

DR CHALLONER'S GRAMMAR SCHOOL
(A Company Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDING 31 AUGUST 2018

Company Limited by Guarantee
Registration Number:
07451811 (England and Wales)



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REFERENCE AND ADMINISTRATIVE INFORMATION

Members

Mrs Jane Penton
Dr Mark Pegg
Dr John Maynard
Mrs Carol Bevins
Mr David Atkinson
Mrs Stephanie Horrocks (*Member from 5 January 2017*)
Mr Michael Anderson (*Resigned 16 December 2017*)
Mr Matthew Lawrence (*Member from 16 December 2017*)

**Trustees in office from 1 September 2017 to 6 November 2018
(Also known as Governors or Directors):**

Denotes member of the Finance Committee during the year ()*

Mrs Jane Penton (Chairman)*
Dr Mark Pegg (Vice Chairman)
Mr Michael Anderson (*Chair of Finance Committee to 7 December 2017 -resigned 16 December 2017*)*
Mr Matthew Lawrence (*Chair of Finance Committee from 7 December 2017, Responsible Officer to 7 December 2017*)*
Mr Giri Fox (Appointed 4 January 2018 - *Responsible Officer from 1 February 2018*)
Mr David Atkinson (Headmaster and Accounting Officer)*
Mrs Isobel Darby*
Mr Shaun Kennedy*
Mr Mike Tingey
Mrs Sue Tanner
Mr Leon Glenister
Mr Stephen Nokes
Mr Joseph Cronly
Mrs Alison Davis
Mrs Emma Westcott (*Appointed 1 March 2018*)
Mr Gareth Cadman (*staff trustee – appointed 4 January 2018*)
Mr James Stephenson (*staff trustee – appointed 4 January 2018, resigned 31 August 2018*)
Ms Toni Nicholls (*staff trustee – resigned 1 January 2018*)
Mr Richard Gledhill (*staff trustee – resigned 1 January 2018*)
Mr David Roberts (*Resigned 1 March 2018*)
Mr David Mackintosh (*Appointed 21 September 2018*)
Mr George Davies (*staff trustee – appointed 21 September 2018*)

Company Secretary

Mr Sean Kennedy

Senior managers

Headmaster
Deputy Headmaster
Resources Director

Mr David Atkinson
Mr Edward Goodall
Mr Sean Kennedy

Registered Office

Dr Challoner's Grammar School
Chesham Road
Amersham
Buckinghamshire HP6 5HA

Company Registration Number

07451811 (England and Wales)

Independent Auditors

MHA MacIntyre Hudson
Abbey Place, 24-28 Easton Street, High Wycombe
Buckinghamshire HP11 1NT

Bankers

Barclays Bank PLC
90-93 Broad Street, Reading
Berkshire RG1 2AP

Solicitors

Stone King LLP
16 St John's Lane
London EC1M 4BS

REPORT OF THE TRUSTEES FOR YEAR ENDING 31 AUGUST 2018

Trustees Report

The trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year ending 31 August 2018. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The trust operates an academy for pupils aged 11 to 18 based in Amersham. It was the first school in Buckinghamshire to convert to an academy under the powers of the Academies Act 2010. The operation of the academy commenced on 1 January 2011. The independent school replaced the existing foundation school (also called Dr Challoner's Grammar School) that was maintained by Buckinghamshire County Council.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

Dr Challoner's Grammar School is a company limited by guarantee with no share capital (registration no. 07451811) and an exempt charity. The company's memorandum and articles of association are the primary governing documents of the company. The trustees of Dr Challoner's Grammar School are also directors of the charitable company for the purposes of company law. Details of the trustees who served throughout the year are detailed in the Reference and Administration information on page 3.

Members' liability

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

Trustees' Indemnities

The Articles of Association state that every trustee shall be indemnified out of the assets of the Academy Trust against any liability by them in that capacity in defending any proceedings, whether civil or criminal, in which judgment is given in favour or in which he is acquitted or in connection with any application in which relief is granted to him by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the Academy Trust.

The Academy also has entered into the Department for Education's Risk Protection Arrangement which reimburses the Academy in the event of a loss under the RPA membership rules including employer's liability, public liability and professional indemnity risks.

Method of Recruitment and Appointment or Election of Trustees

The Articles of Association require the makeup of the trustees to be as follows:

- **Up to 3** staff trustees appointed via staff election
- **A minimum of 2** parent trustees elected by parents of registered pupils of the Academy
- **Up to 8** community trustees appointed by the Members. There must always be at least 3 community trustees that are parents of pupils at the Academy.
- **Up to 5** co-opted trustees appointed by the trustees that have not themselves been co-opted.
- The Head teacher is an ex officio trustee

Trustees who are employees of the academy (including the head teacher) cannot exceed one third of the total number of trustees.

The structure of the board of trustees that was in place at the start and end of the year was as follows:

Trustee type	31 August 2018	31 August 2017
Non-parent community trustee	4	4
Parent trustee	6	6
Co-opted trustee	3	3
Staff trustee	2	2
Headteacher	1	1
TOTAL	16	16

The term of office for any trustee shall be four years excepting:

- The Head Teacher
- Staff trustees if they cease to be employed by the Academy
- The term of office can be less than four years for any trustee other than a parent trustee.

In general trustees are replaced as and when they reach the end of the term of their office. Subject to remaining eligible to be a particular type of trustee, any trustee may be re-appointed or re-elected.

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 include training on charity and educational, legal and financial matters.

All new trustees will be given a tour of the school and the chance to meet with staff and students. All trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as trustees.

As there are normally only two or three new trustees a year, induction tends to be done informally and is tailored specifically to the individual.

Organisational Structure

The structure consists of three levels: the trustees, senior leadership team (or leadership group) and budget holders. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

The trustees are responsible for setting general policy, adopting an annual plan and budget, monitoring the Academy by the use of budgets and making major decisions about the direction of the Academy, capital expenditure and senior staff appointments. The trustees are also responsible for approving the Finance Manual under which the school's finances operate.

The Headmaster has overall executive responsibility for the academy's activities including financial activities. Much of the responsibility for financial activities has been delegated to the Resources Director.

The Headmaster is responsible for the appointment of all staff with the exception of the Deputy Headmaster and the Resources Director which is done in conjunction with the trustees.

During the year, the senior leadership team comprised the headmaster, deputy headmaster, resources director and 6 assistant headteachers (5 from May 2018). The senior leadership team control the Academy at an executive level implementing the policies laid down by the trustees and reporting back to them. The senior leadership team meets weekly and is collectively responsible for the day to day operation of the Academy, in particular organising the teaching staff, facilities and students.

Spending control is devolved to budget holders, with expenditure above certain limits needing additional authorisation from either the senior managers or the trustees (or both).

Arrangements for setting pay and remuneration of key management personnel

The key management personnel for the academy trust comprise the members, trustees and the three senior managers as outlined on page 3 of these accounts. The only individuals within these groups who receive pay and remuneration are the four staff trustees and the three senior managers (Headmaster, Deputy Headmaster and Resources Director).

All staff trustees are members of teaching staff. The Governing Body follows the requirements of the current School Teachers' Pay and Conditions Document ("**the Document**") in implementing the pay policy for teaching staff at the academy. The Pay Policy of Dr Challoner's Grammar School mandates that the Governing Body will ensure that every teacher's salary is reviewed with effect from 1 September each year and no later than 31 October each year with the exception of the headmaster where the review must be carried out by 31 December.

Setting pay ranges for Senior Managers

All three senior manager posts are part of the school's Leadership Group as defined in the Academy's Pay Policy. The Personnel committee has established appropriate pay ranges for each member of the Leadership Group. These individual ranges are reviewed on a regular basis, but not more than once per year. In setting the ranges the Personnel Committee has regard to the following:

The Personnel Committee has established the school group size in accordance with the provisions of the Document. Due to consistent pupil numbers the school group remains constant. By carrying out this exercise the Personnel Committee provides itself with a benchmark headmaster pay range ("benchmark range") for consideration when setting the Headmaster's pay range. When setting the Headmaster's pay range the Personnel Committee ensures that there is appropriate scope within the range to allow for performance related process over time.

In the case of setting a range for a new Headmaster appointment, the Personnel Committee considers the requirements of the post and the extent to which the preferred candidate meets those requirements are such that it would be appropriate to set the starting point of the Headmaster's pay range above the minimum outlined in the benchmark range.

The Personnel Committee also has discretion to set a pay range in excess of the maximum outlined in the benchmark range where it considers that circumstances specific to the role or candidate warrant this. In making this determination, except in exceptional circumstances the Personnel Committee would ensure that the maximum point on the Headmaster's pay range did not exceed the maximum point on the benchmark pay range by more than 25%. Where exceptional circumstances apply the Personnel Committee seeks external advice and supports the decision with a business case.

In setting the pay ranges for the Deputy Head and Resources Director the Personnel Committee ensures that the maximum of their ranges do not exceed the maximum of the benchmark range above. In addition the Personnel committee would only set a pay range for the Deputy Head or Resources Director that overlapped with the Headmaster's pay range in exceptional circumstances.

Pay progression of Senior Managers

Members of the Leadership Group are not entitled to receive automatic annual increments. The Governing Body ensures that a review against performance objectives is undertaken annually in accordance with the school's performance management policy. Members of the Leadership Group must demonstrate sustained high quality of performance, with particular regard to leadership and management, and pupil progress at the school. The Personnel Committee will consider recommendations made to it following the performance review and will award a maximum progression of two points within the range where there has been sustained high quality of performance taking into account the performance objectives.

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 the following information in its accounts.

Relevant Union Officials

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
1	1 FTE

Percentage of time spent on facility time

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

Percentage of pay bill spent on facility time

Provide the total cost of facility time	£0
Provide the total pay bill	£5,686K
Provide the percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) × 100	0%

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) × 100	£0
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Connected Organisations and Related Party Relationships

Dr Challoner's Grammar School is not controlled in how it manages its operations in delivering its objectives by a third party.

The Academy historically owned 100% of the equity (2 ordinary shares) in **DCGS Enterprises Ltd.** The value of these shares was £19,276 and could be seen on the opening balance sheet within restricted general funds. The principal activity of DCGS Enterprises was the operation of the school shop, in particular uniform sales, for the benefit of the students. In 2016-17 Academy informed the Directors of DCGS Enterprises Ltd that it would be using another company for the provision of uniform. DCGS Enterprises Ltd ceased trading at the end of January 2018 and the Directors have dissolved the company. The Academy has taken advantage of the exceptions laid out in paragraph 8.2.4 of the ESFA Academy Accounts Direction that allow it not to produce consolidated group accounts on the basis that the trading subsidiary is immaterial (turnover was only £7K).

Although it does not have a controlling or ownership interest, Dr Challoner's Grammar School also has strong links with the following organisations:

- Dr Challoner's School Educational Trust (charity no: 298550)
- The Friends of Dr Challoner's Grammar School (charity no: 310621)

Further details of the relationship with these organisations are given in notes 28 and 29 to the financial statements. Dr Challoner's Grammar School is a Teaching school. In relation to this function the Academy works in partnership with many local schools and organisations in the Buckinghamshire and surrounding areas to advance for the public benefit education in the United Kingdom.

OBJECTIVES AND ACTIVITIES

Objects and aims

The principal object and activity of the charitable company is "*advancing for the public benefit, education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school [the Academy] offering a broad and balanced curriculum*"

"Excellence with Integrity" underpins the Academies Vision and Values that we seek to apply across the whole school community:

Values: At DCGS we value

- Aspiration;
- Kindness; and
- Resilience in all our actions and intentions

Vision: At DCGS we:

- Are determined to give our best in everything that we do
- Are prepared for the opportunities and challenges of today and the future
- Serve the wider community

Objectives, Strategies and Activities

The Academy's **strategy** of achieving this is that at DCGS everyone learns through:

- Teaching that is rigorous, engaging and high quality
- Developing leadership at all levels
- Maintaining a culture of high expectations
- Showing a concern for everyone's wellbeing
- Providing a first class learning environment
- Ensuring a breadth of opportunities for all
- Engaging with the global potential of technology
- Exploring innovative and sustainable approaches

To ensure that these goals are met the school sets strategic objectives within its School Improvement Plan. The headline objectives in the School Improvement Plan for 2018-19 are:

Primary Objectives

- Develop an approach to education that equips students with the personal attributes to thrive in our society by researching, delivering and embedding appropriate character education by September 2020
- Students benefit from an aspirational, relevant and challenging KS3 curriculum, which prepares students for KS4 & 5 while providing a broad and balanced experience by September 2019

Other Objectives:

- Complete Music build project on time and in budget, by February 2019
- Develop capital strategy to provide a coherent master plan for capital development between now and 2030
- Develop and embed excellent practice in ITT through the Astra SCITT partnership by September 2019.
- Results in all subjects at GCSE to exceed value added averages for Bucks grammar schools, and results in all subjects at A level to exceed value added expectations
- Line management training gives staff better strategies to improve wellbeing and to ensure high quality learning and teaching

Each objective has specific, detailed success criteria defined, together with more detailed tactics to

ensure that they are achieved. Responsibility for achievement of these success criteria is owned by members of the senior leadership team and progress against these criteria is monitored throughout the year.

Public Benefit

The trustees have complied with their duty to have due regard to the Charity Commission's guidance on Public Benefit in exercising their powers of duties.

STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE

Students' Educational Performance

Dr Challoner's Grammar School was the first "outstanding" school in Buckinghamshire to become an Academy. The total students in the year ended 31st August 2018 numbered 1353 (2017: 1338).

Examination results for 2017 continued to be outstanding. This year saw the introduction of the new 9-1 GCSE qualifications in almost all subjects. These new qualifications have increased the complexity of the content students have learnt, and posed more challenging questions in the various assessments. Students have got to grips with this new approach with aplomb, enjoying the intellectual challenge the courses have provided. The academic ambition of the cohort has been evident throughout the course, and their resilience in dealing with the new courses has been commendable.

Over three quarters of the year group achieved five or more passes at grade 7 or better (2017: 81%), while 67% of qualifications taken were graded 7 or better and 49.3% of qualifications taken were graded 8 or 9. 35 students secured a clean sweep of grade 7 or better results across all their subjects and five students achieved a clean sweep of grade 9 or A* in their 10 GCSE subjects:

At A level, 80% of the grades were A*, A or B (2017: 74%), with 26% being A* (2017: 22%). 20 students were made offers of places at Oxford and Cambridge universities (2017: 16).

To ensure that standards are continually raised, the school operates a comprehensive self-evaluation programme which includes observation of lessons, scrutiny of students' work, questionnaires and focus groups.

Review of Values, Vision and Strategies

During 2017-18 the school completed an extensive review of its Values, Vision and Strategies. This involved significant consultation but resulted in the school community buying into the aims as written above. This piece of work then drove the format of the 2018-19 School Improvement Plan. 2018-19 will involve the implementation of these aims.

Well Being

In the last 12 months the school has had a big focus for staff and students on the 5 Ways to Wellbeing: Giving, Connecting, Taking Notice, Keeping Learning and Being Active. We have also marked Time to Talk Day, a day focused on encouraging everyone to talk about mental health, and the school signed the Time to Change Employer Pledge in 2017, putting their commitment in writing which is backed up by an action plan that has been implemented and updated over the last 12 months.

The school has been working with MIND for the last two years. Last year we were delighted to achieve the Bronze Award in the Workplace Wellbeing Index (one of only 2 schools to win a Wellbeing Index Award). We are delighted this year to be one of one of only 9 organisations in the whole country to achieve the Gold Award in the Workplace Wellbeing Index. This award means the school is 'achieving excellence' and has successfully embedded mental health into its policies and practises, demonstrating a long-term, in-depth commitment to staff mental health.

Every organisation relies on having a healthy and productive workforce, and DCGS is no different. We recognise that to get the best outcomes for our students we need the best staff, and part of this responsibility is looking after the staff we have. Participating in the Workplace Wellbeing Index has been a hugely beneficial learning process and something the school will continue as part of its long term commitment to its staff and a better way of working. Supporting the mental health of our staff and being positive role models in this regard, allows us to further support the mental health of our students - reducing stigma, improving mental health literacy and giving our students lifelong skills to support their own mental health.

Expansion of the Astra Learning Alliance Teaching School and Designation as a School Centred Initial Teacher Training Centre ("SCITT")

To date, the Astra SCITT has awarded Qualified Teacher Status to 106 new entrants (47 trainees in 2016/17 and 59 trainees in 2017/18). Both cohorts have achieved high completion and employment rates, above national benchmarking data. In 2017/18, 55% of Astra trainees gained Grade 1, Outstanding. It is also a significant achievement that the majority of Astra graduates have gained employment in local, Buckinghamshire schools.

For 2018/19, the Astra SCITT has recruited a further 61 trainees to commence training in September 2018, with a new PGCE partnership with Goldsmiths, University of London.

The number of secondary courses in which we are training teachers has increased to 13, and now includes Music, Computer Science, Chemistry, RS, French. We also offer Primary and Primary with Mathematics

In April 2018 the SCITT had its Stage One ITE Ofsted carried out, with a very positive interim report, highlighting many areas of key strengths, ahead of the Stage Two report that commenced in September 2018. The final outcome of the Stage 2 Inspection will not be known at the time that these accounts are published but we were very pleased with the many areas of strengths identified by the inspection team during their time with us.

Other key achievements of Astra Learning Alliance during 2016/17 and for 2017/18 include:

- **Assessment Only QTS Route:** To date, two candidates have completed the Assessment Only route to QTS (one primary, one secondary). This is a key area of development for 2018/19, with a likely partnership with Educators Abroad and a target of 10 candidates to complete their QTS via this route.
- **NQT Appropriate Body:** The Teaching School has 54 NQTs across 22 schools signed up to use Astra as their statutory Appropriate Body. Ten of these schools are new to Astra for 2018/19.
- **Other Achievements:** Astra continue to run several CPD courses. Astra has successfully expanded its school-to-school support offer. Alongside offering bespoke support for NQTs on our Appropriate Body programme, Astra SLEs supported colleagues in eight commissioned deployments during 2017-18. Astra continues to play an important role in the Teaching Talent Group of Teaching Schools who are working together to provide a streamlined model of school to school support in the Buckinghamshire area.

Improvements to the School Facilities:

The start of 2017-18 saw the conclusion of the refurbishment of the Astroturf, complete with a new shock-pad and the extension of the hall block, a project that provided fantastic additional display space for our students' creative works, the provision of disabled access to the hall, chemistry department, drama department and canteen and much needed storage facilities for hall equipment.

In April 2018 construction commenced on the extension and refurbishment of the school's music block. We anticipate that this fantastic new facility will be available to students by early 2019.

During 2017-18 the school has entered into partnership with a new provider (Aspens) for the provision of catering services in both the main canteen and in the Sixth Form cafe area. Part of this partnership includes Aspens investing significantly in the school's infrastructure. During the summer holidays there

was a complete refurbishment and refit of the (extremely old) main canteen kitchen equipment and an overhaul of the Sixth Form cafe space.

Other projects included the refurbishment of spaces around the school to allow co-location of the school's pastoral team, with the appropriate physical infrastructure to help continue to improve the already excellent variety of support services provided to students.

Behind the scenes, various important IT infrastructure projects took place to reduce the school's risk in this area.

Educational Visits

An extensive programme of educational visits and international exchanges further widens students' perspectives on learning. Recent examples include educational visits to many UK and international destinations such as Austria, Morocco, Portugal, Sri Lanka and the US. In a typical year, staff organise around 100 different trips. In 2017-18 the cost of visits ran through the academy was £803K (2016-17: £717K).

FINANCIAL REVIEW

Going Concern

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

Financial report for the year

The financial statements have been prepared in accordance with the accounting policies disclosed in note 1 of the attached financial statements, and comply with the charitable company's memorandum and articles of association, the Companies Act 2006, and the requirements of the Statement of Recommended Practice "Accounting and Reporting by Charities – FRS 102" ('SORP 2015') and Academies: Accounts Direction 2017 to 2018.

Most of the Academy's income is obtained from the ESFA / DfE in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA / DfE during the period ended 31 August 2018 and the associated expenditure are shown as restricted funds in the statement of financial activities.

The Academy also receives grants for fixed assets from the ESFA / DfE and other donors. In accordance with SORP 2015, such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During the period ended 31 August 2018, total expenditure of **£8,338K** was covered by recurrent grant funding from the ESFA / DfE together with other incoming resources and a planned use of existing reserves. The excess of expenditure over income for the period (excluding restricted fixed asset funds and pension funds) was **£56K**.

At 31 August 2018 the net book value of fixed assets was **£15,516K** and movements in tangible fixed assets are shown in note 13 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

Key Financial Performance Indicators

At the start of the year the Academy sets its budget based on total reserves readily available to spend (i.e. excluding the fixed asset reserve and the pension reserve) by taking into account likely future trends in income and expenditure. The budget is then split between cost centres for which budget

holders are given responsibility to manage.

The majority of the budgeted income is from General Annual Grant, but other sources of income become available to the Academy throughout the year.

When determining the medium term financial plan and specific year's budgets the trustees have specific regard to two key financial measures that provide indications of sustainability:

- Recurring staffing and non-staffing costs should not exceed recurring base income
- Recurring staffing costs should ideally not exceed 80% of recurring base income or expenditure

When determining an individual year's budget the key figure that the trustees consider is the net surplus or deficit. A net surplus is where expected income exceeds expected expenditure and a net deficit is where expected expenditure exceeds expected income. For 2017-18 the budget was set at a net deficit of **£371K**, reflecting the planned funding of a large part of the capital programme from revenue reserves.

Performance against budget at a cost centre level is monitored by the headmaster and resources director via monthly management reports and also by the Finance Committee at its meetings. The management reports contain a forecast out-turn position that include the likely variance from budget at the end of the year. If appropriate, the budget may be adjusted throughout the year in accordance with the Academy's Financial Regulations.

Unless income is ring-fenced for a specific purpose, the decision as to exactly which items of expenditure are funded by which items of income is not made until the end of the financial year. The reasons for this are as follows:

- The final decisions regarding capitalising expenditure only occur at the year end, once such expenditure has been shown to meet the capitalisation criteria as laid down in the accounting policies.
- The matching of capital income, such as Devolved Formula Capital Grant, to this expenditure can therefore only be formalised at the year end.
- The decision as to which items of expenditure to capitalise for accounting purposes does not impact on the Academy's "total reserves readily available to spend"
- Budgets are set based on estimates of likely donations from other parties, including the Educational Trust and the Friends. If the actual donations received vary from that budgeted then the Academy will fund the expenditure incurred from alternate reserves.

Because of this the management information presented throughout the year takes a different format to that shown in the final accounts. However, they do reconcile to the final accounts if the impact of the pension reserve and fixed asset reserve are excluded (accounting items that do not affect budgeting).

In 2017-18 the Academy's outturn position was a deficit of **£56K** broken down as follows:

- Capital Funds to be applied in 2018-19: £234K in year contribution to reserves
- Unrestricted Funds: £20K in year call on reserves
- Educational Visits Contingency Fund: £4K in year contribution to reserves
- GAG and other Funds: £274K in year call on reserves

The figures above include a £5K transfer from unrestricted funds to the Teaching School Funds to provide the funding for the SCITT (2017: £58K). The SCITT is currently in a growth phase meaning that costs are generally incurred before income is received. The trustees have authorised the investment of unrestricted reserves during the growth phase as it is deemed necessary in order to produce a programme that is of high quality so as to attract trainee numbers, engage and train staff and partners to ensure all provision meets all OFSTED criteria and to allow us to develop an appropriate marketing programme to attract trainees and increase trainee numbers in the future.

For future years where the Teaching School Funds have a surplus the trustees will decide whether to use this surplus to develop the programme further, repay to the unrestricted reserves the initial investment or a combination of the two.

The overall £315K underspend against budget largely related to the funding of, and slippage against programme of, the Music Building Capital Project.

Slippage against programme means that £134K less expenditure was incurred by the year end. Taken together with the Academy receiving £234K funding in 2017-18 that is to be applied to the project in early 2018-19 this makes up most of the favourable budget position at the end of the year.

Staffing is the single biggest item of expenditure budget that the academy has. These budgets are monitored particularly closely and for 2017-18 the variance from budget was only a slight favourable variance of 0.4%.

Reserves policy

The trustees review the reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves.

In reviewing the levels of reserves the trustees have particular regard to:

- **Revenue:** the likely levels of future income to be received from the ESFA / DfE given the new national funding formula guidance, balanced against the likely increase in staffing and other costs due to inflation.
- **Capital:** The need to use free reserves to help support the planned capital programme

The trustees have set budgets and reserve levels based on a 3 year medium term plan that ensures that the Academy can continue to provide excellent education across the period whilst ensuring that it has sufficient cashable reserves to provide a buffer to enable the Academy to effectively manage reductions in spending across the period in which its funding will be cut, in order to minimise the future impact of these reductions on the education of the boys.

The level and volume of transactions in relation to cashable reserves is relatively low in comparison to the overall activity of the Academy.

The trustees have determined that the level of cashable reserves by the end of 2018-19 should be at least £200K. The level of GAG funds should be no higher than 12% of annual GAG in accordance with the Academy's funding agreement.

Financial position

The Academy held fund balances at 31 August 2018 of **£13,540K** comprising:

Unrestricted	£352K	
Restricted (capital funds to apply to Music Building)	£234K	
Other Restricted Funds	<u>£15K</u>	
Total reserves readily available for spend		£601K
Restricted (Fixed Assets)		£15,516K
Restricted (Pensions)		<u>-£2,577K</u>
Total reserves		£13,540K

In addition the Academy held £4K in relation to acting as an agent in administering the VI form bursary scheme.

The pension reserve deficit is in relation to the local government pension scheme. It is being tackled by the school contributing to the pension fund. Upon advice from the actuary the school contributes the equivalent of 22.8% of the payroll of employees who are members of the local government pension scheme. Of this amount 6.0% is used to reduce the deficit directly. This assumption will be reviewed as part of the next fund valuation which will have an effective date of 31 March 2019.

Investment policy

The Trustees' investment powers are set down in the Memorandum and Articles of Association which permit the investment of monies of the School that are not immediately required for its purposes in such investments as may be thought fit subject to any restrictions which may from time to time be imposed or required by law.

The School's current policy is to invest surplus funds in interest bearing accounts with banks approved by the Finance Committee. Periodically, the management will review interest rates and compare with other investment opportunities.

Principal Risks and Uncertainties

The nature of the academy is such that the main financial instruments that it deals in are mainly bank balances, cash, trade creditors and limited trade debtors. The Academy has not made any investments in the period other than holding the cash in its bank accounts. As such there is limited risk in the nature of the academy's transactions.

The academy currently has healthy levels of reserves and the liquidity risk, credit risk and cashflow risk to the academy for the next 12 months is low.

The Academy has inherited a pension deficit from the local authority but this is not seen to provide any significant risk to the Academy (see note 27).

Risk Management

The most significant risks facing the school in 2017-18 as identified on the corporate risk register, together with action taken by the trustees is as follows:

Finance: - Impact of Sustained Reduction in Government Funding for Services

We pride ourselves at Challoner's on offering a world class education which goes far beyond what you would find in most state funded schools. Our philosophy is that every Challoner's student should grow up into a young adult with the creativity, resilience and adaptability to become one of the leaders of tomorrow.

The single biggest threat to this vision is the serious budget cuts from Government. Having been one of the lowest funded schools in the country since the Financial Crash, the trustees have continued to make efficiency savings during this time to ensure that the school can continue to perform at the highest level within the constraining budgets. The efficiency savings made during 2017-18 year fell into three broad categories:

- on-going permanent staffing costs,
- year on year transformation of IT and business processes
- savings on procurement including catering and grounds maintenance contracts

The efficiency savings taken over the last 5 years mean that we had reached the point where any further savings in teaching staff, which represents by far the largest element of the school's expenditure, can only be achieved by reducing the curriculum. The school has been lobbying government funding bodies regarding the introduction and implementation of a new fairer national funding formula. Whilst the introduction of the new rules has been welcomed, we still remain far below the baseline minimum funding per pupil that the National Funding Formula will eventually ensure all schools will receive. Even taking this into account, the school will need to continue to lobby as there are still areas where we will still be underfunded (such as needing to pay London Fringe rates to teaching staff but only being funded to pay the lower national teachers' pay rates). In addition, the pushing back of the full National Funding Formula, together with the uncertainty surrounding the impact that Brexit may have on the Economy, means that this area is still a high risk for us. To help ameliorate this risk the school has also proactively increasing its income from other sources such including lettings and services.

Finance: - Failure to recruit sufficient students

The biggest factor in all of the government funding formulas is student numbers. Where less students than anticipate enrol, we receive less funding in the next financial year. Our single biggest asset in this area is our reputation and as a result the risk of us under-recruiting is low. However, at VI form entry level, it can be difficult to make the required number of offers to secure the anticipated number of students due to a variety of complex factors.

The output of the enrolment process is reviewed early to highlight any likely shortfalls in funding receivable as a result of under-recruitment.

A more volatile area is in relation to the SCITT recruitment, which can be subject to influences outside our control (such as annual government policy regarding bursary levels available to students). We manage this by ensuring that we provide the best quality course for our students so that our reputation becomes well known.

In addition to this we continue to look at increasing revenue in related areas such as the provision of Assessment Only Accreditation.

Infrastructure Risks: Information Technology and Property and Services:

The school has a site disaster recovery plan to ensure that the school can return to operations as swiftly as possible in the event that buildings became unusable (e.g. following a fire), we suffered a loss of electrics, water, gas or breakdown in the heating systems.

Due to the increasing importance of technology, in particular the ability to connect to cloud services, in achieving the school's objectives a separate strategy is in place to help manage technology risks across the school. The school has entered into partnership with an IT consultancy firm to ameliorate many of these risks and several infrastructure projects have taken place during the year to assist in this. Any significant, non-curriculum matters are brought to the attention of the property and services committee with significant curriculum related issues being brought to the attention of the Learning and Teaching Committee.

Staff Wellbeing and Succession Planning

The impact of persistent government funding cuts to schools and other organisations that previously supported schools has further increased the pressure on school staff and pupils. The Academy has invested in several programmes designed to promote high levels of well-being and awareness of mental health issues in response to this risk and will continue to improve on its award winning approach in this area.

The academy also reviews annually those staff that are considered a "key person risk" in that they possess a skill set or level of knowledge that could prove difficult to replace without disruption. Individual strategies are put in place for these individuals for the event that they leave the organisation or become sick. 2017-18 saw the successful implementation of one of these strategies.

GDPR

As we move into a digital age, access to personal data and how it is used has become a significant concern. The fundamental rights of individuals in the digital age allow everyone to have more control of how their data is used, restricted and stored. On 25th May 2018 General Data Protection Regulation (GDPR) came into effect, replacing the existing Data Protection Act (DPA).

Whilst this can be seen as a risk, we saw this as an opportunity to ensure that all of our processes and systems regarding the use of data were robust. To this end we recruited an individual, reporting to the senior leadership team, to review our practices in this area and recommend and embed any changes in this area. This project involved:

- A review of data held by the Academy, including the basis for holding the data together with how it should be stored and how long it should be retained.
- Updating the Policies and Privacy Statements to reflect how we use data in compliance with GDPR.
- Putting in place processes to ensure that stakeholders are informed when we collect their data, the rationale for us doing so.
- Appointment of a Data Protection Officer with reporting lines direct to the Full Governing Body
- The training of all staff regarding their responsibilities under GDPR and in the principles of data protection by design.

This is still a relatively new area and the Academy will continue to monitor compliance with legislation over the next 12 months.

FUNDRAISING

The majority of fundraising associated with the Academy is carried out by one of 2 closely connected organisations (further details can be seen in the related parties note):

- Dr Challoners School Education Trust ("DCSET")
- The Friends of Dr Challoner's Grammar School

DCSET is a separate charity with its own Trustees and carries out the majority of Fundraising on behalf of the school. The objects of DCSET are *"the provision of scholarships, prizes, grants, equipment, buildings, playing fields and other assistance for the benefit of Dr Challoner's Grammar School (or 'the School') and its pupils"*.

The Trustees of DCSET confirm annually that they have referred to the Charity Commission's guidance on public benefit when reviewing the DCSET's aims and objectives, in planning future activities, and making grants to the school.

The DCSET Trustees are in charge of directing and controlling the charity and running and operating the charity (including fundraising practices). To minimise the administrative burden on DCSET, the DCSET Trustees have authorised Dr Challoner's Grammar School and its staff to carry out the operational decisions of the Trustees under authority delegated in a document agreed by both the Trust and the School that incorporates a data sharing agreement and the delegation of financial authorities to the School. This agreement defines the responsibilities of each person and organisation involved in the administration of the Trust's affairs to avoid the duplication or omission of functions and to provide a framework of accountability for Trustees and Dr Challoner's Grammar School Staff.

With regards to fundraising activities the DCSET Trustees approve the Fundraising Strategy which has been drafted by the School's Officers, taking into account all relevant guidance including the Charity Commission publication "Charity fundraising : a guide to trustee duties (CC20)".

To ensure that the Trustees have access to the appropriate expertise in this area the school employs a Development Director, who is a specialist in fundraising and fundraising regulations. The Fundraising Strategy is written to ensure all fundraising activities and approaches to constituents for funds meet the guidelines issued by the Charity Commission, GDPR and PECR legislation. The Development Director co-ordinates all fundraising activities carried out through DCSET. The majority of these activities are controlled by the Development Office. Those that are not (such as pupils collecting for charity days) have been risk assessed to ensure that they are suitable.

The Friends is an unincorporated association, registered with the charity commission that provides financial assistance with the cost of educational facilities provided by Dr Challoner's Grammar School. The Friends Fundraising Activities involve running various events associated with the school (e.g. school discos, quiz nights etc. to which those wishing to participate buy tickets. The school makes its parent body aware of these events via its website and weekly email to which parents can subscribe.

PLANS FOR FUTURE PERIODS

PRIMARY OBJECTIVES

Character Education:

The first of the primary objectives in the 2018-19 School Improvement Plan. During the year we will be developing an approach to education that equips students with the personal attributes to thrive in our society by researching, delivering and embedding appropriate character education by September 2020. By July 2019 we expect:

- Groups within the school community understand the school's values
- School structures are redesigned or adapted to emphasise the school's values
- The pastoral system makes a strong contribution to the educational outcomes

Updated Key Stage 3 Curriculum

The second primary objective is for students to benefit from an aspirational, relevant and challenging KS3 curriculum which provides a broad and balanced experience, promotes a love of learning and prepares students for KS4 & 5 by September 2019.

In recent years there have been large changes to the curriculum at KS2, KS4 and KS5. Now that these are better understood we now wish to focus on developing the KS3 curriculum to enable students to smoothly transition from KS2 and ultimately be better prepared for the new challenges of the new KS4 and KS5 curriculum.

The development of the PSHE curriculum will contain synergies with our aims under Character Education. By July 2019 we expect:

- All subjects to have completed a 'fit for purpose' analysis of their KS3 curriculum (aims, skills required, assessment, Y7 entry profile - What is needed? What is good? What could be done? What is required to be done?)
- Development of the KS3 curriculum in each subject area with a timescale for delivery
- KS3 Curriculum promotes valued learning habits and school values
- Homework policy agreed and published
- Subject curricula including PSHE are updated for September 2019

OTHER OBJECTIVES

Develop and embed excellent practice in ITT through the Astra SCITT Partnership

The SCITT should meet the needs of the local community and addresses the issues of teacher recruitment, alongside the CPD offer addressing issues regarding retention. To that end, we aim to achieve:

- Rigorous recruitment and selection of high quality graduates to a wide range of secondary subjects as well as primary, with a cohort of at least 50 trainees per year
- Delivery of high quality QTS Professional Studies, linked to the PGCE offer, deploying highly qualified and expert staff from across the partnership, demonstrated by strong evaluations and QTS assessments.
- High completion (low drop out) and employment rates, with over 50% of the cohort achieving 'outstanding'.

The academy has full accountability (to OFSTED) for the quality of the provision of ITT across the partnership of schools in the SCITT. The SCITT is in the process of a two stage Ofsted inspection that looks at the quality of training provision and the performance of SCITT graduates as NQTs. The first three days of the inspection took place in the Summer Term 2018 and the final three days are expected in the Autumn Term 2018.

The OFSTED judgment of the SCITT is extremely important as it both provides us with a measure of our success in meeting the above objectives but will also have an influence on our ability to recruit trainees in future years. We are aiming for an 'Outstanding' judgement.

Capital Projects

During 2018-19 the Academy will develop and approve a long term capital strategy to provide a coherent master plan for capital development between now and 2030.

In addition to this the following projects will be taking place:

- For 2018-19 the major capital investment for the school will be in relation to completing the extension and refurbishment of the music building which should complete by early 2019.
- By December 2018 we will submit two CIF Grant bids to the ESFA. We should find out if these bids are successful by April 2019. If the bids are successful it is likely that we will commence work on the following project by the end of the year:
 - Dining Hall Extension: This summer's investment in our equipment and facilities will allow the main kitchen to continue to operate in the medium term. However, without a major capital building project we are limited in what we can do to fully bring this space up to the size and infrastructure standards expected for a leading 21st Century School. The dining hall is much too small to properly accommodate the number of pupils at the school during the twenty minutes of morning break and one hour of lunchtime. The proposed project extends and modernises the infrastructure of the existing dining hall space, including the provision of additional toilets for students.
 - General Infrastructure Upgrade: Our school site is over 100 years old and there is a wide mix of buildings. We will be bidding to upgrade the key infrastructure (such as ensuring they meet current building regulations in key areas such as fire detection and containment.
- We will continue to review our IT network design and install improvements so that the infrastructure is even more robust.

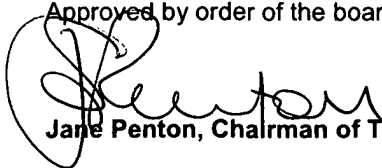
AUDITORS

Our auditors are MHA MacIntyre Hudson. They are willing to continue in office and a resolution to appoint them will be proposed at the annual general meeting.

In so far as the trustees are aware:

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

Approved by order of the board of trustees on 6 November 2018 and signed on its behalf by:


Jane Penton, Chairman of Trustees

GOVERNANCE STATEMENT**Scope of Responsibility**

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

The board of trustees has delegated the day-to-day responsibility to the Headmaster, 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 Dr Challoner's Grammar School and the Secretary of State for Education. The Headmaster is also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the trustees' report and in the statement of trustees' responsibilities. The board of trustees (full governing body) has formally met 3 times during the year.

Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings Attended	Out of a possible
Mr M Anderson	1	1
Mr D Atkinson	3	3
Mr G Cadman	2	2
Mr J Cronly	3	3
Mrs I Darby	2	3
Ms A Davis	2	3
Mr G Fox	2	2
Mr R Gledhill	1	1
Mr L Glenister	2	3
Ms E Judge (Westcott)	1	1
Mr S Kennedy	3	3
Mr M Lawrence	3	3
Ms T Nicholls	0	1
Mr S Nokes	2	3
Dr M Pegg	3	3
Ms J Penton	3	3
Mr D Roberts	1	2
Mr J Stephenson	1	2
Mrs S Tanner	3	3
Mr M Tingey	2	3

The Full Governing Body carries out a review of the governance framework on an annual basis. During the year Mr Michael Anderson, Mr Richard Gledhill, Ms Toni Nicholls and Mr David Roberts left the Governing Body and Mr James Stephenson, Mr Gareth Cadman, Mrs Emma Judge and Mr Giri Fox joined. Mr James Stephenson also left the Governing Body at the end of 31 August 2018 due to being a Staff Trustee and ceasing to be employed at that point in time. These trustee movements had no adverse impact on the operation of the board of trustees.

Board of Trustees Assessment of Own Performance, Challenges Faced and the Effective Scrutiny of Data Provided by Key Management Personnel

In discharging its duties the Full Governing Body has particular regard to assessing its own effectiveness including reflecting on key challenges faced and ensuring that the data presented to it by key management personnel, upon which it bases its decisions is complete and robust.

The Full Governing Body continually reviews the skill sets to identify whether there are any skills gaps that if filled could add further value to the governance of the Academy. At the point that a Trustee leaves, this skills gap is assessed and used to inform the appointment of any replacement Trustee.

Having the appropriate skills on the Full Governing Body enables it to effectively challenge key management personnel regarding the running of the school. The Full Governing Body review the outcomes of key decision made to ensure that the outcome is as intended. A good example for 2017-18 would include the review by a governor with specialist knowledge, into the replacement of the schools Main Information System.

The detailed scrutiny of data presented to the Full Governing Body (be that financial data or data related to teaching and learning), is carried out at both specific committee level and, where appropriate an individual governor may be charged with carrying out work on behalf of that committee to provide the relevant assurance to that committee. The role of the responsible officer is a key example of this. Further to this management data presented to the committee is reconciled at points during the year to statutory sources (e.g. to audited statement of accounts or national school performance data). In addition to receiving reports from key management personnel the Trustees regularly attend parent consultation evenings so that they can hear of any issues directly from parents, students and teachers.

Using the above methodologies the Full Governing Body continues to conclude that it remains a reflective and effective vehicle for the trustees to exercise their governance responsibilities.

Role of the Finance Committee

The Finance Committee is a sub-committee of the main board of trustees. Its main purposes are:

1. To prepare and recommend the annual financial plan for ratification by the full Governing Body.
2. To have authority to approve any virements up to a value of £100,000.
3. To recommend to the Full Governing Body the level of financial authority to be delegated to the Principal/Headmaster for the day-to-day management of the school and to keep this reviewed annually.
4. To have authority to agree the use of any planned carry forward having regard to the priorities established in the School Improvement Plan and up to a limit of £100,000.
5. To receive and review budget monitoring reports.
6. To receive reports from the Responsible Officer regarding the operation of the control framework at the Academy throughout the year
7. To arrange for an audit/independent examination of the academy accounts.
8. To ensure that the Academy is registered with the appropriate regulatory bodies.
9. To confirm annually the authorised signatories for the academy's banking transactions.
10. To ensure that the latest Financial Regulations are followed carefully within school and that any recommendations from the auditors or the Responsible Officer are considered.

11. To prepare and keep under review a Charging Policy covering charges in relation to students and parents
12. To review annually the Financial Regulations and recommend to the Full Governing Body for approval.
13. To review on an annual basis the contracts into which the school has entered.

The committee members, together with attendance at meetings during the year was as follows:

	Meetings Attended	Out of a possible
Mr M Anderson	2	2
Mr D Atkinson	4	4
Mrs I Darby	2	4
Mr G Fox	1	2
Mr S Kennedy	2	4
Mr M Lawrence	4	4
Ms J Penton	2	4

Review of Value for Money

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

The Headmaster considers how the Trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where appropriate. The Headmaster for the academy trust has delivered improved value for money during the year by concentrating on improving efficiencies in business processes including the favourable renegotiation of key contracts such as those relating to catering provision and grounds maintenance.

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 the school's policies aims and objectives, to evaluate the likelihood of those risks being realised, the impact should they be realised, and to manage them efficiently, effectively and economically.

The system of internal control has been in place in Dr Challoner's Grammar School for the whole year ending 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 Dr Challoner's Grammar 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 on-going process for identifying, evaluating and managing the Academy's significant risks that has been in place for the period 1 September 2017 – 31 August 2018 and up to the date of approval of the annual report and financial statements.

Throughout the year, where risks are identified, these are discussed at weekly senior management meetings. Where significant, these are brought to the trustees' attention via the various committees

and actions agreed. The 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 committee of reports that indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes.
- Setting targets to measure financial performance;
- Clearly defined purchasing (asset purchase or capital investment) guidelines
- Delegation of authority and segregation of duties;
- Identification and management of risks

The board of trustees have considered the need for a specific internal audit function and have decided not to appoint an internal auditor. However, the board of trustees have appointed a trustee to act as Responsible Officer (RO). In 2017-18 this was initially Matthew Lawrence to 7 December 2017 (at which point he became the Chair of the Finance Committee). Mr Giri Fox was appointed RO from 1 February 2018.

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

The checks carried out in the current period included but were not limited to:

- testing of payroll systems
- testing of purchasing systems
- testing of income systems
- testing of control account / bank reconciliations

On a termly basis the RO reports to the finance committee on the operation of the systems of control and on the discharge of the governing body's financial responsibilities as per his planned schedule of works. No significant issues have been identified.

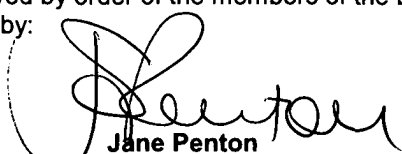
Review of effectiveness

As Accounting Officer, the Headmaster 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 auditor
- The work of the senior leadership team who have responsibility for the development and maintenance of the internal control framework.
- A review of the agenda and minutes of full governing body and committee minutes

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control and, where relevant, plans to address weaknesses and ensure continuous improvement of the system are in place.

Approved by order of the members of the board of trustees on 6 November 2018 and signed on its behalf by:


Jane Penton
Chair of Trustees


Mr David Atkinson
Accounting Officer

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As accounting officer of Dr Challoner's Grammar School Academy Trust I have considered my responsibility to notify the academy trust board of trustees and the Education and Skills Funding Agency ("ESFA") of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

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

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



Mr David Atkinson
Accounting Officer

6 November 2018

STATEMENT OF TRUSTEES' RESPONSIBILITIES

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

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

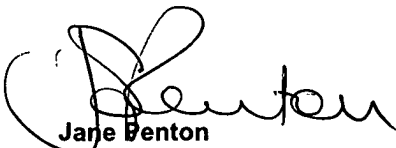
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the board of trustees on 6 November 2018 and signed on its behalf by:



Jane Benton
Chair of Trustees

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF DR CHALLONER'S GRAMMAR SCHOOL

OPINION

We have audited the financial statements of Dr Challoner's Grammar School 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 FRS 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 and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy'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 and Skills Funding Agency.

BASIS OF OPINION

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

CONCLUSIONS RELATING TO GOING CONCERN

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

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Academy's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

OTHER INFORMATION

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are

required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remunerations specified by law 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 Statement of Trustees' Responsibilities, the Trustees (who are also the directors of the Academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

AUDITOR'S 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 Auditor's 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. The description forms part of our Auditor's Report.

USE OF OUR REPORT

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



BIANCA SILVA BA ACA DChA (Senior Statutory Auditor)

for and on behalf of

MHA MacIntyre Hudson

Chartered Accountants
Statutory Auditors

Abbey Place
24-28 Easton Street
High Wycombe
Buckinghamshire
HP11 1NT

Date: 6 November 2018

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO DR CHALLONER'S GRAMMAR SCHOOL AND THE EDUCATION AND SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter dated 13th July 2018 and further to the requirements of the Education and 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 Dr Challoner's 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 Dr Challoner's 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 Dr Challoner's 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 Dr Challoner's Grammar School and the ESFA, for our work, for this report, or for the conclusion we have formed.

RESPECTIVE RESPONSIBILITIES OF DR CHALLONER'S GRAMMAR SCHOOL'S ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT

The Accounting Officer is responsible, under the requirements of Dr Challoner's Grammar School's funding agreement with the Secretary of State for Education dated 25 May 2012, and the Academies Financial Handbook extant from 1 September 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 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's income and expenditure.

The work undertaken to draw to our conclusion includes:

- reviewing the minutes of the meetings of the Governing Body and other evidence made available to us, relevant to our consideration of regularity;
- a review of the objectives and activities of the Academy, with reference to the income streams and other information available to us as auditors of the Academy;
- testing of a sample of payroll payments to staff;
- testing of a sample of payments to suppliers and other third parties;

- testing of a sample of grants received and other income streams;
- evaluating the internal control procedures and reporting lines, and testing as appropriate; and
- making enquires of the Accounting Officer.

CONCLUSION

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 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.



Reporting Accountant

MHA MacIntyre Hudson

Chartered Accountants

Abbey Place
24-28 Easton Street
High Wycombe
Buckinghamshire
HP11 1NT

Date: 6 November 2018

Dr Challoner's Grammar School: Accounts for year ending 31 August | 2018

STATEMENT OF FINANCIAL ACTIVITIES (including income and expenditure account)

	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Year to 31 Aug 2018 £000	Year to 31 Aug 2017 £000
Income and endowments from						
Donations and Capital Grants	3	£0	£36	£639	£675	£532
<i>Charitable Activities:</i>						
- Funding for the Academy Trust's Educational Operations	4	£251	£6,648	£0	£6,899	£6,822
Teaching Schools	4a	£35	£534	£0	£569	£440
Other Trading Activities	5	£78	£0	£0	£78	£58
Investments	6	£2	£0	£0	£2	£2
Total	17	£366	£7,218	£639	£8,223	£7,854
Expenditure On						
Raising Funds	7	£38	£82	£18	£138	£138
<i>Charitable activities</i>						
Academy Trust's educational operations	8	£176	£7,103	£347	£7,626	£7,302
Teaching Schools	7	£35	£539	£0	£574	£499
Total	17	£249	£7,724	£365	£8,338	£7,939
Net Income / (Expenditure)		£117	-£506	£274	-£115	-£85
Transfers between funds	17	-£137	£169	-£32	£0	£0
Net movement in resources before other recognised gains and losses		-£20	-£337	£242	-£115	-£85
Other recognised (losses) / gains						
Actuarial (losses) / gains on defined benefit pension schemes	17,27	£0	£692	£0	£692	£531
Other recognised (losses) / gains		£0	£7	£0	£7	£0
Net Movement in Funds		-£20	£362	£242	£584	£446
Reconciliation of Funds						
Total funds brought forward	17	£372	-£2,690	£15,274	£12,956	£12,510
Total funds carried forward	17	£352	-£2,328	£15,516	£13,540	£12,956

Further details regarding prior year comparatives (including the split between unrestricted and restricted funds) can be found in notes 3-8 of the accounts and note 1.1 of the accounting policies.

Dr Challoner's Grammar School: Accounts for year ending 31 August | 2018

BALANCE SHEET as at 31 August 2018

Company number: 07451811

	Note	31-Aug-18 £000	31-Aug-17 £000
Fixed Assets			
Tangible Assets	13	£15,516	£15,274
Investments		<u>£0</u>	<u>£19</u>
		£15,516	£15,293
Current assets			
Stock	14	£0	£0
Debtors	15	£472	£475
Cash in bank and in hand		<u>£900</u>	<u>£1,220</u>
		£1,372	£1,695
Current Liabilities			
Creditors: amounts falling due within one year	16	<u>-£771</u>	<u>-£1,057</u>
		-£771	-£1,057
		£601	£638
Total assets less current liabilities		£16,117	£15,931
Net assets excluding pension liability		£16,117	£15,931
Pension scheme liability	27	<u>-£2,577</u>	<u>-£2,975</u>
Total Net Assets		£13,540	£12,956
Funds of the Academy Trust:			
Restricted funds			
Restricted fixed asset fund	17	£15,516	£15,274
Restricted general fund	17	£249	£285
Pension Reserve	17	<u>-£2,577</u>	<u>-£2,975</u>
		£13,188	£12,584
Unrestricted Funds			
General Fund	17	<u>£352</u>	<u>£372</u>
		£352	£372
Total Funds		£13,540	£12,956

The financial statements on pages 30 to 59 were approved by Trustees and authorised for issue on 6 November 2018 and are signed on their behalf by Mrs Jane Penton, Chair of Trustees.


 Mrs Jane Penton
 Chair of Trustees

STATEMENT OF CASH FLOWS

	Notes	2018 £000	2017 £000
Net cash provided by (used in) operating activities	21	-£343	£298
Cash flows from investing activities	23	£23	-£441
Cash flows from financing activities	22	£0	£0
Change in cash and cash equivalents in the reporting period		-£320	-£143
Reconciliation of net cash flow to movement in net funds			
Cash and cash equivalents at 1 September 2017		£1,220	£1,363
Cash and cash equivalents at 31 August 2018	24	£900	£1,220

NOTES TO THE FINANCIAL STATEMENTS

1 Principal Accounting Policies

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

1.1 Basis of preparation

The financial statements of the academy trust, which is a public benefit entity as defined 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 (FRS102), 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 (FRS102)), the Academies Accounts Direction 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

1.2 Going Concern

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

1.3 Income

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

1.3.1 Grants

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

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

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

1.3.2 Donations

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

1.3.3 Other Income

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

1.3.4 Donated goods, facilities and services

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

1.3.5 Donated fixed assets

Where the donated good is a fixed asset it is measured at fair value unless, unless it is impractical to measure this reliably in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's accounting policies.

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.

1.4.1 Expenditure on raising funds

This includes all expenditure incurred by the academy trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

1.4.2 Charitable activities

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

All resources expended are inclusive of irrecoverable VAT.

1.5 Tangible fixed assets

1.5.1 Recognition:

Assets costing £2,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

For clarification, where the academy makes bulk purchases of similar items that meet the definition of capital expenditure and individually are below the capitalisation threshold but collectively amount to more than the capitalisation threshold these are capitalised in the year of acquisition.

1.5.2 Funding:

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life.

Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

1.5.3 Depreciation:

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

Freehold buildings	2%
Furniture and equipment	20%
Motor Vehicles	20%
Computer equipment and software	33.33%

Depreciation is not charged in the year of acquisition but is charged in the year of disposal.

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

1.5.4 Impairment:

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.

1.6 Liabilities

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

1.7 Provisions

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

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.8 Leased assets

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

1.9 Investments

At the start of the year the Academy held 2 shares in DCGS Enterprises Ltd. These were held at the value of share capital at the point that the shares were gifted to the Academy. There is no readily available market value and the cost of valuation exceeds the benefits derived. During the year the company was dissolved and no investments are held at the year end.

1.10 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 15. Prepayments are not financial instruments.
- Amounts due to the charity'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 cost as detailed in note 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 instrument. Amounts due to charity's wholly owned subsidiary are held at face value less any impairment.

1.11 Stock

The Academy holds no stock.

1.12 Taxation

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

1.13 Pensions

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

1.13.1 Teachers' Pension Scheme (TPS)

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 27, the TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

1.13.2 Local Government Pension Scheme (LGPS)

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 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 gains and losses.

1.14 Fund Accounting

1.14.1 Unrestricted Funds

Unrestricted Funds represent those resources which may be used towards meeting any of the charitable objectives of the Academy at the discretion of the trustees.

1.14.2 Restricted Fixed Asset Funds

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.

1.14.3 Restricted Pension Reserve

The Restricted Pension Reserve is the value of the local government pension scheme deficit.

1.14.4 Restricted General Funds

Restricted General Funds comprise all other restricted funds received with restrictions imposed by the funder / donor and include grants from the Education and Skills Funding Agency ("ESFA")

1.15 Critical Accounting Estimates and Areas of Judgement

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

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 27, 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.

1.16 Agency Funds and Income and Expenditure

The academy trust acts as an agent in the following areas:

- Disbursing 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 trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the statement of financial activities.
- Disbursing salary grants to partner schools and bursaries to trainees on the Astra SCITT course as the trust does not have control over the charitable application of the funds.
- Other items of pass through costs including the collection of exam remark fees from parents to pass across to exam boards.

Where a balance of such funds is held at the end of the year this is shown as a receipt in advance (creditor) on the balance sheet.

2 General Annual Grant ("GAG")

Under the funding agreement with the Secretary of State the academy trust was subject to limits at 31 August 2018 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes. The academy trust has not exceeded these limits during the year ended 31 August 2018.

3 Donations and Capital Grants

	Unrestricted Funds £000	Restricted Funds £000	Restricted Fixed Asset Funds £000	31-Aug-18 £000	31-Aug-17 £000
Capital Grants	£0	£0	£29	£29	£29
Donated Fixed Assets	£0	£0	£0	£0	£0
Other Donations	£0	£36	£610	£646	£503
	£0	£36	£639	£675	£532
2017 Total	£4	£37	£491	£532	

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4 Funding for the Academy Trust's educational operations

	Unrestricted Funds £000	Restricted Funds £000	Restricted Fixed Asset Funds £000	31-Aug-18 £000	31-Aug-17 £000
DfE / ESFA Grants					
General Annual Grant (GAG)	£0	£5,748	£0	£5,748	£5,782
Pupil Premium Grant	£0	£25	£0	£25	£23
National College Grants	£0	£0	£0	£0	£0
Other DfE / ESFA Grants	£0	£35	£0	£35	£29
	£0	£5,808	£0	£5,808	£5,834
Other Government and Public Sector Grants					
Local Authority Grants	£0	£21	£0	£21	£13
Other Grants	£0	£0	£0	£0	£7
	£0	£21	£0	£21	£20
Other income from the academy trust's educational operations	£251	£819	£0	£1,070	£968
	£251	£6,648	£0	£6,899	£6,822
2017 Total	£247	£6,575	£0	£6,822	

4a Teaching Schools Activities

	Unrestricted Funds £000	Restricted Funds £000	Restricted Fixed Asset Funds £000	31-Aug-18 £000	31-Aug-17 £000
DfE / ESFA Grants					
Core Teaching School Grant	£0	£40	£0	£40	£40
Other Teaching School Government Grants	£0	£0	£0	£0	£6
Other Teaching School Income					
SCITT Tuition Fees	£0	£493	£0	£493	£376
Other Teaching School Income	£35	£1	£0	£36	£18
	£35	£534	£0	£569	£440
2017 Total	£18	£422	£0	£440	

5 Other Trading Activities

	Unrestricted Funds £000	Restricted Funds £000	Restricted Fixed Asset Funds £000	31-Aug-18 £000	31-Aug-17 £000
Hire of Facilities	£42	£0	£0	£42	£29
Other Trading Activities	£36	£0	£0	£36	£29
Total	£78	£0	£0	£78	£58
2017 Total	£58	£0	£0	£58	

6 Investment Income

	Unrestricted Funds £000	Restricted Funds £000	Restricted Fixed Asset Funds £000	31-Aug-18 £000	31-Aug-17 £000
Investment Income					
Interest on Bank Balances	£2	£0	£0	£2	£2
	£2	£0	£0	£2	£2
2017 Total	£2	£0	£0	£2	

7 Expenditure

	Staff Costs £000	Non Pay Premises £000	Other £000	31-Aug-18 £000	31-Aug-17 £000
Expenditure on raising funds	£77	£18	£43	£138	£138
Academy's educational operations:					
Direct costs	£4,223	£273	£447	£4,943	£4,772
Allocated support costs	£1,148	£428	£1,107	£2,683	£2,530
Teaching Schools	£239	£0	£335	£574	£499
	£5,687	£719	£1,932	£8,338	£7,939
2017 Total	£5,459	£780	£1,700	£7,939	

Net incoming resources for the period are stated after:	31-Aug-18 £000	31-Aug-17 £000
Operating Leases:	£0	£0
Depreciation	£364	£404
Fees Payable to Auditor:		
Audit Fees	£9	£9
Other Advice	£4	£3
Loss on Disposal of Fixed Assets	£17	£1
Profit on Disposal of Investment	£7	£0

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There are 2 transaction within the Loss on Disposal of Fixed Assets that exceeded £5K. They were both in relation to assets for which the school were required to replace but for which the depreciation on the asset had not brought it down to a nil book value.

- **Café Furniture:** As part of the new catering contract all internal furniture was to be replaced. The type of furniture in situ was not easily marketable. Whilst some of this furniture was repurposed around the school site, much had to be disposed. The value of this disposal was £7,200.
- **Specialist Film Equipment:** The film equipment that the school had was not being effectively used by students. The proceeds of this disposal were put towards more suitable replacement equipment for use by the students. The net book value of the assets disposed of was £16,793. The school received £7,436 for these assets, giving a loss on disposal of £9,357.

Also included within expenditure are £503 of gifts (2017: £147) made by the Trust.

8 Charitable Activities

	Unrestricted Funds £000	Restricted Funds £000	31-Aug-18 £000	31-Aug-17 £000
Charitable Activities				
Direct Costs - Educational Operations	£159	£4,784	£4,943	£4,772
Support Costs - Educational Operations	£18	£2,665	£2,683	£2,530
	£177	£7,449	£7,626	£7,302
2017 Total	£184	£7,118	£7,302	

	Unrestricted Funds £000	Restricted Funds £000	31-Aug-18 £000	31-Aug-17 £000
Analysis of Support Costs				
Support Staff Costs	£0	£1,148	£1,148	£1,075
Depreciation	£0	£74	£74	£82
Technology Costs	£0	£52	£52	£49
Premises Costs	£14	£191	£205	£243
Other Support Costs	£4	£1,180	£1,184	£1,061
Governance Costs	£0	£20	£20	£20
Total Support Costs	£18	£2,665	£2,683	£2,530
2017 Total	£38	£2,492	£2,530	

9 Staff

9a Staff Costs

	31-Aug-18 £000	31-Aug-17 £000
Wages and salaries	£4,247	£4,092
Social Security Costs	£412	£392
Pension Costs	£1,022	£967
Apprenticeship Levy	£6	£2
	£5,687	£5,453
Supply Staff Costs	£0	£0
Staff restructuring costs	£0	£6
	£5,687	£5,459

Included within staff restructuring costs there were no non-contractual severance payments (2017: £6,000, which represents an individual payment).

9b Staff Numbers:

The average number of persons (headcount) employed by the academy during the period was as follows:

	31-Aug-18 No	31-Aug-17 No.
Teachers	85.0	81.9
Administration and Support	87.3	85.7
Managers	8.7	7.4
	181.0	175.0

The majority of Administrative and Support staff included in the figures above work part time.

9c Higher Paid Staff

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

	31-Aug-18	31-Aug-17
£60,001 - £70,000	3	3
£70,001 - £80,000	1	1
£80,001 - £90,000	1	
£90,001 - £100,000	1	1
	6	5

9d Key Management Personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 3. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy trust for the year ending 31 August 2018 was £505K (2017: £397K – increase due to 4 staff governors serving during the period compared to 2 in the prior year).

10 Related Party Transactions – 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 Headmaster and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of headmaster and staff under their contract of employments.

The value of trustees' remuneration and other benefits for the year ending August 2018 was:

- Mr D Atkinson (headmaster and trustee):
 - Remuneration: £90K - £95K (2017: £90K - £95K)
 - Employer's Pension Contribution Paid: £15K - £20K (2017: £10K - £15K)
- Ms T Nicholls (staff trustee): *(resigned January 2018)*
 - Remuneration: £35K-£40K (2017: £35K-£40K)
 - Employer's Pension Contribution Paid: £5K-£10K (2017: £5K-£10K)
- Mr R Gledhill (staff trustee): *(resigned January 2018)*
 - Remuneration: £35K-£40K (2017: £30K-£35K)
 - Employer's Pension Contribution Paid: £5K-£10K (2017: £5K - £10K)
- Mr G Cadman (staff trustee): *(appointed January 2018)*
 - Remuneration: £40K-£45K (2017: not a trustee)
 - Employer's Pension Contribution Paid: £5K-£10K (2017: not a trustee)
- Mr J Stephenson (staff trustee): *(appointed January 2018)*
 - Remuneration: £25K-£30K (2017: not a trustee)
 - Employer's Pension Contribution Paid: £0K-£5K (2017: not a trustee)

During the year ended 31 August 2018, travel and subsistence expenses totalling £2,998 were reimbursed or paid directly to 4 trustees (2017: £2,373 to 2 trustees).

11 Trustees' and Officers' Insurance

In December 2014 the Academy entered into the Department for Education's Risk Protection Arrangement which protects officers and trustees from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover of up to £5,000,000 on any one claim. The cost for this cover is not separately identifiable from the RPA charging mechanism.

12 Intangible Fixed Assets

The academy did not hold any intangible fixed assets at the balance sheet date.

13 Tangible Fixed Assets

	Freehold Land and Buildings	Furniture and Equipment	Computer Equipment	Motor Vehicles	Assets Under Construction	TOTAL
	£000	£000	£000	£000	£000	£000
Cost						
As at 1 September 2017	£14,365	£1,123	£144	£55	£617	£16,304
Additions	£74	£116	£47	£0	£395	£632
Disposals	£0	-£245	-£74	£0	£0	-£319
Transfers	£476	£64	£0	£0	-£540	£0
At 31 August 2018	£14,915	£1,058	£117	£55	£472	£16,617
Depreciation						
As at 1 September 2017	-£305	-£661	-£60	-£4	£0	-£1,030
Charged in Year	-£83	-£225	-£47	-£9	£0	-£364
Disposals	£0	£221	£73	£0	£0	£294
Transfers	£0	£0	£0	£0	£0	£0
At 31 August 2018	-£388	-£665	-£34	-£13	£0	-£1,100
Net Book Value						
At 31 August 2018	£14,527	£393	£82	£42	£472	£15,516
As at 1 September 2017	£14,060	£462	£84	£51	£617	£15,274

The trust's transactions in relation to additions to land and buildings and assets under construction relating to land and buildings included the following:

Assets under construction:

- £395K in relation to the music extension project.

Land and Buildings:

- £43K completion of the Astroturf Project
- £31K completion of the Hall Annex Project

Prior to conversion, the playing fields and other pieces of land for the school were formally owned by the governing body of the predecessor school. The academy is the beneficial owner of this land.

Prior to conversion, the footprint of the buildings and other pieces of land for the school was held pursuant to certain historic charitable trusts. The land was permanent endowment (meaning that the capital value of the land must be retained and cannot be disposed of – only income from that capital may be expendable). Permanently endowed property cannot be held by an incorporated charity such as the Academy.

As such this element of land continues to be "held" by its historic trust (which is not itself a company, but just a historic type of arrangement for holding charitable assets). The Charity Commission has created an order that made Dr Challoner's Grammar School the sole corporate trustee of that Land Trust.

For legal reasons a lease has been put in place between the Academy (in its role as corporate trustee) and the Academy (as occupier of the land). For the purpose of these accounts these land and buildings have been consolidated as freehold land and buildings in the Academy's accounts.

14 Stock

The academy did not carry any stock at the balance sheet date.

15 Debtors

	31-Aug-18 £000	31-Aug-17 £000
Trade Debtors	£146	£118
VAT Debtors	£99	£143
Prepayments and accrued income	£227	£214
Other Debtors	£0	£0
	£472	£475

16 Creditors: Amount falling due within 1 year

	31-Aug-18 £000	31-Aug-17 £000
Trade creditors	£13	£199
Taxation and Social Security	£105	£102
Accruals and Deferred Income	£607	£732
Other Creditors	£46	£24
	£771	£1,057

The accruals / deferred income constitutes:

- £142K in relation to expenditure accruals
- £190K received in relation to visits taking place next year
- £196K received in relation to SCITT fees for 2018-19
- £48K music fees for lessons taking place in autumn 2018.
- £31 Other receipts in advance

Deferred Income	2018 £000	2017 £000
Deferred Income at 1 September 2017	£545	£491
Released from previous years	-£545	-£491
Resources deferred in the year	£465	£545
Deferred Income at 31 August 2018	£465	£545

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17 Funds

	Balance as at 31 August 2017 £000	Incoming Resources £000	Resources Expended £000	Gains Losses and Transfers £000	Balance as at 31 August 2018 £000
Restricted General Funds					
General Annual Grant (GAG)	£0	£5,748	£5,684	£64	£0
Teaching Schools Fund	£0	£534	£539	£5	£0
6 Form Bursary Fund	£0	£0	£0	£0	£0
Pupil and Service Premium Fund	£0	£25	£25	£0	£0
DFCG not yet applied	£0	£0	£0	£29	£29
Other capital donations not yet applied	£0	£0	£0	£205	£205
Other DFE / ESFA Grants	£0	£35	£35	£0	£0
Other Public Sector Grants	£0	£21	£21	£0	£0
Surplus inherited from predecessor school	£256	£0	£256	£0	£0
TALENT Fund	£0	£0	£0	£0	£0
Educational Visits Contingency Fund	£10	£807	£803	£0	£14
Clubs and Societies	£0	£1	£1	£0	£0
Shares in DCGS Enterprise Ltd	£19	£0	£19	£0	£0
Pension Fund	£2,975	£0	£294	£692	£2,577
Other Restricted Funds	£0	£47	£47	£1	£1
	£2,690	£7,218	£7,724	£868	£2,328
Restricted Fixed Asset Funds					
Donation from predecessor school	£11,032	£0	£18	£0	£11,014
DfE / EFA Capital Grants	£1,061	£29	£111	£29	£950
3rd party donations	£1,193	£610	£25	£222	£1,556
Capital expenditure financed from GAG	£1,988	£0	£211	£219	£1,996
	£15,274	£639	£365	£32	£15,516
Total Restricted Funds	£12,584	£7,857	£8,089	£836	£13,188
Unrestricted Funds					
Unrestricted Funds	£372	£366	£249	£137	£352
Total Unrestricted Funds	£372	£366	£249	£137	£352
Total Funds	£12,956	£8,223	£8,338	£699	£13,540

As outlined in the Trustees' report the reserves readily available for spend exclude the restricted fixed asset fund, the pension fund, the shares in DCGS Enterprises and agency funds held. The reserves readily available for spend at the end of August 2018 were: £600K (2017: £638K)

Analysis of Restricted General Funds held at 31 August 2018:

General Annual Grant:

This is the main funding the Academy received under its funding agreement with the Secretary of State for Education. Under the funding agreement with the Secretary of State, the academy trust was subject to a limit on the amount of GAG that it could carry forward at 31 August 2016. Note 2 discloses that this limit was not breached.

Teaching School Funds:

This fund represents the transactions in relation to the Astra Business Unit which encompasses all teaching school activities and the SCITT. In 2017-18 £5K (2016-17: £58K) was transferred to this fund from unrestricted funds to assist with the growth phase of the SCITT.

Pupil and Service Premium Fund:

At Dr Challoner's Grammar School we aim to use this funding to narrow the disadvantage gap by addressing inequalities and raising the attainment of those pupils in low-income families. The Student Development Office ("SDO") offers a range of services including those that provide support for students with relatively low prior attainment to help 'close the gap'. It also provides specific staff time to help monitor progress and attainment, to help ensure students have every opportunity to access the wider school curriculum and to support transition planning as the students consider GCSE, A Level and careers options.

In addition to this general support, we develop, for those pupils who attract the premium, an individual funding support package tailored to their needs.

This plan is developed with the active involvement of parents who are asked annually to help the school identify any specific needs that this funding could help directly support so as to make the biggest impact for their son in one of the following areas:

- have full access to our curriculum
- access our extra-curricular provision
- improve their levels of attainment and progress

Examples of how this funding has been used include the provision of computer equipment and enabling pupils to attend an enriching educational visit.

The fund has been set up so that it is possible that all the funding is spent directly on individual plans. In this instance the funding of the SDO staffing time will be financed by the school's general reserves. This provides us with the most flexibility to meet our most disadvantaged student's needs.

DFCG ("Devolved Formula Capital Grant") not yet applied

In 2017-18 the school received a capital grant of £29K. This will be applied to the Music Building Project in 2018-19 and will be transferred to the fixed asset fund at that point in time.

Other Capital Donations not yet applied

In 2017-18 the school received a capital grant of £563K from Dr Challoner's School Education Trust towards the cost of the Music building. Partly due to slippage on the build £205K of this donation will be applied to the Music Building Project in 2018-19 and will be transferred to the fixed asset fund at that point in time.

Surplus Inherited from the predecessor school

This fund represented the surplus held by the school at the time it became an academy.

Educational Visits Contingency Fund ("EVCF")

The cost of each visit has a budget. The voluntary contribution from parents is based on the premise that each visit's costs will match exactly to the budget. Whilst most trips come in on budget there will always be some that vary. Where costs are not as great as anticipated and small surpluses occur, these are transferred to this fund. (Where large surpluses occur on an individual trip the surplus is refunded to the parent and not transferred to the EVCF). For visits ran in 2017-18 there was a £4K surplus on this fund (2017: £8K use of this fund).

The EVCF is primarily used to fund any small unavoidable overspends on those trips whose costs

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slightly exceed budget. It can also be used in relation to miscellaneous expenditure relating to educational visits generally and for making contributions or remitting charges in relation to the cost of a visit as outlined in the Charging and Remissions Policy.

Shares in DCGS Enterprises Ltd.

This fund represented the notional value of the shares transferred to the Academy on 1 June 2015. These shares were disposed during the year.

Pension Fund (negative reserve)

This negative reserve represents the deficit in relation to the local government pension scheme. It is being tackled by the school contributing to the pension fund. Note 27 contains more details.

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

	Balance as at 31 August 2016 £000	Incoming Resources £000	Resources Expended £000	Gains Losses and Transfers £000	Balance as at 31 August 2017 £000
Restricted General Funds					
General Annual Grant (GAG)	£204	£5,782	-£5,571	-£415	£0
Teaching Schools Fund	£0	£422	-£480	£58	£0
6 Form Bursary Fund	£0	£0	£0	£0	£0
Pupil and Service Premium Fund	£0	£23	-£23	£0	£0
DFCG not yet applied	£29	£0	£0	-£29	£0
Other capital donations not yet applied	£0				
Other DfE / EFA Grants	£0	£29	-£29	£0	£0
Other Public Sector Grants	£0	£20	-£20	£0	£0
Surplus inherited from predecessor school	£406	£0	-£150	£0	£256
TALENT Fund	£0	£0	£0	£0	£0
Educational Visits Contingency Fund	£18	£710	-£718	£0	£10
Clubs and Societies	£0	£1	-£1	£0	£0
Shares in DCGS Enterprise Ltd	£19	£0	£0	£0	£19
Pension Fund	-£3,247	£0	-£259	£531	-£2,975
Other Restricted Funds	£0	£47	-£47	£0	£0
	-£2,571	£7,034	-£7,298	£145	-£2,690
Restricted Fixed Asset Funds					
Donation from predecessor school	£11,034	£0	-£2	£0	£11,032
DfE / EFA Capital Grants	£1,191	£29	-£188	£29	£1,061
3rd party donations	£731	£462	£0	£0	£1,193
Capital expenditure financed from GAG	£1,789	£0	-£215	£414	£1,988
	£14,745	£491	-£405	£443	£15,274
Total Restricted Funds	£12,174	£7,525	-£7,703	£588	£12,584
Unrestricted Funds					
Unrestricted Funds	£336	£329	-£236	-£57	£372
Total Unrestricted Funds	£336	£329	-£236	-£57	£372
Total Funds	£12,510	£7,854	-£7,939	£531	£12,956

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A current 12 months and prior 12 months combined position is as follows:

	Balance as at 31 August 2016 £000	Incoming Resources £000	Resources Expended £000	Gains Losses and Transfers £000	Balance as at 31 August 2018 £000
Restricted General Funds					
General Annual Grant (GAG)	£204	£11,530	-£11,255	-£479	£0
Teaching Schools Fund	£0	£956	-£1,019	£63	£0
6 Form Bursary Fund	£0	£0	£0	£0	£0
Pupil and Service Premium Fund	£0	£48	-£48	£0	£0
DFCG not yet applied	£29	£0	£0	£0	£29
Other capital donations not yet applied	£0	£0	£0	£205	£205
Other DFE / ESFA Grants	£0	£64	-£64	£0	£0
Other Public Sector Grants	£0	£41	-£41	£0	£0
Surplus inherited from predecessor school	£406	£0	-£406	£0	£0
TALENT Fund	£0	£0	£0	£0	£0
Educational Visits Contingency Fund	£18	£1,517	-£1,521	£0	£14
Clubs and Societies	£0	£2	-£2	£0	£0
Shares in DCGS Enterprise Ltd	£19	£0	-£19	£0	£0
Pension Fund	-£3,247	£0	-£553	£1,223	-£2,577
Other Restricted Funds	£0	£94	-£94	£1	£1
	-£2,571	£14,252	-£15,022	£1,013	-£2,328
Restricted Fixed Asset Funds					
Donation from predecessor school	£11,034	£0	-£20	£0	£11,014
DfE / EFA Capital Grants	£1,191	£58	-£299	£0	£950
3rd party donations	£731	£1,072	-£25	-£222	£1,556
Capital expenditure financed from GAG	£1,789	£0	-£426	£633	£1,996
	£14,745	£1,130	-£770	£411	£15,516
Total Restricted Funds	£12,174	£15,382	-£15,792	£1,424	£13,188
Unrestricted Funds					
Unrestricted Funds	£336	£695	-£485	-£194	£352
Total Unrestricted Funds	£336	£695	-£485	-£194	£352
Total Funds	£12,510	£16,077	-£16,277	£1,230	£13,540

18 Analysis of net assets between funds

	Unrestricted Funds £000	Restricted Funds £000	Restricted Fixed Asset Funds £000	31-Aug-18 £000	31-Aug-17 £000
Tangible Fixed Assets			£15,516	£15,516	£15,274
Investments	£0	£0		£0	£19
Current Assets	£352	£1,020		£1,372	£1,695
Current Liabilities		-£771		-£771	-£1,057
Pension Scheme Liability		-£2,577		-£2,577	-£2,975
	£352	-£2,328	£15,516	£13,540	£12,956

Comparative information for the preceding period is as follows:

	Unrestricted Funds £000	Restricted Funds £000	Restricted Fixed Asset Funds £000	31-Aug-17 £000	31-Aug-16 £000
Tangible Fixed Assets			£15,274	£15,274	£14,745
Investments		£19		£19	£19
Current Assets	£372	£1,323		£1,695	£1,937
Current Liabilities		-£1,057		-£1,057	-£944
Pension Scheme Liability		-£2,975		-£2,975	-£3,247
	£372	-£2,690	£15,274	£12,956	£12,510

19 Capital Commitments

In 2017-18 the school had entered into contracts for capital projects during the summer holidays for which works on the Music Building that will actually conclude during 2018-19, Works carried out in 2017-18 (and 2016-17) has been included within the accounts and is shown as an Asset Under Construction. The outstanding commitment in relation to the work to be completed during 2018-19 is estimated at £550K but this will be dependent upon various factors.

20 Financial Commitments

Operating Leases

As at 31 August the total of the Academy's future minimum lease payments under non-cancellable operating leases was £0 (2017: £0)

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

	2018 £000	2017 £000
Net income / (expenditure) as per the SOFA	-£115	-£85
Adjusted for:		
Investment Disposal	£19	£0
Depreciation (note 13)	£364	£405
Disposal of Fixed Assets	£19	£0
Capital Grants and Capital Income	-£639	-£491
Interest Receivable (note 6)	-£2	-£2
Defined Benefit Pension cost less contributions payable (note 27)	£219	£190
Defined Benefit pension finance cost (note 27)	£75	£69
(increase) / decrease in stocks	£0	£0
(increase) / decrease in debtors	£3	£99
increase / (decrease) in creditors	-£286	£113
Net cash provided by / (used in) operating activities	-£343	£298

22 Cash flows from financing activities

	2018 £000	2017 £000
Repayments of borrowing	£0	£0
Cash inflows from new borrowing	£0	£0
Net cash provided by / (used in) financing activities	£0	£0

23 Cash flows from investing activities

	2018 £000	2017 £000
Investment Income	£2	£2
Proceeds from investment disposal	£7	£0
Proceeds from sale of fixed assets	£7	£0
Purchase of fixed assets	-£632	-£934
Capital Grants from DfE / EFA	£29	£29
Capital funding from other sources	£610	£462
Net cash provided by / (used in) investing activities	£23	-£441

24 Analysis of cash and cash equivalents

	2018 £000	2017 £000
Cash in hand and at bank	£900	£1,220
Notice deposits (less than 3 months)	£0	£0
Total cash and cash equivalents	£900	£1,220

25 Contingent Liabilities

During 2017-18 the school entered into partnership with a new provider (Aspens) for the provision of catering services in both the main canteen and in the Sixth Form cafe area from 1 September 2018 for five years. Part of this partnership includes Aspens investing significantly in the school's infrastructure. During the summer holidays there was a complete refurbishment and refit of the (extremely old) main canteen kitchen equipment and an overhaul of the Sixth Form cafe space. The value of this investment was £177,500 and will be amortised over the term of the contract. Assuming the contract term concludes in 5 years' time the school will have no commitment. However, if the school exits the contract prior to this, then it may be liable to repay to Aspens a proportion of the investment as follows:

Example Date Contract Terminated	Amount to be Repaid
1 September 2018	£177,500
31 August 2019	£142,000
31 August 2020	£106,500
31 August 2021	£71,000
31 August 2022	£35,500
31 August 2023	£0

26 Members' liability

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

27 Pension and Similar Obligations

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 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.

27.1 Teachers' Pension Scheme

27.1.1 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.

27.1.2 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 April 2019.

The pension costs paid to TPS in the period amounted to £840K (2017: £789K) of which £333K (2017: 305K) was paid by employees and £507K (2017: 484K) was paid by the Academy.

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

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

27.2 Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £279K (2017: £291K), of which employer's contributions totalled £219K (2017: £226K) and employees' contributions totalled £60K (2017: £65K). The agreed contribution rates for future years is 22.8% for employers.

The pension reserve deficit is in relation to the local government pension scheme. 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.

The deficit is being tackled by the school contributing to the pension fund. Upon advice from the actuary the school contributes the equivalent of 22.8% of the payroll of employees who are members of the local government pension scheme. Of this amount 6.0% is being used to reduce the deficit directly.

Employee contribution rates are set dependent on their estimated earnings. It is the Academy's policy to set and review employee contribution rates as at 1 April each year. For each employee the contribution rate is set based on the Academy's estimate of the employee's likely total earnings for the forthcoming year. When carrying out this estimate the Academy takes into account the employee's expected level of overtime or additional hours (based on total overtime paid in the preceding 12 months). The contribution rates for employees were as follows:

For the period 1 September 2017 – 31 March 2018:

Band	Estimated Earnings	Contribution Rate	
		Main LGPS Section	50/50 LGPS Section
1	Up to £13,700	5.5%	2.75%
2	£13,701 to £21,400	5.8%	2.90%
3	£21,401 to £34,700	6.5%	3.25%
4	£34,701 to £43,900	6.8%	3.40%
5	£43,901 to £61,300	8.5%	4.25%
6	£61,301 to £86,800	9.9%	4.95%
7	£86,801 to £102,200	10.5%	5.25%
8	£102,201 to £153,300	11.4%	5.70%
9	More than £153,300	12.5%	6.25%

For the period 1 April 2018 – 31 August 2018:

Band	Estimated Earnings	Contribution Rate	
		Main LGPS Section	50/50 LGPS Section
1	Up to £14,100	5.5%	2.75%
2	£14,101 to £22,000	5.8%	2.90%
3	£22,001 to £35,700	6.5%	3.25%
4	£35,701 to £45,200	6.8%	3.40%
5	£45,201 to £63,100	8.5%	4.25%
6	£63,101 to £89,400	9.9%	4.95%
7	£89,401 to £105,200	10.5%	5.25%
8	£105,201 to £157,800	11.4%	5.70%
9	More than £157,800	12.5%	6.25%

27.2.1 Principal Actuarial Assumptions

Financial assumptions as at	31-Aug-18	31-Aug-17
Rate of increase in salaries	3.80%	4.20%
Rate of increase in pensions in payment / inflation	2.30%	2.70%
Discount rate for scheme liabilities	2.65%	2.60%
Inflation assumption (CPI)	2.30%	2.70%
Commutations of pensions to lump sums	50.00%	50.00%

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

Mortality assumptions as at	31-Aug-18	31-Aug-17
<i>retiring today</i>		
Males	24.0	23.9
Females	26.1	26.0
<i>retiring in 20 years</i>		
Males	26.3	26.2
Females	28.5	28.3

Sensitivity Analysis:

The tables below show how the measurement of scheme liabilities would have been affected by changes in the relevant assumption that were reasonably possible at the balance sheet date.

	31-Aug-18	31-Aug-17
	£000	£000
Discount Rate + 0.1%	-£134	-£136
Discount Rate - 0.1%	£138	£140
Mortality Assumption - 1 year increase	£188	£192
Mortality Assumption - 1 year decrease	-£182	-£186
CPI Rate + 0.1%	£117	£111
CPI Rate - 0.1%	-£114	-£108

27.2.2 Assets and Liabilities

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

	Fair value as at 31 August 2018		Fair value as at 31 August 2017	
	£000	% of total	£000	% of total
Gilts	£359	12%	£264	10%
Equities	£1,591	52%	£1,515	56%
Other Bonds	£372	12%	£353	13%
Property	£222	7%	£200	7%
Cash	£181	6%	£93	3%
Alternative Assets	£24	1%	£30	1%
Hedge Funds	£140	5%	£128	5%
Absolute Return Portfolio	£142	5%	£130	5%
Total Market Value of Assets	£3,031	100%	£2,713	100%
Present value of scheme liabilities:				
funded	£5,608		£5,688	
Surplus (deficit) in the scheme	-£2,577	100%	-£2,975	100%

The total return on fund assets for the year to 31 August 2018 was £94K (2017: £286K)

27.2.3 Amounts Recognised in the Statement of Financial Activities

	At 31 August 2018	At 31 August 2017
	£000	£000
Current Service cost	£435	£414
Net interest on the defined liability (asset)	£75	£69
Administration expenses	£3	£2
Total Operating Charge	£513	£485

27.2.4 Movements in the present value of defined benefit obligations

	At 31 August 2018	At 31 August 2017
	£000	£000
Opening defined benefit obligation	£5,688	£5,383
Current Service Cost	£435	£414
Interest Cost	£148	£119
Change in Financial Assumptions	-£671	-£188
Change in Demographic Assumptions	£0	£63
Experience loss / (gain) on defined benefit obligation	£0	-£124
Liabilities assumed / (extinguished) on settlements	£0	-
Estimated benefits paid net of transfers in	-£52	-£44
Past service cost including curtailments	-	-
Contributions by scheme participants and other employers	£60	£65
Unfunded pension payments	-	-
Closing defined benefit obligation	£5,608	£5,688

27.2.5 Movement in the fair value of the Academy's share of scheme assets

	At 31 August 2018	At 31 August 2017
	£000	£000
Opening fair value of scheme assets	£2,713	£2,136
Interest on assets	£73	£50
Return on assets less interest	£21	£236
Other actuarial gains / (losses)	£0	£46
Administration expenses	-£3	-£2
Contributions by employer including unfunded	£219	£226
Contributions by scheme participants and other employers	£60	£65
Estimated benefits paid plus unfunded net of transfers in	-£52	-£44
Settlement prices received / (paid)	-	-
Closing fair value of scheme assets	£3,031	£2,713

27.2.6 Net Pension Scheme Liability

	At 31 August 2018	At 31 August 2017
	£000	£000
Net Pension Scheme Liability	-£2,577	-£2,975

28 Connected Organisations

Dr Challoner's Grammar School has strong connections with the following organisations. Any significant transactions with these bodies are reported in note 29 – related party transactions.

28.1 Dr Challoner's School Educational Trust (charity registration 298550)

Dr Challoner's School Educational Trust ("DCSET") is a charity that has been set up under a Trust Deed in 1987 and gained charitable status in March 1988. The objects of the DCSET are the provision of scholarships, prizes, grants, equipment, buildings, playing fields, and other assistance for the benefit of Dr Challoner's Grammar school and its pupils. As such DCSET makes regular donations to the School under the direction of its trustees.

Although Dr Challoner's Grammar School is not a corporate trustee of DCSET, of DCSET's 6 trustees, 3 also act as existing trustees of the school and 2 are members of the school staff.

DCSET's statement of accounts can be viewed online at the Charity Commission's website: <http://www.charity-commission.gov.uk/>

Dr Challoner's Grammar School administers the finances of DCSET on its behalf.

28.2 DCGS Enterprises Ltd. (company registration 4266918)

The Academy owned 100% of the equity in DCGS Enterprises Ltd until such time as the company fully dissolved in May 2018. The Academy has taken advantage of the exceptions laid out in paragraphs 8.2.4 and 8.2.5 of the accounts direction that allow it not to produce consolidated group accounts on the basis that the trading subsidiary is immaterial (turnover is only £7K). DCGS Enterprises Ltd Statement of Accounts can be viewed on the Companies House website: <https://beta.companieshouse.gov.uk/company/04266918/filing-history>

DCGS Enterprises Ltd. principal activity is the operation of the school shop, particularly uniform sales, for the benefit of the students. The Academy administered the finances of DCGS Enterprises Ltd. on its behalf.

28.3 Friends of Dr Challoner's Grammar School (charity registration 310621)

Friends of Dr Challoner's Grammar School (the Friends) is an unincorporated association, registered with the charity commission that provides financial assistance with the cost of educational facilities provided by Dr Challoner's Grammar School.

Although Dr Challoner's Grammar School is not a corporate trustee of the Friends, the Headteacher acts as President of the Friends and one of the Academy's Assistant Headteacher is heavily involved in the day to day running of the Friends.

The Friends' statement of accounts can be viewed online at the Charity Commission's website: <http://www.charity-commission.gov.uk/>

Dr Challoner's Grammar School does not administer the finances of the Friends.

29 Related Party Transactions

Owing to the nature of the Academy's operations and the composition of the board of trustees being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the board of trustees may have an interest. All transactions involving such organisations are conducted at arms-length and are in accordance with the Academy's financial regulations and normal procurement procedures. The Academy had transactions with the following organisations during the year:

Organisation	Interest	Value	Type
Dr Challoner's School Educational Trust	See note 28.1	£606,193	Income
DCGS Enterprises	See note 28.2	£15,203	Income
Friends of Dr Challoner's Grammar School	See note 28.3	£37,466	Income
How to Thrive	One Trustee is a Trustee of How to Thrive	£160	Income
DCGS Enterprises	See note 28.2	£928	Expenditure
The Buckinghamshire Grammar Schools	One Trustee is a Director	£28,073	Expenditure
Chiltern District Council	One Trustee the Leader of the Council	£37,129	Expenditure
Royal Geographical Society	One Trustee is also a Trustee of the RGS	£1,403	Expenditure
How to Thrive	One Trustee is a Trustee of How to Thrive	£1,132	Expenditure

There were no amounts owing to or from these organisations at the balance sheet date

30 Agency Arrangements

VI form bursary grant

The purpose of this grant is to remove financial barriers for students in the 16-19 stage of education. Essentially the Academy receives funding from the DFE to pass to those students most in need in line with the rules of the scheme. The balance on this fund represents the balance regarding discretionary bursaries not distributed in 2017-18. This funding will be added to the funding received in 2018-19 for consideration when assessing students applying to the scheme next academic year. 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 £7K and disbursed £9K from the fund. £4K is held in cash / creditors at the end of the year.

SCITT Bursaries and SCITT Salaried Grants

The SCITT administers the grants paid direct to students (bursaries and scholarships) and schools employing salaried students (School Direct Salary Grants) help them meet the living costs / costs of paying a salary whilst they train with the Astra SCITT. In general, although these budgets should be net neutral, the amount of monies passed through Astra to the end parties is significant.

The amounts of grant paid across depend on various factors including the subject studied, the prior degree qualifications the student has obtained, whether the employing school is a Fringe School etc. Note 31 contains further details.

Other arrangements

The school also acts as an agent in collecting monies to be passed across to other organisations. Examples include collecting income from parents for exam remarks and the instrument purchase scheme. £31K of income was collected in this manner in 2017-18. All income was passed across.

31 Teaching School Trading Account

	31-Aug-18 £000	31-Aug-17 £000
Income		
Direct Income:		
NCTL Grants	£40	£52
Other Grants	£0	£0
	£40	£52
Other Income		
SCITT Trading Income	£493	£379
Other Trading Income	£36	£2
Fundraising	£0	£0
	£529	£381
Total Income	£569	£433
Expenditure		
Direct Costs		
Direct Staff Costs	£155	£142
Staff Development	£0	£0
Other Direct Costs	£326	£276
Total Direct Costs	£481	£418
Other Costs		
Support Staff Costs	£56	£40
Depreciation	£0	£0
Technology Costs	£0	£0
Recruitment and Support	£0	£0
Security and Support	£0	£0
Other Support Costs	£37	£29
Share of Governance Costs	£0	£0
Total Other Costs	£93	£69
Total Expenditure	£574	£487
Net Surplus / Deficit (Main Account)	-£5	-£54
Agency Items		
SCITT Bursary Income	£554	£385
SCITT Bursary Expenditure	£554	£385
	£0	£0
SCITT Salaried Grant Income	£162	£83
SCITT Salaried Grant Expenditure	£162	£87
	£0	-£4
Net Surplus / Deficit (Agency Account)	£0	-£4
TOTAL SURPLUS / DEFICIT	-£5	-£58

Dr Challoner's Grammar School is both a Teaching School and a SCITT. It manages the transactions in relation to being a Teaching School and SCITT via an internal business unit called Astra.

The account above is split between the main account and then shows a separate "Agency Account" in relation to Bursary Grants and Salaried Grants. In theory this account should always show £0 net position.

In 2017-18 we passed across the following grants:

- Bursaries: £554K (we received £595.5K)
- Salaried Grants: £162K – We received £162K and all was passed across
- Total: £716K

Bursaries:

We received £595.5K of Bursary funding. We will pay £41.6K back to the ESFA as this relates to trainees that withdrew or deferred. This amount is showing in creditors in the balance sheet.

In addition to the above we also paid £2K to a trainee in April that withdrew and is recommencing their studies in January 2019. Technically the April payment now relates to 2018-19 so has been accrued (so this element of bursary expenditure appears in 2018-19 with a corresponding debtor on the balance sheet). If the trainee does not recommence the course we will recover this £2K direct from the trainee. The overall effect of the above on the income and expenditure account is net neutral.

Salaried Grants:

In 2017-18 we received and passed across £162K of salary grant. At 31 August 2018 we are to pay back £2.1K of the 2016-17 salary grant that was passed to us in error by the NCTL. This amount is shown in creditors. £1.2K of this amount was recognised in the 2016-17 accounts. £0.9K is recognised in the 2017-18 accounts but is offset by a debtor in relation to the school having received the grant needing to pass this back to Astra.

Cumulative Position of the Astra Trading Unit

In Year Movement on Trading Account	31-Aug-18 £000	31-Aug-17 £000	31-Aug-16 £000
Cumulative Transfers from Unrestricted Reserves at 1 September	£166	£108	£0
In year transfer from / (to) Unrestricted Reserves	£5	£58	£108
Cumulative Transfers from Unrestricted Reserves at 31 August	£171	£166	£108

2016-17 was the first year in which Astra operated as a SCITT. Prior to 2015-16 the teaching school had managed to operate within designated funds provided to support it. However, during 2015-16 a transfer of £108K was made from unrestricted funds to the Astra Business Unit – mainly in relation to covering set up costs of the SCITT (this was the year in which we incurred all the set-up costs but had no student income). The SCITT is currently in a growth phase meaning that costs are generally incurred before income is received. The trustees have authorised the investment of unrestricted reserves during the growth phase as it is deemed necessary in order to produce a programme that is of high quality so as to attract trainee numbers, to engage and train staff and partners to ensure all provision meets all OFSTED criteria and to allow us to develop an appropriate marketing programme to attract trainees and increase trainee numbers in the future.

For future years where the Teaching School Funds generate a surplus the trustees will decide whether to use this surplus to develop the programme further, repay to the unrestricted reserves the initial investment or a combination of these strategies.