

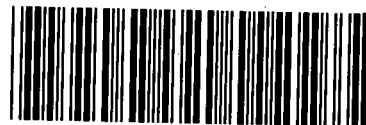
Registered number: 07546874 (England & Wales)

THE GRYPHON TRUST
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2016

WEDNESDAY



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COMPANIES HOUSE

THE GRYPHON TRUST
(A company limited by guarantee)

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THE GRYPHON TRUST
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2016**

Members

Mr L Daniels
Mr B Farmer
Mr B Maugham

Trustees

Mrs E Cook, Chair
Cllr G Beck (resigned 11 September 2015)¹
Mr M Byrne (appointed 16 September 2015)
Mrs S England
Mr S Hayes (resigned 14 September 2015)³
Dr M Horswell (appointed 16 September 2015)
Mrs M Hughes (resigned 11 September 2015)¹
Mr C Hummerstone (resigned 4 May 2016)²
Mr A Maugham¹
Cllr A O'Sullivan¹
Mr N Pressnell, Headteacher²
Mrs E Reed (resigned 11 September 2015)¹
Professor D Richards³
Mr R Wilkins¹
Mr R Williamson (resigned 2 February 2016)²

¹ Community trustee

² Staff trustee

³ Parent trustee

Company registered number

07546874

Company name

The Gryphon Trust

Principal and registered office

The Arnewood School
Gore Road
New Milton
Hampshire
BH25 6RS

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2016**

Advisers (continued)

Senior leadership team

Mr N Pressnell, Headteacher
Mr C Price, Acting Deputy Headteacher
Mr D Cornford, Assistant Headteacher
Mr G Jagger, Assistant Headteacher
Mr H Roberts, Assistant Headteacher
Mrs S Stroud, Assistant Headteacher
Mrs K Bower, Senior Professional Tutor
Mr M Colman, Director of Post-16 Learning
Mr M Gough, Head of ICT
Mr J Hutson, Responsibility for data management

Independent auditors

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

Bankers

Lloyds Bank Plc
25 High Street
Ringwood
Hampshire
Dorset
BH24 1BD

Solicitors

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

THE GRYPHON TRUST
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2016

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year to 31 August 2016. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The trust operates an academy, The Arnewood School, for pupils aged 11 to 16 serving a catchment area in the New Forest, Hampshire. It has a pupil capacity of 1300 and had a roll of 1136 in the school census on 6th October 2016. The trust opened a new alternative provision free school, The Eaglewood School, in September 2016 for pupils aged 7 to 16 serving Hampshire, Dorset and the surrounding area.

Structure, Governance and Management

Constitution

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The trustees of The Gryphon Trust are also the directors of the charitable company for the purposes of company law.

Details of the trustees who served during the year are included in the Reference and Administrative Details on page 1.

Members' Liability

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

Trustees' Indemnities

In accordance with normal commercial practice, the academy trust has insurance in place to protect Directors, Governors and officers from claims arising against negligent acts, errors, or omissions occurring whilst on trust business. The insurance has an indemnity limit of £5m.

Method of Recruitment and Appointment or Election of Trustees

The Members may appoint by ordinary resolution up to 8 Trustees.

Should the Chief Executive Officer agree so to act, the Members may by ordinary resolution appoint the Chief Executive Officer as a Trustee.

The Members may appoint Staff Trustees through such process as they may determine provided the total number of Trustees including the Chief Executive Officer (if they so choose to act as Trustee) who are employees of the Academy Trust shall not exceed one third of the total number of Trustees.

Parent Trustees and Parent Local Governors shall be elected or, if the number of parents, or individuals exercising parental responsibility, standing for election is less than the number of vacancies, appointed (in accordance with the terms of reference determined by the Trustees from time to time). The elected or appointed Parent Trustees must be a parent, or an individual exercising parental responsibility, of a registered pupil at one or more of the Academies at the time when he is elected or appointed. The elected (or, if the number of parents or individuals exercising parental responsibility standing for election is less than the number of vacancies, appointed). Parent Local Governors of the Local Governing Body must be a parent, or an individual exercising parental responsibility, of a registered pupil at one or more of the Academies overseen by the Local Governing Body at the time when he is elected or appointed.

The number of Parent Trustees and Parent Local Governors required shall be made up by Parent Trustees and Parent Local Governors appointed by the Trustees if the number of parents, or individuals exercising parental responsibility, standing for election is less than the number of vacancies.

THE GRYPHON TRUST
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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

The Trustees shall make all necessary arrangements for, and determine all other matters relating to, an election of the Parent Trustees or Parent Local Governors, including any question of whether a person is a parent, or an individual exercising parental responsibility, of a registered pupil at one of the Academies. Any election of the Parent Trustees or Parent Local Governors which is contested shall be held by secret ballot. For the purposes of any election of Parent Local Governors, any parent, or an individual exercising parental responsibility, of a registered pupil at the Academies overseen by the Local Governing Body shall be eligible to vote.

In appointing a Parent Trustee or Parent Local Governor the Trustees shall appoint a person who is the parent, or an individual exercising parental responsibility, of a registered pupil at an Academy; or where the Trustees are exercising their power to appoint a Parent Trustee or Parent Local Governor and it is not reasonably practical to appoint a parent, or an individual exercising parental responsibility, then the Trustees may appoint a person who is the parent, or an individual exercising parental responsibility, of a child within the age range of at least one of the Academies or, in the case of an appointment to a Local Governing Body, the age range of at least one of the Academies overseen by that Local Governing Body.

The process for recruiting a Parent Local Governor is by ballot. Parents are notified of a vacancy and invited to apply. The Clerk to the Governing Body will receive nominations and will open on the date and time specified.

The term of office is 4 years.

The Trustees may also appoint Co-opted Trustees. The Trustees may not co-opt an employee of the Academy Trust as a Co-opted Trustee if thereby the number of Trustees who are employees of the Academy Trust would exceed one third of the total number of Trustees including the Chief Executive Officer to the extent he or she is a Trustee.

Preference will be given to the appointment of Trustees if they have a specific skill set required by the Board. Review of skill set of the Trustees and any gaps in skills is reviewed annually by the Trustees.

Policies and Procedures Adopted for the Induction and Training of Trustees

The Chairman meets all new Trustees on a one to one basis and they are issued by the following documents:

- Governance Handbook
- Staff Handbook
- School Improvement Plan
- Committee Terms of Reference
- Code of Practice
- Any other Strategic Documentation
- Desirable Competencies of Board of Directors

Training is undertaken both "in house" and via an external provider. An audit of Trustee skills is undertaken annually.

Organisational Structure

From September 2015 to August 2016, the trust operated one school, The Arnewood School. At this time the Arnewood School had a Senior Leadership Team consisting of the Headteacher, five Assistant Headteacher (one of whom was acting Deputy Headteacher) and four other senior teachers seconded to the SLT. The former Headteacher, whose role changed during the year to Chief Executive Officer, was the Accounting Officer. The Arnewood School's Scheme of Delegation identifies the responsibilities of the Arnewood Local Governing Body while the day to day management of the Academy has been devolved to the school's leadership.

Arrangements for setting pay and remuneration of key management personnel

Pay and remuneration was set according to the trust's pay policy. The general principle underpinning this is that employees of the trust will be paid at least in accordance with the School Teachers' Pay and Conditions, with due regards also to the EHCC framework for support staff.

THE GRYPHON TRUST
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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

Objectives and Activities

Objects and Aims

The academy trust aims to provide education for public benefit by establishing, maintaining, carrying on, managing and developing schools offering a broad and balanced curriculum to all children of compulsory school age with an emphasis on high outcomes for all learners.

Objectives, Strategies and Activities

The main objectives of the trust are as follows:

- To place children's needs first so that they are at the core of good decision making as to what is best for our school community.
- To be a consistently high performing school, with impressive examination results at all key stages including sixth form.
- To continue to raise standards in all subject areas; to encourage diversity and scholarship in teaching and learning across all subjects.
- To place great emphasis on a healthy balance between academic work and the all-round development of children.
- To have a strong commitment to very good pastoral care and a wide variety of curricular opportunities both cultural and sporting.

Public Benefit

The trustees have given due regard to the Charity Commission's guidance on public benefit when considering the aims of the academy trust. The trust continues to advance education for the public benefit in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing the trust by offering a broad and balanced curriculum; and if and to the extent the Directors may decide from time to time, to promote for the benefit of the inhabitants of the community in which the trust is located and the surrounding area the provision of facilities for recreation or other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances or for the public at large in the interests of social welfare and with the object of improving the condition of life of the said inhabitants; and any other charitable purpose.

Strategic Report

Achievements and Performance and Key Performance Indicators

The key indicators below are for The Arnewood School as the sole provider in the trust in 2015/16.

Overall attainment in the last 3 years has risen and become consistent using the %5ACEM as the headline figure. These figures sit slightly higher than the county and National average. Attainment 8 and progress 8 measures whilst not yet validated are broadly in line with National figures for England state funded schools. Attainment in science and maths in the last 3 years continues to be well above the national average and close to the national average in English. Outside of core subjects in the last 3 years MFL, history, religious studies and PE continue to perform above the national average and in all of these subjects on all almost all occasions outcomes have matched or exceeded FFT type D targets.

	2014	2015	2016
%5ACEM	58/62 (55)*	62	62
CAP Best 8	307.7	318.2	
%EBAC	19	28	31
Progress 8	-	-	-0.18**
Attainment 8	-	-	Av 48.9
% 3+ levels of progress EN	68	68	68
% 3+ levels of progress MA	81	85	85

*Figures adjusted to take into account resits.

** not validated due to an issue with SIMS. Investigation ongoing.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

A Level results in 2016 continued to mirror the success from previous years. The inclusive sixth form continues to perform, with ALPS rating the single year T-score as 3.33. This is matched by attainment figures beating the previous year by 5% (A*-B). The subjects with larger cohorts (>6) performing with a VA of 3 and below were mathematics, further mathematics, law, physics and psychology. There has also been a decrease in the number of subjects, English and art (photography) with low VA scores (>7). AS Level results in 2015 demonstrated consistent outcomes for both attainment and VA. The VA score was 3.00, meaning the 3-year T score is 3.00 which is an outstanding achievement. There was a marginal increase in higher grades in 2015 compared to 2014. The large number of ungraded maths papers was of concern and a matter that was been raised with the Head of Mathematics. Pleasingly in 2016 results, the number of unclassified grades had significantly reduced. ALPS also highlighted business studies, English language, English literature and media studies as a concern. Following intervention these areas all improved in the subject VA grade in 2016.

	2013	2014	2015	2016
APS	729	739.4	705.7	713
APS per entry	213.4	219.8	216.1	213
% achieving 3+ A levels	75	70	64	68
% achieving >AAB (2 facilitating subjects)	11	18	12	11
Students achieving A* - E	98	99	100	99.5
Students achieving A* - B	43	55	47	52

Going Concern

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

Financial Review

In the period, the trust has received General Annual Grant (GAG) and other restricted income (excluding restricted fixed asset fund) totalling £6,629,237. Expenditure on GAG activities was £6,832,270 and depreciation on fixed assets was £348,720.

The General Annual Grant funding received from the EFA and expenditure of this is restricted to the purpose of providing education and other activities as defined in the Funding Statement, identified above as the principle activities of the trust. The General Annual Grant has been spent in accordance with the Funding Agreement and details can be found in the Statement of Financial Activities. Any shortfall in funds from the EFA to meet the trust's costs was provided by income generated from educational activities.

A capital grant of £489,252 was awarded to the trust in 2015/16 in respect of The Arnewood School for refurbishment of the Main Block roof, due to be completed in November 2016. The academy has undertaken a conditions survey on all buildings in order to prioritise spending on health and safety work and essential maintenance tasks. A feasibility study has been undertaken on the academy's Scola and Rosla buildings in advance of submitting a capital bid for recladding of the two buildings which currently have a limited life span and are not energy efficient.

The increased pension reserve deficit will impact financially on future years due to higher costs by the Pension Fund to reclaim the deficit.

At the year end, the trust holds restricted funds of £12,364,103. Within restricted funds is a fixed asset fund of £13,968,457, general restricted funds of £16,646 and a pension reserve deficit of £1,621,000.

The trust holds interest paying current accounts with Lloyds Bank and surplus funds may be placed in Treasury Deposit with Lloyds Bank.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

Reserves Policy

The majority of the trust's free reserves of £424,296 have been carried forward from the trust's first period of operation. The trust's free reserves are currently now built up from the letting of trust facilities, interest earned from surpluses and any donations received for the benefit of the trust. The purpose of the free reserves at present is to support the trust during periods of reduced number of students on roll and to ensure the safety and longevity of the buildings.

The restricted fixed asset fund (£13,968,457) can only be realised by disposing of tangible fixed assets.

There has been a large increase in the Local Government Pension Scheme (LGPS) fund deficit this year which has resulted in a significant deficit shown within the restricted funds. This disclosure does not mean that an immediate liability for this amount crystallises and similarly, if there is a future pension surplus included in the restricted fund this does not create an immediately realisable asset that can be released straight away and expended for the specific purposes of that fund. A surplus or deficit position of the pension scheme would generally result in a cash flow effect in the form of an increase or decrease in employers' pension contributions over a period of years. Hampshire Pension Fund's policy is to recoup the deficit over a twenty five year period and the academy trust's future budget forecasts take account of these increased employer's costs. On the basis that increased pension contributions will generally be met from the academy trust's budgeted annual income, whilst the deficit might not be eliminated, there should be no actual cash flow deficit on the fund, or direct impact on the free reserves of the academy trust because of recognising the deficit.

Investment Policy

The academy holds its cash balances with Lloyds Bank and benefits from free banking as a result. The current accounts are interest bearing accounts and a marginally higher rate of interest can be earned from depositing surplus funds in a treasury deposit with Lloyds Bank. The trust would not knowingly allow its funds to be used for any investment other than that which is socially, environmentally and ethically acceptable.

Principal Risks and Uncertainties

The major risks to which the academy trust is exposed, as identified by the trustees, has been reviewed, and systems have been established to manage those risks.

A risk register was in place prior to conversion to Academy status. This was reviewed regularly and has continued to be reviewed on a regular basis since conversion.

The major financial risk has been identified as fluctuations in student numbers due to political, economic and social pressures, resulting in inconsistent funding which will be managed by three year budget forecasts allowing time to plan for possible shortfalls in funding.

The academy's allocation of the Local Government Pension Scheme shows significantly increased deficit during the period of the Financial Statements which is not an immediate liability and is expected to be recouped over a twenty five year period. However it is expected that it will result in a considerable rise in employer contributions from April 2017 which will be taken into consideration when reviewing current and future budgets.

A Statement on Internal Control was also in place prior to conversion and has been adopted subsequent to conversion and is monitored on a regular basis.

The Academy holds the following policies in relation to the above:

- | | |
|------------------------|--|
| • Fraud Policy | • Anti-Bribery Policy |
| • Scheme of Delegation | • Business Continuity Plan |
| • Finance Manual | • Risk Register |
| • Reserves Policy | • Fixed assets and depreciation policy |

THE GRYPHON TRUST
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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

Plans for Future Periods

The trust aims to raise the aspirations of its students, improving their achievements and preparing them for a successful future at university or in the workplace.

The immediate priority of the trust is that the new Eaglewood Academy demonstrate financial sustainability in the long term through generating a consistent volume of referrals. Eaglewood must therefore rapidly gain a good reputation for the high quality of its provision and further develop a marketing strategy through which to engage schools not yet commissioning places.

On behalf of the trust, The Arnewood School Local Governing Body will continue to strive to secure capital grants in order to improve its buildings and teaching facilities. It will continue to build on the already strong links with the surrounding junior schools by way of outreach work and to build relationships with schools, both primary and secondary.

The Eaglewood School opened as an autonomous, alternative provision academy within the trust in September 2016. The school opened in temporary accommodation which currently constrains the curriculum delivered and also prevents admission to the full age range for which the school is approved. Plans for the permanent building are in train with the objective of planning permission being gained in January 2017 and the new school building being delivered by September 2018. Strategies to overcome any potential for public objection to the plans need formulating and delivering.

Auditor

Insofar as the trustees are aware:

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

The trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 12 December 2016 and signed on the board's behalf by:


.....
Mrs E Cook
Chair of Trustees

THE GRYPHON TRUST
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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

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

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

GOVERNANCE

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The board of trustees has formally met five 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
Mrs E Cook (chairman)	5	5
Mr M Byrne	4	5
Mrs S England	3	5
Dr M Horswell	5	5
Mr C Hummerstone (accounting officer)	5	5
Mr B Maugham (responsible officer)	5	5
Cllr A O'Sullivan	5	5
Mr N Pressnell	5	5
Prof D Richards	0	1
Mr R Wilkins	4	5

The above, with the exception of Prof Richards, were appointed as Trustees by the Members on the 16th September 2015. Prof Richards was re-elected to the Board on the 27th January 2016 by the trustees. Mr N Pressnell was appointed as interim Chief Executive Officer and Accounting Officer on 4th October 2016, to be reviewed in February 2017.

During 2015/16 the finance committee was a sub-committee of The Arnewood School Local Governing Body. Its purpose was to review and approve the annual budget, review and approve financial policies and monitor expenditure and variance against the budget. To consider the necessity and financial viability of large items of expenditure.

Attendance at meetings in the year was as follows:

Trustee/Governor	Meetings attended	Out of a possible
Mrs E Cook	4	4
Mr N Pressnell	4	4
Cllr O'Sullivan	4	4
Prof D Richards	4	4
Mr R Wilkins	4	4
Cllr Beck	2	4

THE GRYPHON TRUST (A company limited by guarantee)
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GOVERNANCE STATEMENT (continued)

REVIEW OF VALUE FOR MONEY

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

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

A central tenet of the trust's approach to sustaining high performance remains the aim to appoint the best staff available. The Arnewood School's curriculum has been judged outstanding in both OFSTED 2008 and 2013 and remains under review in the light of national educational changes and budget constraints.

The Arnewood School enjoys very good relationships with its pyramid of local primary schools. Teaching School status was granted from September 2014 and the trust was successfully involved in extending support during 2015/16 to other schools to effect improvement.

The trust has a rigorous system of internal control in place to ensure that proper accounting records are kept and all school resources are safeguarded and used effectively. Significant decisions on spending are agreed by the relevant sub-committees in order to ensure best value and effectiveness. Contracts for services are regularly reviewed, appraised and renegotiated as necessary to ensure the best mix of quality and effectiveness for the least cost. The trust has a clear tendering process for building and other large contracts which gives regard to achieving the best long term outcome. A conditions survey was carried out during the year 2015/16 with a view to prioritising spending on buildings to ensure they remain safe and fit for purpose. The trust has opened a new free school for the purposes of providing bespoke education to the most vulnerable students from the surrounding area. The trust regularly hires out its facilities to the local community and markets the AstroTurf pitch which has been available for us since January 2015. Management accounts are produced regularly with any deviations from expected budget expenditure being investigated and action taken where necessary. The trust has a responsible officer who carries out termly checks on the internal systems to ensure they are robust and adhered to at all times. The trust is constantly reviewing its practices in order to ensure that best value for money is obtained.

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Gryphon Trust for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

The board of trustees has reviewed the key risks to which the Academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy's significant risks, that has been in place for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

<p>THE GRYPHON TRUST (A company limited by guarantee)</p>

GOVERNANCE STATEMENT (continued)

THE RISK AND CONTROL FRAMEWORK

The Academy'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 which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines.
- delegation of authority and segregation of duties;
- identification and management of risks.

The board of trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have appointed Mr A Maugham, a Trustee, as Responsible Officer (RO).

The RO's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. On a quarterly basis, the RO reports to the board of trustees on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

In particular the checks carried out in the current period included:

- testing of payroll systems
- testing of income systems
- testing of control accounts and bank reconciliations
- testing of proper and regular use of public funds

There were four checks carried out by the responsible officer in the year 1 September 2015 to 31 August 2016 and controls were found to be in place and adhered to. Suggestions of improvement to the controls were noted and actioned at the appropriate times.

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GOVERNANCE STATEMENT (continued)

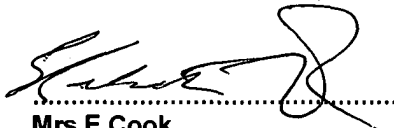
REVIEW OF EFFECTIVENESS

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

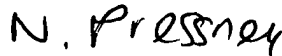
- the work of the Responsible Officer;
- the work of the external auditors;
- the work of the executive managers within the Academy who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the board of trustees on 12 December 2016 and signed on their behalf, by:



Mrs E Cook
Chair of Trustees



Mr N Pressnell
Accounting Officer

THE GRYPHON TRUST
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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of The Gryphon Trust I have considered my responsibility to notify the academy trust board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

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 2015.

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

N. Pressnell
.....
Mr N Pressnell
Accounting Officer

Date: 12 December 2016

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STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2016

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

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

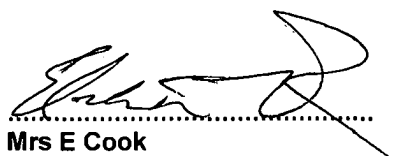
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies' Accounts Direction 2015 to 2016;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the 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 12 December 2016 and signed on its behalf by:



.....
Mrs E Cook
Chair of Trustees

THE GRYPHON TRUST
(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE GRYPHON TRUST

We have audited the financial statements of The Gryphon Trust for the year ended 31 August 2016 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

This report is made solely to the charitable company'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 charitable company's members those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members, as a body, for our audit work, for this report, or for the opinion we have formed.

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS

As explained more fully in the 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.

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

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2016 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 2015 to 2016 issued by the Education Funding Agency.

THE GRYPHON TRUST
(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE GRYPHON TRUST

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

Hub

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

Hopper Williams & Bell Limited

Statutory Auditor

Highland House

Mayflower Close

Chandlers Ford

Eastleigh

Hampshire

SO53 4AR

Date: 16 December 2016

<p style="text-align: center;">THE GRYPHON TRUST (A company limited by guarantee)</p>

INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO THE GRYPHON TRUST AND THE EDUCATION FUNDING AGENCY

In accordance with the terms of our engagement letter dated 22 September 2016 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Gryphon Trust during the year 1 September 2015 to 31 August 2016 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 The Gryphon Trust and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to The Gryphon Trust and the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than The Gryphon Trust and the EFA, for our work, for this report, or for the conclusion we have formed.

RESPECTIVE RESPONSIBILITIES OF THE GRYPHON TRUST'S ACCOUNTING OFFICER AND THE REPORTING AUDITORS

The accounting officer is responsible, under the requirements of The Gryphon Trust's funding agreement with the Secretary of State for Education dated 1 May 2011, and the Academies Financial Handbook extant from 1 September 2015, 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 2015 to 2016. 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 2015 to 31 August 2016 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 2015 to 2016 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

**INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO THE GRYPHON
TRUST AND THE EDUCATION FUNDING AGENCY (continued)**

SUMMARY OF WORK UNDERTAKEN

We carried out the following:

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

Substantive testing included the following procedures:

- confirming that activities conform to the Academy's framework of authorities;
- considering the evidence supporting the Accounting Officer's statement on regularity, propriety and compliance;
- evaluating the general control environment of the Academy;
- testing a sample of transactions to consider whether the transaction is permissible within the Academy's framework of authorities;
- confirming whether any extra-contractual payments have been made and whether appropriate authority was obtained;
- reviewing documentation for evidence of borrowing and confirming if approval was obtained from the EFA;
- confirming whether EFA approval was obtained for any disposals of assets;
- reviewing the internal control procedures relating to credit cards;
- reviewing for any indication of purchases for personal use by staff or officers;
- reviewing the list of suppliers to consider whether supplies are from related parties;
- considering whether income generating activities are permissible within the Academy's charitable objects;
- reviewing whether lettings to related parties are made at favourable rates.

CONCLUSION

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Richard Hurst FCA (Senior statutory auditor)
for and on behalf of
Hopper Williams & Bell Limited
Statutory Auditor
Highland House
Mayflower Close
Chandlers Ford
Eastleigh
Hampshire
SO53 4AR

Date: 16 December 2016

THE GRYPHON TRUST
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2016**

	Note	Un- restricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
INCOME FROM:						
Donations and capital grants	2	4,075	-	521,635	525,710	150,364
Charitable activities	5	-	6,592,947	-	6,592,947	7,019,246
Other trading activities	3	30,633	-	-	30,633	15,117
Investments	4	1,582	-	-	1,582	1,742
TOTAL INCOME		36,290	6,592,947	521,635	7,150,872	7,186,469
EXPENDITURE ON:						
Raising funds		-	3,119	-	3,119	2,214
Charitable activities		-	6,829,151	556,590	7,385,741	7,275,568
TOTAL EXPENDITURE	6	-	6,832,270	556,590	7,388,860	7,277,782
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS						
Transfers between Funds	16	36,290 (41,160)	(239,323) 41,160	(34,955) -	(237,988) -	(91,313) -
NET EXPENDITURE BEFORE OTHER RECOGNISED GAINS AND LOSSES		(4,870)	(198,163)	(34,955)	(237,988)	(91,313)
Actuarial gains/(losses) on defined benefit pension schemes	20	-	(819,000)	-	(819,000)	61,000
NET MOVEMENT IN FUNDS		(4,870)	(1,017,163)	(34,955)	(1,056,988)	(30,313)
RECONCILIATION OF FUNDS:						
Total funds brought forward		429,166	(587,191)	14,003,412	13,845,387	13,875,700
TOTAL FUNDS CARRIED FORWARD		424,296	(1,604,354)	13,968,457	12,788,399	13,845,387

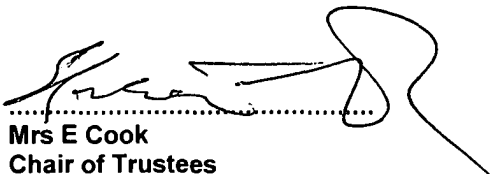
The notes on pages 22 to 43 form part of these financial statements.

THE GRYPHON TRUST
(A company limited by guarantee)
REGISTERED NUMBER: 07546874

BALANCE SHEET
AS AT 31 AUGUST 2016

	Note	£	2016 £	£	2015 £
FIXED ASSETS					
Tangible assets	12		13,796,368		14,003,412
CURRENT ASSETS					
Stocks	13	2,076		2,304	
Debtors	14	401,402		215,957	
Cash at bank and in hand		703,439		655,512	
		<u>1,106,917</u>		<u>873,773</u>	
CREDITORS: amounts falling due within one year	15	(493,886)		(292,798)	
NET CURRENT ASSETS			613,031		580,975
TOTAL ASSETS LESS CURRENT LIABILITIES			14,409,399		14,584,387
Defined benefit pension scheme liability	20		(1,621,000)		(739,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u>12,788,399</u>		<u>13,845,387</u>
FUNDS OF THE ACADEMY					
Restricted income funds:					
Restricted income funds	16	16,646		151,809	
Restricted fixed asset funds	16	13,968,457		14,003,412	
Restricted income funds excluding pension liability		13,985,103		14,155,221	
Pension reserve		(1,621,000)		(739,000)	
Total restricted income funds			12,364,103		13,416,221
Unrestricted income funds	16		424,296		429,166
TOTAL FUNDS			<u>12,788,399</u>		<u>13,845,387</u>

The financial statements were approved by the Trustees, and authorised for issue, on 12 December 2016 and are signed on their behalf, by:


.....
Mrs E Cook
Chair of Trustees

The notes on pages 22 to 43 form part of these financial statements.

THE GRYPHON TRUST
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2016

	Note	2016 £	2015 £
Cash flows from operating activities			
Net cash provided by operating activities	18	<u>190,743</u>	<u>422,925</u>
Cash flows from investing activities:			
Proceeds from the sale of tangible fixed assets		200	-
Purchase of tangible fixed assets		<u>(143,016)</u>	<u>(309,206)</u>
Net cash used in investing activities		<u>(142,816)</u>	<u>(309,206)</u>
Change in cash and cash equivalents in the year		47,927	113,719
Cash and cash equivalents brought forward		<u>655,512</u>	<u>541,793</u>
Cash and cash equivalents carried forward	19	<u><u>703,439</u></u>	<u><u>655,512</u></u>

THE GRYPHON TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

1. ACCOUNTING POLICIES

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

1.1 Basis of preparation of financial statements

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

The Gryphon Trust constitutes a public benefit entity as defined by FRS 102.

First time adoption of FRS 102

These financial statements are the first financial statements of The Gryphon Trust prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the Charities SORP 2015 (SORP 2015). The financial statements of The Gryphon Trust for the year ended 31 August 2015 were prepared in accordance with previous Generally Accepted Accounting Practice ('UK GAAP') and SORP 2005.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the Trustees have amended certain accounting policies to comply with FRS 102 and SORP 2015.

Reconciliations to previous UK GAAP for the comparative figures are included in note 25.

1.2 Fund accounting

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

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

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

THE GRYPHON TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES (continued)

1.3 Income

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

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

General Annual Grant is recognised in full in the Statement of financial activities incorporating income and expenditure account in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

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

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

1.4 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.

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

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

All resources expended are inclusive of irrecoverable VAT.

THE GRYPHON TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

1. ACCOUNTING POLICIES (continued)

1.5 Going concern

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

1.6 Tangible fixed assets and depreciation

All assets costing more than £1,000 are capitalised.

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

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

Freehold property	-	2% straight line
Plant and machinery	-	10% straight line
Fixtures and fittings	-	20% straight line
Computer equipment	-	25% straight line

1.7 Operating leases

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

1.8 Stocks

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

1.9 Interest receivable

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

<p style="text-align: center;">THE GRYPHON TRUST (A company limited by guarantee)</p>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

1. ACCOUNTING POLICIES (continued)

1.10 Taxation

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

1.11 Debtors

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

1.12 Cash at Bank and in hand

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

1.13 Liabilities and provisions

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 anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.14 Agency Arrangements

The academy trust acts as an agent in distributing 16-19 bursary funds from the EFA. Payments received from the EFA 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. The funds received and paid and any balances held are disclosed in note 15.

1.15 Financial instruments

The Academy only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

THE GRYPHON TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

1. ACCOUNTING POLICIES (continued)

1.16 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 benefit schemes and the assets are held separately from those of the Academy.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy 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 20, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

THE GRYPHON TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES (continued)

1.17 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.

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 20, 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 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement:

There are no other critical areas of judgement.

THE GRYPHON TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Un- restricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Donations	4,075	-	4,075	3,175
Capital Grants	-	521,635	521,635	147,189
	<u>4,075</u>	<u>521,635</u>	<u>525,710</u>	<u>150,364</u>
Total donations and capital grants	4,075	521,635	525,710	150,364

In 2015, of the total income from donations and capital grants, £3,175 was to unrestricted funds and £147,189 was to restricted funds

3. OTHER TRADING ACTIVITIES

	Un- restricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Hire of facilities	30,633	-	30,633	15,117
	<u>30,633</u>	<u>-</u>	<u>30,633</u>	<u>15,117</u>

In 2015, of the total income from other trading activities, £15,117 was to unrestricted funds and £ NIL was to restricted funds.

4. INVESTMENT INCOME

	Un- restricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Bank interest	1,582	-	1,582	1,742
	<u>1,582</u>	<u>-</u>	<u>1,582</u>	<u>1,742</u>

In 2015, of the total investment income, £1,742 was to unrestricted funds and £ NIL was to restricted funds.

THE GRYPHON TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

5. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Un- restricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
DfE/EFA grants				
General Annual Grant (GAG)	-	5,600,461	5,600,461	5,842,098
DfE/EFA other grants	-	224,146	224,146	255,135
Other grants	-	48,200	48,200	41,346
Free school grant	-	72,484	72,484	220,000
Sponsor capacity grant	-	-	-	75,000
Teaching school grant	-	50,000	50,000	60,000
	-	5,995,291	5,995,291	6,493,579
Other government grants				
Local authority grants	-	76,146	76,146	66,275
	-	76,146	76,146	66,275
Other funding				
Trip income	-	234,535	234,535	194,231
Examination fee income	-	6,974	6,974	3,978
Canteen income	-	149,287	149,287	142,084
Music income	-	10,125	10,125	8,099
Other income	-	120,589	120,589	111,000
	-	521,510	521,510	459,392
	-	6,592,947	6,592,947	7,019,246

In 2015, of the total income from charitable activities, £ NIL was to unrestricted funds and £7,019,246 was to restricted funds.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

6. EXPENDITURE

	Staff costs 2016 £	Premises 2016 £	Other costs 2016 £	Total 2016 £	Total 2015 £
Expenditure on raising voluntary income	-	-	3,119	3,119	2,214
Academy's educational operations:					
Direct costs	4,810,814	-	525,152	5,335,966	5,431,991
Support costs	606,392	573,884	869,499	2,049,775	1,843,577
	<u>5,417,206</u>	<u>573,884</u>	<u>1,397,770</u>	<u>7,388,860</u>	<u>7,277,782</u>

In 2016, of the total expenditure, £NIL (2015 - £NIL) was to unrestricted funds and £7,388,860 (2015 - £7,277,782) was to restricted funds.

7. ANALYSIS OF SUPPORT COSTS

	Educational operations £	Total 2016 £	Total 2015 £
Premises costs	573,884	573,884	459,417
Governance costs	11,701	11,701	10,741
Other costs	574,154	574,154	492,251
Wages and salaries	409,783	409,783	402,934
National insurance	50,790	50,790	34,026
Pension cost	145,819	145,819	156,234
Depreciation	283,644	283,644	287,974
	<u>2,049,775</u>	<u>2,049,775</u>	<u>1,843,577</u>

Premises costs includes £206,730 in respect of replacement roofing costs. This was financed by an EFA Condition Improvement Fund grant.

8. NET INCOMING RESOURCES/(RESOURCES EXPENDED)

This is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets:		
- owned by the charity	348,720	402,456
Auditors' remuneration - audit	7,000	7,060
Auditors' remuneration - other services	2,540	2,438
Operating lease rentals	<u>82,876</u>	<u>57,339</u>

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9. STAFF COSTS

Staff costs were as follows:

	2016 £	2015 £
Wages and salaries	4,397,624	4,438,110
Social security costs	354,484	333,476
Operating costs of defined benefit pension schemes	665,098	662,038
	<u>5,417,206</u>	<u>5,433,624</u>

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

	2016 No.	2015 No.
Teachers	99	98
Administration and support	67	64
Management	17	11
	<u>183</u>	<u>173</u>

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

	2016 No.	2015 No.
In the band £60,001 - £70,000	1	0
In the band £70,001 - £80,000	1	2
In the band £80,001 - £90,000	1	0
In the band £100,001 - £110,000	0	1

The above employees participated in the Teachers' Pension Scheme. During the year, employer's pension contributions for these staff amounted to £31,739 (2015: £35,576).

Included in staff restructuring costs is one non-statutory/non-contractual severance payment of £11,536.

The key management personnel of the academy trust comprise the senior management team as listed on page 2. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £589,139 (2015: £752,177).

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

10. TRUSTEES' REMUNERATION AND EXPENSES

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

		2016	2015
		£'000	£'000
Headteacher	Remuneration	80-85	105-110
	Pension contributions paid	10-15	15-20
Three other staff trustees (in total)	Remuneration	130-135	130-135
	Pension contributions paid	15-20	15-20

During the year, no expenses were reimbursed to the Trustees in respect of their role as Trustees. Staff Trustees received a total of £2,548 (2015: £2,166) in respect of their staff roles.

11. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2016 was £1,353 (2015 - £2,251).

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

12. TANGIBLE FIXED ASSETS

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Total £
Cost					
At 1 September 2015	14,573,898	238,718	251,056	431,498	15,495,170
Additions	97,985	1,453	23,124	20,454	143,016
Disposals	-	(1,675)	(439)	(6,121)	(8,235)
At 31 August 2016	14,671,883	238,496	273,741	445,831	15,629,951
Depreciation					
At 1 September 2015	912,019	67,892	166,147	345,700	1,491,758
Charge for the year	233,324	23,849	46,871	44,676	348,720
On disposals	-	(335)	(439)	(6,121)	(6,895)
At 31 August 2016	1,145,343	91,406	212,579	384,255	1,833,583
Net book value					
At 31 August 2016	13,526,540	147,090	61,162	61,576	13,796,368
At 31 August 2015	13,661,879	170,826	84,909	85,798	14,003,412

Included in land and buildings is freehold land at valuation upon transfer of £2,908,849 which is not depreciated.

13. STOCKS

	2016 £	2015 £
Canteen	2,076	2,304

14. DEBTORS

	2016 £	2015 £
Trade debtors	2,053	455
Other debtors	238,414	103,672
Prepayments and accrued income	108,022	89,056
Tax recoverable	52,913	22,774
	401,402	215,957

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

15. CREDITORS: Amounts falling due within one year

	2016 £	2015 £
Trade creditors	236,603	64,296
Other creditors	37,582	2,415
Accruals and deferred income	219,701	226,087
	<u>493,886</u>	<u>292,798</u>
	2016 £	2015 £
Deferred income		
Deferred income at 1 September 2015	195,079	123,702
Resources deferred during the year	117,509	195,079
Amounts released from previous years	(195,079)	(123,702)
Deferred income at 31 August 2016	<u>117,509</u>	<u>195,079</u>

At the balance sheet date the academy was holding funds received in advance for school trips, cashless catering cards, laptop insurance, and grants relating to the forthcoming academic year.

Agency arrangements

The academy trust distributes 16-19 bursary funds to students as an agent for the EFA. In the accounting period ending 31 August 2016 the trust received £26,312 and disbursed £9,537 from the fund. An amount of £34,037 is included in other creditors relating to undistributed funds that are repayable to the EFA.

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

	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Unrestricted funds						
General funds	429,166	36,290	-	(41,160)	-	424,296
Restricted funds						
General Annual Grant (GAG)	-	5,600,461	(5,639,654)	39,193	-	-
Other DfE/EFA grants	-	15,000	(15,000)	-	-	-
Pupil premium	-	209,146	(209,146)	-	-	-
Local authority grants	-	76,146	(76,146)	-	-	-
16-19 Bursary	17,262	-	(17,262)	-	-	-
Free school grants	105,799	72,484	(168,161)	-	-	10,122
Sponsor capacity grant	28,520	-	(22,994)	-	-	5,526
Teaching School grant	228	50,000	(52,195)	1,967	-	-
Equality	-	25,000	(24,090)	-	-	910
School-to-school	-	15,000	(14,930)	-	-	70
NLE	-	6,000	(5,982)	-	-	18
Other educational activities	-	523,710	(523,710)	-	-	-
Pension reserve	(739,000)	-	(63,000)	-	(819,000)	(1,621,000)
	(587,191)	6,592,947	(6,832,270)	41,160	(819,000)	(1,604,354)
Restricted fixed asset funds						
Fixed asset fund	14,003,412	-	(349,860)	142,816	-	13,796,368
Devolved formula capital	-	39,884	-	(28,004)	-	11,880
EFA - Roof repairs	-	366,939	(206,730)	-	-	160,209
EFA - free school	-	114,812	-	(114,812)	-	-
	14,003,412	521,635	(556,590)	-	-	13,968,457
Total restricted funds	13,416,221	7,114,582	(7,388,860)	41,160	(819,000)	12,364,103
Total of funds	13,845,387	7,150,872	(7,388,860)	-	(819,000)	12,788,399

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

16. STATEMENT OF FUNDS (continued)

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

General annual grant

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

Other DfE/EFA grants

This is funding received from the EFA for specific purposes, for example pupil premium funding.

Local authority grants

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

Teaching School grant

Teaching schools are outstanding schools that work with others to provide high quality training and development to new and experienced school staff. This is funding received from the DfE/EFA for this purpose.

Free schools grant

This represents funds received for the setting up of a new free school.

Sponsor capacity grant

This represents additional funds received to take on a new school.

Pension reserve

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

Other educational activities

This includes all other educational income/expenditure.

Fixed asset fund

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

DfE/EFA capital grants

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

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

16. STATEMENT OF FUNDS (continued)

ANALYSIS OF ACADEMIES BY FUND BALANCE

Fund balances at 31 August 2016 were allocated as follows:

	Total 2016 £	Total 2015 £
Arnewood School	430,820	580,975
Eaglewood School	10,122	-
Total before fixed asset fund and pension reserve	440,942	580,975
Restricted fixed asset fund	13,968,457	14,003,412
Pension reserve	(1,621,000)	(739,000)
Total	12,788,399	13,845,387

ANALYSIS OF ACADEMIES BY COST

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciat- ion £	Total 2016 £	Total 2015 £
Arnewood School	4,659,163	606,392	124,491	1,481,933	6,871,979	6,875,326
Eaglewood School	151,651	-	-	16,510	168,161	-
	4,810,814	606,392	124,491	1,498,443	7,040,140	6,875,326

17. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Un- restricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Tangible fixed assets	-	-	13,796,368	13,796,368	14,003,412
Current assets	424,296	510,532	172,089	1,106,917	873,773
Creditors due within one year	-	(493,886)	-	(493,886)	(292,798)
Pension reserve	-	(1,621,000)	-	(1,621,000)	(739,000)
	424,296	(1,604,354)	13,968,457	12,788,399	13,845,387

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**NOTES TO THE FINANCIAL STATEMENTS
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**18. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW
FROM OPERATING ACTIVITIES**

	2016 £	2015 £
Net expenditure for the year (as per Statement of financial activities)	(237,988)	(91,313)
Adjustment for:		
Depreciation charges	348,720	402,456
Loss on the sale of fixed assets	1,140	152
Decrease in stocks	228	379
(Increase)/decrease in debtors	(185,445)	16,190
Increase in creditors	201,088	57,061
Defined benefit pension scheme cost less contributions payable	63,000	38,000
Net cash provided by operating activities	190,743	422,925

19. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2016 £	2015 £
Cash in hand	300	300
Notice deposits (less than 3 months)	703,139	655,212
Total	703,439	655,512

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**NOTES TO THE FINANCIAL STATEMENTS
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20. PENSION COMMITMENTS

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

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

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

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

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

The employer's pension costs paid to TPS in the period amounted to £519,279 (2015 - £480,038).

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20. PENSION COMMITMENTS (continued)

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £193,000 (2015 - £184,000), of which employer's contributions totalled £148,000 (2015 - £140,000) and employees' contributions totalled £45,000 (2015 - £44,000). The agreed contribution rates for future years are 13.1% for employers and between 5.5% and 7.5% for employees.

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

Principal actuarial assumptions:

	2016	2015
Discount rate for scheme liabilities	2.00 %	3.80 %
Rate of increase in salaries	3.50 %	3.50 %
Rate of increase for pensions in payment / inflation	2.00 %	2.00 %
Inflation assumption (CPI)	2.00 %	2.00 %

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

	2016	2015
Retiring today		
Males	24.6	24.5
Females	26.4	26.3
Retiring in 20 years		
Males	26.7	26.6
Females	28.7	28.6

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20. PENSION COMMITMENTS (continued)

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

	Fair value at 31 August 2016 £	Fair value at 31 August 2015 £
Equities	1,165,000	920,000
Property	152,000	131,000
Government bonds	540,000	413,000
Corporate bonds	37,000	27,000
Cash	107,000	53,000
Other	53,000	56,000
Total market value of assets	2,054,000	1,600,000

The actual return on scheme assets was £337,000 (2015 - £58,000).

The amounts recognised in the Statement of Financial Activities are as follows:

	2016 £	2015 £
Current service cost	(186,000)	(187,000)
Interest cost	(25,000)	(26,000)
Total	(211,000)	(213,000)

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

	2016 £	2015 £
Opening defined benefit obligation	2,339,000	2,138,000
Current service cost	186,000	187,000
Interest cost	88,000	80,000
Contributions by employees	45,000	44,000
Actuarial losses/(gains)	1,093,000	(92,000)
Benefits paid	(76,000)	(18,000)
Closing defined benefit obligation	3,675,000	2,339,000

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20. PENSION COMMITMENTS (continued)

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

	2016 £	2015 £
Opening fair value of scheme assets	1,600,000	1,411,000
Interest income	63,000	54,000
Actuarial gains and (losses)	274,000	(31,000)
Contributions by employer	148,000	140,000
Contributions by employees	45,000	44,000
Benefits paid	(76,000)	(18,000)
	<u>2,054,000</u>	<u>1,600,000</u>
Closing fair value of scheme assets	<u>2,054,000</u>	<u>1,600,000</u>

21. OPERATING LEASE COMMITMENTS

At 31 August 2016 the total of the Academy trust's future minimum lease payments under non-cancellable operating leases was:

	2016 £	2015 £
Astroturf amounts payable		
Within 1 year	74,552	74,552
Between 1 and 5 years	298,208	298,208
After more than 5 years	30,566	105,598
Total	<u>403,326</u>	<u>478,358</u>
Other amounts payable		
Within 1 year	12,389	7,538
Between 1 and 5 years	24,986	3,270
Total	<u>37,375</u>	<u>10,808</u>

22. RELATED PARTY TRANSACTIONS

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

23. POST BALANCE SHEET EVENTS

Eaglewood Free School opened on 1st September 2016.

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**NOTES TO THE FINANCIAL STATEMENTS
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24. 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.

25. FIRST TIME ADOPTION OF FRS 102

It is the first year that the Academy Trust has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 August 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 1 September 2014. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

The policies applied under the Academy's previous accounting framework are not materially different to FRS 102 and have not impacted on funds or net income/expenditure.