £1.6m.

The deficit on the Local Government Pension Scheme reserve does not mean that an immediate liability crystallises. The deficit results in a cash flow effect for the academy in the form of possible future increases in pension contributions, which, if required, will be met from the budgeted annual income. Employer contributions are reviewed every three years in consultation with the scheme's administrators, and employer contributions due have been fixed for the three years from 1 April 2014.

Trustees' Report (continued)
For the year ended 31 August 2015

PLANS FOR FUTURE PERIODS

The School's plans for the future in both the medium and long term are included in the School Improvement Plan, which is reviewed regularly. Key plans include:

- **Attainment & Achievement:** Examination results – Positive Value added scores for all GCSE and A level subjects. 60% of entries at GCSE to be A* or A with 20% being at A*. For A level results - 30% of entries to be A* or A grade and 65% A* to B grade. Academic Standards: Improve student outcomes and increase the proportion of students' who progress to higher education.
- **Teaching & Learning.** At least 95% of lessons to be judged as Outstanding or Good (with at least 28% as Outstanding); lesson observation and sharing good practice to focus firstly on developing questioning techniques and secondly on planning activities which have greater challenge and excitement.
- **Student focus:** Focused tracking of student groups (particularly Pupil Premium, FSM, SEN, Girls and Boys Upper ability); challenge weeks to stretch all students via probing questioning and activity planning.
- **Curriculum Change and assessment:** Prepare, implement and embed new schemes of work in KS3, KS4, KS5. Prepare, implement and embed new assessment procedures in KS3, KS4.
- **Business focus:** maximising the marketing of the school and pupil success and extra curricular activities through media platforms; extending outreach/inreach programmes across all departments; control and manage finances in a period of sustained funding restrictions.
- **Finance & Personnel:**
 - i) Monitor Academy budget ensuring sound operational surplus/contingency; explore options for operational economies & savings within budget lines and of income generation; maximise opportunities presented by wider association of academies/other partner schools for economies of scale, benchmarked Value for Money purchases of goods & services;
 - ii) Monitor & promote student recruitment; review & adjust teaching group sizes, staffing budget & timetable deployments to ensure viable cost-effective arrangements which will maintain a balanced budget; review and where necessary modify staffing structures to maintain sustainable leadership & management.
- **The Learning Environment:**
 - i) Implement and monitor (minor works) changes to the buildings which support the operations of the urban campus, ensuring that these are completed on time, to the required standard and within the assigned budget. As/when further financial resources become available (i.e. from successful bids to the DfE's ACMF Fund), to develop and implement additional elements of this plan.
 - ii) Disposal of the "Red House" site to fund further improvements.
 - iii) Disposal of Newington Fields to fund further improvements.
 - iv) Improve Science, Technology and Mathematics resources with the view to building a new STEM building at Chatham House (lower school site).
 - v) Improve Physical Education and sports resources with the view to building a new Sports Centre and Multi-use games Area (MUGA) at Chatham House (lower school site)
 - vi) Improve the buildings at Chatham House (lower school site) and Clarendon House (upper school site) with the grant of £2.14m awarded by the CIF fund in March 2015.

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Reclaim

Trustees' Report (continued)
For the year ended 31 August 2015

DISCLOSURE OF INFORMATION TO AUDITORS

In so far as the trustees are aware, there is no relevant information (as defined by Section 418 of the Companies Act 2006) of which the School's auditors are unaware, and each trustee has taken all the steps that they ought to have taken as a trustee in order to make them aware of any audit information and to establish that the School's auditors are aware of that information.

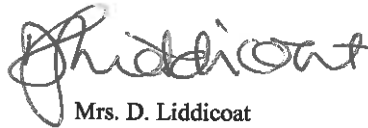
AUDITORS

The auditors, UHY Hacker Young, have indicated their willingness to remain in office, and the audit process will be reviewed in detail and re-appointment of the auditors will be considered following the forthcoming Annual General Meeting.

This report, incorporating the Strategic report, was approved by order of the board of trustees, as the company directors, on 8 December 2015 and signed on the board's behalf by:



Mr. R.A. Bath,
Chair of Trustees



Mrs. D. Liddicoat
Accounting Officer

Chatham & Clarendon Grammar School
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Governance Statement

Scope of Responsibility

As trustees, we acknowledge we have overall responsibility for ensuring that Chatham & Clarendon Grammar 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 Chatham & Clarendon Grammar 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 trustees' responsibilities statement. The board of trustees has formally met 6 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

| Trustee | Meetings attended | Out of a possible |
|---|-------------------|-------------------|
| Mr. R.A. Bath, Chair of Trustees | 6 | 6 |
| Mr. S. Wren, Chair of Finance & Resources | 6 | 6 |
| Mr. D.D. Harris, Responsible Officer | 5 | 6 |
| Mr. D. Burney | 2 | 2 |
| Dr. C. Cain | 5 | 6 |
| Mr. D. Gullick | 3 | 5 |
| Mr. W. Hammond | 5 | 5 |
| Mrs. S.B. Harris | 2 | 4 |
| Mrs. R. Hewett, Staff Trustee | 3 | 6 |
| Mrs. J. King | 6 | 6 |
| Mr. J. Laven, Staff Trustee | 2 | 2 |
| Mrs. D. Liddicoat, Headteacher | 6 | 6 |
| Ms. C. Togher | 2 | 3 |
| Ms. C. Tonkin Jukes, Staff Trustee | 6 | 6 |
| Ms. R. Travers | 4 | 5 |
| Mr. J. Waker | 6 | 6 |
| Mr. R. Walton | 5 | 6 |

This has again been a challenging year for trustees with the appointment of five new trustees. The good news is that with recent elections and appointments, the board has been strengthened and as at 31 August 2015 there were only two vacancies for co-opted trustees.

Governance reviews:

During the 2013/2014 academic year the Board carried out a skills audit of all trustees. They also conducted an internal review as a result of which the Curriculum and Welfare committees were combined from 1 September 2014. The Board also reviewed their monitoring and a new system was put in place part way through the year. This new system still needs further review. Skill gaps were identified and recruitment and training will be targeted to fill these gaps. For the 2014/2015 academic year the Board intended arranging an external evaluation and in addition introduced an annual self evaluation of the Board as part of the school improvement cycle. The external evaluation was not carried out due to the deferment of the Governor Mark application process but will be reconsidered for 2015/16.

The Finance and Resources Committee is a sub-committee of the main board of trustees. Its purpose is to monitor and guide financial activity of the School and to ensure resources are properly used.

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Governance Statement (continued)

Attendance at meetings in the year was as follows:

| Trustee | Meetings attended | Out of a possible |
|---|-------------------|-------------------|
| Mrs. D. Liddicoat, Headteacher | 5 | 6 |
| Mr. S. Wren, Chair of Finance & Resources | 6 | 6 |
| Mr. D. Burney | 2 | 2 |
| Mr. D. Gullick | 4 | 4 |
| Mrs. R. Hewett | 4 | 4 |
| Mr. J. Laven | 1 | 2 |
| Mrs. C. Togher | 2 | 3 |
| Mr. J. Waker | 6 | 6 |

The audit committee is a further sub-committee of the main board of trustees. Its purpose is to maintain an oversight of the School's governance, risk management, internal control and value for money framework. It will report its findings regularly to the board of Trustees and the Accounting Officer as a critical element of the School's annual reporting requirements.

The Audit Committee has no executive powers or operational responsibilities/duties.

Attendance at meetings in the year was as follows:

| Trustee | Meetings attended | Out of a possible |
|-----------------|-------------------|-------------------|
| Dr. C. Cain | 3 | 3 |
| Mr. D.D. Harris | 3 | 3 |
| Mr. R. Walton | 3 | 3 |

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 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 available. The accounting officer for the academy trust has delivered improved value for money during the year by:

- Monitoring expenditure in detail to ensure savings could be achieved through thorough market testing. In one example alone a saving of £111,000 has been achieved through market testing the provision of Architectural services which will enable the school to undertake up to ten further minor building projects with the savings accrued;
- Negotiating with the provider of cleaning services to the school. The Accounting officer has achieved an annual saving of £24,500 for the next two years (£49,000 in total) within the school's cleaning contract; and
- Reviewing the school's photocopier arrangements will save £6,000 per year for the next five years (£30,000 in total).

The savings from points two and three above will help improve the level of curriculum resources within the school.

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 Chatham & Clarendon Grammar School for the year 1 September 2014 to 31 August 2015 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy trust's significant risks, that has been in place for the year 1 September 2014 to 31 August 2015 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

Governance Statement (continued)

The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- regular reviews by the Finance and 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; and
- 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 Mr. D. Harris, a trustee, as Responsible Officer (RO).

The RO's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems.

On a quarterly basis, the RO reports to the board of trustees on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

Review of Effectiveness

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

- the work of the Responsible Officer;
- the work of the external auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

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

The School confirms that the Responsible Officer function has been fully delivered in line with the EFA's requirements.

This report was approved by order of the board of trustees on 8 December 2015 and signed on the board's behalf by:



Mr. R.A. Bath
Chair of Trustees



Mrs. D. Liddicoat
Accounting Officer

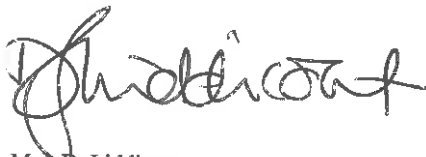
Chatham & Clarendon Grammar School
(A company limited by guarantee)

Statement on Regularity, Propriety and Compliance

As Accounting Officer of Chatham & Clarendon Grammar School I have considered my responsibility to notify the academy trust board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook (2014).

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 (2014).

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 EFA.



Mrs. D. Liddicoat
 Accounting Officer

Date: 8 December 2015

Chatham & Clarendon Grammar School
(A company limited by guarantee)

Trustees' Responsibilities Statement
For the year ended 31 August 2015

The trustees of Chatham & Clarendon Grammar School (who are also the directors of the academy trust for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with the Annual Accounts Direction issued by the Education 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 academy trust 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;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the academy trust will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the academy trust's transactions and disclose with reasonable accuracy at any time the financial position of the academy trust 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 academy trust 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 academy trust 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 EFA/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 academy trust'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 8 December 2015 and signed on its behalf by:



Mr. R.A. Bath, Chair of Trustees

Chatham & Clarendon Grammar School
(A company limited by guarantee)

Independent Auditors' Report to the Members of Chatham & Clarendon Grammar School

We have audited the financial statements of Chatham & Clarendon Grammar School for the year ended 31 August 2015 which comprise the Statement of financial activities, the Balance sheet, the Cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

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

Respective responsibilities of trustees and auditors

As explained more fully in the Trustees' responsibilities statement, the trustees (who are also the directors of the academy trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the academy trust's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the academy trust's affairs as at 31 August 2015 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 and the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' report, incorporating the Strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

Chatham & Clarendon Grammar School
(A company limited by guarantee)

Independent Auditors' Report to the Members of Chatham & Clarendon Grammar School

Matters on which we are required to report by exception

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

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

UHY Kent LLP

Allan Hickie BSc FCA (Senior statutory auditor)

for and on behalf of

UHY Kent LLP

Chartered Accountants

Registered Auditors

Thames House

Roman Square

Sittingbourne

Kent

ME10 4BJ

Date: *11 December 2015*

Chatham & Clarendon Grammar School
(A company limited by guarantee)

Independent Reporting Accountants' Assurance Report on Regularity to Chatham & Clarendon Grammar School and the Education Funding Agency

In accordance with the terms of our engagement letter dated 25 September 2014 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2014 to 2015, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Chatham & Clarendon Grammar School during the year 1 September 2014 to 31 August 2015 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 Chatham & Clarendon Grammar School and EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Chatham & Clarendon Grammar School and EFA 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 Chatham & Clarendon Grammar School and EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Chatham & Clarendon Grammar School's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Chatham & Clarendon Grammar School's funding agreement with the Secretary of State for Education dated 17 December 2010, and the Academies Financial Handbook extant from 1 September 2014, 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 2014 to 2015. 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 2014 to 31 August 2015 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 2014 to 2015 issued by EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

We conducted our work in accordance with Technical Release TECH 08/12 AAF issued by the Institute of Chartered Accountants In England and Wales. In accordance with that Technical Release we have carried out the procedures we consider necessary to be able to report on whether anything has come to our attention which suggests that in all material respects expenditure disbursed and income received have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them. Other than those procedures undertaken for the purposes of our audit of the financial statements of Chatham & Clarendon Grammar School for the year ended 31 August 2015 which provide evidence on regularity, our work was limited to only those additional procedures necessary to provide limited assurance.

The work undertaken to draw to our conclusion included:

- an assessment of the risk of material irregularity and impropriety across all of the academy trust's activities;
- further testing and review of the areas identified through the risk assessment including enquiry, identification of control processes and examination of supporting evidence across all areas identified as well as additional verification work where considered necessary; and
- consideration of evidence obtained through the work detailed above and the work completed as part of our financial statements audit in order to support the regularity conclusion.

Chatham & Clarendon Grammar School
(A company limited by guarantee)

Independent Reporting Accountants' Assurance Report on Regularity to Chatham & Clarendon Grammar School and the Education Funding Agency (continued)

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 2014 to 31 August 2015 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

UHY Kent LLP

UHY Kent LLP
Chartered Accountants
Registered Auditors
Thames House
Roman Square
Sittingbourne
Kent
ME10 4BJ

Date: *11 December 2015*

Chatham & Clarendon Grammar School
(A company limited by guarantee)

Reg-8101

Statement of Financial Activities
(Incorporating Income and Expenditure Account and Statement of Total Recognised Gains and Losses)
For the year ended 31 August 2015

| | Note | Unrestricted funds 2015 £ | Restricted funds 2015 £ | Restricted fixed asset funds 2015 £ | Total funds 2015 £ | Total funds 2014 £ |
|---|------|------------------------------------|----------------------------------|---|-----------------------------|-----------------------------|
| Incoming resources | | | | | | |
| Incoming resources from generated funds: | | | | | | |
| Voluntary income | 2 | 128,811 | - | - | 128,811 | 61,518 |
| Activities for generating funds | 3 | 300,034 | - | - | 300,034 | 302,966 |
| Investment income | 4 | 4,177 | - | - | 4,177 | 1,448 |
| Incoming resources from charitable activities | 5 | - | 6,831,448 | 30,854 | 6,862,302 | 7,191,767 |
| Total incoming resources | | 433,022 | 6,831,448 | 30,854 | 7,295,324 | 7,557,699 |
| Resources expended | | | | | | |
| Costs of generating funds | 6 | 260,112 | - | - | 260,112 | 293,598 |
| Academy trust's educational activities | 8 | 49,718 | 6,674,702 | 790,026 | 7,514,446 | 7,717,965 |
| Governance costs | 9 | - | 48,788 | - | 48,788 | 49,457 |
| Total resources expended | 7 | 309,830 | 6,723,490 | 790,026 | 7,823,346 | 8,061,020 |
| Net incoming / (outgoing) resources before transfers | | 123,192 | 107,958 | (759,172) | (528,022) | (503,321) |
| Transfers between Funds | 20 | - | (165,146) | 165,146 | - | - |
| Net expenditure for the year | | 123,192 | (57,188) | (594,026) | (528,022) | (503,321) |
| Actuarial gains and losses on defined benefit pension schemes | | - | 16,000 | - | 16,000 | (486,000) |
| Net movement in funds for the year | | 123,192 | (41,188) | (594,026) | (512,022) | (989,321) |
| <i>Total funds at 1 September 2014</i> | | <i>357,191</i> | <i>(863,408)</i> | <i>31,302,081</i> | <i>30,795,864</i> | <i>31,785,185</i> |
| Total funds at 31 August 2015 | | 480,383 | (904,596) | 30,708,055 | 30,283,842 | 30,795,864 |

All activities relate to continuing operations.

The Statement of Financial Activities includes all gains and losses recognised in the year.

The notes on pages 22 to 38 form part of these financial statements.

Chatham & Clarendon Grammar School
(A company limited by guarantee)
Registered number: 07455452

Register

Balance Sheet
As at 31 August 2015

| | Note | £ | 2015 £ | £ | 2014 £ |
|--|------|-------------------|-------------------|-------------------|-------------------|
| Fixed assets | | | | | |
| Tangible assets | 15 | | 30,708,055 | | 31,302,081 |
| Investments | 16 | | 21,596 | | - |
| | | | <u>30,729,651</u> | | <u>31,302,081</u> |
| Current assets | | | | | |
| Debtors | 17 | 195,835 | | 177,104 | |
| Cash at bank and in hand | | 1,327,278 | | 1,135,926 | |
| | | <u>1,523,113</u> | | <u>1,313,030</u> | |
| Creditors: amounts falling due within one year | 18 | (328,336) | | (274,826) | |
| Net current assets | | | <u>1,194,777</u> | | <u>1,038,204</u> |
| Total assets less current liabilities | | | <u>31,924,428</u> | | <u>32,340,285</u> |
| Creditors: amounts falling due after more than one year | 19 | | (34,586) | | (48,421) |
| Net assets excluding pension scheme liability | | | <u>31,889,842</u> | | <u>32,291,864</u> |
| Defined benefit pension scheme liability | 25 | | (1,606,000) | | (1,496,000) |
| Net assets including pension scheme liability | | | <u>30,283,842</u> | | <u>30,795,864</u> |
| Funds of the academy | | | | | |
| Restricted funds : | | | | | |
| General Annual Grant funds | 20 | 651,258 | | 585,341 | |
| Other restricted funds | 20 | 50,146 | | 47,251 | |
| Fixed asset funds | 20 | 30,708,055 | | 31,302,081 | |
| | | <u>31,409,459</u> | | <u>31,934,673</u> | |
| Restricted funds excluding pension liability | | | | | |
| Pension reserves | | (1,606,000) | | (1,496,000) | |
| Total restricted funds | | | <u>29,803,459</u> | | <u>30,438,673</u> |
| Unrestricted funds | 20 | | 480,383 | | 357,191 |
| Total funds | | | <u>30,283,842</u> | | <u>30,795,864</u> |

The financial statements were approved by the trustees, and authorised for issue, on 8 December 2015 and are signed on their behalf, by:



Mr. R.A. Bath
Chair of Trustees

The notes on pages 22 to 38 form part of these financial statements.

Chatham & Clarendon Grammar School
(A company limited by guarantee)

Cash Flow Statement
For the year ended 31 August 2015

| | Note | 2015 £ | 2014 £ |
|---|------|-----------------------|-----------------------|
| Net cash flow from operating activities | 22 | 397,012 | 160,097 |
| Returns on investments and servicing of finance | 23 | 4,177 | 1,448 |
| Capital expenditure and financial investment | 23 | (196,002) | (156,170) |
| Cash inflow before financing | | <u>205,187</u> | <u>5,375</u> |
| Financing | 23 | (13,835) | (6,917) |
| Increase/(Decrease) in cash in the year | | <u><u>191,352</u></u> | <u><u>(1,542)</u></u> |

Reconciliation of Net Cash Flow to Movement in Net Funds
For the year ended 31 August 2015

| | 2015 £ | 2014 £ |
|--|-------------------------|-------------------------|
| Increase/(Decrease) in cash in the year | 191,352 | (1,542) |
| Cash outflow from decrease in debt and lease financing | 13,835 | 6,917 |
| Movement in net funds in the year | <u>205,187</u> | <u>5,375</u> |
| Net funds at 1 September 2014 | 1,073,670 | 1,068,295 |
| Net funds at 31 August 2015 | <u><u>1,278,857</u></u> | <u><u>1,073,670</u></u> |

The notes on pages 22 to 38 form part of these financial statements.

Notes to the Financial Statements
For the year ended 31 August 2015

1. Accounting Policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005, the Academies Accounts Direction 2014 to 2015 issued by EFA, applicable accounting standards and the Companies Act 2006.

1.2 Fund accounting

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

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

Restricted general funds comprise all other restricted funds received and include grants from Education Funding Agency.

Investment income, gains and losses are allocated to the appropriate fund.

1.3 Incoming resources

All incoming resources are included in the Statement of financial activities when the academy trust has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

Grants are included in the Statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance sheet. Where income is received in advance of 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 year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund.

Capital grants are recognised when receivable 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.

The value of donated services and gifts in kind provided to the academy trust are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the academy trust can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of financial activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's policies.

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

Income tax recoverable in relation to investment income is recognised at the time the investment income is receivable.

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.

Chatham & Clarendon Grammar School
(A company limited by guarantee)

Notes to the Financial Statements
For the year ended 31 August 2015

1. Accounting Policies (continued)

1.4 Resources expended

Expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

Costs of generating funds are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

Charitable activities are costs incurred in the academy trust's educational operations.

Governance costs include the costs attributable to the academy trust's compliance with constitutional and statutory requirements, including audit, strategic management and trustees' meetings and reimbursed expenses.

1.5 Going concern

The trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the academy trust to continue as a going concern. The trustees make this assessment in respect of a period of one year from the date of approval of the financial statements.

1.6 Tangible fixed assets and depreciation

All assets costing more than £2,000 are capitalised.

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. The related grants are credited to a restricted fixed asset fund in the Statement of financial activities and are carried forward in the Balance sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of financial activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the academy trust's depreciation policy.

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.

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

| | |
|---------------------------------|----------|
| Freehold property | 2% |
| Plant and machinery | 15% |
| Motor vehicles | - 25% |
| Fixtures and fittings | - 25% |
| Computer equipment and software | - 33.33% |

1.7 Investments

Investments are stated at market value at the balance sheet date. The Statement of financial activities includes the net gains and losses arising on revaluations and disposals throughout the year.

1.8 Operating leases

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

Notes to the Financial Statements
For the year ended 31 August 2015

1. Accounting Policies (continued)

1.9 Taxation

The academy trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the academy trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

1.10 Pensions

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Government Pension Scheme ("LGPS"). These are defined benefit schemes, are contracted out of the State Earnings-Related Pension Scheme ("SERPS"), and the assets are held separately from those of the academy trust.

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 quinquennial valuations using a prospective benefit method. As stated in note 25, the TPS is a multi-employer scheme and the academy trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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 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 gains and losses on the settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of financial activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

2. Voluntary income

| | Unrestricted funds 2015 £ | Restricted funds 2015 £ | Total funds 2015 £ | Total funds 2014 £ |
|-----------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| Donations | 128,811 | = | 128,811 | 61,518 |

3. Activities for generating funds

| | Unrestricted funds 2015 £ | Restricted funds 2015 £ | Total funds 2015 £ | Total funds 2014 £ |
|-------------------------------------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| Income from facilities and services | 44,014 | = | 44,014 | 39,985 |
| School trips income | 256,020 | = | 256,020 | 262,981 |
| | <u>300,034</u> | <u>=</u> | <u>300,034</u> | <u>302,966</u> |

Chatham & Clarendon Grammar School
(A company limited by guarantee)

Notes to the Financial Statements
For the year ended 31 August 2015

4. Investment income

| | Unrestricted funds 2015 £ | Restricted funds 2015 £ | Total funds 2015 £ | <i>Total funds 2014 £</i> |
|---------------|--|--|---------------------------------------|---------------------------------------|
| Bank interest | 4,177 | - | 4,177 | 1,448 |

5. Funding for Academy's educational operations

| | Unrestricted funds 2015 £ | Restricted funds 2015 £ | Total funds 2015 £ | <i>Total funds 2014 £</i> |
|--------------------------------|--|--|---------------------------------------|---------------------------------------|
| DfE/EFA grants | | | | |
| General Annual Grant (GAG) | - | 6,569,935 | 6,569,935 | 6,874,447 |
| Other DfE/EFA grants | - | 224,834 | 224,834 | 208,641 |
| Capital grants | - | 30,854 | 30,854 | 104,458 |
| | - | 6,825,623 | 6,825,623 | 7,187,546 |
| Other government grants | | | | |
| Other government grants | - | 19,948 | 19,948 | 4,221 |
| | - | 19,948 | 19,948 | 4,221 |
| Other funding | | | | |
| Other grants | - | 16,731 | 16,731 | - |
| | - | 16,731 | 16,731 | - |
| | - | 6,862,302 | 6,862,302 | 7,191,767 |

Chatham & Clarendon Grammar School
(A company limited by guarantee)

Notes to the Financial Statements
For the year ended 31 August 2015

6. Costs of activities for generating funds

| | Unrestricted funds 2015 £ | Restricted funds 2015 £ | Total funds 2015 £ | Total funds 2014 £ |
|--------------------------------|--|--|---------------------------------------|---------------------------------------|
| School trips | 240,288 | - | 240,288 | 273,985 |
| Allocated clerical staff costs | 7,733 | - | 7,733 | 8,151 |
| Allocated occupancy costs | 12,091 | - | 12,091 | 11,462 |
| | <u>260,112</u> | <u>-</u> | <u>260,112</u> | <u>293,598</u> |

7. Resources expended

| | Staff costs 2015 £ | Non Pay Premises 2015 £ | Expenditure Other costs 2015 £ | Total 2015 £ | Total 2014 £ |
|--|-----------------------------------|--|---|-----------------------------|-----------------------------|
| Costs of generating funds | <u>7,733</u> | <u>12,091</u> | <u>240,288</u> | <u>260,112</u> | <u>293,598</u> |
| Academy's educational operations: | | | | | |
| Direct costs | 4,446,510 | 669,710 | 536,198 | 5,652,418 | 5,801,791 |
| Support costs | 862,002 | 523,162 | 476,864 | 1,862,028 | 1,916,174 |
| | <u>5,308,512</u> | <u>1,192,872</u> | <u>1,013,062</u> | <u>7,514,446</u> | <u>7,717,965</u> |
| Governance | <u>19,082</u> | <u>16,781</u> | <u>12,925</u> | <u>48,788</u> | <u>49,457</u> |
| | <u>5,335,327</u> | <u>1,221,744</u> | <u>1,266,275</u> | <u>7,823,346</u> | <u>8,061,020</u> |

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8. Charitable activities - academy's educational operations

| | Total funds 2015 £ | <i>Total funds 2014 £</i> |
|---|---------------------------------------|---------------------------------------|
| Direct costs - educational operations | | |
| Wages and salaries | 3,665,317 | 3,736,083 |
| National insurance | 258,188 | 279,876 |
| Pension cost | 523,005 | 507,690 |
| Depreciation | 750,525 | 807,794 |
| Books, apparatus and stationery, and other educational supplies | 213,987 | 196,868 |
| Examination fees | 177,502 | 176,991 |
| Staff development | 19,674 | 29,286 |
| Educational consultancy | 12,217 | 13,999 |
| Other direct costs | 32,003 | 53,204 |
| | <u>5,652,418</u> | <u>5,801,791</u> |
| Support costs - educational operations | | |
| Wages and salaries | 594,345 | 607,309 |
| National insurance | 40,886 | 40,636 |
| Pension cost | 226,771 | 139,124 |
| Depreciation | 39,501 | 42,515 |
| Recruitment and support | 169,691 | 162,335 |
| Maintenance of premises and equipment | 142,023 | 137,687 |
| Cleaning | 146,534 | 149,970 |
| Rates | 47,827 | 61,633 |
| Heat and light | 131,222 | 131,159 |
| Insurance | 50,976 | 70,325 |
| Security | 4,579 | 2,803 |
| Transport | 9,065 | 17,832 |
| Catering | 33,844 | 49,767 |
| Technology costs | 82,859 | 107,404 |
| Brought in professional services | 67,551 | 114,308 |
| Bank interest and charges | 96 | 124 |
| Other support costs | 74,258 | 81,243 |
| | <u>1,862,028</u> | <u>1,916,174</u> |
| | <u>7,514,446</u> | <u>7,717,965</u> |

9. Governance costs

| | Restricted funds 2015 £ | Total funds 2015 £ | <i>Total funds 2014 £</i> |
|--|--|---------------------------------------|---------------------------------------|
| Auditors' remuneration | 7,875 | 7,875 | 7,860 |
| Auditors' non audit costs | 2,050 | 2,050 | 1,765 |
| Support costs (allocated occupancy costs) | 19,781 | 19,781 | 20,057 |
| Support costs (allocated clerical staff costs) | 19,082 | 19,082 | 19,775 |
| | <u>48,788</u> | <u>48,788</u> | <u>49,457</u> |

Notes to the Financial Statements
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10. Net incoming / (outgoing) resources

This is stated after charging:

| | 2015 £ | 2014 £ |
|--|----------------|----------------|
| Depreciation of tangible fixed assets: | | |
| - owned by the academy trust | 790,026 | 850,309 |
| Auditors' remuneration | 7,875 | 7,860 |
| Auditors' remuneration - non-audit | 2,050 | 1,765 |
| Operating lease rentals: | | |
| - other operating leases | 45,927 | 31,380 |
| | <u>795,878</u> | <u>922,714</u> |

11. Staff

a. Staff costs

Staff costs were as follows:

| | 2015 £ | 2014 £ |
|-----------------------|------------------|------------------|
| Wages and salaries | 4,256,545 | 4,320,954 |
| Social security costs | 299,074 | 320,512 |
| Pension costs | 749,776 | 646,814 |
| | <u>5,305,395</u> | <u>5,288,280</u> |
| Supply teacher costs | 12,515 | 40,358 |
| Restructuring costs | 17,417 | 10,006 |
| | <u>5,335,327</u> | <u>5,338,644</u> |

b. Staff numbers

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

| | 2015 No. | 2014 No. |
|----------------------------|-------------|-------------|
| Teachers | 76 | 82 |
| Administration and support | 43 | 47 |
| Management | 7 | 7 |
| | <u>126</u> | <u>136</u> |

c. Higher paid staff

The number of employees whose emoluments fell within the following bands was:

| | 2015 No. | 2014 No. |
|---------------------------------|-------------|-------------|
| In the band £ 60,001 - £ 70,000 | 1 | 2 |
| In the band £ 70,001 - £ 80,000 | 1 | 0 |
| In the band £ 80,001 - £ 90,000 | 1 | 1 |
| | <u>3</u> | <u>3</u> |

All of the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2015, pension contributions for these staff amounted to £31,590 (2014: £30,522).

Notes to the Financial Statements
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12. Trustees' and officers' insurance

The academy trust has opted into the Department of Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business, and provides cover up to £5,000,000. It is not possible to quantify the trustees and officers indemnity element from the overall cost of the RPA scheme.

13. Trustees' remuneration and expenses

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

| | 2015 | 2014 |
|-------------------------------------|----------------|----------------------|
| | £ | £ |
| Mrs. D. Liddicoat, Headteacher | 95,000-100,000 | 85,000-90,000 |
| Mr. D. Burney (to 31 December 2014) | 15,000-20,000 | 45,000-50,000 |
| Ms. C. Tonkin Jukes | 40,000-45,000 | 40,000-45,000 |
| Mrs. R. Hewett | 20,000-25,000 | 20,000-25,000 |
| Mr. J. Laven | 25,000-30,000 | <i>Not a trustee</i> |

During the year, no trustees received any benefits in kind (2014 - £NIL).

During the year, one trustee received a reimbursement of travel expenses of £14 (2014 - £102).

14. Members' liability

Each member of the academy trust undertakes to contribute to the assets of the trust 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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15. Tangible fixed assets

| | Freehold land and buildings £ | Fixtures, fittings, plant and machinery £ | Computer equipment and software £ | Total £ |
|-----------------------|-------------------------------------|--|--|-------------------|
| Cost | | | | |
| At 1 September 2014 | 33,478,303 | 428,687 | 538,020 | 34,445,010 |
| Additions | 32,477 | 77,525 | 85,998 | 196,000 |
| At 31 August 2015 | <u>33,510,780</u> | <u>506,212</u> | <u>624,018</u> | <u>34,641,010</u> |
| Depreciation | | | | |
| At 1 September 2014 | 2,441,620 | 207,303 | 494,006 | 3,142,929 |
| Charge for the year | 669,710 | 80,945 | 39,371 | 790,026 |
| At 31 August 2015 | <u>3,111,330</u> | <u>288,248</u> | <u>533,377</u> | <u>3,932,955</u> |
| Net book value | | | | |
| At 31 August 2015 | <u>30,399,450</u> | <u>217,964</u> | <u>90,641</u> | <u>30,708,055</u> |
| At 31 August 2014 | <u>31,036,683</u> | <u>221,384</u> | <u>44,014</u> | <u>31,302,081</u> |

16. Fixed asset investments

| | Listed securities £ |
|--|------------------------|
| Market value | |
| At 1 September 2014 | - |
| Additions | 21,596 |
| At 31 August 2015 | <u>21,596</u> |
| Investments at market value comprise: | |
| | 2015 |
| | £ |
| Listed investments (managed funds) | <u>21,596</u> |

All the fixed asset investments are held in the UK

17. Debtors

| | 2015 £ | 2014 £ |
|--------------------------------|----------------|----------------|
| Recoverable VAT | 50,147 | 79,895 |
| Other debtors | 7,993 | 17,300 |
| Prepayments and accrued income | 137,695 | 79,909 |
| | <u>195,835</u> | <u>177,104</u> |

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18. Creditors:
Amounts falling due within one year

| | 2015 | 2014 |
|--------------------------------------|----------------|----------------|
| | £ | £ |
| Other loans | 13,835 | 13,835 |
| Trade creditors | 36,614 | 13,155 |
| Other taxation and social security | 92,484 | 96,651 |
| Other creditors | 18,813 | 21,665 |
| Accruals and deferred income | 166,590 | 129,520 |
| | <u>328,336</u> | <u>274,826</u> |
| | | £ |
| Deferred income | | |
| Deferred income at 1 September 2014 | | 86,521 |
| Resources deferred during the year | | 76,937 |
| Amounts released from previous years | | (86,521) |
| Deferred income at 31 August 2015 | | <u>76,937</u> |

Deferred income included above relates to income collected from pupils in advance of trips taking place during the 2015-16 academic year.

19. Creditors:
Amounts falling due after more than one year

| | 2015 | 2014 |
|-------------|---------------|---------------|
| | £ | £ |
| Other loans | <u>34,586</u> | <u>48,421</u> |

The other loan balance in creditors (both due within one year and falling due after more than one year) relates entirely to an interest free Salix funding loan for energy efficiency improvements.

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20. Statement of funds

| | Brought Forward £ | Incoming resources £ | Resources Expended £ | Transfers in/out £ | Gains/ (Losses) £ | Carried Forward £ |
|--|-----------------------------|--------------------------------|--------------------------------|------------------------------|-----------------------------|-----------------------------|
| Designated funds | | | | | | |
| Equipment fund | | 49,970 | - | - | - | 49,970 |
| General funds | | | | | | |
| Unrestricted general fund | 357,191 | 383,052 | (309,830) | - | - | 430,413 |
| Total Unrestricted funds | 357,191 | 433,022 | (309,830) | - | - | 480,383 |
| Restricted funds | | | | | | |
| General Annual Grant | 585,341 | 6,569,935 | (6,402,574) | (101,444) | - | 651,258 |
| Other DfE/EFA revenue grants | 43,819 | 224,834 | (187,474) | (32,570) | - | 48,609 |
| Other government grants | 3,432 | 19,948 | (4,935) | (16,908) | - | 1,537 |
| Other restricted grant | - | 16,731 | (2,507) | (14,224) | - | - |
| Pension reserve | (1,496,000) | - | (126,000) | - | 16,000 | (1,606,000) |
| | (863,408) | 6,831,448 | (6,723,490) | (165,146) | 16,000 | (904,596) |
| Restricted fixed asset funds | | | | | | |
| DfE/EFA capital grants | 201,281 | 30,854 | (66,899) | - | - | 165,236 |
| Donated asset fund | 30,937,430 | - | (668,392) | - | - | 30,269,038 |
| Capital expenditure from revenue funds | 163,370 | - | (54,735) | 165,146 | - | 273,781 |
| | 31,302,081 | 30,854 | (790,026) | 165,146 | - | 30,708,055 |
| Total restricted funds | 30,438,673 | 6,862,302 | (7,513,516) | - | 16,000 | 29,803,459 |
| Total of funds | 30,795,864 | 7,295,324 | (7,823,346) | - | 16,000 | 30,283,842 |

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

(i) General Annual Grants ("GAG") must be used for the normal running costs of the School. The gross transfer of £101,444 out of the GAG fund comprises £141,112 of capital expenditure transferred the restricted fixed asset fund, £22,760 of expenditure reallocated to the other DfE/EFA grants fund and £16,908 of expenditure reallocated to the other government grants fund.

(ii) The other DfE/EFA grants fund is used to track grants provided by the DfE and related bodies, and includes, Pupil Premium, and 16-19 Bursary. The pupil grants have been used to enhance the learning of disadvantaged pupils by subsidising school trips, purchasing uniform, and providing staffing for learning support at GCSE.

(iii) The other government grants fund is used to track grants provided by government departments other than the DfE/EFA and includes grants received from Kent County Council such as Music Support Grant.

iv) The other restricted grant fund has been used to track a grant provided by the Wolfson Foundation to update the school library.

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20. Statement of funds (continued)

(v) The pension reserves relates to the School's share of the deficit of the Local Government Pension Schemes overseen by its Local Authority.

(vi) The restricted fixed asset funds are carried forward to meet the specific costs of fixed asset projects and to cover the depreciation charges that will be required on these projects going forward and the current fixed assets held. The gross transfer from the other funds to the restricted fixed asset fund of £165,146 in total represent the total capital expenditure incurred out of restricted revenue funds (other EFA and GAG) during the year.

(vii) The designated equipment fund is an unrestricted fund earmarked by the trustees for a specific purpose. A donation was received from a former pupil of the school, and, although there is no formal restriction on their use, these funds have been designated for expenditure on new cricket nets, minibuses and science equipment.

Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2015.

21. Analysis of net assets between funds

| | Unrestricted funds 2015 £ | Restricted funds 2015 £ | Restricted fixed asset funds 2015 £ | Total funds 2015 £ | Total funds 2014 £ |
|--|------------------------------------|----------------------------------|---|-----------------------------|-----------------------------|
| Tangible fixed assets | - | - | 30,708,055 | 30,708,055 | 31,302,081 |
| Fixed asset investments | 21,596 | - | - | 21,596 | - |
| Current assets | 458,787 | 1,064,326 | - | 1,523,113 | 1,313,030 |
| Creditors due within one year | - | (328,336) | - | (328,336) | (274,826) |
| Creditors due in more than one year | - | (34,586) | - | (34,586) | (48,421) |
| Provisions for liabilities and charges | - | (1,606,000) | - | (1,606,000) | (1,496,000) |
| | <u>480,383</u> | <u>(904,596)</u> | <u>30,708,055</u> | <u>30,283,842</u> | <u>30,795,864</u> |

22. Net cash flow from operations

| | 2015 £ | 2014 £ |
|---|----------------|----------------|
| Net incoming resources before revaluations | (528,022) | (503,321) |
| Returns on investments and servicing of finance | (4,177) | (1,448) |
| Depreciation of tangible fixed assets | 790,026 | 850,309 |
| Increase in debtors | (18,731) | (4,774) |
| Increase/(decrease) in creditors | 53,512 | (229,669) |
| Inherited investments | (21,596) | - |
| FRS17 loss on curtailments | - | 7,000 |
| FRS 17 pension cost less contributions payable | 103,000 | 10,000 |
| FRS 17 pension finance cost | 23,000 | 32,000 |
| Net cash inflow from operations | <u>397,012</u> | <u>160,097</u> |

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23. Analysis of cash flows for headings netted in cash flow statement

| | | |
|--|------------------|------------------|
| | 2015 | 2014 |
| | £ | £ |
| Returns on investments and servicing of finance | | |
| Interest received | 4,177 | 1,448 |
| | <u>4,177</u> | <u>1,448</u> |
| | 2015 | 2014 |
| | £ | £ |
| Capital expenditure and financial investment | | |
| Purchase of tangible fixed assets | (196,002) | (156,170) |
| | <u>(196,002)</u> | <u>(156,170)</u> |
| | 2015 | 2014 |
| | £ | £ |
| Financing | | |
| Repayment of loans | (13,835) | (6,917) |
| | <u>(13,835)</u> | <u>(6,917)</u> |

24. Analysis of changes in net funds

| | 1 September | Cash flow | Other | 31 August |
|--|--------------------|------------------|-----------------|------------------|
| | 2014 | | non-cash | 2015 |
| | £ | £ | changes | £ |
| Cash at bank and in hand: | 1,135,926 | 191,352 | - | 1,327,278 |
| Debt: | | | | |
| Debts due within one year | (13,835) | - | - | (13,835) |
| Debts falling due after more than one year | (48,421) | - | 13,835 | (34,586) |
| Net funds | <u>1,073,670</u> | <u>191,352</u> | <u>13,835</u> | <u>1,278,857</u> |

25. Pension commitments

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

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.

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25. Pension commitments (continued)

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

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

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

During the year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4% from September 2015, which will be payable during the implementation period until the next valuation as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The pension costs paid to TPS in the period amounted to £438k (2014: £406k).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The academy trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy trust has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2015 was £243,000 (2014: £224,000), of which employer's contributions totalled £186,000 (2014: £192,000) and employees' contributions totalled £57,000 (2014: £52,000). The agreed contribution rates for future years are 23.1% for employers and 5.5 and 7.5% 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.

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25. Pension commitments (continued)

The academy trust's share of the assets and liabilities in the scheme and the expected rates of return were:

| | Expected return at 31 August 2015 % | Fair value at 31 August 2015 £ | <i>Expected return at 31 August 2014 %</i> | <i>Fair value at 31 August 2014 £</i> |
|-------------------------------------|--|---|--|---|
| Equities | 6.70 | 1,321,000 | 6.70 | 1,175,000 |
| Bonds | 3.60 | 213,000 | 3.60 | 203,000 |
| Property | 5.90 | 262,000 | 5.90 | 175,000 |
| Gilts | 3.00 | 19,000 | 3.00 | 21,000 |
| Cash | 2.90 | 51,000 | 2.90 | 73,000 |
| Target return portfolio | 5.90 | 84,000 | 5.90 | 74,000 |
| Total market value of assets | | <u>1,950,000</u> | | <u>1,721,000</u> |
| Present value of scheme liabilities | | (3,556,000) | | (3,217,000) |
| Deficit in the scheme | | <u><u>(1,606,000)</u></u> | | <u><u>(1,496,000)</u></u> |

The amounts recognised in the Balance sheet are as follows:

| | 2015 £ | <i>2014 £</i> |
|-------------------------------------|---------------------------|---------------------------|
| Present value of funded obligations | (3,556,000) | (3,217,000) |
| Fair value of scheme assets | <u>1,950,000</u> | <u>1,721,000</u> |
| Net liability | <u><u>(1,606,000)</u></u> | <u><u>(1,496,000)</u></u> |

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

| | 2015 £ | <i>2014 £</i> |
|---------------------------------------|-------------------------|-------------------------|
| Current service cost | (289,000) | (202,000) |
| Interest on obligation | (131,000) | (101,000) |
| Expected return on scheme assets | 108,000 | 69,000 |
| Gains on curtailments and settlements | - | (7,000) |
| Total | <u><u>(312,000)</u></u> | <u><u>(241,000)</u></u> |
| Actual return on scheme assets | <u><u>43,000</u></u> | <u><u>123,000</u></u> |

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25. Pension commitments (continued)

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

| | 2015 £ | 2014 £ |
|--------------------------------------|------------------|------------------|
| Opening defined benefit obligation | 3,217,000 | 2,035,000 |
| Current service cost | 289,000 | 202,000 |
| Interest cost | 131,000 | 101,000 |
| Contributions by scheme participants | 57,000 | 52,000 |
| Actuarial (Gains)/losses | (81,000) | 845,000 |
| Losses on curtailments | - | 7,000 |
| Benefits paid | (57,000) | (25,000) |
| | <u>3,556,000</u> | <u>3,217,000</u> |

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

| | 2015 £ | 2014 £ |
|-------------------------------------|------------------|------------------|
| Opening fair value of scheme assets | 1,721,000 | 1,074,000 |
| Expected return on assets | 108,000 | 69,000 |
| Actuarial gains and (losses) | (65,000) | 359,000 |
| Contributions by employer | 186,000 | 192,000 |
| Contributions by employees | 57,000 | 52,000 |
| Benefits paid | (57,000) | (25,000) |
| | <u>1,950,000</u> | <u>1,721,000</u> |

The cumulative amount of actuarial gains and losses recognised in the Statement of total recognised gains and losses was £647,000 - loss (2014 - £663,000 - loss).

The academy trust expects to contribute £188,000 to its Defined benefit pension scheme in 2016.

Principal actuarial assumptions at the Balance sheet date (expressed as weighted averages):

| | 2015 | 2014 |
|--|--------|--------|
| Discount rate for scheme liabilities | 4.00 % | 3.90 % |
| Rate of increase in salaries | 4.50 % | 4.50 % |
| Rate of increase for pensions in payment / inflation | 2.70 % | 2.70 % |
| Inflation assumption (CPI) | 2.70 % | 2.70 % |

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

| | 2015 | 2014 |
|----------------------|------|------|
| Retiring today | | |
| Males | 22.8 | 22.7 |
| Females | 25.2 | 25.1 |
| Retiring in 20 years | | |
| Males | 25.1 | 24.9 |
| Females | 27.6 | 27.4 |

Both the discount rate applied on the defined benefit obligation and the mortality assumption are subject to a degree of subjectivity, and the following sensitivity analysis (shown on a combined basis to include both schools) indicates the impact of a small change in either the discount rate of mortality assumptions:

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25. Pension commitments (continued)

| | £ | £ | £ |
|--|-----------|-----------|-----------|
| Adjustment to discount rate: | +0.1% | 0.0% | -0.1% |
| - Present value of total obligation | 3,479,000 | 3,556,000 | 3,635,000 |
| - Projected service cost | 281,000 | 287,000 | 293,000 |
| Adjustment to mortality age rating assumption: | + 1 year | None | - 1 year |
| - Present value of total obligation | 3,653,000 | 3,556,000 | 3,461,000 |
| - Projected service cost | 294,000 | 287,000 | 280,000 |

Amounts for the current and previous four periods are as follows:

Defined benefit pension schemes

| | 2015 £ | 2014 £ | 2013 £ | 2012 £ | 2011 £ |
|--|-------------|-------------|-------------|-------------|-------------|
| Defined benefit obligation | (3,556,000) | (3,217,000) | (2,035,000) | (1,691,000) | (1,223,000) |
| Scheme assets | 1,950,000 | 1,721,000 | 1,074,000 | 760,000 | 533,000 |
| Deficit | (1,606,000) | (1,496,000) | (961,000) | (931,000) | (690,000) |
| Experience adjustments on scheme liabilities | - | (576,000) | - | - | - |
| Experience adjustments on scheme assets | (65,000) | 359,000 | 86,000 | 31,000 | (16,000) |

26. Operating lease commitments

At 31 August 2015 the academy trust had annual commitments under non-cancellable operating leases as follows:

| | 2015 £ | 2014 £ |
|-------------------------|-----------|-----------|
| Expiry date: | | |
| Within 1 year | 12,745 | 15,900 |
| Between 2 and 5 years | 23,615 | 18,824 |
| After more than 5 years | 4,290 | - |

27. Related party transactions

Owing to the nature of the academy trust's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which a trustee has an interest. However, no transactions were undertaken with the trustees, or any businesses in which the trustees have business interests, during the year.

28. Ultimate controlling party

The School is run by the management team on a day to day basis. Strategic decisions are made by the trustees. There is no ultimate controlling party.