

Company Registration Number: 07696173 (England & Wales)

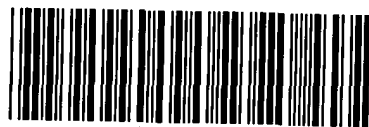
**THE GRAMMAR SCHOOL OF KING EDWARD VI AT STRATFORD-UPON-
AVON**

(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2019

WEDNESDAY



A95YU13N

A06

27/05/2020

#139

COMPANIES HOUSE

<p>THE GRAMMAR SCHOOL OF KING EDWARD VI AT STRATFORD-UPON-AVON (A company limited by guarantee)</p>

CONTENTS

	Page
Reference and administrative details	1 - 2
Governors' report	3 - 15
Governance statement	16 - 18
Statement on regularity, propriety and compliance	19
Statement of Governors' responsibilities	20
Independent auditors' report on the financial statements	21 - 23
Independent reporting accountant's report on regularity	24 - 25
Statement of financial activities incorporating income and expenditure account	26 - 27
Balance sheet	28 - 29
Statement of cash flows	30
Notes to the financial statements	31 - 58

<p>THE GRAMMAR SCHOOL OF KING EDWARD VI AT STRATFORD-UPON-AVON (A company limited by guarantee)</p>

REFERENCE AND ADMINISTRATIVE DETAILS

Members

All of the appointed Governors of the Academy Trust are also appointed as Members under the Academy Trust's Articles of Association.

Governors

B Carr, Headmaster and Accounting Officer

Dr D R Derbyshire, Chairman

J Bellamy (resigned 23 January 2019)¹

M D Evans¹

H Dennes (resigned 12 December 2018)

A F Fairbairn

K A Hayward, Staff Governor

S McCrink, Staff Governor

J A Jones¹

V G F Matts¹

M T Rendell

C J Smith, Deputy Chairman

P Maundrill¹

Cllr J Short

E J Speechley

A J Blann (appointed 12 December 2018)

P Streeter (appointed 11 April 2019)

N Treble (appointed 12 December 2018)

¹ members of the Finance and General Purposes Group

Company registered number

07696173

Company name

The Grammar School of King Edward VI Stratford-upon-Avon

Principal and registered office

Church Street
Stratford-upon-Avon
Warwickshire
CV37 6HB

Company Secretary

M D Hawley

Clerk to the Governors

H Brazier

<p>THE GRAMMAR SCHOOL OF KING EDWARD VI AT STRATFORD-UPON-AVON (A company limited by guarantee)</p>

REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Senior management team

B Carr, Headmaster
P E Mills, Deputy Headmaster (Pastoral)
T M Walton, Deputy Headmaster (Academic)
S McCrink, Assistant Headmaster
M D Hawley, Bursar

Independent auditors

Cooper Parry Group Limited
Chartered Accountants
Park View
One Central Boulevard
Blythe Valley Park
Solihull
West Midlands
B90 8BG

Bankers

National Westminster Bank plc
31 Rother Street
Stratford-upon-Avon
Warwickshire
CV37 6ZS

Lloyds Bank plc
22 Bridge Street
Stratford-upon-Avon
Warwickshire
CV37 6AG

Solicitors

Harrison Clark Rickerbys LLP Solicitors
Ellenborough House
Wellington Street
Cheltenham
Gloucestershire
GL50 1YD

<p style="text-align: center;">THE GRAMMAR SCHOOL OF KING EDWARD VI AT STRATFORD-UPON-AVON (A company limited by guarantee)</p>
--

**GOVERNORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2019**

The Governors have pleasure in presenting their report and the audited financial statements of the charitable company for the period 1 September 2018 to 31 August 2019. The annual report serves the purposes of both a Trustees' report and a Directors' report, including a strategic report, under company law.

The Academy Trust operates as an School for pupils aged 11 to 18 serving a catchment area geographically centred on Stratford-upon-Avon, providing a broad and academically challenging curriculum with a pupil capacity of 770 and 769 pupils currently enrolled based on the October 2019 Census.

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 Governors act as the Trustees for the charitable activities of the Grammar School of King Edward VI at Stratford-upon-Avon and are also the Directors of the charitable company for the purposes of company law.

Details of Governors who served throughout the year except as noted 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 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 they cease to be a member.

Governors' Indemnity

The Academy Trust has opted into the Department of Education's Risk Protection Arrangement ('RPA'), an alternative to insurance where UK government funds cover losses that arise. The scheme protects Governors from claims arising from negligent acts, errors or omissions occurring whilst on Academy Trust business. The scheme provides cover up to £10,000,000.

Method of Recruitment and Appointment or Election of Governors

All Members of the Academy Trust shall be Governors. The following composition complies with articles 45-81. The Full Governing Body consists of:

- 2 Elected Parent Governors who are nominated and elected by a ballot of all parents to serve an initial four year term which is renewable. They will relinquish their role when their child leaves the School.
- 3 Elected Staff Governors (the intention being to include one non-teacher) who are nominated and elected by a ballot of all staff to serve a four year term which is renewable.
- 10 Appointed Governors who serve a four year term. Three of these Governors at the time of their initial appointment will be parents of existing students. A meeting of the Full Governing Body will select this class of Governors. Each appointee will be proposed and seconded by other Governors and appointed by a majority vote in favour. Academy policy is that they may serve up to a maximum of four continuous terms from the date of their initial appointment (as either a Parent or Appointed Governor).

The Headmaster is an ex-officio Governor.

THE GRAMMAR SCHOOL OF KING EDWARD VI AT STRATFORD-UPON-AVON (A company limited by guarantee)
--

GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Policies and Procedures Adopted for the Induction and Training of Governors

All Governors are given the opportunity to attend training sessions. A number of sessions were held for Governors covering the main elements of the position, including the legal framework and governor responsibilities. Each year all members of the Governing body are offered updates on relevant issues and changes in legislation etc. The topics covered are regularly reviewed to ensure that Governors are kept up to date as far as possible. When appointing new Members, the Board will give consideration to the skills and experience mix of existing Members in order to ensure the Board has the necessary skills to contribute fully to the Academy Trust's ongoing development. All new Governors also have the opportunity to undertake National Governor Association training and all Trustees receive regular National Governor Association updates.

Organisational Structure

The Governors are responsible for setting general policy, adopting an annual development plan and budget, approving the annual statutory accounts, monitoring the Academy Trust by the use of budgets and other data, and making the major decisions about the direction of the Academy Trust, capital expenditure and staff appointments. The Full Governing Body (FGB) meets four times in each academic year. Twice in the Michaelmas term, once in the latter half of the Lent Term and once in the latter half of the Summer Term. The FGB has decided that it should be solely responsible for the following matters (which comply with articles 94-97):

- the School Strategic and Development Plans.
- the financial management of the School.
- approving the School budget and annual accounts.
- reviewing School budget monitoring reports from the Finance and General Purposes Group.
- the School income and expenditure, balance sheets and cash flows, having liaised with Trustees regarding the strategic financial position and priorities.
- the appointment and review of professional advisors (including auditors).
- personnel (with advice from the Leadership and Management Group)
- the procedure in pecuniary interest matters.
- accepting tenders above an agreed figure proposed by the Finance and General Purposes Group.
- election and removal of Chairman and/or Deputy Chairman.
- setting up of groups and decisions on what should be delegated (within these regulations) and to whom
- the annual review of mandatory policies covering School Governance, Mission Statement, Safeguarding and Whistleblowing.

The FGB has also decided that it should be solely responsible for additional matters which are identified in each Governors' Group's Terms of Reference. Whilst the FGB has not delegated responsibility for these matters, the different Governors' Groups are responsible for producing proposals relating to these matters for consideration by the FGB.

Objectives of the Structure

- To establish a framework for effective delegation and decision-making.
- To provide regular reports to the FGB.
- To provide a clear audit trail for each decision of the FGB.
- To free the FGB for policy making.
- To provide opportunities for the debate of key issues.
- To provide for the full involvement of all Governors in the decision-making process.
- To strengthen the partnership between Governors and the School.
- To support the Headmaster and the staff.
- To ensure conformity with legislation and (where appropriate) with guidelines through detailed scrutiny of proposals.
- To promote efficient communication between Governors' Groups and with the FGB.

<p style="text-align: center;">THE GRAMMAR SCHOOL OF KING EDWARD VI AT STRATFORD-UPON-AVON (A company limited by guarantee)</p>
--

GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Governor Groups (Standing)

The Governors' Groups meet on one or more occasions in the lead up to each termly meeting of the FGB (Meeting 2 of the Michaelmas Term).

Every Governor is a member of at least one of the following groups which comply with articles 101-103:

- Leadership and Management Group (Four Governors including the Headmaster)
- Teaching, Learning and Achievement Group (Four Governors plus the Deputy Headmaster - Academic)
- Pastoral Group (Four Governors plus the Deputy Headmaster - Pastoral)
- Finance and General Purposes Group (Four Governors plus the Bursar and the Headmaster)

The FGB appoints members to each Governor Group. Each Group elects its own Chairman. The Chairman of Governors shall not be Chairman or Deputy Chairman of any Governor Group. Governor Groups act with the authority of the FGB but each Chairman must provide a detailed report of activities and any recommendations to each FGB meeting.

Ad Hoc Committees

- **Disciplinary:** This Committee shall be chosen from members of the FGB, excluding the Headmaster and staff members.
- **Appeals:** This Committee will hear appeals relating to exclusions in accordance with legislation, guidelines and good practice. This Committee shall include governors appointed by the FGB in accordance with current regulations.
- **Health and Safety:** This is a sub-Committee which reports to the Finance and General Purposes Group.
- **Audit:** This is a sub-Committee which forms as and when necessary and which would report to the Finance and General Purposes Group.

Link Governors

All Governors are allocated to departments in the School to act as a Link Governor. The aims of the Link Governor Programme are:

- To enable Governors to know and understand more about the day-to-day work of the School;
- To triangulate evidence between Governors, SLT and staff.
- To establish another opportunity for Governors and staff to meet and discuss issues concerning the School and its development.
- To enable staff to share and celebrate the success of their work.
- To be involved, where possible, in the appointment of new teaching staff within subject areas.

Governor Agreement

All Governors sign an agreement to adhere to this policy, the Articles of Association and to uphold the Nolan Standards of Public Life. To comply with Article 79 all Governors complete an enhanced DBS check at the start of their first term of office.

<p style="text-align: center;">THE GRAMMAR SCHOOL OF KING EDWARD VI AT STRATFORD-UPON-AVON (A company limited by guarantee)</p>
--

GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Responsible Officer

The FGB has appointed a Responsible Officer ("RO") to provide an independent oversight of the Academy Trust's financial affairs. The RO carries out spot checks of finance activities on a termly basis and reports to the Finance and General Purposes Group. The Responsible Officer shall not be a Member or Governor of the Academy Trust and following P Streeter's appointment as a Governor on 11 April 2019, discussions are ongoing to appoint a new RO.

Accounting Officer

The Headmaster is the designated Accounting Officer of the Academy and has overall responsibility for the day to day financial management of the Charitable Company. The Headmaster has delegated responsibility for low values of expenditure to specific budget holders who are each responsible for managing their own departments within the constraints of their allocated budgets. A system of financial controls is in place to manage this process. The Headmaster manages the Academy on a daily basis supported by a Senior Leadership Team. The Senior Leadership Team meets weekly to discuss emerging matters and to help to develop strategies for future development to be put to the Headmaster and the Governing Body as required for approval. Each member of the Senior Leadership Team has specific responsibilities to assist the Headmaster to manage certain aspects of the Academy. Please refer to the Reference and Administrative details on page 1 for more information.

Arrangements for Setting Pay and Remuneration

The pay structure for all employees is set with reference to and without variation from the nationally published scales for all staff. In the case of the Senior Leadership team, this is a function of the size of the academy. In the case of teachers this is with reference to the published main and upper pay scales as well as that for TLR allowances. In the case of support staff, pay is referenced to the National Joint Council Scale. Pay progression is subject to satisfactory performance, as determined by annual appraisal. Teaching and Senior Leadership Team pay scales are listed in a Staff Handbook which is published annually.

Connected Organisations, including Related Party Relationships

The Trustees of The Grammar School of King Edward VI School (established separately under Charity Number 528769) are a related party as they and the School share a common Trustee; refer to note 27 for further details.

OBJECTIVES AND ACTIVITIES

Objectives, Strategies and Activities

This was the sixth full year of operation the Grammar School of King Edward VI at Stratford-Upon-Avon. Through the implementation of the key objectives in the School Development Plan 2018-19 the School has:

- Begun outreach activities to encourage more disadvantaged children to apply to the School
- Recorded steps taken to date to support student mental health and identified where further improvements can be made (including a successful inaugural parents information evening for Year 10.)
- Reviewed the PSHE programme with input from the School Council (in light of the Kirkland Rowell Students' and Parents' Surveys)
- Established a programme of weekly activities for the extended Tutor Periods each week.
- Evaluated the effectiveness of Individual Action Plans (IEPs) in support of students with SEND.
- Developed Room 19 into a second cross-curricular IT room.
- Continued the whole-School focus on the development of Moodle.
- Involved student discussions in the work scrutiny process (including Sixth Form)
- Evaluated changes that have been made the Religion, Philosophy and Ethics curriculum.
- Introduced Core Mathematics into the Sixth Form curriculum.

THE GRAMMAR SCHOOL OF KING EDWARD VI AT STRATFORD-UPON-AVON
(A company limited by guarantee)

GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

- Re-structured the Sixth Form Team by introducing Heads of Year 12 & 13 to cater for the growth in Sixth Form numbers.
- Conducted a staff workload audit and consultation and identified where further improvements can be made.
- Begun preparations for an inspection under the new Ofsted framework 2019/20.
- Updated and launched a new School website.
- Improved environmental sustainability through the work of the School Council.
- Launched the Old Edwardians database/website.
- Made changes to the catering provision (in light of the Kirkland Rowell Students' and Parents' Surveys).
- Embedded changes introduced in light of the General Data Protection Regulations (GDPR)

PUBLIC BENEFIT STATEMENT

The primary purpose of the Grammar School of King Edward VI at Stratford-Upon-Avon is the advancement of education within the local area.

The School's Mission Statement is:

King Edward VI School is committed to being the school of choice for the most able students in our locality by developing and maintaining an educational community in which we:

- provide the context to allow all individuals to achieve success in all aspects of school life;
- create a safe and secure environment in which self-confidence, respect for oneself and for others is valued;
- encourage each individual to fulfil their academic potential by placing particular emphasis on challenge, teamwork, independence, creativity and enjoyment;
- appreciate the value of extra-curricular activities and encourage – equally – wide participation and excellence;
- use open lines of communication and engagement across all interested parties to ensure we are a self-evaluative school, which constantly looks to improve.

We seek to prepare our students for rewarding lives, aware of their obligation to serve the local, national and international communities in a fast changing world, and to inculcate in them a sense of pride in the unique character of Shakespeare's School.

In accordance with legislation the Academy is an exempt Charity. The Governors confirm that they have complied with the duty in Section 4 of the Charities Act 2006 to have due regard to the Charity Commission's general guidance on public benefit.

The Academy Trust also allows use of its facilities for recreational and other leisure time occupation for the community at large in the interests of social welfare and with the interest of improving the life of that community.

STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE

Student Achievements and Performance

A Level

- Attained 88% of A-Level grades at A* to B, including 62% at A* or A.
- Sixty-eight students obtained three A grades or better.

THE GRAMMAR SCHOOL OF KING EDWARD VI AT STRATFORD-UPON-AVON
(A company limited by guarantee)

GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

GCSE

- Attained 81% of GCSE grades 9 to 7.
- Thirty-four students achieved at least ten grade 7s.

Overall Achievement

Having been judged West Midlands School of the Year in 2018 in the Sunday Times Parent Power survey, K.E.S. achieved the best combined exam results in the West Midlands and was placed 12th amongst state schools nationally in 2019.

Public Speaking

- LAMDA Gold Medal was achieved by 28 students of which 14 were Distinctions and 10 Merits.
- Thirty-two students achieved LAMDA Bronze Medal (Grade Six), 25 of which were Distinctions and 7 Merits.

Mock Trials

- The Sixth Form team won the Regional Heat of the Bar National Mock Trial at Birmingham Crown Court, progressing to the National Final.
- The Year 9 Mock Trial team finished eleventh out of 350 schools at the National Final at the Old Bailey in London.

Rugby

- A student was selected to play for England Women U18 vs Scotland
- A student was selected to play for the Northampton Saints U16 Academy squad
- The U16 7s Team won the Sibford School 7s tournament
- The U13 7s won the plate at the Sibford School 7s tournament
- The 1st VII won the plate competition in our own 7s tournament

Kayaking

- A student won 5 Gold medals at the National Championships for Sprint Canoeing and the Bronze medal for GB in the K4 500m at the Olympic Hopes Regatta in Poland.
- The same student also won Gold in the K1 1000m event at the German International Spring Regatta and a Silver Medal in the same event at the Junior European Championships.

Pentathlon

- A student represented Great Britain at the Modern Pentathlon U17 European Championships in Lithuania

Sailing

- A student was part of the RYA National Junior Laser Squad.

Fencing

- Three students were selected to represent Great Britain, as part of a 15-man squad for the opening two international events in Bulgaria and Germany.
- A student won Bronze medal at the Under 13 Leon Paul Junior Series competition in Oldham.
- At the British Youth Championships two students won Bronze medals
- At the English Youth Championships two students won Bronze medals

<p style="text-align: center;">THE GRAMMAR SCHOOL OF KING EDWARD VI AT STRATFORD-UPON-AVON (A company limited by guarantee)</p>
--

GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Rowing

- A student won the J18 Single Sculls at Wycliffe Head.
- The Senior Girls IV retained the Ball Cup for the 4th successive year at the Olympic Rowing Lake at Eton Dorney.

Athletics

- The Year 7 team finished in 2nd in the Combined Events Team Championships.
- In the South Warwickshire Schools Championships, the Year 7 team finished joint first the Year 8s second and the Year 9s third leading to an overall 2nd place.
- Three students were selected to compete for Warwickshire in the Inter Counties Athletics match at the Alexander Stadium.

Music Examinations

- Twenty-three students achieved Grade 6 or higher across a wide range of musical instruments.

Duke of Edinburgh

- Duke of Edinburgh Gold Award was achieved by 8 students.
- Duke of Edinburgh Silver Award was achieved by 11 students.
- Duke of Edinburgh Bronze Award was achieved by 14 students.

Debating

- Two students reached the Regional Final of the English Speaking Union Mace debating competition.
- A Team of 3 students won the local heat of the Senior Rotary Youth Speaks competition.

ARTiculation

- A student came first in the regional heats of the ARTiculation competition held at the Barber Institute and competed at the national final at Clare College, Cambridge.

Cricket

- Under 15 XI retained the Bob Coward Schools Cup.
- A student represented Warwickshire.

Drama

- Silver Arts Award was achieved by 8 students.
- Bronze Arts Award was achieved by 11 students.

Esports

- The Esports team were winners at the National Final for the Overwatch Tournament at the Gfinity Arena and won the British ESports Association's School Championships at the NEC.

<p style="text-align: center;">THE GRAMMAR SCHOOL OF KING EDWARD VI AT STRATFORD-UPON-AVON (A company limited by guarantee)</p>
--

GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Tennis

- The Under 16 tennis squad became British Tennis Regional Champions.
- Both the Under 13 and Under 15 teams won their league to progress through to the regional finals in September.
- A student was selected to play for Warwickshire in the Midlands Inter-County Tournament

Mathematics

- A junior team won the regional round of the Maths Challenge and finished in 36th place in the National Event, entered by 1712 schools.

Key Financial Performance Indicators

The Academy Trust uses a number of benchmarks or performance indicators to evaluate its financial performance and drive budgetary control and monitoring.

A key financial performance indicator for the Trust is the level of reserves held at the balance sheet date and, in particular, the amount of unrestricted reserves plus restricted income reserves carried forward. At 31 August 2019, the balance of the unrestricted and restricted income reserves was £54,627 (2018: £201,981). Further details on the level of reserves held by the Academy Trust are set out in the Reserves Policy section below.

As the majority of the Academy Trust's funding is based on pupil numbers, pupil numbers is also a key performance indicator. The total number of pupils during the year ended 31 August 2019 was 769, which is an increase of 23 from the previous year.

Staffing costs are another key performance indicator for the Academy Trust and the percentage of total staff costs to total educational grant funding (being GAG funding plus other operating educational grants from the ESFA and / or Local Authority) for the year was 85.8% (2018: 86.7%), while the percentage of staff costs to total costs (excluding depreciation and LGPS FRS102 pension cost charges) was 65.6% (2018: 66.8%).

Going Concern

As detailed above, the balance of reserves at 31 August 2019 is £54,625, which consists of unrestricted funds of £31,127, restricted prize funds of £193,390, other restricted funds of £1,184 and a deficit on the restricted General Annual Grant fund of £171,074. As the prize funds are restricted in their use, the Academy Trust therefore has an overall deficit of revenue funds of £138,763. The Governors are aware of the challenges and issues that having deficit reserves bring. The Governors are reliant on the ongoing funding provided by the Trustees of The Grammar School of King Edward VI School (the "School Charity") each year and the commitment from the School Charity Trustees to provide ongoing and additional funding to support the Academy Trust in continuing to operate as a going concern for the foreseeable future. With the expected increases in funding in future years from the implementation of the new National Funding Formula and increases in pupil numbers, together with the ongoing funding and financial support available from the School Charity, the continued focus on exploring additional income generating opportunities and a continued focus on reviewing key areas of operational expenditure, the Governors are satisfied that the overall financial position of the Academy Trust will improve and that the GAG fund will return to a surplus position over the next 3 to 5 years period.

After making appropriate enquiries, the Board of Governors therefore 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 at note 1.2 of these financial statements.

THE GRAMMAR SCHOOL OF KING EDWARD VI AT STRATFORD-UPON-AVON
(A company limited by guarantee)

GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

FUNDRAISING

The Academy Trust requests voluntary donations from parents to help sustain an extensive extracurricular programme, which would otherwise be extremely difficult to sustain in light of continuing funding pressures. Additional funds are also generated from on-site pay-and-display parking outside school hours. A small group of parents has also been established as 'KESFuture' a fundraising group with specific objectives to fundraise towards future capital projects. The Academy also derived modest additional income by virtue of offering the Amazon Associates Scheme through which participants can shop using Amazon which generating cashback for the Academy Trust.

FINANCIAL REVIEW

The majority of the Academy Trust's income is received from the Education and Skills Funding Agency ('ESFA') in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the year ended 31 August 2019 and the associated expenditure of these grants are shown as restricted funds in the Statement of Financial Activities. The Academy Trust also receives grants for fixed assets from the ESFA and other organisations / funders and these are shown as restricted fixed asset funds in the Statement of Financial Activities. The balance of the restricted fixed asset fund is reduced by the depreciation charges on the assets acquired using these funds.

For the year ended 31 August 2019, the Academy Trust's total income (excluding capital grants) was £4,681,674 (2018: £4,511,280) while the total expenditure (excluding depreciation and LGPS FRS102 pension service and interest cost charges) was £4,821,126 (2018: £4,521,308), resulting in a net deficit for the year of £139,452 (2018: deficit of £10,028).

The balance of reserves at 31 August 2019, excluding the restricted fixed asset funds and LGPS liability fund, was £54,625 (2018: £201,983).

The net book value of fixed assets at 31 August 2019 were £17,695,559. The fixed assets held by the Academy Trust are used exclusively for providing education and associated support services to the pupils of the Academy Trust.

Included within the Academy's balance sheet at year end is a defined benefit pension scheme liability of £1,072,000 (2018: £642,000), which arises from the deficit in the Local Government Pension Scheme ("LGPS") that is attributable to the Academy. Further details regarding the deficit in the LGPS at 31 August 2019 are set out in note 23 to the financial statements.

The key financial policies reviewed and adopted during the period included the Financial Procedures Policies and Manual, which lays out the framework for the Academy Trust's financial management, including financial responsibilities of the Board of Governors, Headteacher, managers, budget holders and other staff, as well as the delegated authorities for spending. The other financial policies reviewed and adopted during the period included Charges and Lettings, Asset Management and Insurance.

Reserves Policy

The Governors review the reserve levels of the Academy Trust on an annual basis, taking into consideration the future plans of the Academy Trust, the uncertainty over future income levels and other key risks identified during the risk review. The Academy Trust's budget is managed proactively by drawing on an appropriate amount of funds and any significant reserves are held in the Foundation account, which is controlled by the Governors. The Foundation account receives income exclusively from funds held by the Trustees of the Grammar School of King Edward VI School (the "School Charity"). The School Charity funds are not part of the financial statements of the Academy Trust as they are managed by a separate charity with the School as its sole charitable object. The Academy Trust is however able to apply for additional funding from the School Charity as and when required in order to support its operational activities.

THE GRAMMAR SCHOOL OF KING EDWARD VI AT STRATFORD-UPON-AVON
(A company limited by guarantee)

GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

The balance of reserves at 31 August 2019 is £54,627, which consists of unrestricted funds of £31,127, restricted prize funds of £193,390, other restricted funds of £1,184 and a deficit on the restricted General Annual Grant fund of £171,074. As the prize funds are restricted in their use, the Academy Trust therefore has an overall deficit of revenue funds of £138,763. The Governors are aware of the challenges and issues that having deficit reserves bring. The Governors are reliant on the ongoing funding provided by the Trustees of The Grammar School of King Edward VI School (the "School Charity") each year and the commitment from the School Charity Trustees to provide ongoing and additional funding to support the Academy Trust in continuing to operate as a going concern for the foreseeable future.

With the expected increases in funding in future years from the implementation of the new National Funding Formula and increases in pupil numbers, together with the ongoing funding and financial support available from the School Charity, the continued focus on exploring additional income generating opportunities and a continued focus on reviewing key areas of operational expenditure, the Governors are satisfied that the overall financial position of the Academy Trust will improve and that the GAG fund will return to a surplus position over the next 3 to 5 years period.

The pension reserve fund has a deficit balance at 31 August 2019 of £1,072,000, which represents the deficit in the LGPS at the balance sheet date as disclosed in note 23 of the financial statements. The Trustees of the LGPS pension scheme arrange for appropriate contribution rates to be paid by the members and the employer to ensure that the pension scheme is properly funded over time. The Governors are increasingly concerned by the LGPS deficit and the apparent growth in this over time. The imposition of capital payments by the Actuary for the 2014/15 year was an unwelcome development which has since escalated further the justification for which appears to be, at least in part, as a result of changing and increasingly conservative assumptions by the Actuary.

The in-year servicing of a very long term, inherited debt impacts on the Academy Trust's ability to continue to offer the same high quality education and it is felt that the DfE should consider offering extra funding to offset pension deficit demands. Furthermore, the DfE should also actively consider and provide guidance to help Academy Trust's become pooled for support staff pension purposes or to offer an alternate akin to the Teachers' Pension Scheme. This would spread risk considerably and reduce employer contributions significantly. The Governors have noted however that the Government has provided a guarantee that in the event of the Academy Trust's closure, and any outstanding LGPS liabilities would be met by the Department for Education.

Investment Policy

The School maintains an investment portfolio for its prize funds with M&G Investments. This fund sustains the two annual prize giving occasions: Lower School Celebration (Years 7 and 8) held in July and Speech Day (Years 10 to 13) held in September.

Principal Risks and Uncertainties

The Governors have assessed the major risks to which the Academy Trust is exposed, especially in the operational areas, such as in relation to teaching, health & safety, safeguarding and school trips, and in relation to the control of finances and strategic development of the Trust. They have introduced systems, including operational procedures and internal financial controls in order to minimise risk and have agreed a Risk Management Strategy and Risk Management Plan, which incorporates a Risk Register. Where significant financial risk still remains, the Trustees have ensured the Academy Trust has adequate insurance cover in place.

The Risk Management Plan is constantly reviewed in light of any new information and formally reviewed annually.

The principal risks and uncertainties facing the Academy Trust are as follows:

<p style="text-align: center;">THE GRAMMAR SCHOOL OF KING EDWARD VI AT STRATFORD-UPON-AVON (A company limited by guarantee)</p>
--

GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Educational

The continuing success of the Academy Trust is dependent on continuing to attract pupil applicants in sufficient numbers by maintaining the highest educational standards across all key stages. To mitigate this risk, the Trustees ensure that pupil success and achievement are closely monitored and reviewed, with corrective actions embedded at an early stage, and that relationships and partnerships with parents, the local community and other organisations and groups are maintained and are effective in producing a cohesive and supportive community.

Safeguarding and child protection

The Governors continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health & safety and discipline.

Financial

The Academy Trust has considerable reliance on continued Government funding through the ESFA. In the year, approximately 69% of the Academy Trust's income was ultimately Government funded. Whilst this level is expected to continue, there is no assurance that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms, particularly in light continuing changes in to the National Funding Formula for schools.

Continuing increases in employment costs, including pension costs association with both the Teachers' Pension Scheme and the Local Government Pension Schemes, and premises costs will also continue to place significant pressure on the Trust's financial position and its ability to deliver balance budgets in the future.

The Governors examine the financial health of the Academy Trust formally every twice termly, reviewing performance against budgets and overall expenditure by means of regular update reports at all full Trustees and Finance and Resources Committee meetings.

Staffing

The success of the Academy Trust is reliant on the quality of its staff so the Trustees monitor and review policies and procedures to ensure continued development and training of staff as well as ensuring there is clear succession planning.

Failures in governance and / or management

The risk in this area arises from the potential failure to effectively manage the Academy Trust's finances, internal controls, compliance with regulations and legislation, statutory returns etc. The Governors continue to review and ensure appropriate measures are in place to mitigate these risks, which includes those relating to fraud and mismanagement of funds.

Fraud and mismanagement of funds

The Academy Trust engaged Mrs P Streeter as Responsible Officer (RO) to perform a program of work aimed at checking and reviewing the financial systems and records as required by the Academies Financial Handbook. All finance staff receive training to keep them up to date with financial practice requirements and to develop their skills in this area.

At the balance sheet date, the Academy Trust had no significant liabilities arising from trade creditors or debtors where there would be a significant effect on the Academy Trust's liquidity.

THE GRAMMAR SCHOOL OF KING EDWARD VI AT STRATFORD-UPON-AVON
(A company limited by guarantee)

GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

The Governors recognise that the LGPS deficit represents a significant potential liability to the Academy Trust. However, as the Trustees consider the Academy Trust is able to meet its known annual contribution commitments for the foreseeable future, the risk from this liability is minimised.

TRADE UNION FACILITY TIME

Relevant union officials

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
0	0

Percentage of time spent on facility time

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

Percentage of pay bill spent on facility time

Total cost of facility time	0
Total pay bill	£2.397M
Percentage of total pay bill spent on facility time	0%

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	0%
---	----

PLANS FOR FUTURE PERIODS

The School has bid for CIF funds in the 2019/20 round in order to carry out much needed replacement of the main boilers and heating infrastructure, the oldest parts of which date from the 1960s.

We remain mindful that the long-term funding of schools remains under pressure and the National Funding Formula (NFF) has only offset some of the cuts that have been borne in this decade. Furthermore, the NFF only addresses issues in Key Stages 3 and 4 such that Sixth Form Funding remains at a level that requires a £165,000 internal subsidy from the rest of our School Budget. It is heartening to note that school funding (including Sixth Form) will increase by above inflation levels in 2020/21 and, even though this will leave the School below 2010 funding levels in real terms, this is a cause for cautious optimism. Additional income currently includes that from the separate Trust, car park charges, lettings and other fundraising activities. Accordingly, our Key Objectives for 2019/20 include continuing consideration of the viability of establishing an international school that will draw on the School's unique brand and our strong ethos, with a view to ultimately securing a sustainable additional income source for the long term future.

FUNDS HELD AS CUSTODIAN TRUSTEES FOR OTHERS

The Academy Trust and its Governors do not act as Custodian Trustees of any other charity.

The Academy Trust does however hold post-16 Bursary Funds on behalf of the ESFA, which are distributed to students as required and in line with the terms and conditions of the funds.

THE GRAMMAR SCHOOL OF KING EDWARD VI AT STRATFORD-UPON-AVON
(A company limited by guarantee)

GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

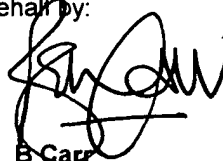
AUDITOR

The Trustees have confirmed that, as far as they are aware, there is no relevant audit information of which the auditors are unaware. Each of the Trustees have confirmed that they have taken all the steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

The Governors' report, incorporating a strategic report, was approved by order of the Board of Governors, as the company Directors, on 12 December 2019 and signed on its behalf by:



Dr D R Derbyshire
Chair of Trustees



B Carr
Accounting Officer

THE GRAMMAR SCHOOL OF KING EDWARD VI AT STRATFORD-UPON-AVON
(A company limited by guarantee)

GOVERNANCE STATEMENT

Scope of responsibility

As Governors, we acknowledge we have overall responsibility for ensuring that The Grammar School of King Edward VI at Stratford-upon-Avon 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 Governors has delegated the day-to-day responsibility to the Headteacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between The Grammar School of King Edward VI at Stratford-upon-Avon and the Secretary of State for Education. They are also responsible for reporting to the Board of Governors any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Governors' report and in the statement of governors' responsibilities. The Board of Governors has formally met 4 times during the year. Attendance during the year at meetings of the Board of Governors was as follows:

Governor	Meetings attended	Out of a possible
B Carr	4	4
Dr D R Derbyshire	4	4
J Bellamy	0	2
M D Evans	4	4
H Dennes	1	2
A F Fairbairn	4	4
K A Hayward	4	4
S McCrink	3	4
J A Jones	4	4
V G F Matts	3	4
M T Rendell	3	4
C J Smith	3	4
P Maundrill	4	4
Cllr J Short	3	4
E J Speechley	2	4
A J Blann	1	2
P Streeter	1	1
N Treble	2	3

The details of the changes in the Board of Governors during the year are provided in the Reference and Administrative Details on page 1.

The Finance and General Purposes Group is a sub-group of the main Board of Governors. Its purpose is to provide proposals relating to the matters identified in its Terms of Reference for the Full Governing Body and to provide detailed scrutiny of relevant proposals. Attendance during the year at meetings was as follows:

Governor	Meetings attended	Out of a possible
J Bellamy	0	2
J A Jones	2	4
M D Evans	2	2
P Maundrill	6	6
V G F Matts	6	6
P Streeter	2	2

THE GRAMMAR SCHOOL OF KING EDWARD VI AT STRATFORD-UPON-AVON
(A company limited by guarantee)

GOVERNANCE STATEMENT (CONTINUED)

Review of value for money

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

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

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

- The School has procedures in place that require at least 3 quotes to be sought for purchases over £10,000.
- Utilities supplies are purchased through the Eastern Shires Purchasing Organisation (ESPO) which saves the School thousands of pounds per year when compared to commercial energy suppliers.
- ESPO (a not-for-profit organisation) also offers a catalogue which is used for buying the bulk of the School's educational supplies.
- For items beyond the scope of ESPO, the School makes extensive use of Amazon and is an Amazon Associate, receiving cashback on all purchases made. The School has an Amazon Associate's link on its website which allows parents and friends of the School to use its Associate link to generate further revenue for the School.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The system of internal control has been in place in The Grammar School of King Edward VI at Stratford-upon-Avon for the year 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Board of Governors has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Governors is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the year 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Governors.

The risk and control framework

The Academy Trust's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability.

THE GRAMMAR SCHOOL OF KING EDWARD VI AT STRATFORD-UPON-AVON
(A company limited by guarantee)

GOVERNANCE STATEMENT (CONTINUED)

The risk and control framework (continued)

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 Governors
- 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
- identification and management of risks

The Board of Governors has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Governors appointed a Responsible Officer to carry out a programme of internal checks.

The appointee's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. In particular the checks carried out in the current period included:

- testing of purchase systems and tendering procedures;
- testing of salary payments/systems;
- testing of petty cash;
- testing of bank reconciliations.

On an annual basis, the reviewer reports to the Board of Governors through the Finance and General Purposes Group on the operation of the systems of control and on the discharge of the Governors' financial responsibilities. The work of the Responsible Officer was carried out in accordance with the ESFA's requirements during the year, and no material control issues were identified as a result of their work.

Review of effectiveness

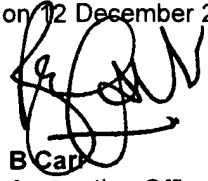
As Accounting Officer, the Headteacher has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

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

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

Approved by order of the members of the board of Governors on 12 December 2019 and signed on their behalf by:


Dr D R Derbyshire
Chair of Governors


B Carr
Accounting Officer

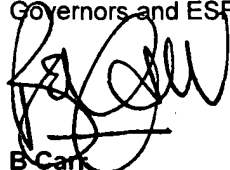
THE GRAMMAR SCHOOL OF KING EDWARD VI AT STRATFORD-UPON-AVON
(A company limited by guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of The Grammar School of King Edward VI at Stratford-upon-Avon I have considered my responsibility to notify the Academy Trust Board of Governors and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Academy Trust, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

I confirm that I and the Academy Trust Board of Governors are able to identify any material irregular or improper use of all funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's funding agreement and the Academies Financial Handbook 2018.

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



B Carr
Accounting Officer

Date: 12 December 2019

THE GRAMMAR SCHOOL OF KING EDWARD VI AT STRATFORD-UPON-AVON
(A company limited by guarantee)

STATEMENT OF GOVERNORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2019

The Governors (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Governors' report and the financial statements in accordance with the Academies Accounts Direction published by the Education & Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Governors to prepare financial statements for each financial year. Under company law the Governors 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 Governors are required to:

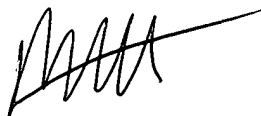
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

The Governors 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 Governors on 12 December 2019 and signed on its behalf by:



D R Derbyshire
Chair of Governors

THE GRAMMAR SCHOOL OF KING EDWARD VI AT STRATFORD-UPON-AVON
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
GRAMMAR SCHOOL OF KING EDWARD VI AT STRATFORD-UPON-AVON**

Opinion

We have audited the financial statements of The Grammar School of King Edward VI at Stratford-upon-Avon (the 'academy trust') for the year ended 31 August 2019 which comprise the Statement of financial activities, the balance sheet, the statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy Trust's affairs as at 31 August 2019 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 2018 to 2019 issued by the Education & Skills Funding Agency.

Basis for opinion

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

Conclusions related to going concern

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

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

<p>THE GRAMMAR SCHOOL OF KING EDWARD VI AT STRATFORD-UPON-AVON (A company limited by guarantee)</p>

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
GRAMMAR SCHOOL OF KING EDWARD VI AT STRATFORD-UPON-AVON (CONTINUED)**

Other information

The Governors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditors' report thereon. Other information includes the Reference and administrative details, the Governors' report including the Strategic report, and the Governance statement. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the Academy Trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Governors' report including the Strategic report.

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

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

THE GRAMMAR SCHOOL OF KING EDWARD VI AT STRATFORD-UPON-AVON
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
GRAMMAR SCHOOL OF KING EDWARD VI AT STRATFORD-UPON-AVON (CONTINUED)**

Responsibilities of Governors

As explained more fully in the governors' responsibilities statement, the Governors (who are also the directors of the Academy Trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Governors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of our report

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



Simon Atkins FCA (senior statutory auditor)
for and on behalf of
Cooper Parry Group Limited

Statutory Auditor
Park View
One Central Boulevard
Blythe Valley Park
Solihull
West Midlands
B90 8BG

19 December 2019

THE GRAMMAR SCHOOL OF KING EDWARD VI AT STRATFORD-UPON-AVON
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE
GRAMMAR SCHOOL OF KING EDWARD VI AT STRATFORD-UPON-AVON AND THE EDUCATION &
SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 1 October 2019 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Grammar School of King Edward VI at Stratford-upon-Avon during the year 1 September 2018 to 31 August 2019 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 Grammar School of King Edward VI at Stratford-upon-Avon and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to The Grammar School of King Edward VI at Stratford-upon-Avon and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than The Grammar School of King Edward VI at Stratford-upon-Avon and ESFA, for our work, for this report, or for the conclusion we have formed.

**Respective responsibilities of The Grammar School of King Edward VI at Stratford-upon-Avon's
accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of The Grammar School of King Edward VI at Stratford-upon-Avon's funding agreement with the Secretary of State for Education dated 17 August 2011 and the Academies Financial Handbook, extant from 1 September 2018, 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 2018 to 2019. 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 2018 to 31 August 2019 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 2018 to 2019 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

THE GRAMMAR SCHOOL OF KING EDWARD VI AT STRATFORD-UPON-AVON
(A company limited by guarantee)

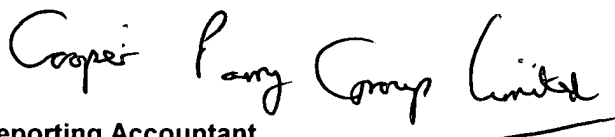
**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE
GRAMMAR SCHOOL OF KING EDWARD VI AT STRATFORD-UPON-AVON AND THE EDUCATION &
SKILLS FUNDING AGENCY (CONTINUED)**

The work undertaken to draw our conclusions included:

- Reviewing the internal control policies and procedures implemented by the Academy Trust and evaluating their design and effectiveness to understand how the Academy Trust has complied with the framework of authorities;
- Reviewing the minutes of meetings of the Trustees, relevant sub-committees and other evidence made available to us, relevant to our consideration of regularity;
- Enquiries of the Accounting Officer, including reviewing the work undertaken by the Accounting Officer in relation to their Statement on Regularity, Propriety and Compliance; and
- Detailed testing of the income and expenditure of the Academy Trust based on our assessment of the risk of material irregularity, impropriety and non-compliance. This work was integrated with our audit of the financial statements where appropriate and included analytical review and detailed substantive testing of transactions.

Conclusion

In the course of our work, nothing has come to our attention which suggest in all material respects the expenditure disbursed and income received during the year 1 September 2018 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Reporting Accountant

Cooper Parry Group Limited

Park View
One Central Boulevard
Blythe Valley Park
Solihull
West Midlands
B90 8BG

Date: 19 December 2019

THE GRAMMAR SCHOOL OF KING EDWARD VI AT STRATFORD-UPON-AVON
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2019**

	Note	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £	Total funds 2018 £
Income from:						
Donations and capital grants	3	-	598,947	60,057	659,005	546,767
Charitable activities		124,007	3,750,463	-	3,874,470	3,775,522
Other trading activities		166,397	30,016	-	196,413	237,529
Investments	6	2,303	9,542	-	11,845	10,381
Total income		292,707	4,388,968	60,057	4,741,732	4,570,199
Expenditure on:						
Charitable activities		235,143	4,694,984	398,255	5,328,382	5,025,689
Total expenditure		235,143	4,694,984	398,255	5,328,382	5,025,689
Net losses on investments		(1,260)	(6,644)	-	(7,904)	(14,087)
Net income/(expenditure)		56,304	(312,660)	(338,198)	(594,554)	(469,577)
Transfers between funds	18	(65,532)	65,532	-	-	-
Net movement in funds before other recognised gains/(losses)		(9,228)	(247,128)	(338,198)	(594,554)	(469,577)
Other recognised gains/(losses):						
Actuarial losses on defined benefit pension schemes	23	-	(326,000)	-	(326,000)	170,000
Net movement in funds		(9,228)	(573,128)	(338,198)	(920,554)	(299,577)

THE GRAMMAR SCHOOL OF KING EDWARD VI AT STRATFORD-UPON-AVON
(A company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
(CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £	Total funds 2018 £
Note					
Reconciliation of funds:					
Total funds brought forward	40,355	(480,372)	18,130,237	17,690,220	17,989,797
Net movement in funds	(9,228)	(573,128)	(338,198)	(920,554)	(299,577)
Total funds carried forward	<u>31,127</u>	<u>(1,053,500)</u>	<u>17,792,039</u>	<u>16,769,666</u>	<u>17,690,220</u>

The Statement of financial activities includes all gains and losses recognised in the year.

The notes on pages 31 to 58 form part of these financial statements.

THE GRAMMAR SCHOOL OF KING EDWARD VI AT STRATFORD-UPON-AVON
(A company limited by guarantee)
REGISTERED NUMBER: 07696173

BALANCE SHEET
AS AT 31 AUGUST 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	13	17,695,559	18,050,020
Investments	14	210,084	221,201
		<u>17,905,643</u>	<u>18,271,221</u>
Current assets			
Debtors	15	53,081	77,786
Cash at bank and in hand		180,272	244,096
		<u>233,353</u>	<u>321,882</u>
Creditors: amounts falling due within one year	16	(297,330)	(260,883)
Net current liabilities / assets		<u>(63,977)</u>	<u>60,999</u>
Total assets less current liabilities		<u>17,841,666</u>	<u>18,332,220</u>
Net assets excluding pension liability		<u>17,841,666</u>	<u>18,332,220</u>
Defined benefit pension scheme liability	23	(1,072,000)	(642,000)
Total net assets		<u><u>16,769,666</u></u>	<u><u>17,690,220</u></u>
Funds of the Academy Trust			
Restricted funds:			
Fixed asset funds	18	17,792,039	18,130,237
Restricted income funds	18	23,500	161,628
		<u>17,815,539</u>	<u>18,291,865</u>
Restricted funds excluding pension asset	18	17,815,539	18,291,865
Pension reserve	18	(1,077,000)	(642,000)
Total restricted funds	18	<u>16,738,539</u>	<u>17,649,865</u>
Unrestricted income funds	18	31,127	40,355
Total funds		<u><u>16,769,666</u></u>	<u><u>17,690,220</u></u>

THE GRAMMAR SCHOOL OF KING EDWARD VI AT STRATFORD-UPON-AVON
(A company limited by guarantee)

BALANCE SHEET (CONTINUED)
AS AT 31 AUGUST 2019

The financial statements on pages 26 to 58 were approved by the Governors, and authorised for issue on 12 December 2019 and are signed on their behalf, by:



D R Derbyshire
Chair of Governors

The notes on pages 31 to 58 form part of these financial statements.

THE GRAMMAR SCHOOL OF KING EDWARD VI AT STRATFORD-UPON-AVON
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2019

	Note	2019 £	2018 £
Cash flows from operating activities			
Net cash (used in)/provided by operating activities	20	(51,083)	86,117
Cash flows from investing activities	21	(12,741)	(1,003,973)
Change in cash and cash equivalents in the year		(63,824)	(917,856)
Cash and cash equivalents at the beginning of the year		244,096	1,161,952
Cash and cash equivalents at the end of the year	22	<u>180,272</u>	<u>244,096</u>

The notes on pages 31 to 58 form part of these financial statements

THE GRAMMAR SCHOOL OF KING EDWARD VI AT STRATFORD-UPON-AVON
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

1. Accounting policies

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

1.1 Basis of preparation of financial statements

The financial statements of the Academy Trust, which is a public benefit entity under FRS 102, have been prepared under the historic 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 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

The Grammar School of King Edward VI at Stratford-upon-Avon meets the definition of a public benefit entity under FRS 102.

1.2 Going concern

The Governors assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Academy Trust to continue as a going concern. The Governors make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements.

The balance of reserves at 31 August 2019 is £54,627, which consists of unrestricted funds of £31,127, restricted prize funds of £193,390, other restricted funds of £1,184 and a deficit on the restricted General Annual Grant fund of £171,074. As the prize funds are restricted in their use, the Academy Trust therefore has an overall deficit of revenue funds of £138,763. The Academy Trust also has net current liabilities at 31 August 2019 of £63,977.

The Governors are aware of the challenges and issues that having deficit reserves bring. The Governors are reliant on the ongoing funding provided by the Trustees of The Grammar School of King Edward VI School (the "School Charity") each year and the commitment from the School Charity Trustees to provide ongoing and additional funding to support the Academy Trust in continuing to operate as a going concern for the foreseeable future. With the expected increases in funding in future years from the implementation of the new National Funding Formula and increases in pupil numbers, together with the ongoing funding and financial support available from the School Charity, the continued focus on exploring additional income generating opportunities and a continued focus on reviewing key areas of operational expenditure, the Governors are satisfied that the overall financial position of the Academy Trust will improve and that the GAG fund will return to a surplus position over the next 3 to 5 years period. The School Charity have provided a letter of support to the Governors, which indicates that the School Charity will continue to provide ongoing funding and financial support to the Academy Trust to enable it to continue as a going concern for the foreseeable future.

As such, after making appropriate enquiries, the Board of Governors, including all sub-Groups, has a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future and that there are no material uncertainties about the academy's ability to continue as a going concern. For this reason, the Governors continue to adopt the going concern basis of accounting in preparing the financial statements.

<p style="text-align: center;">THE GRAMMAR SCHOOL OF KING EDWARD VI AT STRATFORD-UPON-AVON (A company limited by guarantee)</p>
--

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

1. Accounting policies (continued)

1.3 Taxation

The Academy Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

Accordingly, the Academy Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Part 11, chapter 3 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

1.4 Fund accounting

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

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

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

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

1.5 Income

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

- **Grants**

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

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

Capital grants are recognised 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.

- **Sponsorship income**

Sponsorship income provided to the Academy Trust which amounts to a donation is recognised in the statement of financial activities in the period in which it is receivable, where receipt is probable and it is measurable.

<p style="text-align: center;">THE GRAMMAR SCHOOL OF KING EDWARD VI AT STRATFORD-UPON-AVON (A company limited by guarantee)</p>
--

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

1. Accounting policies (continued)

1.5 Income (continued)

- **Donations**

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

- **Other income**

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.

1.6 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.

- **Charitable activities**

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

All expenditure is inclusive of irrecoverable VAT.

1.7 Operating leases

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

1.8 Investments

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the balance sheet date, unless the value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and presented as 'Gains/(Losses) on investments' in the statement of financial activities.

1.9 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.

THE GRAMMAR SCHOOL OF KING EDWARD VI AT STRATFORD-UPON-AVON
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

1. Accounting policies (continued)

1.10 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.

1.11 Tangible fixed assets

All assets costing more than £1,000 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

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

All assets costing more than £1,000 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

Land	- not depreciated
Buildings	- 50 years straight line
ICT equipment	- 3 years straight line
Fixtures, fittings and equipment	- 2-10 years straight line

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use and reclassified to freehold or leasehold land and buildings.

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

1.12 Liabilities and provisions

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

1.13 Agency arrangements

The Academy Trust acts as agent in distributing bursary funds from the ESFA. Payments received from the ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the Trust does not have control over the charitable application of the funds. The funds received and any balances held are recognised in note 26.

THE GRAMMAR SCHOOL OF KING EDWARD VI AT STRATFORD-UPON-AVON
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

1. Accounting policies (continued)

1.14 Financial instruments

The Academy Trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the Academy Trust and their measurement bases are as follows:

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 15. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 16. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

1.15 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is 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 multi-employer scheme and the assets are held separately from those of the Academy Trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the statement of financial activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

THE GRAMMAR SCHOOL OF KING EDWARD VI AT STRATFORD-UPON-AVON
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

2. Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

Tangible fixed assets are depreciated over their economic useful lives taking into account residual values where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors.

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 or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 23, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. 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 judgment:

The classification of expenditure between restricted and unrestricted funds is deemed as a critical area of judgement as certain expenditure can be applied to both funds. Where this is the case and the amounts in question are considered material the expenditure is apportioned to both funding streams on an appropriate basis.

The Academy Trust obtains use of fixed assets as a lessee. The classification of such leases as operating or finance lease requires the Academy Trust to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the Balance Sheet.

THE GRAMMAR SCHOOL OF KING EDWARD VI AT STRATFORD-UPON-AVON
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

3. Income from donations and capital grants

	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £
Donations	166,650	-	166,650
Capital Grants	-	60,057	60,057
Private sponsorship	432,297	-	432,297
	<u>598,947</u>	<u>60,057</u>	<u>659,004</u>

	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Donations	162,848	-	162,848
Capital Grants	-	58,919	58,919
Private sponsorship	325,000	-	325,000
	<u>487,848</u>	<u>58,919</u>	<u>546,767</u>

THE GRAMMAR SCHOOL OF KING EDWARD VI AT STRATFORD-UPON-AVON
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

4. Funding for the Academy Trust's educational operations

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £
DfE/ESFA grants			
General Annual Grant (GAG)	-	3,178,810	3,178,810
Other DfE/ESFA grants	-	75,712	75,712
	<u>-</u>	<u>3,254,522</u>	<u>3,254,522</u>
Other government grants			
SEN funding	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Other funding			
Trip income	124,007	-	124,007
Catering income	-	378,836	378,836
Other income	-	117,105	117,105
	<u>124,007</u>	<u>495,941</u>	<u>619,948</u>
	<u>124,007</u>	<u>3,750,463</u>	<u>3,874,470</u>

THE GRAMMAR SCHOOL OF KING EDWARD VI AT STRATFORD-UPON-AVON
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £
DfE/ESFA grants			
General Annual Grant (GAG)	-	3,119,253	3,119,253
Other DfE/ESFA grants	-	38,077	38,077
	<u>-</u>	<u>3,157,330</u>	<u>3,157,330</u>
Other government grants			
SEN funding	-	1,208	1,208
	<u>-</u>	<u>1,208</u>	<u>1,208</u>
Other funding			
Trip income	157,152	-	157,152
Catering income	-	342,088	342,088
Other income	-	117,744	117,744
	<u>157,152</u>	<u>459,832</u>	<u>616,984</u>
	<u>157,152</u>	<u>3,618,370</u>	<u>3,775,522</u>

5. Income from other trading activities

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £
Hire of facilities	43,441	-	43,441
Other income	122,956	30,016	152,972
	<u>166,397</u>	<u>30,016</u>	<u>196,413</u>

THE GRAMMAR SCHOOL OF KING EDWARD VI AT STRATFORD-UPON-AVON
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £
Hire of facilities	39,187	-	39,187
Other income	163,441	34,901	198,342
	<u>202,628</u>	<u>34,901</u>	<u>237,529</u>

6. Investment income

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £
Other investment income	1,782	9,538	11,320
Short term deposits	521	4	525
	<u>2,303</u>	<u>9,542</u>	<u>11,845</u>

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £
Other investment income	1,275	8,953	10,228
Short term deposits	151	2	153
	<u>1,426</u>	<u>8,955</u>	<u>10,381</u>

THE GRAMMAR SCHOOL OF KING EDWARD VI AT STRATFORD-UPON-AVON
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

7. Expenditure

	Staff Costs 2019 £	Premises 2019 £	Other 2019 £	Total 2019 £
Educational operations:				
Direct costs	2,532,994	-	1,411,448	3,944,442
Allocated support costs	719,526	291,955	372,459	1,383,940
	<u>3,252,520</u>	<u>291,955</u>	<u>1,783,907</u>	<u>5,328,382</u>
	Staff Costs 2018 £	Premises 2018 £	Other 2018 £	Total 2018 £
Educational operations:				
Direct costs	2,419,541	-	1,336,219	3,755,760
Allocated support costs	691,156	220,953	357,820	1,269,929
	<u>3,110,697</u>	<u>220,953</u>	<u>1,694,039</u>	<u>5,025,689</u>

8. Analysis of expenditure by activities

	Activities undertaken directly 2019 £	Support costs 2019 £	Total funds 2019 £
Educational operations	<u>3,944,442</u>	<u>1,383,940</u>	<u>5,328,382</u>
	Activities undertaken directly 2018 £	Support costs 2018 £	Total funds 2018 £
Educational operations	<u>3,755,760</u>	<u>1,269,929</u>	<u>5,025,689</u>

THE GRAMMAR SCHOOL OF KING EDWARD VI AT STRATFORD-UPON-AVON
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

8. Analysis of expenditure by activities (continued)

Analysis of direct costs

	Educational operations 2019 £	Total funds 2019 £	Total funds 2018 £
Staff costs	2,532,994	2,532,994	2,419,542
Depreciation	398,255	398,255	393,381
Other costs	1,013,193	1,013,193	942,837
	<u>3,944,442</u>	<u>3,944,442</u>	<u>3,755,760</u>

Analysis of support costs

	Educational operations 2019 £	Total funds 2019 £	Total funds 2018 £
LGPS FRS102 net pension interest cost	19,000	19,000	19,000
Staff costs	719,525	719,525	691,155
Premises costs	291,955	291,955	220,953
Other costs	353,460	353,460	338,821
	<u>1,383,940</u>	<u>1,383,940</u>	<u>1,269,929</u>

THE GRAMMAR SCHOOL OF KING EDWARD VI AT STRATFORD-UPON-AVON
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

9. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2019 £	2018 £
Operating lease rentals	18,750	24,283
Depreciation of tangible fixed assets	398,255	393,381
Fees paid to auditors for:		
- audit	6,500	5,900
- other services	3,650	6,922
	<u> </u>	<u> </u>

10. Staff costs

a. Staff costs

Staff costs during the year were as follows:

	2019 £	2018 £
Wages and salaries	2,526,506	2,399,564
Social security costs	234,266	224,149
Pension costs	491,748	486,984
	<u> </u>	<u> </u>
	<u>3,252,520</u>	<u>3,110,697</u>

b. Staff numbers

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

	2019 No.	2018 No.
Teachers	49	49
Administration and support	39	43
Management	5	5
	<u> </u>	<u> </u>
	<u>93</u>	<u>97</u>

THE GRAMMAR SCHOOL OF KING EDWARD VI AT STRATFORD-UPON-AVON
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

10. Staff costs (continued)

c. Higher paid staff

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

	2019 No.	2018 No.
In the band £60,001 - £70,000	2	2
In the band £110,001 - £120,000	1	1

d. Key management personnel

The key management personnel of the Academy Trust comprise the senior management team as listed on page 1. The total amount of employee benefits (including employer National Insurance and pension contributions) received by key management personnel for their services to the Academy Trust during the year was £465,379 (2018: £458,563).

11. Governors' remuneration and expenses

One or more Governors has been paid remuneration or has received other benefits from an employment with the Academy Trust. The Headmaster and other staff Governors only receive remuneration in respect of services they provide undertaking the roles of Headmaster and staff members under their contracts of employment. The value of Governors' remuneration and other benefits was as follows:

		2019 £	2018 £
B Carr	Remuneration	115,000 -	115,000 -
		120,000	120,000
	Pension contributions paid	15,000 -	15,000 -
		20,000	20,000
N E Browning	Remuneration	Nil	5,000 -
			10,000
	Pension contributions paid	Nil	0 - 5,000
R D Mahony	Remuneration	Nil	45,000 -
			50,000
	Pension contributions paid	Nil	5,000 -
			10,000
K A Hayward	Remuneration	10,000 -	10,000 -
		15,000	15,000
	Pension contributions paid	0 - 5,000	0 - 5,000
S McCrink	Remuneration	50,000 -	35,000 -
		55,000	40,000
	Pension contributions paid	5,000 -	5,000 -
		10,000	10,000

During the year ended 31 August 2019, no Governor expenses have been incurred (2018 - £NIL).

THE GRAMMAR SCHOOL OF KING EDWARD VI AT STRATFORD-UPON-AVON
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

12. Governors' and Officers' insurance

The Academy Trust has opted into the Department of Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business, and provides cover up to £10,000,000. It is not possible to quantify the Governors and officers indemnity element from the overall cost of the RPA scheme membership.

13. Tangible fixed assets

	Leasehold property £	Furniture and fixtures £	Computer equipment £	Total £
Cost or valuation				
At 1 September 2018	19,708,461	348,183	182,178	20,238,822
Additions	27,660	5,159	10,975	43,794
At 31 August 2019	19,736,121	353,342	193,153	20,282,616
Depreciation				
At 1 September 2018	1,948,794	153,609	86,398	2,188,801
Charge for the year	312,462	32,097	53,696	398,255
At 31 August 2019	2,261,256	185,706	140,094	2,587,056
Net book value				
At 31 August 2019	17,474,865	167,636	53,059	17,695,560
At 31 August 2018	17,759,667	194,574	95,779	18,050,020

Included in long term leasehold property is the Academy Trusts interest in leasehold land, which is carried at a value at 31 August 2019 of £4,113,000 (2018 - £4,113,000) and which is not depreciated.

The freehold of the property occupied by the School is owned by the Trustees of the School Charity for the sole use of the School in perpetuity.

THE GRAMMAR SCHOOL OF KING EDWARD VI AT STRATFORD-UPON-AVON
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

14. Fixed asset investments

	Listed securities £
Cost or valuation	
At 1 September 2018	221,201
Disposals	(3,339)
Revaluations	(7,778)
At 31 August 2019	210,084
Net book value	
At 31 August 2019	210,084
<i>At 31 August 2018</i>	<i>221,201</i>

15. Debtors

	2019 £	2018 £
Trade debtors	1,795	6,893
VAT repayable	10,928	18,424
Other debtors	750	750
Prepayments and accrued income	39,608	51,719
	53,081	77,786

16. Creditors: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	70,561	9,076
Other taxation and social security	60,666	58,653
Other creditors	2,742	3,351
Accruals and deferred income	163,361	189,803
	297,330	260,883

THE GRAMMAR SCHOOL OF KING EDWARD VI AT STRATFORD-UPON-AVON
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

16. Creditors: Amounts falling due within one year (continued)

	2019 £	2018 £
	2019 £	2018 £
Deferred income		
Deferred income at 1 September 2018	152,879	114,190
Resources deferred during the year	133,361	152,879
Amounts released from previous periods	(152,879)	(114,190)
	<u>133,361</u>	<u>152,879</u>

Deferred income consists of music fee income and trip income received in advance, which will be utilised during the year ending 31 August 2020.

17. Financial instruments

	2019 £	2018 £
Financial assets		
Financial assets measured at fair value through income and expenditure	180,272	221,201
Financial assets that are debt instruments measured at amortised cost	14,520	49,449
	<u>194,792</u>	<u>270,650</u>
	2019 £	2018 £
Financial liabilities		
Financial liabilities measured at amortised cost	(103,303)	(49,350)

Financial assets measured at fair value through income and expenditure comprise listed investments which are recognised at their market value.

THE GRAMMAR SCHOOL OF KING EDWARD VI AT STRATFORD-UPON-AVON
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

18. Statement of funds

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
Unrestricted funds						
Designated funds						
Biddle fund	40,355	1,782	-	(9,750)	(1,260)	31,127
General funds						
General funds	-	290,925	(235,143)	(55,782)	-	-
Total Unrestricted funds	40,355	292,707	(235,143)	(65,532)	(1,260)	31,127
Restricted general funds						
General Annual Grant	(31,074)	3,178,810	(3,407,934)	89,124	-	(171,074)
Other ESFA revenue funds	-	75,712	(74,528)	-	-	1,184
Prize funds	192,702	10,202	(2,870)	-	(6,644)	193,390
Other restricted funds	-	1,124,244	(1,100,652)	(23,592)	-	-
Pension reserve	(642,000)	-	(109,000)	-	(326,000)	(1,077,000)
	(480,372)	4,388,968	(4,694,984)	65,532	(332,644)	(1,053,500)
Restricted fixed asset funds						
Fixed assets	18,050,019	-	(398,255)	43,794	-	17,695,558
Trustee capital funding	54,770	-	-	(5,159)	-	49,611
Capital donations	18,566	-	-	-	-	18,566
Devolved Formula Capital	6,882	60,057	-	(38,635)	-	28,304
	18,130,237	60,057	(398,255)	-	-	17,792,039

THE GRAMMAR SCHOOL OF KING EDWARD VI AT STRATFORD-UPON-AVON
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

18. Statement of funds (continued)

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
Total Restricted funds	17,649,865	4,449,025	(5,093,239)	65,532	(332,644)	16,738,539
Total funds	17,690,220	4,741,732	(5,328,382)	-	(333,904)	16,769,666

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

Designated funds

The Biddle fund represents amounts given to the Academy Trust with a request that it be used to fund discretionary awards to students of the Academy Trust to help them in their academic studies.

Restricted funds

The General Annual Grant (GAG) must be used for the normal running costs of the Academy. The balance of the GAG fund is in deficit at 31 August 2019. The Governors are reliant on the ongoing funding provided by the Trustees of The Grammar School of King Edward VI School (the "School Charity") each year and the commitment from the School Charity Trustees to provide ongoing and additional funding to support the Academy Trust in continuing to operate as a going concern for the foreseeable future. With the expected increases in funding in future years from the implementation of the new National Funding Formula and increases in pupil numbers, together with the ongoing funding and financial support available from the School Charity, the continued focus on exploring additional income generating opportunities and a continued focus on reviewing key areas of operational expenditure, the Governors are satisfied that the overall financial position of the Academy Trust will improve and that the GAG fund will return to a surplus position over the next 3 to 5 years period. The School Charity have provided a letter of support to the Governors, which indicates that the School Charity will continue to provide ongoing funding and financial support to the Academy Trust to enable it to continue as a going concern for the foreseeable future.

Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the amount of GAG it could carry forward at 31 August 2019.

Other DfE and Local Authority grants must be utilised for the intended purpose for which the grant was given.

The pension reserve represents the deficit in the Local Government Pension Scheme.

The prize funds represent amounts given to the Academy Trust with a request that it be used to fund annual prizes and awards to students of the Academy Trust to help them in their academic studies.

Restricted fixed asset funds

These represent the fixed assets transferred on Academy conversion, additions and depreciation, as well as capital grants and donations received and receivable which have not been fully expended at year end.

THE GRAMMAR SCHOOL OF KING EDWARD VI AT STRATFORD-UPON-AVON
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

18. Statement of funds (continued)

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

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Unrestricted funds						
Designated funds						
Biddle fund	-	1,277	(730)	44,409	(4,601)	40,355
General funds						
General funds	-	359,928	(210,204)	(149,724)	-	-
Total Unrestricted funds	-	361,205	(210,934)	(105,315)	(4,601)	40,355
Restricted general funds						
General Annual Grant	(8,209)	3,119,253	(3,296,596)	154,478	-	(31,074)
Other ESFA revenue funds	-	38,077	(34,825)	(3,252)	-	-
Local authority funding	-	1,208	(1,208)	-	-	-
Prize funds	248,576	9,640	(11,619)	(44,409)	(9,486)	192,702
Other restricted funds	-	981,897	(966,126)	(15,771)	-	-
Pension reserve	(701,000)	-	(111,000)	-	170,000	(642,000)
	(460,633)	4,150,075	(4,421,374)	91,046	160,514	(480,372)
Restricted fixed asset funds						
Fixed assets	17,386,544	-	(393,381)	1,056,856	-	18,050,019
CIF Funding	853,082	-	-	(853,082)	-	-
Trustee capital funding	193,443	-	-	(138,673)	-	54,770

THE GRAMMAR SCHOOL OF KING EDWARD VI AT STRATFORD-UPON-AVON
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

18. Statement of funds (continued)

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Capital donations	17,361	41,205	-	(40,000)	-	18,566
Devolved Formula Capital	-	17,714	-	(10,832)	-	6,882
	<u>18,450,430</u>	<u>58,919</u>	<u>(393,381)</u>	<u>14,269</u>	<u>-</u>	<u>18,130,237</u>
Total Restricted funds	<u>17,989,797</u>	<u>4,208,994</u>	<u>(4,814,755)</u>	<u>105,315</u>	<u>160,514</u>	<u>17,649,865</u>
Total funds	<u>17,989,797</u>	<u>4,570,199</u>	<u>(5,025,689)</u>	<u>-</u>	<u>155,913</u>	<u>17,690,220</u>

19. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £
Tangible fixed assets	-	-	17,695,559	17,695,559
Fixed asset investments	30,624	179,460	-	210,084
Current assets	122,943	13,930	96,480	233,353
Creditors due within one year	(122,440)	(174,890)	-	(297,330)
Provisions for liabilities and charges	-	(1,072,000)	-	(1,072,000)
Total	<u>31,127</u>	<u>(1,053,500)</u>	<u>17,792,039</u>	<u>16,769,666</u>

THE GRAMMAR SCHOOL OF KING EDWARD VI AT STRATFORD-UPON-AVON
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

19. Analysis of net assets between funds (continued)

Analysis of net assets between funds - prior year

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	18,050,020	18,050,020
Fixed asset investments	35,097	186,104	-	221,201
Current assets	111,542	86,060	124,279	321,881
Creditors due within one year	(106,284)	(110,536)	(44,062)	(260,882)
Provisions for liabilities and charges	-	(642,000)	-	(642,000)
Total	40,355	(480,372)	18,130,237	17,690,220

20. Reconciliation of net expenditure to net cash flow from operating activities

	2019 £	2018 £
Net expenditure for the year (as per statement of financial activities)	(594,554)	(469,577)
Adjustments for:		
Depreciation	398,255	393,381
Capital grants from DfE and other capital income	(60,057)	(58,919)
Dividends, interest and rents from investments	(11,845)	(10,381)
Defined benefit pension scheme cost less contributions payable	85,000	92,000
Defined benefit pension scheme finance cost	19,000	19,000
Decrease in debtors	24,705	64,313
Increase in creditors	80,509	42,213
Revaluations of investments	7,778	14,087
Realised loss on disposal of investments	126	-
Net cash (used in)/provided by operating activities	(51,083)	86,117

THE GRAMMAR SCHOOL OF KING EDWARD VI AT STRATFORD-UPON-AVON
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

21. Cash flows from investing activities

	2019 £	2018 £
Dividends, interest and rents from investments	11,845	10,381
Purchase of tangible fixed assets	(87,856)	(1,385,478)
Proceeds from the sale of investments	3,213	-
Capital grants from DfE Group	60,057	265,205
Capital funding received from sponsors and others	-	105,919
Net cash used in investing activities	(12,741)	(1,003,973)

22. Analysis of cash and cash equivalents

	2019 £	2018 £
Cash in hand	180,272	244,096
Total cash and cash equivalents	180,272	244,096

23. Pension commitments

The Academy Trust's employees belong to two principal pension schemes: the Teachers' 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 Warwickshire County Council. Both are multi-employer defined benefit schemes.

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

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

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS or scheme) is a statutory, unfunded, defined benefit occupational scheme, governed by the Teachers' Pensions Regulations 2010 (as amended), and the Teachers' Pension Scheme Regulations 2014 (as amended). These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

THE GRAMMAR SCHOOL OF KING EDWARD VI AT STRATFORD-UPON-AVON
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

23. Pension commitments (continued)

The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and Public Service Pensions Act (2013) and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – contributions from members, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Acts.

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension 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.

Valuation of the Teachers' Pension Scheme

The latest valuation of the Teachers' Pension Scheme has now taken place, in line with directions issued by HM Treasury and using membership data as at 31 March 2016. As a result of this valuation TPS employers will pay an increased contribution rate of 23.68% from September 2019 (this includes the administration levy of 0.8%). The timing of the implementation is to align its introduction with employers' budget planning cycles. Until then, employers will pay the current rate of 16.48%.

Scheme changes

The arrangements for a reformed Teachers' Pension Scheme, in line with the recommendations made by Lord Hutton, in particular the introduction of a Career Average Revalued Earnings (CARE) scheme, were implemented from 1 April 2015.

In December 2018, the Court of Appeal held that transitional protection provisions contained in the reformed judicial and firefighter pension schemes, introduced as part of public service pension reforms in 2015, gave rise to direct age discrimination and were therefore unlawful. The Supreme Court, in a decision made in June 2019, have rejected the Government's application for permission to appeal the Court of Appeal's ruling. The case will now be referred to an Employment Tribunal for a decision regarding the remedy which will need to be offered to those members of the two schemes who were subject of the age discrimination.

HM Treasury are clear that the ruling has implications for the other public service schemes, including the Teachers' Pension Scheme. Those implications are currently being considered and any impact on scheme costs is expected to be looked at within the next scheme valuation, which is currently scheduled to be based on April 2020 data and implemented in April 2023.

The employer's pension costs paid to TPS in the year amounted to £306,989 (2018 - £294,984).

A copy of the valuation report and supporting documentation is on the Teachers' Pension Scheme website at <https://www.teacherspensions.co.uk/news/employers/2019/04/teachers-pensions-valuation-report.aspx>.

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

THE GRAMMAR SCHOOL OF KING EDWARD VI AT STRATFORD-UPON-AVON
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

23. Pension commitments (continued)

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £134,000 (2018 - £132,000), of which employer's contributions totalled £102,000 (2018 - £100,000) and employees' contributions totalled £ 32,000 (2018 - £32,000). The agreed contribution rates for future years are 20.4% per cent for employers and 5.5 to 12.5% per cent 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

	2019 %	2018 %
Rate of increase in salaries	2.9	3.00
Rate of increase for pensions in payment/inflation	2.3	2.40
Discount rate for scheme liabilities	1.8	2.80

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

	2019 Years	2018 Years
<i>Retiring today</i>		
Males	21.4	22.5
Females	23.6	24.7
<i>Retiring in 20 years</i>		
Males	22.4	24.3
Females	25.0	26.7

Sensitivity analysis

	2019 £000	2018 £000
Discount rate -0.5%	328,000	246,000
Salary increase rate +0.5%	57,000	48,000
CPI rate +0.5%	264,000	194,000

THE GRAMMAR SCHOOL OF KING EDWARD VI AT STRATFORD-UPON-AVON
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

23. Pension commitments (continued)

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

	At 31 August 2019 £	At 31 August 2018 £
Equities	955,000	859,000
Bonds per report	407,000	300,000
Property	188,000	163,000
Cash and other liquid assets	16,000	41,000
Total market value of assets	1,566,000	1,363,000

The actual return on scheme assets was £88,000 (2018 - £57,000).

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

	2019 £	2018 £
Current service cost	(172,000)	(192,000)
Past service cost	(20,000)	-
Interest income	40,000	31,000
Interest cost	(59,000)	(50,000)
Total	(211,000)	(211,000)

Changes in the present value of the defined benefit obligations were as follows:

	2019 £	2018 £
Opening defined benefit obligation	2,005,000	1,905,000
Current service cost	172,000	192,000
Interest cost	59,000	50,000
Employee contributions	32,000	32,000
Actuarial losses/(gains)	374,000	(144,000)
Benefits paid	(19,000)	(30,000)
Past service costs	20,000	-
Closing defined benefit obligation	2,643,000	2,005,000

THE GRAMMAR SCHOOL OF KING EDWARD VI AT STRATFORD-UPON-AVON
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

23. Pension commitments (continued)

Changes in the fair value of the Academy Trust's share of scheme assets were as follows:

	2019 £	2018 £
Opening fair value of scheme assets	1,363,000	1,204,000
Interest income	40,000	31,000
Actuarial gains	48,000	26,000
Employer contributions	102,000	100,000
Employee contributions	32,000	32,000
Benefits paid	(19,000)	(30,000)
Closing fair value of scheme assets	1,566,000	1,363,000

24. Operating lease commitments

At 31 August 2019 the Academy Trust had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Amounts payable:		
Within 1 year	7,091	11,956
Between 1 and 5 years	22,314	8,586
Total	29,405	20,542

25. 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.

26. Agency arrangements

The Academy Trust distributes 16-19 bursary funds to students as an agent for the ESFA. In the year ended 31 August 2019 the Trust received £8,304 and distributed £7,325. An amount of £979 is included as undistributed funds that is repayable to the ESFA.

<p>THE GRAMMAR SCHOOL OF KING EDWARD VI AT STRATFORD-UPON-AVON (A company limited by guarantee)</p>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

27. Related party transactions

Owing to the nature of the Academy Trust and the composition of the Board of Governors being drawn from local public and private sector organisations, transactions may take place with organisations in which Governors have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH, including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and with the Trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

The following related party transactions took place during the year:

The Trustees of The Grammar School of King Edward VI School (established separately under Charity Number 528769) are a related party as they and the Academy Trust share a common Trustee. Mr V G F Matts acts as both a Trustee of the Charity and as a Governor of the Academy Trust. The charity owns the freehold of the land and buildings for the sole use of the Academy Trust in perpetuity. This was recognised in the 2013 financial statements at a valuation of £17,784,000. Depreciation of £273,420 (2018: £273,420) has been charged in the current year.

The School Charity receives monies in the form of a non-discretionary grant from the Stratford Town Trust and transfers a proportion of these monies to the Academy Trust each year as an annual contribution, as specified in note 2 as "Private sponsorship". In addition to this, £224,000 has been received by the Academy Trust in the 2018/19 year in respect of capital grants from the Charity. These amounts were recognised as accrued income in the previous year. No other amounts were owed to or from the Charity at 31 August 2019 (2018: £nil).