

REGISTRAR OF COMPANIES



Sutton Grammar School Trust

Annual Report and Financial Statements

31 August 2014

Company Limited by Guarantee
Registration Number
07633715 (England and Wales)

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Reference and administrative information

Members	Mr J R Edwards Mr G W Jones Mrs S Lalani
Board of Trustees	Mr J R Edwards (Chairman) Mr G W Jones Mr G D Ironside (Ex officio – Headmaster and Accounting Officer) Mr R Murrill Mr R Ward Mr J Stevens Miss F Alexander Mr P S Chambers Ms A Nobel Ms M Takeda Mr P S Davis Mr R A Pletts Mrs L Williams
Company Secretary	Dr N S Wrench
Senior Leadership Team	
Headmaster	Mr G D Ironside
Deputy Head	Mrs I Sutherland
Assistant Head	Mr S Brook
Assistant Head	Mr N Price
Bursar	Mrs E C Beach
Registered address	Manor Lane Surrey SM1 4AS
Company registration number	07633715 (England and Wales)
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Bankers	Barclays Bank plc 43 High Street Sutton Surrey SM1 1DR

Reference and administrative information

Solicitors

Vivash Hunt
19/21 Central Road
Worcester Park
KT4 8EH

Baker Small Solicitors
Exchange House
494 Midsummer Boulevard
Milton Keynes
MK9 2EA

Responsible Officer

Mr J Lloyd FCA
John Lloyd and Co
Coles House
64d Central Road
Worcester Park
KT4 8HY

Directors' report Year ended 31 August 2014

The Trustees of the Sutton Grammar School Trust ('the Trust') present their annual report together with the financial statements and auditor's report of the charitable company for the year ended 31 August 2014.

The financial statements have been prepared in accordance with the accounting policies set out on pages 24 to 41 of the attached financial statements and comply with the Trust's Memorandum and Articles of Association, applicable laws and the requirements of the Statement of Recommended Practice "Accounting and Reporting by Charities" issued in March 2005 ('SORP 2005').

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Trust is a company limited by guarantee and is an exempt charity by virtue of the Academies Act 2010. The Charitable Company's Memorandum and Articles of Association are the primary governing documents of the Trust.

The Trustees of Sutton Grammar School Trust Limited are also the directors of the charitable company for the purposes of company law. The Trustees are also the governors of Sutton Grammar School. As a consequence the terms 'Director', 'trustee' and 'governor' are interchangeable.

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 Trust has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on the Trust's business. The insurance provides cover up to £10 million on any one claim and the cost for the year ended 31 August 2014 was £1,927 (2013 - £1,967).

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Principal activities

This report covers the period 1 September 2013 to 31 August 2014.

The objective of the Trust is the advancement of education, principally secondary education. The School is a single sex school. 120 boys are admitted through a competitive examination at age 11. The majority of boys stay into the sixth form. 14 students were admitted from other schools into Year 12, the lower sixth. During the period there were on average 859 students on roll.

In support of the local need to increase the number of secondary education places the Board agreed to take 135 boys into year 7 with effect from 1 September 2015.

The principal source of income is the General Annual Grant (GAG) provided by the Secretary of State for Education under the Funding Agreement between the Trust and the Secretary of State. Payment of this grant is through the Education Funding Agency (EFA).

Directors

The Directors of the Charitable Company are also Trustees for the purposes of the Charities Act 2011. The following Directors were in office at 31 August 2014 and served throughout the year except where shown.

Governor	Appointed/ Resigned	Appointing body
Miss F Alexander		Elected by parents
Mr P S Chambers	Appointed 5 June 2014	Elected by parents
Mr P S Davis	Appointed 1 July 2014	Elected by staff
Mr J R Edwards		Trust
Mr G D Ironside		Under Articles
Mr G W Jones		Trust
Mr S Karlsson	Resigned 31 May 2014	Board
Mrs S Lalani	Resigned 31 October 2014	Trust
Mr R Murrill		Board
Ms A Nobel	Appointed 14 November 2013	Elected by parents
Mr A Oommen	Resigned 15 October 2013	Board
Mr R A Pletts		Elected by staff
Mr S Shergold		Board
Ms C Smith	Resigned 31 March 2014	Board
Mr J Stevens	Appointed 13 October 2014	Board
Ms M Takeda		Board
Mr R Ward		Board
Mrs L Williams		Elected by staff

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Method of recruitment and appointment or election of Directors

The composition of the Trust Board requires a minimum of two trustees to be elected by registered parents by nomination and secret ballot. There were two trustees elected by parents during the year to replace two parent trustees whose term of office had expired. A total of five elected parent trustees served for the bulk of the period. Staff trustees, currently three, are elected by secret ballot. One was elected during the year to replace the staff trustee whose term of office had expired.

New trustees receive detailed briefing on their role and specific training is arranged where a need is identified.

Organisational structure

The Board is responsible for all strategic decisions. It is supported by three standing committees – the Finance and General Purposes Committee (FGPC) which is responsible for budget setting and monitoring, the Admissions Committee responsible for implementing the admissions policy and admissions decisions, and the Remuneration Committee. The non-executive members of the FGPC (excluding the Board Chairman) perform the Audit Committee function. Other committees of the Board are set up as required.

The Board has delegated to the Headmaster responsibility for all educational operations. He is supported by the senior leadership team of a Deputy Head, two Assistant Heads and the Bursar. The Headmaster has the freedom to adjust staff numbers and other expenditure within the approved financial budget to meet the operational needs of the School.

The Headmaster is the Accounting Officer and the Bursar is the Finance Director.

OBJECTIVES AND ACTIVITIES

Objectives and achievements

It is the Trust's strategic educational objective to aim for excellence in all areas of the School's educational provision. The overall aims are to provide teaching at an outstanding level to all students in all age groups and to produce well-rounded individuals who can reach their full potential including winning places at the best universities. The Trust believes that this can be achieved by providing a broad based education with opportunities for all students to take part in a range of curricula and extra curricula activities. This comprehensive programme cannot be delivered on the basis of public funding alone. Therefore the Trust values the generous response by parents who make regular voluntary donations to support the Trust's aims. In addition there is significant financial support provided by the PTA as a result of its independent fund raising activities.

Public benefit

In setting the Trust's objectives and planning its activities, the Board has given careful consideration to the Charity Commission's general guidance on public benefit.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Public benefit (continued)

In terms of the broader charitable activities the Trust provides accommodation for the Sutton College of Learning for Adults (SCOLA). The licence fee is designed to recover the Trust's marginal costs in providing the facilities. The Trust makes its sports facilities available for community use. The School also contributes to mathematics and science teaching in a number of local primary schools.

STRATEGIC REPORT

Achievements and performance

Review of activities

The School has a selective intake at year 7. There is a waiting list for places in years to which the School normally admits (years 7,8,9,10 and 12).

The Board expects all pupils at the School to achieve a minimum of 5 A*-C grades at GCSE, including maths and English. In both 2013 and 2014 there was one boy unable to take public examinations so in DfE statistics the School is shown as achieving only 99% against this benchmark. However all boys who have taken GCSEs over the last five years achieved 5 A*-C grades, including maths and English.

The Board recognises that the points total from a student's best 8 subjects (capped points) is the best measure of GCSE standards. This year the capped points were 447 the highest value for the last five years (range 433-447).

The proportion of A*/A was 87% in 2014 up from 76% in 2013. From 1,350 entries there were only 5 D grades and 34 C grades.

The Board does not set a target for the number of boys seeking to obtain the English Baccalaureate because, as stated above, it aims to provide a wide choice of curriculum for GCSE. The Board was however pleased to note that in 2014 – 98% (2013 - 90%) achieved this standard. In addition the School recognised additional achievements, issuing its own awards for work in PE and sports leadership.

In the Board's view the most relevant measure of success at A-Level is the progress of the School's sixth form students to tertiary education or their chosen career. In all 113 students secured university places in the summer of 2014. 73 of these students went to Russell Group universities including 11 places at Oxbridge colleges; 10 students achieved places at medical and dental schools including one overseas medical school. 13 boys chose other career options or delayed going to university including one who returned to his native country to do his national service.

The analysis of A-Level results showed an average points score of 443 pts (2013: 433, 2012: 438, 2011: 431) 49 students achieved at least four A-Levels and 75 three A-Levels. 120 students obtained a Pre-U Global Perspectives qualification and many students also had additional AS subjects.

STRATEGIC REPORT

Achievements and performance (continued)

Review of activities (continued)

The provision of improved facilities and resources is seen by the Board as essential to helping the staff to meet the key educational aims of the Trust.

In May 2013 an EFA grant of £249,000 was obtained for the replacement of the over-aged boiler plant. The new plant, which could only be installed through the summer of 2013, was commissioned in October 2013 in time for the heating season 2013-14.

Key financial performance indicators

The key performance indicators adopted by the Trust are: delivery of planned revenue expenditure in line with budget; capital projects delivered on time and to budget; and, interest maximised.

Going concern

After making appropriate enquiries, the Board has a reasonable expectation that the 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 principal accounting policies.

Financial review

Financial report for the period

The principal source of income is the General Annual Grant (GAG) provided by the Secretary of State for Education under the Funding Agreement between the Trust and the Secretary of State. Payment of this grant is through the Education Funding Agency (EFA). There was also some voluntary income from parents towards the costs of maintaining the broad-based curriculum.

The School's total incoming resources for the year ended 31 August 2014 amounted to £4,929,491 (2013 - £4,874,749) of which £3,953,904 (2013 - £4,043,222) related to the EFA revenue grant.

The School received £249,000 as a capital grant for the installation of a new boiler plant (£116,000 expended in the year). Donations by parents during the year totalled £179,981. This was supplemented by gift aid.

The PTA, as a result of its independent fund raising activities, was able to donate £36,422 (2013 - £53,000) towards various projects including a new flat bed scanner for DT.

STRATEGIC REPORT (continued)

Financial review (continued)

Financial report for the period (continued)

Resources expended totalled £5,162,677 (2013 - £4,995,414) and includes £4,825,283 (2013 - £4,691,184) on the School's educational operations and £59,585 (2013 - £58,857) on governance costs.

The School held fund balances of £15,543,125 at 31 August 2014 (2013 - £15,930,311) which includes unrestricted funds of £681,547 (31 August 2013 - £478,404).

The results for the period are shown on page 21.

Reserves policy

The Board has approved the principle of maintaining a Strategic Reserve of £100,000 to protect the Trust against uninsured contingencies but as noted earlier it may be difficult to meet this objective solely from public funds and hence the importance of ongoing voluntary contributions from parents and the PTA.

The Trust has no significant private reserves for future capital investment. Revenue projections suggest that it will not be possible to rebuild any significant capital reserves from either public or private sources in the immediate future.

The deficit in the Trust's section of the London Borough of Sutton local government pension scheme is not considered to be material in the ongoing financial performance of the Trust. The Trust's employer's contribution during the year ended 31 March 2014 was 26.5%. Following the triennial valuation of the Fund at 31 March 2013 the Trust's employer contributions were set; to 31 March 2015 at 23.5%; to 31 March 2016 at 24.5%; and to 31 March 2017 at 25.5%.

Investment policy

The Bursar manages the Trust's funds on a daily basis to maximise interest whilst at the same time providing funds for the day-to-day management of the School. Overnight balances are cleared into interest bearing accounts to maximise interest. Regular cash flow forecasts are prepared. The Board does not foresee any cash management issues arising in the medium term.

PLANS FOR FUTURE PERIODS

The Trust was successful in obtaining a further grant of £500,275 and a SALIX loan of £57,944 for the modernisation of the heating system to maximise the benefits from the new boilers. It is expected that this installation will be completed by March 2015.

The Manor Lane site is very constrained with limited expansion possibilities. Following a consensus between the local secondary academies and maintained schools and the London Borough of Sutton the Trust agreed to participate in a programme designed to meet the expanding local secondary school population. The Board agreed to take an additional 15 students into year 7 from September 2015 subject to receiving adequate basic needs capital funding. The Board approved modified admission rules which will give priority to successful applicants from local post code areas in order to help the need in Sutton.

The London Borough of Sutton agreed to provide £1,135,000 of basic needs funding if this could be supplemented by £1,500,000 of DfE funding. An application for this sum under the EFA Academies Maintenance Fund was successful. Detailed designs for a three storey teaching block and expanded canteen facilities have been agreed. It is anticipated that the new building will be available for the autumn term 2015.

It was hoped that the increase in the number of students would add to the financial stability of the School. However it has become apparent that the School would be in some financial difficulties within three years unless there were significant funding improvements. The decision by the DfE to improve the funding of the lowest funded local authority areas, (the London Borough of Sutton is currently the second lowest funded), should see an improvement in the grant funding position adding an additional £170,000 per year to the pupil weighted grant for 2015-2016 financial year. However the Trust remains concerned about the School's financial stability and anticipates that parental support will remain essential if the School is to continue to deliver the broad based education to which the Board is committed.

PRINCIPAL RISKS AND UNCERTAINTIES

The Trust's commercial and financial operating procedures are designed to provide a clear separation of responsibility for dealing with all income and expenditure. There are approved procedures for certifying all transactions including electronic ordering and payments.

The Trust's revenue income as a result of the improved pupil weighted grant funding that will become available in 2015 -16, is improved but the Trust will continue its cautious budgeting policy.

The capital grants for the new teaching block will allow the Trust to significantly improve its facilities. In order to maximise the benefit of the grants the Trust has moved away from traditional building methods and adopted a design and build using modular construction techniques. The Board believes this will provide excellent value for money for the public funds expended.

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

The Trust commissioned a Condition Survey of its premises which identified a number of major issues. In total it was estimated that some £1.7 million of essential maintenance would be required across the site. The EFA grants for new boilers and the heating system for the main building have reduced this as will the new building when commissioned. However the most serious issue is that it was estimated that there is some £400,000 of roof work needed to the roofs of the main building.

There are also a number of investment issues surrounding the provision of sport. The School's sports field is located 3 miles from the main school and a 70 seater coach and minibuses are required to take boys to and from the ground. The coach is in need of replacement within a twelve month period. The Board anticipates that this will be achieved from the fund raising efforts of the PTA. However the sports pavilion was constructed in the 1960's and is in need of substantial maintenance and modernisation.

The Trust has no private funds for capital investment and will be reliant on DfE capital grants or private fund raising to further improve the facilities.

AUDITOR

In so far as the Directors are aware:

- ♦ there is no relevant audit information of which the charitable company's auditor is unaware; and
- ♦ the Directors 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 members of the board of directors on 10 December 2014 and signed on its behalf by:



J R Edwards
(Chairman)

Governance statement 31 August 2014

Scope of responsibility

As Trustees, we acknowledge we have overall responsibility for ensuring that the Sutton Grammar School 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 has delegated the day-to-day responsibility to the Headmaster, as Accounting Officer, for ensuring financial controls conform to 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 Trust and the Secretary of State for Education. The Headmaster is also responsible for reporting to the Board 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 held four ordinary meetings and two special meetings during the year. Attendance during the year at meetings of the Board was as follows:

Director	Number of meetings attended	Out of a possible
Mr J Edwards (Chairman)	5	6
Mr G W Jones	4	6
Mrs S Lalani	0	1
Mr G D Ironside	6	6
Mr R Murrill	4	6
Mr R Ward	5	6
Miss F Alexander	6	6
Mr P S Chambers	0	1
Ms A Nobel	5	5
Mrs C Smith	4	4
Ms M Takeda	6	6
Mr P S Davis	1	1
Mr S Karlsson	2	4
Mr R A Pletts	5	6
Mrs L Williams	3	6

Mrs Lalani resigned as a Board member on 31 October 2013; she remains a Member of the Trust.

Mr Oommen's term of office as elected member ended on 12 October 2013. Ms Nobel was elected as a Trustee taking office on 14 November 2013. Mrs Smith's term of office expired on 31 March 2014. Mr Chambers was elected by parents as a Trustee on 5 June 2014. Mr Karlsson's term of office ended on 31 May 2014. Mr Davis was elected as a Trustee by the staff on 1 July 2014. Mr Stevens was appointed as a Trustee from 13 October 2014.

The Deputy Head, Mrs Sutherland, is invited to all meetings of the Board and she attended 6 out of 6 meetings as well as attending the Admissions Committee.

Governance statement 31 August 2014

Governance reviews

The Board reviewed the skills and expertise needed for the ongoing successful strategic management of the Trust and how this might be reflected in the balance of appointed and elected members. As a result the Board decided to seek applications from parents for an appointed parent trustee and this trustee was appointed in October 2014. Suitably qualified and experienced trustees/governors will be appointed from the local community where necessary. Consideration will also be given to the appointment of co-opted trustees where this will be beneficial to the ongoing management of the Trust and School.

Finance and General Purposes Committee

The Finance and General Purposes Committee (FGPC) is a committee of the Board. Its purpose is to consider the indicative funding from the EFA and the implications for the ensuing financial year. It recommends the annual budget; monitors approved expenditure; approves any adjustments to budgets to meet changing priorities; reviews, approves and monitors the implementation of the financial procedures, approves the insurance arrangements and approves major tenders for capital expenditure.

Attendance at meetings in the period was as follows:

Director	Number of meetings attended	Out of a possible
Mr G Jones (Chairman)	4	4
Miss F Alexander	4	4
Mr J Edwards	1	4
Mr G D Ironside	4	4
Mr A Oommen	1	1
Mr R Pletts	3	4

Mrs E C Beach, Bursar, was in attendance at each meeting.

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 Trust's 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 Trust's system of internal control has been in place throughout the year ended 31 August 2014 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Board has reviewed the key risks to which the Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board is of the view that there is an ongoing process for identifying, evaluating and managing the Trust's significant risks that has been in place for the year ended 31 August 2014 and up to the date of approval of the annual report and financial statements. The Board regularly reviews this process.

The risk and control framework

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

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

Internal Audit – Responsible Officer

Mr John Lloyd FCA is the Trust's Responsible Officer (RO). The RO's role includes giving advice on financial matters and performing a range of checks on the Trust's financial systems. The RO made three visits to the School making sample checks on various aspects of the financial system and controls. He made two minor detailed observations regarding procedures which have been adopted by the Finance Department.

Review of effectiveness

The Headmaster, as accounting officer, has responsibility for reviewing the effectiveness of the system of internal control. During the year in question his review has been informed by:

- ◆ the work of the Bursar, who has responsibility for the development and maintenance of the internal control framework;
- ◆ the monthly management accounts;
- ◆ the regular meetings of the FGPC;
- ◆ the work of the Responsible Officer;
- ◆ the work of the external auditor;
- ◆ the financial management and governance self assessment process.

Governance statement 31 August 2014

Review of effectiveness (continued)

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the Finance and General Purposes Committee and a plan to ensure continuous improvement of the system is in place.

Approved by order of the Board and signed on their behalf by:



J R Edwards
(Chairman)



G D Ironside
(Headmaster and Accounting Officer)

Approved on: 10 December 2014

Statement on regularity, propriety and compliance 31 August 2014

As accounting officer of Sutton Grammar School Trust, I have considered my responsibility to notify the Trust's Board 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 Trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date.

A handwritten signature in black ink, appearing to read 'G D Ironside'. The signature is written in a cursive, flowing style.

G D Ironside
Accounting Officer

Date: 10 December 2014

Statement of Trustees' responsibilities 31 August 2014

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

Company law requires the Trustees to prepare financial statements for each financial year. Under company law, the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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' Statement of Recommended Practice (the Charities' SORP);
- ♦ make judgments and estimates that are reasonable and prudent;
- ♦ state whether applicable United Kingdom 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 operation.

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 have been applied for the purposes intended.

The Trustees are responsible for the maintenance and integrity of the charity 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 10 December 2014 and signed on its behalf by:



J R Edwards
Chairman
Date

Independent auditor's report on the financial statements to the members of Sutton Grammar School Trust

We have audited the financial statements of Sutton Grammar School Trust for the year ended 31 August 2014 which comprise the statement of financial activities, the balance sheet, the cash flow statement, the principal accounting policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Annual Accounts Direction 2013 to 2014 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 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditor

The Trustees act as Directors of Sutton Grammar School Trust for the purpose of company law.

As explained more fully in the statement of Trustees' responsibilities set out in the Trustees' report, the Trustees 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 (APB'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 charitable company'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, including the strategic 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.

Independent auditor's report 31 August 2014

Opinion

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 2014 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- ◆ the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- ◆ the financial statements have been prepared in accordance with the Companies Act 2006; and
- ◆ the financial statements have been prepared in accordance with the Academies Accounts Direction 2013 to 2014 issued by the Education Funding Agency.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' report, including 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.

Buzzacott LLP

Catherine Biscoe, Senior Statutory Auditor
for and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

16 December 2014

Independent reporting accountant's report 31 August 2014

Independent reporting accountant's assurance report on regularity to Sutton Grammar School Trust and the Education Funding Agency

In accordance with the terms of our engagement letter dated 19 August 2013 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013 to 2014, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Sutton Grammar School Trust during the period from 1 September 2013 to 31 August 2014 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 Sutton Grammar School 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 Sutton Grammar School 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 Sutton Grammar School Trust and the EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Sutton Grammar School Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Sutton Grammar School Trust's funding agreement with the Secretary of State for Education dated 1 June 2011 and the Academies Financial Handbook, extant from 1 September 2013, 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 2013 to 2014. 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 period from 1 September 2013 to 31 August 2014 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 2013 to 2014 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.

Independent reporting accountant's report 31 August 2014

Approach (continued)

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

The work undertaken to draw our conclusion includes:

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

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 period from 1 September 2013 to 31 August 2014 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Buzzacott LLP

Buzzacott LLP
Chartered Accountants
130 Wood Street
London
EC2V 6DL

16 December 2014

Statement of financial activities Year ended 31 August 2014

		Unrestricted general fund £	Restricted funds			2014 Total funds £	2013 Total funds £
	Notes	£	EFA £	Other £	Fixed assets £	£	£
Incoming resources							
Incoming resources from generated funds:							
. Voluntary income	2	227,642	—	15,328	—	242,970	183,247
. Activities for generating funds	3	379,764	—	45,893	—	425,657	446,254
. Investment income	4	8,356	—	—	—	8,356	10,357
Incoming resources from charitable activities							
. Funding for the academy's educational operations	5	—	4,024,204	57,731	170,573	4,252,508	4,234,891
Total incoming resources		615,762	4,024,204	118,952	170,573	4,929,491	4,874,749
Resources expended							
Cost of generating funds	6	277,809	—	—	—	277,809	245,373
Fundraising trading							
Charitable activities							
. Academy's educational operations	7	112,277	4,318,507	—	394,499	4,825,283	4,691,184
Governance costs	8	—	59,585	—	—	59,585	58,857
Total resources expended	6	390,086	4,378,092	—	394,499	5,162,677	4,995,414
Net incoming (outgoing) resources before transfers							
		225,676	(353,888)	118,952	(223,926)	(233,186)	(120,665)
Gross transfers between funds							
	15	(22,533)	276,072	(246,883)	(6,656)	—	—
Net income (expenditure) for the period		203,143	(77,816)	(127,931)	(230,582)	(233,186)	(120,665)
Other recognised gains and losses							
Actuarial loss on defined benefit pension scheme	23	—	(154,000)	—	—	(154,000)	(9,000)
Net movement in funds		203,143	(231,816)	(127,931)	(230,582)	(387,186)	(129,665)
Reconciliation of funds							
Fund balances brought forward at 1 September 2013		478,404	(832,184)	127,931	16,156,160	15,930,311	16,059,976
Fund balances carried forward at 31 August 2014		681,547	(1,064,000)	—	15,925,578	15,543,125	15,930,311

All of the charitable company's activities derive from continuing operations during the above two financial periods.

A separate Statement of Total Recognised Gains and Losses is not required as all gains and losses are included in the Statement of Financial Activities.

Balance sheet 31 August 2014

	Notes	2014 £	2014 £	2013 £	2013 £
Fixed assets					
Tangible fixed assets	12		15,925,578		16,156,160
Current assets					
Debtors	13	253,231		174,795	
Cash at bank and in hand		1,259,511		954,082	
		1,512,742		1,128,877	
Creditors: amounts falling due within one year	14	(831,195)		(482,726)	
Net current assets			681,547		646,151
Net assets excluding pension scheme liability			16,607,125		16,802,311
Pension scheme liability	23		(1,064,000)		(872,000)
Net assets including pension scheme liability			15,543,125		15,930,311
Funds of the Academy					
Restricted funds					
. Fixed asset fund	15		15,925,578		16,156,160
. EFA fund	15		—		39,816
. Pension reserve	23		(1,064,000)		(872,000)
. Other funds	15		—		127,931
			14,861,578		15,451,907
Unrestricted funds					
. General fund	15		681,547		478,404
Total funds			15,543,125		15,930,311

The financial statements on page 21 to 41 were approved by the Directors, and authorised for issue on 10 December 2014 and are signed on their behalf by:



J R Edwards

Chairman

Sutton Grammar School Trust
Company Limited by Guarantee
Registration Number: 07633715 (England and Wales)

Cash flow statement Year ended 31 August 2014

	Notes	2014 £	2013 £
Net cash inflow from operating activities	18	290,417	292,843
Returns on investment and servicing of finance	19	8,356	10,357
Capital income (expenditure)	20	6,656	(159,058)
Increase in cash in the period	21	305,429	144,142
Reconciliation of net cash flow to movement in net funds:			
Net funds at 1 September 2013		954,083	809,941
Net funds at 31 August 2014		1,259,512	954,083

Principal accounting policies 31 August 2014

Basis of preparation

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice: Accounting and Reporting by Charities' ('SORP 2005'), the Academies Accounts Direction 2013 to 2014 issued by the EFA and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

Going concern

The Directors 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 Directors make this assessment in respect of a period of one year from the date of approval of the financial statements.

Incoming resources

All incoming resources are recognised when the School has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

Grants receivable

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

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund. Capital grants are recognised when receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

Donations

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

Other income

Other income is recognised in the period it is receivable.

Resources expended

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

Costs of generating funds

These are costs incurred in attracting voluntary income, those incurred in activities that raise funds and the provision of school clubs, trips and other activities.

Charitable activities

These are costs incurred on the School's educational operations.

Governance costs

These include the costs attributable to the School's compliance with constitutional and statutory requirements, including audit, strategic management and Director's meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

Tangible fixed assets

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.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the School's depreciation policy.

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

♦ Freehold buildings	2%
♦ Plant	6.67%
♦ Furniture	10%
♦ Fixtures and fittings	10%

Principal accounting policies 31 August 2014

Tangible fixed assets (continued)

♦ Electrical Equipment	20%
♦ Non Electrical Equipment	10%
♦ Vehicles	20%
♦ Computers	33.3%

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.

Payments on account in respect of the School are recorded in a separate fixed asset category called 'Assets under construction', and represent the cost of purchasing, constructing and installing tangible fixed assets ahead of their productive use. Only the incremental costs which are directly attributable to the asset in the course of construction are capitalised. No depreciation is charged on the assets until they are brought into operational use by the School, at which point the assets are transferred into the relevant asset category within the fixed assets and depreciated over their useful economic life. In the year ended 31 August 2014, assets under construction related to a new sixth form block and canteen.

Leased assets

Rentals applicable to operating leases, where substantially all of the benefits and risks of ownership remain with the lessor, are charged to the statement of financial activities on a straight line basis over the lease term.

Stock

Unsold uniforms and catering stocks are valued at the lower of cost or net realisable value.

Taxation

The School 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 School 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.

Pensions benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the School in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 23, the TPS is a multi employer scheme and the School is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The LGPS is a funded scheme and the assets are held separately from those of the School in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

Fund accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Education Funding Agency (EFA), Department for Education or other funders where the asset acquired or created is held for a specific purpose.

Restricted EFA funds comprise all other grants received from the Education Funding Agency.

Restricted other funds comprise all other restricted funds received and include grants from the Local Authority.

Notes to the Financial Statements Year ended 31 August 2014

1 General Annual Grant (GAG)

Under the funding agreement with the Secretary of State the charitable company was subject to limits at 31 August 2014 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 charitable company has not exceeded these limits during the year ended 31 August 2014.

2 Voluntary income

	Unrestricted funds £	Restricted funds £	2014 total funds £	2013 total funds £
Capital grants	—	—	—	53,716
Other donations	227,642	15,328	242,970	129,531
	<u>227,642</u>	<u>15,328</u>	<u>242,970</u>	<u>183,247</u>

3 Activities for generating funds

	Unrestricted funds £	Restricted funds £	2014 total funds £	2013 total funds £
Hire of facilities	105,495	—	105,495	107,736
Educational visits and school trips	262,853	—	262,853	242,694
Other activities	7,189	9,331	16,520	16,444
Miscellaneous income	4,227	36,562	40,789	79,380
	<u>379,764</u>	<u>45,893</u>	<u>425,657</u>	<u>446,254</u>

4 Investment Income

	Unrestricted funds £	Restricted funds £	2014 total funds £	2013 total funds £
Interest receivable	8,356	—	8,356	10,357

Notes to the Financial Statements Year ended 31 August 2014

5 Funding for academy's educational operations

	Unrestricted funds £	Restricted funds £	2014 total funds £	2013 total funds £
Capital grants				
. Devolved formula grants	—	18,158	18,158	18,107
. Other DfE / EFA	—	152,415	152,415	115,822
	—	170,573	170,573	133,929
DfE / EFA revenue grants				
. General Annual Grant (GAG)	—	3,953,904	3,953,904	4,043,222
. Other DfE / EFA	—	70,300	70,300	34,265
	—	4,024,204	4,024,204	4,077,487
Other government grants				
. SEN and EFL grants	—	35,334	35,334	23,475
. Educational projects	—	22,397	22,397	—
	—	57,731	57,731	23,475
	—	4,252,508	4,252,508	4,234,891

6 Resources expended

	Staff costs £	Non pay expenditure		2014 total funds £	2013 total funds £
		Premises £	Other costs £		
Cost of generating funds					
Cost of activities for generating funds	36,869	—	—	36,869	—
. Cost of generating voluntary income	—	—	240,940	240,940	245,373
	36,869	—	240,940	277,809	245,573
Charitable activities					
. School's educational operations					
.. Direct costs	2,977,173	—	259,766	3,236,939	3,286,400
.. Allocated support costs	502,973	419,461	665,910	1,588,344	1,404,784
	3,480,146	419,461	925,676	4,825,283	4,691,184
	3,517,015	419,461	1,166,616	5,103,092	4,936,557
Governance costs including allocated support costs					
	40,000	—	19,585	59,585	58,857
	3,557,015	419,461	1,186,201	5,162,677	4,995,414

Notes to the Financial Statements Year ended 31 August 2014

6 Resources expended (continued)

	2014 total funds £	2013 total funds £
Net incoming (outgoing) resources for the year include:		
Operating leases	42,732	42,733
Fees payable to auditor		
.. Statutory audit		
.. Current year	13,175	10,150
.. Prior year	500	3,670
.. Non statutory audit	2,910	2,475

7 Charitable activities - academy's educational operations

	2014 total funds £	2013 total funds £
Direct costs		
Teaching and educational support staff costs	2,977,173	3,030,205
Educational supplies	58,876	62,112
Examination fees	97,591	79,866
Staff development	13,203	8,169
Other direct costs	90,096	106,048
	3,236,939	3,286,400
Allocated support costs		
Support staff costs	502,973	443,484
Depreciation (see note 12)	394,499	364,443
Recruitment and support	5,754	1,899
Maintenance of premises and equipment	167,081	150,555
Cleaning	82,415	96,223
Rent and rates	46,595	46,171
Insurance	35,931	33,463
Security and transport	26,575	15,478
Catering	14,033	4,583
Bank interest and charges	429	482
Admission cost	4,695	4,756
Technology costs	36,987	6,247
Energy	92,885	110,465
Other support costs	177,492	126,535
	1,588,344	1,404,784
	4,825,283	4,691,184

Notes to the Financial Statements Year ended 31 August 2014

8 Governance costs

	2014 total funds £	2013 total funds £
Legal and professional fees	3,000	2,562
Auditor's remuneration		
. Current year	13,175	10,150
. Prior year	500	3,670
. Other services	2,910	2,475
Support staff costs	40,000	40,000
	59,585	58,857

9 Staff costs

(a) Staff costs

Staff costs during the year were:

	2014 total funds £	2013 total funds £
Wages and salaries	2,843,195	2,812,603
Social security costs	235,316	235,739
Pension costs	441,893	432,385
	3,520,404	3,480,727
Supply teacher costs	36,611	45,740
Staff restructuring costs	—	7,692
	3,557,015	3,534,159

(b) Staff numbers

The average numbers of persons (including senior management team) employed by the Academy during the year expressed as a full time equivalents was as follows:

Charitable activities	2014 No	2013 No
Teachers	49	47
Administration and support	24	24
Management	5	5
	78	76

Notes to the Financial Statements Year ended 31 August 2014

9 Staff costs (continued)

(c) Higher paid staff

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

	2014 No	2013 No
£60,001 - £70,000	1	1
£90,001 - £100,000	1	1

All of the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2014 pension contributions for these staff amounted to £23,799 (2013 - £23,452).

10 Directors' remuneration and expenses

Principal and staff governors only receive remuneration in respect of services they provide undertaking the roles of Principal and staff and not in respect of their services as Directors. Other Directors did not receive any payments, other than expenses, from the academy in respect of their role as Directors. The value of Directors' remuneration during the year ended 31 August 2014 was as follows:

	Year ended 31 August 2013	Year ended 31 August 2013
G D Ironside, Headmaster and Director	£95k - £100k	£95k - £100k
S Shergold, staff governor and Director	—	£15k - £20K
S Karlsson, staff governor and Director to 31 May 2014	£45k - £50k	£45k - £50k
R Pletts, staff governor and Director	£40k - £45k	£30k - £35k
L Williams, staff governor and Director	£15k - £20k	£25k - £30k
P S Davis, staff governor and Director from 1 June 2014	£10k - £15k	—

During the year ended 31 August 2014, £nil travel and subsistence expenses were reimbursed to Directors (2013 - £nil).

11 Directors' and Officers' insurance

In accordance with normal commercial practice the School has purchased insurance to protect Directors and officers from claims arising from negligent acts, errors or omissions occurring whilst on School business. The insurance provides cover up to £10 million on any one claim and the cost for the period ended 31 August 2014 was £1,927 (2013 - £1,967).

Notes to the Financial Statements Year ended 31 August 2014

12 Tangible fixed assets

	Assets under construction £	Freehold land and buildings £	Furniture and equipment £	Total funds £
Cost/valuation				
At 1 September 2013	—	16,780,724	119,818	16,900,542
Additions	34,565	117,850	11,502	163,917
At 31 August 2014	34,565	16,898,574	131,320	17,064,459
Depreciation				
At 1 September 2013	—	712,497	31,885	744,382
Charge in period	—	362,692	31,807	394,499
At 31 August 2014	—	1,075,189	63,692	1,138,881
Net book value				
At 31 August 2014	34,565	15,823,385	67,628	15,925,578
At 31 August 2013	—	16,068,227	87,933	16,156,160

For the purposes of these financial statements, the land is deemed to have no commercial value.

13 Debtors

	2014 £	2013 £
Trade debtors	30,151	12,071
Prepayments	127,970	44,968
VAT debtor	60,406	51,558
Gift aid	—	37,225
Other debtors and accrued income	34,704	28,973
	253,231	174,795

14 Creditors: amounts falling due within one year

	2014 £	2013 £
Trade creditors	182,576	125,845
Other taxation and social security	68,871	69,810
Other creditors	121,319	58,509
Accruals and deferred income	458,429	228,562
	831,195	482,726
Deferred income		
Deferred income at 1 September 2013	163,106	79,684
Resources deferred in the year	428,323	163,106
Amounts released from previous years	(163,106)	(79,684)
Deferred income at 31 August 2014	428,323	163,106

Notes to the Financial Statements Year ended 31 August 2014

14 Creditors: amounts falling due within one year (continued)

Deferred income of £12,721 (2013 - £23,465) relates to income received in the year for school trips that are taking place in the year ending 31 August 2015. Deferred income of £332,900 relates to capital grants received for 2014/15 and £27,934 (2013 - £139,641) relating to other grants and activities for 2014/15. Other deferred income relates to advance payment for the hire of school facilities.

15 Funds

	Balance at 1 September 2013 £	Incoming resources £	Resources expended £	Gains, losses and transfers £	Balance at 31 August 2014 £
EFA revenue grant fund					
. General Annual Grant (GAG)	—	3,953,904	(4,282,915)	329,011	—
. Other EFA grants	39,816	70,300	(57,177)	(52,939)	—
	39,816	4,024,204	(4,340,092)	276,072	—
. Pension reserve	(872,000)	—	(38,000)	(154,000)	(1,064,000)
	(832,184)	4,024,204	(4,378,092)	122,072	(1,064,000)
Fixed assets fund					
. Academy buildings	16,156,160	—	(394,499)	163,917	15,925,578
. EFA grants	—	170,573	—	(170,573)	—
	16,156,160	170,573	(394,499)	(6,656)	15,925,578
Other funds					
. SEN and EFL grants	60,424	35,334	—	(95,758)	—
. Teacher training grants	13,039	—	—	(13,039)	—
. Other	54,468	83,618	—	(138,086)	—
	127,931	118,952	—	(246,883)	—
Total restricted funds	15,451,907	4,313,729	(4,772,591)	(131,467)	14,861,578
Unrestricted funds					
. Unrestricted funds	478,404	615,762	(390,086)	(22,533)	681,547
Total unrestricted funds	478,404	615,762	(390,086)	(22,533)	681,547
Total funds	15,930,311	4,929,491	(5,162,677)	(154,000)	15,543,125

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

EFA revenue grant fund and other restricted funds

This fund represents grants received for the Academy's operational activities and development.

General Annual Grant (GAG)

Under the funding agreement with the Secretary of State, the charitable company was subject to a limit on the amount of GAG that it could carry forward at 31 August 2014. Note 1 discloses whether the limit was exceeded.

Notes to the Financial Statements Year ended 31 August 2014

15 Funds (continued)

Fixed asset fund

The Academy buildings fund has been set up to recognise the tangible assets gifted to the academy upon conversion which represent the school site including the freehold land and buildings and all material items of plant and machinery included therein. Depreciation charged on those inherited assets is allocated to the fund.

The EFA grants fixed assets fund has been set up to recognise the tangible assets purchased by the academy from the capital grants from the DfE under various schemes. Depreciation charged on these assets is allocated to the fund.

Pension reserve

The pension reserve forms part of the restricted general fund and relates to the Academy's share of the deficit of the London Borough of Sutton Local Government Pension Scheme.

16 Analysis of net assets between funds

	Unrestricted funds £	Restricted general Funds £	Restricted fixed asset fund £	Total 2014 £
Fund balances at 31 August 2014 are represented by:				
Tangible fixed assets	—	—	15,925,578	15,925,578
Current assets	691,314	821,428	—	1,512,742
Current liabilities	(9,767)	(821,428)	—	(831,195)
Pension scheme liability	—	(1,064,000)	—	(1,064,000)
Total net assets	681,547	(1,064,000)	15,925,578	15,543,125

17 Capital commitments

	2014 £	2013 £
Contracted for, but not provided for in the financial statements	787,456	50,375

The Trust has entered into contracts for the installation of a new heating system for £537,456 and the demolition and construction of the sixth form centre and new teaching block at a total cost of £2,536,141 of which £250,000 is included above.

Notes to the Financial Statements Year ended 31 August 2014

18 Reconciliation of net income to net cash inflow from operating activities

	2014 £	2013 £
Net expenditure	(233,186)	(120,665)
Depreciation (note 12)	394,499	364,443
Capital grants from DfE and other capital income	(170,573)	(187,645)
Interest receivable (note 4)	(8,356)	(10,357)
FRS 17 pension cost less contributions payable (note 23)	6,000	(8,000)
FRS 17 pension finance cost (note 23)	32,000	31,000
(Increase) decrease in debtors	(78,436)	92,349
Increase in creditors	348,469	131,718
Net cash inflow from operating activities	290,417	292,843

19 Returns on investment and servicing of finance

	2014 £	2013 £
Interest received	8,356	10,357
Net cash inflow from returns on investment and servicing of finance	8,356	10,357

20 Capital expenditure

	2014 £	2013 £
Purchase of tangible fixed assets	(163,917)	(346,703)
Capital grants received	170,573	133,929
Capital funding received from donations	—	53,716
Net cash inflow (outflow) from capital expenditure	6,656	(159,058)

21 Analysis of changes in net funds

	At 1 September 2013 £	Cashflows £	At 31 August 2014 £
Cash in hand and at bank	954,083	305,428	1,295,511

22 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

23 Pension and similar obligations

The School's employees belong to 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 the London Borough of Sutton. Both are defined-benefit schemes.

The LGPS obligation relates to the employees of the trust, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the Scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the charitable company at the balance sheet date.

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 was 31 March 2013.

Contributions amounting to £58,742 (2013 – £58,507) were payable to the schemes at 31 August and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

The Teachers' Pensions Regulations require an annual account to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the account has been credited with a real rate of return, which is equivalent to assuming that the balance in the account is invested in notional investments that produce that real rate of return.

23 Pension and similar obligations (continued)

Teachers' Pension Scheme (continued)

Valuation of the Teachers' Pension Scheme

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 for service to the effective date of £191,500 million, and notional assets of £176,600 million, giving a notional past service deficit of £14,900 million; and
- ♦ an employer cost cap of 10.9% of pensionable pay will be applied to future valuations.

The new employer contribution rate is applicable from 1 April 2015 and will be implemented for the TPS from September 2015.

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

Teachers' Pension Scheme Changes

Lord Hutton made recommendations in 2011 about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation with trade unions and other representative bodies. In March 2012 the Department for Education published proposals for the design for a reformed TPS.

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Pension benefits built up before 1 April 2015 will be fully protected.

In addition, the proposed final agreement includes a Government commitment that those within 10 years of normal pension age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall up to three and a half years outside of the 10 year protection.

In his interim report of October 2010, Lord Hutton recommended that short-term savings were also required, and that the only realistic way of achieving these was to increase member contributions. At the Spending Review 2010 the Government announced an average increase of 3.2 percentage points on the contribution rates by 2014-15. The increases have been phased in since April 2012 on a 40:80:100% basis.

23 Pension and similar obligations (continued)

Teachers' Pension Scheme (continued)

Teachers' Pension Scheme Changes (continued)

The Department for Education has continued to work closely with trade unions and other representatives bodies to develop the reformatted Teachers' Pension Scheme and regulations giving effect to it came into force on 1 April 2014. Communications are being rolled out and the reformatted scheme will commence on 1 April 2015.

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The academy is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the academy has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy has set out above the information available on the scheme.

Local Government Pension Scheme (LGPS)

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2014 was £165,000 (2013 - £163,000), of which employer's contributions totalled £128,000 (2013 - £127,000) and employees' contributions totalled £37,000 (2013 - £36,000).

Principal Actuarial Assumptions	At 31 August 2014	At 31 August 2013
Rate of increase in salaries	4.4%	5.1%
Rate of increase for pensions in payment / inflation	2.6%	2.8%
Discount rate for scheme liabilities	3.7%	4.6%
Expected return on assets	5.4%	5.6%
Commutation of pensions to lump sums	25%	25%

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

	At 31 August 2014	At 31 August 2013
<i>Current pensioners</i>		
Males	22.3	21.0
Females	24.5	23.8
<i>Future pensioners</i>		
Males	24.2	22.9
Females	26.8	25.7

23 Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

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

	Expected return at 31 August 2014	Fair value at 31 August 2014 £'000	Expected return at 31 August 2013	Fair value at 31 August 2013 £'000
Equities	6.3%	689	6.6%	477
Bonds	3.5%	275	4.0%	259
Property	4.5%	74	4.7%	40
Cash	3.3%	21	3.6%	32
Total market value of assets		1,059		808
Present value of scheme liabilities		(2,123)		(1,680)
Deficit in the scheme		(1,064)		(872)

The actual gain on scheme assets was £48,000 (2013 - £36,000).

Amounts recognised in statement of financial activities	2014 £'000	2013 £'000
Current service costs (net of employee contributions)	134	119
Total operating charge	134	119

Analysis of pension finance income (costs)

Expected return on pension scheme assets	49	31
Interest on pension liabilities	(81)	(62)
Pension finance income (costs)	(32)	(31)

The actuarial gains and losses for the current period are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is a loss of £119,000 (2013 – loss of £110,000).

Movements in the overall deficit were as follows:	2014 £'000	2013 £'000
Deficit at 1 September 2013	(872)	(840)
Current service cost	(134)	(119)
Employer contributions	128	127
Net finance income (costs)	(32)	(31)
Actuarial loss	(154)	(9)
At 31 August 2014	(1,064)	(872)

Notes to the Financial Statements Year ended 31 August 2014

23 Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

Movements in the present value of defined benefit obligations were as follows:	2014 £'000	2013 £'000
Scheme liabilities at 1 September 2013	1,680	1,418
Current service costs	134	119
Interest costs	37	62
Employee contributions	81	36
Actuarial loss	202	45
Estimated benefit paid	(11)	—
At 31 August 2014	2,123	1,680

Movements in the fair value of School's share of scheme assets:	2014 £'000	2013 £'000
Scheme assets at 1 September 2013	808	578
Expected return on assets	49	31
Actuarial gain	48	36
Employer contributions	128	127
Employee contributions	37	36
Benefit paid	(11)	—
At 31 August 2014	1,059	808

The estimated value of the employer contributions for the year ended 31 August 2015 is £127,000 (2014 - £128,000).

The experience adjustments are as follows:

	2014 £'000	2013 £'000	20132 £'000
Present value of defined benefit obligations	(2,123)	(1,680)	(1,418)
Fair value of share scheme assets	1,059	808	578
Deficit on the scheme	(1,064)	(872)	(840)
Experience adjustments on share of scheme assets			
Amount	48	36	(20)
Experience adjustments on scheme liabilities			
Amount	77	—	—

24 Related party transactions

Other than those disclosed in note 10, there were no related party transactions during the year.

Notes to the Financial Statements Year ended 31 August 2014

25 Financial commitments

At 31 August 2014, the School has annual commitments under non-cancellable operating leases as follows:

	Land		Other	
	2014 £	2013 £	2014 £	2013 £
Expiring within one year	29,381	—	4,108	—
Expiring within two and five years inclusive	—	29,381	9,244	13,352
	29,381	29,381	13,352	13,352