

Company Registration Number: 07455452 (United Kingdom)

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

Annual Report and Financial Statements

For the Year Ended 31 August 2018

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

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Reference and Administrative Details of the Academy trust, its trustees and Advisers
For the Year Ended 31 August 2018

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 & Resources ¹ Mr. D.D. Harris, Responsible Officer ² Mr J. Gillin, Staff Trustee (resigned 3 June 2018) ¹ Mr. D. Gullick ¹ Mr. W. Hammond Mrs. R. Hewett, Staff Trustee Mr M Hutchings Mrs. J. King ² Mrs. D. Liddicoat, Headteacher ¹ Ms. C. Togher (resigned 23 January 2018) ¹ Ms. C. Tonkin Jukes, Staff Trustee Ms. R. Travers Mr. J. Waker ¹
	¹ members of the Finance and Resources Committee ² members of the Audit Committee
Company registered number	07455452
Company name	Chatham & Clarendon Grammar School
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 (retired 31 August 2018) 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 Chartered Accountants, Registered Auditors Thames House, Roman Square Sittingbourne, Kent ME10 4BJ
Bankers	Lloyds Bank plc 3 Queen Street Ramsgate Kent. CT11 7PS
Solicitors	Furley Page LLP 39 St Margaret's Street Canterbury Kent. CT1 2TX

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Trustees' Report
For the Year Ended 31 August 2018

The trustees present their annual report and auditors' report of the School for the year ended 31 August 2018.

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 9 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 2018 and served throughout the year, except where shown, are listed on page one.

At the end of August 2018, there were three Co-opted Governor vacancies and one staff Governor vacancy on the Board.

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 undertaken informally and is tailored specifically to the individual.

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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 – twice and Pay - twice) during the 2017/2018 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. Mr Moody, the Head of the 6th Form, retired on August 31st 2018 and was replaced by Mr Lewis.

Arrangements for setting pay and remuneration of key management personnel

The key management personnel of the School comprise the trustees and senior leadership team as disclosed on page 1.

The remuneration policy, setting the terms and conditions for the key management personnel, was developed and approved by the board of trustees, after taking advice from the Headteacher and following guidance from the relevant professional pay review bodies. Naturally the Headteacher was not involved in setting their own remuneration.

Only staff trustees, including the Headteacher, are remunerated and these individuals only receive remuneration in respect of their roles within school (as per their contracts of employment), and not in respect of their role as trustees. Specific disclosures concerning staff trustees' remuneration is included in note 11.

The day to day management of the remuneration policy is delegated to the Headteacher and monitored by the finance and resources committee. All details for setting pay and remuneration of key management personnel are set out in the pay policy and appraisal policy which are reviewed annually by the board of trustees.

Remuneration of key management personnel is set at an individual level, and where possible the trustees have taken external professional advice which includes benchmarking, market trends and advice on structuring of incentives. Senior management salaries are linked to pay spines, helping trustees conclude that each individual is remunerated at an appropriate level. As such salaries are linked to factors such as length of service and experience. Total remuneration packages include employer pension contribution at specific approved rates.

The board always bear in mind the charitable status of the School and in recognition of the fact the School receives funding under a funding agreement with the Secretary of State for Education. It ensures the remuneration paid to senior management personnel never exceeds a reasonable amount and that it provides value for money to the trust. The performance of senior management personnel is reviewed on a regular basis to ensure continuing value for money.

Total remuneration paid to senior management personnel is set out in note 10.

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, buildings 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;
- lack of financial reserves for 2018/19
- 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;

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- major injury or a Health & Safety issue or environmental incident; and
- changes to Pension policy or funding for the TPS and LGPS.

Trade union facility time

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

Trustees should refer to Statutory Instrument 2017 No. 328, The Trade Union (Facility Time Publication Requirements Regulations 2017 for calculation details.

The information to be published consists of four tables covering:

Relevant union officials

<u>Number of employees who were relevant union officials during the year</u>	<u>Full time equivalent employee number</u>
0	0

Percentage of time spent on facility time

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

Percentage of pay bill spent on facility time

Total cost of facility time	0
Total pay bill	0
Percentage of the total pay bill spent on facility time	0

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	0
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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 partnership with five 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.

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Objectives, strategies and activities

The main objectives of the School during the year ended 31 August 2018 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.

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, mathematics, 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; and
- 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 Astro turf at Chatham House;
- Use of the halls by local community groups;
- Inviting primary school pupils to special events such as 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;
- 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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STRATEGIC REPORT

Achievements and performance

Total students in the year ended 31st August 2018 numbered 941 pre 16 and 530 16-19 (1,471 in total).

On May 16th 2018 the school had its second OFSTED Inspection since it was amalgamated. The outcome of the inspection, which was graded overall as GOOD, is quoted from their report:

- 1) 'This school continues to be good'.
- 2) 'The leadership team has maintained a good quality of education in the school since the last inspection. Your determination to provide high-quality care and to foster the school's values of community, creativity, growth and success has created a caring and welcoming school where pupils and students share leaders' high aspirations.'
- 3) 'Determined actions, such as providing training for teachers on improving questioning and on teaching new examination courses, have led to improvements in the outcomes of current pupils, particularly boys.'
- 4) 'You have made sure that your plans for school improvement focus on improving pupils' progress, and governors have monitored these plans'.
- 5) 'Pupils and sixth-form students are very positive about their committed teachers. Pupils and students value their teachers' expertise and subject knowledge. They explained that their teachers 'go the extra mile' in supporting them.'
- 6) 'Pupils and students feel motivated in their learning, being inspired by the wide range of options open to them in the next stage of their education. Many students are successful at gaining places at university, and for several successful applicants they are the first member of their family to attend higher education.'
- 7) 'The vast majority of parents support you and your staff. They recognise that the school provides a safe and caring environment. One parent, who responded to Ofsted's online questionnaire wrote, 'I have been extremely impressed by the pastoral care at this school.'
- 8) 'Your pupils benefit from excellent relationships with staff. These are built upon mutual respect and a strong work ethic.'
- 9) 'Pupils behave extremely well.'
- 10) 'Safeguarding is effective.'

Examination results for 2017/18 were again outstanding.

This year saw 95.4% of our students achieving 5+ A*-C (grade 9 to grade 4) including Maths and English (95.2% for the previous year). 38% of all grades were A* or A (34% last year).

At 'A' level the overall pass rate was 97.4% and 43% of these were the higher grades A*-B (99.1% and 57% respectively last year). The Average point score per entry was 31.89 equivalent to a C+. 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 our students' progress to higher education attending some of the top universities in the country and Europe.

Most students in Year 10 were able to participate in a week's 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. It offers a broad and balanced 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. The school also offers students the opportunity to train as teachers of EFL and to learn sign language in order to be able to communicate with the deaf and hard of hearing.

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Going concern

After making appropriate enquiries and despite the lack of reserves, the board of trustees has a reasonable expectation that the School has adequate resources to continue in operational existence for the foreseeable future. The board of trustees and staff are committed to save further costs and increase funds through fund raising activities in order to boost revenue reserves for the 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 at Note 1.5 within the statement of accounts.

Key financial performance indicators

Student numbers at Year 7 have increased year on year (by 17% in 2017/18) over the last three years and it is hoped that we will continue to recruit 200 students into year 7 in future years. The school will continue to maintain its provision for students, thereby potentially increasing education funding through growth.

Staff costs to income at the end of the period was a ratio of 83.1%, compared to 86.5% in 2017. This figure has decreased due to the change in the levels of income and staff costs remaining relatively static.

Financial review

Most of the School's recurrent income is obtained from the Education and Skills Funding Agency ("ESFA") in the form of grants, the use of which is restricted to particular purposes. The grants received from ESFA during the year ended 31 August 2018 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities ("SoFA").

During the year ended 31 August 2018 the trust received total income of £6.66m, a reduction on the £7.09m in the previous year. The prior year income was considerably higher because of additional capital grants of over £800k compared to just £30k in 2017/18.

There has been an increase in operating revenue income during 2017/18; this has risen from £6.22m to £6.63m, largely as a result of a 3.5% increase in core General Annual Grant (GAG) funding. With total expenditure of £8.1m the SoFA shows net expenditure for the year of £1.4m. After an actuarial gain of £693k on the Local Government Pension Scheme (LGPS) the net movement in funds for the year was a reduction of £743k (2017: £300k).

The net expenditure and reduction in funds figures are heavily influenced by non-cash charges such as pension charges and depreciation which do not affect the day-to-day operation of the School, and the table below gives a clearer picture of the movement in funds during the year:

	2017/18	2016/17
	£000s	£000s
Operating revenue funds	(335)	(672)
LGPS	417	301
Capital fixed asset funds	(825)	71
Overall in-year movement in funds	(743)	(300)

The in-year deficit of £335k on operating revenue funds is therefore a significant improvement on the larger deficit experienced in 2016/17. It has nevertheless been another difficult year for the trust financially. Our forecasted financial plan for 2018/19 will see a greatly improved budget and despite the financial pressures within the education sector, a return to in-year surplus' from 2018/19 onwards.

At 31 August 2018, the net book value of fixed assets was £30.7m and movements in tangible fixed assets are shown in note 12 to the financial statements. During the year the assets were used exclusively for providing education and the associated support services to the pupils of the academy.

Financial position

The academy had fund balances at 31 August 2018 of £28.3m comprising £30.7m of restricted fixed asset funds, the pension deficit of £2.33m and a deficit of £96k on revenue funds.

The deficit on the Local Government Pension Scheme reserve does not mean that an immediate liability crystallises. The substantial increase in the year has been explained in the financial review above, and this deficit does not mean that an immediate liability crystallises. The accounting deficit has no direct effect on the employer contribution rate paid by the school, which is determined using longer-term funding assumptions.

As explained in note 17 to the financial statements cost savings have been identified and a surplus is predicted for 2018/19 which will return the trust to a positive reserve position by 31 August 2019.

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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 £500,000. The reason for this is to provide sufficient working revenue to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. It is the School's aim to increase and maintain reserves up to this level within the next four years.

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 risk arising from the trust's financial activities is 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).

Principal risks and uncertainties

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

Fund raising

In accordance with the provisions of the Charities (Protection and Social Investment) Act 2016, the school is required to report upon its Fund Raising Activities during the year.

Trustees approved a Fund Raising Strategy in 2015 and identified an action plan with an objective to raise £50,000 per annum. Many of the initiatives identified within the plan were suggested by students and for students to carry out.

Key activities this year included a Sponsored walk by students and staff raising £14,000; parental contributions raising £22,400 and individual fund raising activities held by the students for chosen House charities (e.g. Great Ormond Street and Children in Need to name two) which raised in total £9,700.

The school regularly provides information about fund raising through its termly newsletters and on the website.

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. 58% of entries at GCSE to be grade 7, 8 or 9 with 25% being at grades 8 or 9. For A level results - 25% of entries to be A* or A grade and 55% A* to B grade. Academic Standards: Improve student outcomes and increase the proportion of students' who progress to higher education.
- Teaching & Learning. All teaching staff to have at least one lesson observation per year and at least one follow up activity to support their professional development.
- 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: Consolidate new schemes of work in KS3, KS4 and KS5. Consolidate new assessment procedures in KS3, KS4. Embed creativity opportunities; maintain the rollout of EPQ for all at KS5.
- Business focus: maximising the marketing of the school and pupil success and extracurricular activities through media platforms; maintaining 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 academics/other partner schools for economies of scale, benchmarked Value for Money purchases of goods & services; improving the management of financial processes within school;

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PLANS FOR FUTURE PERIODS - cont

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 main school sites, 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 CIF 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 learning environment for students and staff to work in with specific reference to the heating of classrooms (installation of new heating systems and controls).

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 11 December 2018 and signed on the board's behalf by:



Mr. R.A. Bath,
Chair of Trustees



Mrs. D. Liddicoat
Accounting Officer

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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:

<u>Trustee</u>	<u>Meetings attended</u>	<u>Out of a possible</u>
Mr. R.A. Bath, Chair of Trustees	5	6
Mr. S. Wren, Chair of Finance & Resources	4	6
Mr. D.D. Harris, Responsible Officer	5	6
Mr. J. Gillin, Staff Trustee	5	5
Mr. D. Gullick	3	6
Mr. W. Hammond	4	6
Mrs. R. Hewett, Staff Trustee	6	6
Mr. M. Hutchings	4	6
Mrs. J. King	6	6
Mrs. D. Liddicoat, Headteacher	6	6
Ms. C. Togher	1	2
Ms. C. Tonkin Jukes, Staff Trustee	5	6
Ms. R. Travers	5	6
Mr. J. Waker	6	6

There have been two changes on the Governing Body: Ms Carmel Togher a Co-opted Trustee, left in January – and Mr Joe Gillin, a staff Governor left in June to take up a new post – their positions remain unfilled. There are three vacancies for co-opted trustees and one staff governor vacancy as at the end of 2017/18.

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.

Attendance at meetings in the year was as follows:

<u>Trustee</u>	<u>Meetings attended</u>	<u>Out of a possible</u>
Mrs. D. Liddicoat, Headteacher	5	6
Mr. S. Wren, Chair of Finance & Resources	6	6
Mr. D. Gullick	6	6
Mr. J. Gillin, Staff Trustee	5	5
Ms. C. Togher	1	3
Mr. J. Waker	6	6

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Governance Statement

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
Mrs. J. King	2	2
Mr. D.D. Harris	2	2
Mrs. R. Hewett	2	2

Review of Value for money

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

The Accounting Officer for the School has delivered improved value for money during the year by:

- Taking in house the provision 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 budget; and
- Taken the Catering provision in house creating a potential saving of £18,000 per annum

The savings from the points 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 School 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 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of trustees has reviewed the key risks to which the School 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 School's significant risks, which has been in place for the year 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

The Risk and Control Framework

The School'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.

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

Governance Statement

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 School'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.

The School confirms that the Responsible Officer function has been fully delivered in line with the ESFA's requirements. The appointee has delivered their schedule of work as planned during the year and no significant issues have arisen. Remedial action has been taken to deal with any minor points and recommendations.

In accordance with the new GDPR requirements which came into force in May 2018, the school has appointed J Dawes as its Data Protection Officer.

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 School 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.

Approved by order of the members of the board of trustees on 11 December 2018 and signed on their 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 & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

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

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

However, given the difficult financial position that the trust has found itself in following a further significant in-year revenue deficit, and the resulting cumulative revenue deficit, it clear that improvements are required to the trust's financial management processes in order to make immediate changes to firstly improve the financial position, and secondly to ensure that the trust does not find itself in a cumulative deficit position again in the future. Since the year end, changes have been made to the academy trust's processes to make the financial reporting more robust. Budgets have been reviewed in detail and costs have been reduced in order that the academy trust can revert to a positive reserve position by the end of the 2018/19 financial year.



Mrs. D. Liddicoat
Accounting Officer

Date: 11 December 2018

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

Statement of Trustees' Responsibilities
For the Year Ended 31 August 2018

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 & Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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 ESFA/DfE have been applied for the purposes intended.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the 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 and signed on its behalf by:



Mr. R.A. Bath
Chair of Trustees

Date: 11 December 2018

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

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

Opinion

We have audited the financial statements of Chatham & Clarendon Grammar School (the 'academy trust') for the year ended 31 August 2018 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the academy trust's affairs as at 31 August 2018 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

Basis for opinion

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

Material uncertainty related to going concern

We draw attention to note 1.5 in the financial statements, which indicates the reasons why the trustees feel that the academy trust remains a going concern despite the deficit on revenue funds at 31 August 2018. This assessment is dependent on the accuracy of the predicted surplus for 2018/19 and so at the date of this report there is significant doubt over the academy trust's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

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, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the academy trust's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the academy trust's members, 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 opinions we have formed.



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: 14 December 2018

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

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

In accordance with the terms of our engagement letter dated 25 September 2014 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Chatham & Clarendon Grammar School during the year 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Chatham & Clarendon Grammar School and the ESFA 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 the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Chatham & Clarendon Grammar School and the ESFA, 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 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

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

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

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

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 2018 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 & Skills Funding Agency (continued)

Conclusion

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

Given the disclosures in the trustees' report and accounting policies, and our own audit report which draws attention to the material uncertainty over the trust's ability to continue as a going concern, we draw attention here in our regularity assurance report to the Accounting Officer's statement on regularity and propriety in which she recognises the need to make immediate improvements to the trust's financial management processes.



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

Date: 14 December 2018

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

Statement of Financial Activities Incorporating Income and Expenditure Account
For the Year Ended 31 August 2018

	Note	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
Income from:						
Donations and capital grants	2	113,142	-	30,072	143,214	874,460
Charitable activities	3	358,076	6,134,445	-	6,492,521	6,169,773
Other trading activities	4	24,965	-	-	24,965	38,748
Investments	5	1,294	-	-	1,294	8,200
Total income		497,477	6,134,445	30,072	6,661,994	7,091,181
Expenditure on:						
Charitable activities		374,419	6,867,436	856,360	8,098,215	7,987,443
Total expenditure	6	374,419	6,867,436	856,360	8,098,215	7,987,443
Net income / (expenditure) before investment gains		123,058	(732,991)	(826,288)	(1,436,221)	(896,262)
Net gains on investments	13	413	-	-	413	2,846
Net income / (expenditure) before transfers		123,471	(732,991)	(826,288)	(1,435,808)	(893,416)
Transfers between Funds	17	(356,465)	355,564	901	-	-
Net expenditure before other recognised gains and losses		(232,994)	(377,427)	(825,387)	(1,435,808)	(893,416)
Actuarial gains on defined benefit pension schemes	21	-	693,000	-	693,000	593,000
Net movement in funds		(232,994)	315,573	(825,387)	(742,808)	(300,416)
Reconciliation of funds:						
Total funds brought forward		232,994	(2,745,443)	31,551,836	29,039,387	29,339,803
Total funds carried forward		-	(2,429,870)	30,726,449	28,296,579	29,039,387

The notes on pages 22 to 42 form part of these financial statements.

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

Balance Sheet
As at 31 August 2018

	Note	£	2018 £	£	2017 £
Fixed assets					
Tangible assets	12		30,726,449		31,551,836
Investments	13		25,202		24,789
			<u>30,751,651</u>		<u>31,576,625</u>
Current assets					
Debtors	14	198,251		229,007	
Cash at bank and in hand		47,480		445,303	
		<u>245,731</u>		<u>674,310</u>	
Creditors: amounts falling due within one year	15	<u>(366,803)</u>		<u>(413,244)</u>	
Net current (liabilities)/assets			<u>(121,072)</u>		<u>261,066</u>
Total assets less current liabilities			<u>30,630,579</u>		<u>31,837,691</u>
Creditors: amounts falling due after more than one year	16		-		<u>(47,304)</u>
Net assets excluding pension scheme liabilities			<u>30,630,579</u>		<u>31,790,387</u>
Defined benefit pension scheme liability	21		<u>(2,334,000)</u>		<u>(2,751,000)</u>
Net assets including pension scheme liabilities			<u><u>28,296,579</u></u>		<u><u>29,039,387</u></u>
Funds of the academy					
Restricted income funds:					
Restricted income funds	17	(95,870)		5,557	
Restricted fixed asset funds	17	30,726,449		31,551,836	
		<u>30,630,579</u>		<u>31,557,393</u>	
Restricted income funds excluding pension liability				<u>(2,751,000)</u>	
Pension reserve		<u>(2,334,000)</u>			
Total restricted income funds			<u>28,296,579</u>		<u>28,806,393</u>
Unrestricted income funds	17		-		<u>232,994</u>
Total funds			<u><u>28,296,579</u></u>		<u><u>29,039,387</u></u>

The financial statements on pages 19 to 42 were approved by the trustees, and authorised for issue, on 11 December 2018 and are signed on their behalf, by:



Mr. R.A. Bath
Chair of Trustees

The notes on pages 22 to 42 form part of these financial statements.

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

Statement of Cash Flows
For the Year Ended 31 August 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Net cash used in operating activities	19	(391,711)	(554,095)
Cash flows from investing activities:			
Dividends, interest and rents from investments		1,707	8,200
Purchase of tangible fixed assets		(30,973)	(1,274,681)
Capital grants from DfE Group		30,072	798,856
Net cash provided by/(used in) investing activities		806	(467,625)
Cash flows from financing activities:			
Repayments of borrowings		(6,918)	(13,889)
Net cash used in financing activities		(6,918)	(13,889)
Change in cash and cash equivalents in the year			
Cash and cash equivalents brought forward		445,303	1,480,912
Cash and cash equivalents carried forward	20	47,480	445,303

The notes on pages 22 to 42 form part of these financial statements.

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

Notes to the Financial Statements
For the Year Ended 31 August 2018

1. Accounting Policies

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

1.1 Basis of preparation of financial statements

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Chatham & Clarendon Grammar School constitutes a public benefit entity as defined by FRS 102.

1.2 Fund accounting

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

Designated funds comprise unrestricted funds that have been set aside by the trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

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

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder/donor and include grants from the Department for Education Group.

1.3 Income

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

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

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

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

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

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

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

Notes to the Financial Statements
For the Year Ended 31 August 2018

1. Accounting Policies (continued)

1.4 Expenditure

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

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

1.5 Going concern

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

The academy trust experienced a significant deficit during the year ended 31 August 2018. The result of this is that the academy trust's free reserves are now showing a deficit position. However, according to the budgets prepared for the next three years the academy trust will make a surplus in each of the three years which will bring funds back to a positive position but still below the academy trust's reserves policy. The budgets prepared have been prepared on the basis that the academy trust has received a significant increase in General Annual Grant from September 2018, and pupil numbers will continue to rise. The increase in pupil numbers is based on the fact that pupil numbers have been increasing over the past two years and the demand in future is expected to get even higher in the next few years. Since the forecast reserve position at the end of 2018/19 is still very tight, the trustees have assessed that the going concern basis is appropriate based on the above, and the probable availability of advance funding from ESFA should this be required.

1.6 Investments

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the Balance sheet date, unless fair value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading 'Gains/(losses) on investments' in the Statement of financial activities incorporating income and expenditure account.

1.7 Tangible fixed assets and depreciation

All assets costing more than £2,000 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

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

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

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1. Accounting Policies (continued)

Freehold property	-	2%
Furniture and fixtures	-	25%
Plant and equipment	-	15%
Motor vehicles	-	25%
Computer equipment and software	-	33.33%

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

1.8 Operating leases

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

1.9 Taxation

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

1.10 Debtors

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

1.11 Cash at Bank and in hand

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

1.12 Liabilities and provisions

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

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1. Accounting Policies (continued)

1.13 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 14. Prepayments are not financial instruments. Amounts due to the academy trust's wholly owned subsidiary are held at face value less any impairment. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in notes 15 and 16. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments. Amounts due to the academy trust's wholly owned subsidiary are held at face value less any impairment.

1.14 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 21, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

1.15 Agency arrangements

The academy trust acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds.. The funds received and paid and any balances held are disclosed in note 26.

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Notes to the Financial Statements
For the Year Ended 31 August 2018

1. Accounting Policies (continued)

1.16 Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 21, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2. Income from donations and capital grants

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	<i>Total funds 2017 £</i>
Donations	113,142	-	-	113,142	<i>66,654</i>
Capital grants	-	-	30,072	30,072	<i>807,806</i>
	<u>113,142</u>	<u>-</u>	<u>30,072</u>	<u>143,214</u>	<u><i>874,460</i></u>
<i>Analysis of 2017 total by fund</i>	<u><u>66,654</u></u>	<u><u>-</u></u>	<u><u>807,806</u></u>	<u><u>874,460</u></u>	

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3. Funding for Academy's educational operations

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	<i>Total funds 2017 £</i>
DfE/ESFA grants				
General Annual Grant (GAG)	-	5,910,695	5,910,695	5,708,964
Other DfE/ESFA grants	-	188,155	188,155	223,273
	-	6,098,850	6,098,850	5,932,237
Other government grants				
Local authority grants	-	14,635	14,635	28,542
	-	14,635	14,635	28,542
Other funding				
School trips	294,606	-	294,606	177,577
Other income	63,470	20,960	84,430	31,417
	358,076	20,960	379,036	208,994
	358,076	6,134,445	6,492,521	6,169,773
<i>Analysis of 2017 total by fund</i>	203,796	5,965,977	6,169,773	

4. Trading activities

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	<i>Total funds 2017 £</i>
Charity trading income				
Lettings	16,862	-	16,862	14,753
Other	58	-	58	23,995
Insurance claims	8,045	-	8,045	-
	24,965	-	24,965	38,748
Net income from trading activities	24,965	-	24,965	38,748

In 2017, all income from trading activities was to unrestricted funds.

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Notes to the Financial Statements
For the Year Ended 31 August 2018

5. Investment income

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	<i>Total funds 2017 £</i>
Bank interest	1,294	-	1,294	8,200
<i>Analysis of 2017 total by fund</i>	8,200	-	8,200	

6. Expenditure

	Staff costs 2018 £	Premises 2018 £	Other costs 2018 £	Total 2018 £	<i>Total 2017 £</i>
Academy's educational activities:					
Direct costs	4,712,823	678,242	882,557	6,273,622	6,121,812
Support costs	1,089,445	426,969	308,179	1,824,593	1,865,631
	5,802,268	1,105,211	1,190,736	8,098,215	7,987,443
<i>Analysis of 2017 total</i>	5,725,533	1,201,464	1,060,446	7,987,443	

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7. Analysis of expenditure by activities

	Direct costs 2018 £	Support costs 2018 £	Total 2018 £	Total 2017 £
Academy's educational operations	6,273,622	1,824,593	8,098,215	7,987,443
<i>Analysis of 2017 total</i>	<u>6,121,812</u>	<u>1,865,631</u>	<u>7,987,443</u>	

Analysis of direct costs

	Academy's educational operations £	Total 2018 £	Total 2017 £
Educational supplies	186,480	186,480	190,293
Examination fees	173,925	173,925	155,206
Staff development	21,591	21,591	18,794
Educational consultancy	18,487	18,487	11,131
Other direct costs	52,169	52,169	46,938
School trips	294,606	294,606	173,383
Wages and salaries	3,753,419	3,753,419	4,730,802
National insurance	355,005	355,005	-
Pension cost	604,399	604,399	-
Depreciation	813,541	813,541	795,265
	<u>6,273,622</u>	<u>6,273,622</u>	<u>6,121,812</u>
<i>Analysis of 2017 total</i>	<u>6,121,812</u>	<u>6,121,812</u>	

Analysis of support costs

	Academy's educational operations £	Total 2018 £	Total 2017 £
Staff costs	1,089,445	1,089,445	994,731
Depreciation	42,819	42,819	41,856
Recruitment and support	10,669	10,669	40,232
Maintenance of premises and equipment	111,473	111,473	108,240
Cleaning	4,367	4,367	137,272
Rent and rates	82,199	82,199	63,032
Heat and light	129,570	129,570	123,657
Insurance	34,223	34,223	35,553
Security	4,043	4,043	8,486
Transport	8,812	8,812	24,072
Catering	40,677	40,677	34,830
Technology costs	70,543	70,543	90,572
Brought in professional services	102,594	102,594	84,945
Other support costs	93,159	93,159	78,153
	<u>1,824,593</u>	<u>1,824,593</u>	<u>1,865,631</u>
<i>Analysis of 2017 total</i>	<u>1,865,631</u>	<u>1,865,631</u>	

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Notes to the Financial Statements
For the Year Ended 31 August 2018

8. Net income/(expenditure)

This is stated after charging:

	2018	2017
	£	£
Depreciation of tangible fixed assets:		
- owned by the academy trust	856,360	837,121
Auditors' remuneration - audit	8,130	7,890
Auditors' remuneration - other services	2,900	3,812
Operating lease rentals	89,847	42,552
	<u> </u>	<u> </u>

9. Trustees' and Officers' Insurance

The academy trust has opted into the Department for 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 unlimited cover. It is not possible to quantify the trustees and officers indemnity element from the overall cost of the RPA scheme.

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Notes to the Financial Statements
For the Year Ended 31 August 2018

10. Staff costs

a. Staff costs

Staff costs were as follows:

	2018	<i>2017</i>
	£	£
Wages and salaries	4,402,380	4,218,752
Social security costs	401,381	410,604
Pension costs	985,048	1,049,217
	<u>5,788,809</u>	<u>5,678,573</u>
Agency staff costs	13,459	15,660
Staff restructuring costs	-	31,300
	<u>5,802,268</u>	<u>5,725,533</u>

Staff restructuring costs comprise:

Redundancy payments	-	15,300
Severance payments	-	16,000
	<u> </u>	<u>31,300</u>

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

There were no staff restructuring costs this year.

c. Staff numbers

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

	2018	<i>2017</i>
Teachers	84	81
Administration and support	84	68
Management	7	7
	<u>175</u>	<u>156</u>

Average headcount expressed as a full time equivalent:

	2018	<i>2017</i>
Teachers	73	71
Administration and support	51	47
Management	7	7
	<u>131</u>	<u>125</u>

d. Higher paid staff

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

	2018	<i>2017</i>
In the band £ 60,001 - £ 70,000	1	2
In the band £ 70,001 - £ 80,000	1	1
In the band £ 80,001 - £ 90,000	1	1

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Notes to the Financial Statements
For the Year Ended 31 August 2018

10. Staff costs (continued)

All of the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2018, pension contributions for these staff amounted to £38,077 (2017: £48,751).

e. Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team. The total amount of employee benefits (including employer pensions contributions) received by key management personnel for their services to the academy trust was £687,109 (2017: £716,981).

11. Trustees' remuneration and expenses

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

		2018	2017
		£	£
Mrs. D. Liddicoat, Headteacher	Remuneration	85,000-90,000	85,000-90,000
	Pension contributions paid	10,000-15,000	10,000-15,000
Ms. C. Tonkin Jukes	Remuneration	35,000-40,000	35,000-40,000
	Pension contributions paid	5,000-10,000	5,000-10,000
Mrs. R. Hewett	Remuneration	20,000-25,000	20,000-25,000
	Pension contributions paid	0-5,000	0-5,000
Mr. J. Gillin (2018: 10 months)	Remuneration	25,000-30,000	30,000-35,000
	Pension contributions paid	0-5,000	5,000-10,000

During the year, no trustees received any benefits in kind (2017 - £NIL).

During the year ended 31 August 2018, no trustees received any reimbursement of expenses (2017 - £NIL to 0 trustees).

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Notes to the Financial Statements
For the Year Ended 31 August 2018

12. Tangible fixed assets

	Freehold land and buildings £	Furniture and fixtures £	Computer equipment and software £	Total £
Cost				
At 1 September 2017	35,758,942	592,403	761,274	37,112,619
Additions	1,175	26,587	3,211	30,973
At 31 August 2018	<u>35,760,117</u>	<u>618,990</u>	<u>764,485</u>	<u>37,143,592</u>
Depreciation				
At 1 September 2017	4,493,036	420,638	647,109	5,560,783
Charge for the year	713,940	77,969	64,451	856,360
At 31 August 2018	<u>5,206,976</u>	<u>498,607</u>	<u>711,560</u>	<u>6,417,143</u>
Net book value				
At 31 August 2018	<u>30,553,141</u>	<u>120,383</u>	<u>52,925</u>	<u>30,726,449</u>
At 31 August 2017	<u>31,265,906</u>	<u>171,765</u>	<u>114,165</u>	<u>31,551,836</u>

13. Fixed asset investments

	Listed securities £
Market value	
At 1 September 2017	24,789
Revaluations	413
At 31 August 2018	<u>25,202</u>
Investments at market value comprise:	
	2018 £
Listed investments (managed funds)	25,202
	2017 £
	24,789

All the fixed asset investments are held in the UK

14. Debtors

	2018 £	2017 £
Recoverable VAT	18,538	40,243
Other debtors	45,429	29,622
Prepayments and accrued income	134,284	159,142
	<u>198,251</u>	<u>229,007</u>

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Notes to the Financial Statements
For the Year Ended 31 August 2018

15. Creditors: Amounts falling due within one year

	2018	<i>2017</i>
	£	<i>£</i>
Other loans	6,917	<i>13,835</i>
Trade creditors	1,726	<i>9,879</i>
Other taxation and social security	104,786	<i>104,206</i>
Other creditors	41,457	<i>45,974</i>
Accruals and deferred income	211,917	<i>239,350</i>
	<u>366,803</u>	<u><i>413,244</i></u>

	2018	<i>2017</i>
	£	<i>£</i>
Deferred income		
Deferred income at 1 September 2017	110,437	<i>50,659</i>
Resources deferred during the year	122,001	<i>110,437</i>
Amounts released from previous years	(110,437)	<i>(50,659)</i>
	<u>122,001</u>	<u><i>110,437</i></u>

Deferred income included above relates to rates income collected from pupils in advance of trips taking place during the 2018-19 academic year and rates grant income relating to 2018/19.

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

	2018	<i>2017</i>
	£	<i>£</i>
Other loans	-	<i>6,917</i>
Accruals and deferred income	-	<i>40,387</i>
	<u>-</u>	<u><i>47,304</i></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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Notes to the Financial Statements
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17. Statement of funds

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Unrestricted funds						
Unrestricted general fund	232,994	497,477	(374,419)	(356,465)	413	-
Restricted funds						
General Annual Grant (GAG)	-	5,910,695	(6,381,622)	355,564	-	(115,363)
Other DfE/ESFA revenue grants	-	188,155	(188,155)	-	-	-
Other government grants	-	11,947	(11,947)	-	-	-
Other restricted	5,557	23,648	(9,712)	-	-	19,493
Pension reserve	(2,751,000)	-	(276,000)	-	693,000	(2,334,000)
	<u>(2,745,443)</u>	<u>6,134,445</u>	<u>(6,867,436)</u>	<u>355,564</u>	<u>693,000</u>	<u>(2,429,870)</u>
Restricted fixed asset funds						
Tangible fixed assets	31,551,836	30,072	(856,360)	901	-	30,726,449
Total restricted funds	<u>28,806,393</u>	<u>6,164,517</u>	<u>(7,723,796)</u>	<u>356,465</u>	<u>693,000</u>	<u>28,296,579</u>
Total of funds	<u><u>29,039,387</u></u>	<u><u>6,661,994</u></u>	<u><u>(8,098,215)</u></u>	<u><u>-</u></u>	<u><u>693,413</u></u>	<u><u>28,296,579</u></u>

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

General Annual Grants ("GAG") must be used for the normal running costs of the School. The transfer into this fund during the year has been made from the unrestricted fund to cover as much of the cumulative deficit as possible.

The other DfE/ESFA grants fund is used to track grants provided by the DfE and related bodies, and includes Pupil Premium. 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.

The other government grants fund is used to track grants provided by government departments other than the DfE/ESFA and includes grants received from Kent County Council.

The other restricted balance of £19,493 relates to £13,500 which has been secured for the creation of a Combined Cadet Force (CCF) at the school in 2019 and £5,993 for the school's STEAM project which will be completed in 2019.

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

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 net transfers into the restricted fixed asset fund relates to capital purchases made from other funds.

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

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17. Statement of funds (continued)

The academy trust is carrying a net deficit of £95,870 on restricted income funds (excluding pension reserve) plus unrestricted funds.

The academy trust is taking the following action to return these funds to surplus:

The 2018/19 budget has been reviewed in detail and further cost savings have been identified. The revised 2018/19 budget shows the academy trust will return to positive reserves by the end of the 2018/19 financial year.

Statement of funds - prior year

	<i>Balance at 1 September 2016 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers in/out £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 August 2017 £</i>
Equipment fund	13,548	-	-	(13,548)	-	-
General funds						
Unrestricted general fund	486,464	317,398	(240,861)	(332,853)	2,846	232,994
Restricted funds						
General Annual Grant (GAG)	395,549	5,708,964	(6,387,274)	282,761	-	-
Other DfE/ESFA revenue grants	-	223,273	(186,906)	(36,367)	-	-
Other government grants	9,469	28,542	(38,011)	-	-	-
Other restricted	5,629	5,198	(5,270)	-	-	5,557
Pension reserve	(3,052,000)	-	(292,000)	-	593,000	(2,751,000)
	<u>(2,641,353)</u>	<u>5,965,977</u>	<u>(6,909,461)</u>	<u>246,394</u>	<u>593,000</u>	<u>(2,745,443)</u>
Restricted fixed asset funds						
Tangible fixed assets	31,067,971	-	(837,121)	1,320,986	-	31,551,836
Capital fund	413,173	807,806	-	(1,220,979)	-	-
Total restricted funds	<u>28,839,791</u>	<u>6,773,783</u>	<u>(7,746,582)</u>	<u>346,401</u>	<u>593,000</u>	<u>28,806,393</u>
Total of funds	<u><u>29,339,803</u></u>	<u><u>7,091,181</u></u>	<u><u>(7,987,443)</u></u>	<u><u>-</u></u>	<u><u>595,846</u></u>	<u><u>29,039,387</u></u>

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18. Analysis of net assets between funds

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	30,726,449	30,726,449
Fixed asset investments	-	25,202	-	25,202
Current assets	-	245,731	-	245,731
Creditors due within one year	-	(366,803)	-	(366,803)
Provisions for liabilities and charges	-	(2,334,000)	-	(2,334,000)
	<u>-</u>	<u>(2,429,870)</u>	<u>30,726,449</u>	<u>28,296,579</u>

Analysis of net assets between funds - prior year

	<i>Unrestricted funds 2017 £</i>	<i>Restricted funds 2017 £</i>	<i>Restricted fixed asset funds 2017 £</i>	<i>Total funds 2017 £</i>
Tangible fixed assets	-	-	31,551,836	31,551,836
Fixed asset investments	24,789	-	-	24,789
Current assets	245,560	418,800	9,950	674,310
Creditors due within one year	(37,355)	(365,939)	(9,950)	(413,244)
Creditors due in more than one year	-	(47,304)	-	(47,304)
Provisions for liabilities and charges	-	(2,751,000)	-	(2,751,000)
	<u>232,994</u>	<u>(2,745,443)</u>	<u>31,551,836</u>	<u>29,039,387</u>

19. Reconciliation of net movement in funds to net cash flow from operating activities

	2018 £	2017 £
Net expenditure for the year (as per Statement of Financial Activities)	(1,435,808)	(893,416)
Adjustment for:		
Depreciation charges	856,360	837,121
Gains on investments	-	(2,846)
Dividends, interest and rents from investments	(1,707)	(8,200)
Decrease in debtors	30,757	2,038
(Decrease)/increase in creditors	(87,241)	18,064
Capital grants from DfE and other capital income	(30,072)	(798,856)
Defined benefit pension scheme cost less contributions payable	206,000	226,000
Defined benefit pension scheme finance cost	69,000	65,000
Defined benefit pension scheme administration expense	1,000	1,000
Net cash used in operating activities	<u>(391,711)</u>	<u>(554,095)</u>

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20. Analysis of cash and cash equivalents

	2018	2017
	£	£
Cash in hand	47,480	445,303
Total	<u>47,480</u>	<u>445,303</u>

21. 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 Multi-employer defined benefit pension schemes.

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

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.

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

Valuation of the Teachers' Pension Scheme

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

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

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 September 2019. The government has warned of a rise in the employer rate, but has also indicated that any rise will be funded until March 2020 and will be thereafter reviewed.

The employer's pension costs paid to TPS in the period amounted to £517,000 (2017 - £506,000).

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

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21. Pension commitments (continued)

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £271,000 (2017 - £249,000), of which employer's contributions totalled £213,000 (2017 - £191,000) and employees' contributions totalled £58,000 (2017 - £58,000). The agreed contribution rates for future years are 20% for employers and 5.5 to 12.5% for employees.

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

Principal actuarial assumptions:

	2018	2017
Discount rate for scheme liabilities	2.65 %	2.60 %
Rate of increase in salaries	3.80 %	4.20 %
Rate of increase for pensions in payment / inflation	2.30 %	2.70 %

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

	2018	2017
Retiring today		
Males	23.1	23
Females	25.2	25.1
Retiring in 20 years		
Males	25.3	25.2
Females	27.5	27.4

	At 31 August 2018	At 31 August 2017
	£	£
Sensitivity analysis		
Discount rate +0.1%	130,000	131,000
Discount rate -0.1%	(133,000)	(134,000)
Mortality assumption - 1 year increase	(203,000)	(206,000)
Mortality assumption - 1 year decrease	196,000	199,000

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21. Pension commitments (continued)

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

	Fair value at 31 August 2018 £	<i>Fair value at 31 August 2017 £</i>
Equities	2,344,000	2,165,000
Gilts	26,000	21,000
Corporate bonds	305,000	296,000
Property	425,000	377,000
Cash and other liquid assets	105,000	97,000
Investment funds	233,000	118,000
	<u>3,438,000</u>	<u>3,074,000</u>

The actual return on scheme assets was £141,000 (2017 - £398,000).

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

	2018 £	<i>2017 £</i>
Current service cost	(419,000)	(417,000)
Interest income	83,000	53,000
Interest cost	(152,000)	(118,000)
Admin expenses	(1,000)	(1,000)
	<u>(489,000)</u>	<u>(483,000)</u>

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

	2018 £	<i>2017 £</i>
Opening defined benefit obligation	5,825,000	5,383,000
Current service cost	419,000	417,000
Interest cost	152,000	118,000
Employee contributions	58,000	58,000
Actuarial gains	(635,000)	(74,000)
Benefits paid	(47,000)	(77,000)
	<u>5,772,000</u>	<u>5,825,000</u>

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21. Pension commitments (continued)

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

	2018	<i>2017</i>
	£	£
Opening fair value of scheme assets	3,074,000	2,331,000
Interest income	83,000	53,000
Actuarial losses	58,000	519,000
Employer contributions	213,000	191,000
Employee contributions	58,000	58,000
Benefits paid	(47,000)	(77,000)
Admin expenses	(1,000)	(1,000)
	<u>3,438,000</u>	<u>3,074,000</u>
Closing fair value of scheme assets	<u>3,438,000</u>	<u>3,074,000</u>

22. Operating lease commitments

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

	2018	<i>2017</i>
	£	£
Amounts payable:		
Within 1 year	43,823	42,015
Between 1 and 5 years	137,204	67,259
Total	<u>181,027</u>	<u>109,274</u>

23. Related party transactions

Owing to the nature of the academy trust and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH and with the trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

During the year Mr. L. Jones provided photography services to the school for £160. Mr. L. Jones is the partner of D. Liddicoat's (Accounting Officer) daughter.

24. 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.

25. Members' liability

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

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26. Agency Arrangements

The academy trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2018 the trust received £48,914 and disbursed £32,070 from the fund. An amount of £16,844 (2017 - £16,551) is included in other creditors relating to undistributed funds that is repayable to ESFA.