Company Registration Number: 07696173 (England and 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 2018

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REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2018

Members

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

Governors

B Carr, Headmaster and Accounting Officer
Dr D R Derbyshire, Chairman
Cllr Rev N Beamer (resigned 12 December 2017)
J Bellamy (appointed 12 December 2017)[1]
A R Bowers (resigned 12 December 2017)
N E Browning, Staff Governor (resigned 12 December 2017)
M D Evans[1]
N Davis (resigned 12 December 2017)[1]
H Dennes, Parent Governor
A F Fairbairn, Parent Governor
K A Hayward, Staff Governor
J A Jones
R D Mahony, Staff Governor[1]
V G F Matts[1]
P Maundrill, Parent Governor (elected 12 December 2017)[1]
S McCrink, Staff Governor (elected 12 December 2017)
M T Rendell
Cllr J Short (appointed 12 December 2017)
C J Smith, Deputy Chairman
E J Speechley

[1] members of the Finance and General Purposes Group

Company registered number

07696173

Company name

The Grammar School of King Edward VI at 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

REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY TRUST, ITS GOVERNORS AND ADVISERS FOR THE YEAR ENDED 31 AUGUST 2018

Advisers (continued)

Responsible officer

P Streeter

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

Whitley Stimpson Limited
Chartered Accountants
Registered Auditors
Penrose House
67 Hightown Road
Banbury
Oxfordshire
OX16 9BE

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

GOVERNORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2018

The Governors have pleasure in presenting their report and the audited financial statements of the charitable company for the year 1 September 2017 to 31 August 2018. The annual report serves the purposes of both a Trustees' report and a Directors' report, including a strategic report, under company law.

The Trust operates as an Academy Trust for pupils aged 11 to 18 serving a catchment area geographically centred on Stratford-upon-Avon, with a pupil capacity of 770 and 746 pupils currently enrolled based on the October 2018 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' Indemnities

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.

Principal Activities

The principal activity of the Grammar School of King Edward VI at Stratford-upon-Avon is to advance education for the public benefit by establishing and developing a school offering a broad and academically challenging curriculum.

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:

3 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 however 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.

9 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 total number of Governors is 16.

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 the following mandatory policies:

  School Governance
  Mission Statement
  Safeguarding
  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.

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.

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 Governing Body has delegated the day-to-day responsibility to the Headmaster, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between 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 Governing Body any material weaknesses or breakdowns in internal control.

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 (See Terms of Reference).

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.

Responsible Officer

The FGB has appointed a Responsible Officer ("RO") to provide an independent oversight of the Academy'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 is not a Member of the Academy or a Governor.

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.

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 2017-18 the School has:

- Prepared for the remaining statutory curriculum changes at GCSE and A Level.
- Continued the whole-School focus on the development of Moodle.
- Completed the Spender Building, the conversion of the top floor of the Dyson Building into Science Laboratories, Room 26 into a Design Studio and increased the capacity of the Chapel Lane car park.
- Further engaged students in School decision-making and in providing community support
- Undertaken the preparations for an outreach programme to encourage more disadvantaged children to apply to the School
- Established an event to further celebrate the cultural diversity of the School population.
- Streamlined the process of university applications through the use of Unifrog.
- Reviewed the GCSE Options in light of the Kirkland Rowell Student Survey and the GCSE option process in 2016/17.
- Introduced GCSE Mandarin.
- Managed the changes associated with the increase of the Published Admission Number.
- Prepared for the General Data Protection Regulations (GDPR)
- Supported the work of the KESFuture parents' group in their strategic fundraising for the School.

Public Benefit

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

A Level

- Attained 86% of A-Level grades at A* to B, including 62% at A* or A.
- Fifty-three students obtained three A grades or better.

GCSE

- Attained 74% of GCSE grades 9 to 7.
- Thirty-three students achieved at least ten grade 7s.

Public Speaking

- LAMDA Gold Medal was achieved by 17 students of which 13 were distinctions.
- Twenty-two students achieved LAMDA Bronze Medal (Grade Six).

Arkwright Scholarships

- Three students were awarded Arkwright Scholarships.

Mock Trials

- A Sixth Form team took part in the Regional Heat of the Bar National Mock Trial at Birmingham Crown Court.
- The Year 9 Mock Trial team finished 4th at the National Final at the Victoria Law Courts in Birmingham.

Rugby

- Two students represented Worcester Warriors U18 Academy.
- Five students represented South Warwickshire.
- A student represented Worcester Valkyries in the Women's Premiership.
- The 1st VII reached the quarter-finals of the Vase Competition at Under 18 National Sevens.
- The 2nd VII won the Plate Competition at both the Sibford Sevens and K.E.S. Sevens.
- The Under 16s won the Cup Competition at the Sibford Sevens.
- The Under 14s won the Shield Competition at the Warwick Sevens.
- Two students played for Worcester Warriors Under 18s, with one captaining the side.
- Two students played for Worcester Warriors Under 15s

- Five students played for South Warwickshire Under 15s.

Hockey

- A student was selected for the Midlands Junior Hockey Programme.

Fencing

- A student represented Great Britain at a Senior (adult) World Cup event.
- Three students represented Great Britain at Junior (Under 20) World Cup events.
- Four students all represented Great Britain in European Cadet (Under 17) Circuit Events.
- Five students represented the West Midlands at the Cadet Winton. KES students won best individual performers in the men's and women's sabre.
- A student represented Wales at the School Games.
- A student won bronze at the Manchester Under 20.
- A student won silver at the Manchester Open moving him into 11th in the Senior British rankings.
- A student came 5th at the British Under 23 Championships, represented Great Britain in the Under 20 European and World Championships and was selected for the Senior Men's Great Britain Sabre Squad.
- A student came 7th at the British U23 Championships and also won bronze at the Birmingham International Open.
- A student came 8th at the Under 15 Leon Paul Junior Series in London.
- At the British Youth Championships a student won a Gold medal, another won a Silver medal while 3 others won Bronze medals.
- At the English Youth Championships a Student won a Bronze medal.
- A student represented Great Britain at the Under 20 World Championships in Verona, Italy.

Rowing

- The Girls Coxed Four won their event at the Evesham Head.
- The K.E.S. Boat Club won the Band 3 Coxed 4 at both the Northampton Head and Worcester Head.
- A student won the J16 Single Scull at the Northampton Head.
- The Senior Girls IV retained the Ball Cup at the Olympic Rowing Lake at Eton Dorney. The Senior Boys IV came second in their event.

Esports

- The Esports team came second in the National Final for the Overwatch Tournament, run by Digital Schoolhouse.

Athletics

- A student came 2nd in the English Schools 400m Hurdles.
- Three students represented Warwickshire.
- The Years 7-10 team won the Camp Hill Cup.
- The Years 9 & 10 team won the KES Foundation meeting.
- The Year 7 team won the Super 6 and the South Warwickshire Championships.
- The Years 7-10 Athletics squad retained the Camp Hill Cup.
- The Year 9 Athletics squad finished in 3rd place at the King Edward's Foundation Meeting.
- The Year 8 Athletics squad won through to the second round of the Super 6 competition and finished in 2nd place at the South Warwickshire Athletics Championships.
- Two students represented Warwickshire.

Music Examinations

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

Duke of Edinburgh

- Duke of Edinburgh Gold Award was achieved by 5 students.
- Duke of Edinburgh Silver Award was achieved by 13 students.
- Duke of Edinburgh Bronze Award was achieved by 20 students.

Debating

- A team of 3 students won the Annual Debate against Stratford-upon-Avon Rotary Club.

ARTiculation

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

4x4 in Schools Competition

- A Year 10 Team was Regional Winner of the 4x4 in Schools Competition and progressed to the National Finals.

Cricket

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

Drama

- Silver Arts Award was achieved by 6 students.
- Bronze Arts Award was achieved by 20 students.

Salters' Festival of Chemistry

- The Year 8 team won first prize in the Salters' Challenge at the University of Warwick.

Key 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 2018, the balance of the unrestricted and restricted income reserves was £201,983 (2017: £240,367), which is after transfers of £14,269 to the restricted fixed asset fund to fund capital expenditure during the year. 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 indictor. As noted earlier in this report, pupil numbers at the most recent census were 746 which is an increase of 18 from the previous census.

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, Local Authority and the School Charity) for the year was 86.7% (2017: 84.1%), while the percentage of staff costs to total costs (excluding depreciation and LGPS FRS102 pension cost charges) was 66.7% (2017: 66.4%).

Going Concern

As detailed above in the Key Performance Indicators section, the balance of reserves at 31 August 2018 is £201,983, which consists of restricted prize funds of £192,702, unrestricted funds of £40,355 and a deficit on the restricted General Annual Grant fund of £31,074. The Governors are aware of the challenges that having limited income fund reserves brings. However, with expected increases in funding in future years from the implementation of the new National Funding Formula together with the additional funding available from the School Charity and the continued focus on exploring additional income generating opportunities and 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 years.

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.

FUNDRAISING

The Academy 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.

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 2018 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 2018, the Academy Trust's total income (excluding capital grants) was £4,511,280 (2017: £4,443,799) while the total expenditure (excluding depreciation and LGPS FRS102 pension cost charges) was £4,521,308 (2017: £4,420,918), resulting in a net operating deficit for the year of £10,028 (2017: net operating surplus of £22,881). This deficit, which had been planned for by the Governors due to much needed investment in the Academy's facilities and educational resources and due to the increased staff related costs incurred during the year, has been funded from the Academy Trust's reserves. The balance of reserves at 31 August 2018, excluding the restricted fixed asset funds and LGPS liability fund, was £201,983 (2017: £240,367).

GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

The net book value of fixed assets at 31 August 2018 were £18,050,020. 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 £642,000 (2017: £701,000), 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 2018 are set out in note 22 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 Trustees, 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 keys 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 ("Trust Funds"). The Trust Funds are not part of the financial statements of the Academy Trust s 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 Trust Funds as and when required in order to support its operational activities.

The balance of reserves at 31 August 2018 is £17,690,220, which includes restricted fixed asset funds and the restricted pension deficit fund. Excluding these, the balance of reserves is £201,983, which is represented by restricted prize funds of £192,702, unrestricted funds of £40,355 and a deficit on the restricted General Annual Grant fund of £31,074. As the prize funds are restricted in their use, the Governors are aware of the challenges that having limited income fund reserves brings. However, with expected increases in funding in future years from the implementation of the new National Funding Formula together with the additional funding available from the School Charity and the continued focus on exploring additional income generating opportunities and 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 years.

The pension reserve fund has a deficit balance at 31 August 2018 of £642,000, which represents the deficit in the LGPS at the balance sheet date as disclosed in note 22 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, 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 and Senior Leadership Team assess 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 strategical development of the Academy Trust. Policies and procedures have been put into place to minimise these risks, including budget management and forecasting procedures, the procurement of adequate insurance cover, investing in staff training and continuing professional development, and continued local marketing and advertising highlighting the achievement of our students. We also include a budgeted reserve for staff cover costs, and maintain a large number of policies and procedures which protect our staff, students and the Academy, also reducing the risk of safeguarding failures.

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

<u>Educational</u>

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 Governors 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.

<u>Safeguarding and child protection</u>

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.

<u>Financial</u>

The Academy Trust has considerable reliance on continued Government funding through the ESFA. In the year, approximately 70% 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.

GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

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 Governors 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 has 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 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	£2,397,000
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 bid for CIF funds in the 2017/18 round in order to carry out much needed improvements to the ageing Kitchen and Dining Hall. This bid was unsuccessful and it is our intention to use the feedback received to submit a further bid in the 2018/19 round. There is also an urgent need to replace windows and doors throughout much of the academy and certain major elements of plant are now becoming obsolete and a bid for boiler replacements is likely in the medium term.

In response to funding pressures, the number on roll in the Sixth Form will grow to 320 by 2019/20 and, given the current accommodation capacity, will then remain at this number for the foreseeable future. With the completion of The Spender Building in 2017 a decision was taken in 2016-17 to increase than PAN for Year 7 from 81 to 87. The total number on roll will therefore grow to between 760 and 770 over the next 5 years, which is considered to be capacity.

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 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. We remain hopeful that the DfE and Treasury will look to address to obvious inadequacy of Sixth Form Funding, but in the current absence of such reassurance, we will continue to rely upon additional income to achieve a balanced budget. Additional income currently includes that from the separate Trust, car park charges, lettings and other fundraising activities. Accordingly, our Key Objectives for 2018/19 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.

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.

GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

The Governors' Annual Report is approved by order of the Board of Governors and the Strategic Report (included therein) is approved by the Board of Governors in their capacity as the Directors at a meeting on 12 December 2018 and signed on its behalf by:

D R Derbyshire
Chair of Governors

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 Headmaster, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between 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
Dr D R Derbyshire	3	4
Cllr Rev N Beamer	0	2
J Bellamy	2	3
A R Bowers	0	2
N E Browning	2	2
B Carr	4	4
N Davis	1	2
H Dennes	4	4
M D Evans	3	4
A F Fairbairn	4	4
K A Hayward	3	4
V G F Matts	3	4
P Maundrill	3	3
S McCrink	3	3
J A Jones	4	4
R D Mahony	1	4
M T Rendell	4	4
Cllr J Short	3	3
C J Smith	3	4
E J Speechley	3	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 at meetings in the year was as follows:

GOVERNANCE STATEMENT (continued)

Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
J Bellamy	3	5
N Davis	2	2
M D Evans	5	6
V G Matts	4	6
P Maundrill, Parent Governor	4	4

REVIEW OF VALUE FOR MONEY

As Accounting Officer, the Headmaster has responsibility for ensuring that the Academy Trust delivers good value in the use of public resources. The 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 Academy Trust 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. A major project this year has seen the erection of a new building following a successful bid for CIF monies. The School derived best value from this project by procuring as much equipment as possible directly rather than through the prime contractor, saving money on the purchase price and avoiding the contractor's overhead and profit margin.

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy 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 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

The Board of 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 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Governors.

GOVERNANCE STATEMENT (continued)

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. 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 Group 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 have appointed P Streeter as Responsible Officer (RO).

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 and systems;
- testing of petty cash and bank reconciliation's.

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 Board of 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 Headmaster has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the external auditors;
- the work of the Responsible Officer;
- 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 2018 and signed on their behalf, by:

D R Derbyshire	**B Carr**
Chair of Governors	**Accounting Officer**

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 2017.

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

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

B Carr
Accounting Officer

Date: 12 December 2018

STATEMENT OF GOVERNORS' RESPONSIBILITIES FOR THE YEAR ENDED 31 AUGUST 2018

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

Company law requires the 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 2017 to 2018;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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 2018 and signed on its behalf by:

D R Derbyshire
Chair of Governors

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 2018 which comprise the statement of financial activities incorporating income and expenditure account, the balance sheet, the statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

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

BASIS FOR OPINION

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

CONCLUSIONS RELATING TO GOING CONCERN

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

- the 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.

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

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. 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 and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Governors' report including the Strategic report and Directors' 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 and Directors' 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.

RESPONSIBILITIES OF GOVERNORS

As explained more fully in the statement of governors' responsibilities, 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.

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

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.

Whitley Stimpson Ltd J M Walton

Jonathan Mark Walton ACA FCCA (Senior Statutory Auditor)

for and on behalf of

Whitley Stimpson Limited

Chartered Accountants
Registered Auditors

Penrose House
67 Hightown Road
Banbury
Oxfordshire
OX16 9BE

21 December 2018

INDEPENDENT REPORTING ACCOUNTANTS' 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 2 June 2017 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Grammar School of King Edward VI at Stratford-upon-Avon during the year 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

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

APPROACH

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

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

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

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

The work undertaken to draw our conclusions included:

• A review of internal control policies and procedures implemented by the Academy Trust and an evaluation of their design and effectiveness to understand how the Academy Trust has complied with the framework of authorities;

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

• A review of 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 a review of 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 suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Whitley Stimpson Ltd

Reporting Accountant

Whitley Stimpson Limited

Chartered Accountants
Registered Auditors

Penrose House
67 Hightown Road
Banbury
Oxfordshire
OX16 9BE

21 December 2018

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT) FOR THE YEAR ENDED 31 AUGUST 2018

	Note	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	*Total funds 2017 £*
INCOME FROM:						
Donations and capital grants	2	-	487,848	58,919	546,767	*535,522*
Charitable activities	3	157,151	3,618,371	-	3,775,522	*3,710,308*
Other trading activities	4	202,628	34,901	-	237,529	*220,069*
Investments	5	1,426	8,955	-	10,381	*12,564*
Other income		-	-	-	-	*8,000*
TOTAL INCOME		361,205	4,150,075	58,919	4,570,199	*4,486,463*
EXPENDITURE ON:						
Charitable activities		210,934	4,421,374	393,381	5,025,689	*4,833,704*
TOTAL EXPENDITURE	6	210,934	4,421,374	393,381	5,025,689	*4,833,704*
NET INCOME / (EXPENDITURE) BEFORE INVESTMENT GAINS/(LOSSES)		150,271	(271,299)	(334,462)	(455,490)	*(347,241)*
Net gains/(losses) on investments	13	(4,601)	(9,486)	-	(14,087)	*23,868*
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS		145,670	(280,785)	(334,462)	(469,577)	*(323,373)*
Transfers between Funds	17	(105,315)	91,046	14,269	-	*-*
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES		40,355	(189,739)	(320,193)	(469,577)	*(323,373)*
Actuarial gains on defined benefit pension schemes	22	-	170,000	-	170,000	*466,000*
NET MOVEMENT IN FUNDS		40,355	(19,739)	(320,193)	(299,577)	*142,627*
RECONCILIATION OF FUNDS:						
Total funds brought forward		-	(460,633)	18,450,430	17,989,797	*17,847,170*
TOTAL FUNDS CARRIED FORWARD		40,355	(480,372)	18,130,237	17,690,220	*17,989,797*

The notes on pages 30 to 51 form part of these financial statements.

BALANCE SHEET
AS AT 31 AUGUST 2018

	Note	£	2018 £	£	2017 £
FIXED ASSETS					
Tangible assets	12		18,050,020		17,386,545
Investments	13		221,201		235,288
			18,271,221		17,621,833
CURRENT ASSETS					
Debtors	14	77,785		454,303	
Cash at bank and in hand		244,096		1,161,952	
		321,881		1,616,255	
CREDITORS: amounts falling due within one year	15	(260,882)		(547,291)	
NET CURRENT ASSETS			60,999		1,068,964
TOTAL ASSETS LESS CURRENT LIABILITIES			18,332,220		18,690,797
Defined benefit pension scheme liability	22		(642,000)		(701,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			17,690,220		17,989,797
FUNDS OF THE ACADEMY					
Restricted income funds:					
Restricted income funds	17	161,628		240,367	
Restricted fixed asset funds	17	18,130,237		18,450,430	
Restricted income funds excluding pension liability		18,291,865		18,690,797	
Pension reserve		(642,000)		(701,000)	
Total restricted income funds			17,649,865		17,989,797
Unrestricted income funds	17		40,355		-
TOTAL FUNDS			17,690,220		17,989,797

The financial statements on pages 27 to 51 were approved by the Governors, and authorised for issue, on 12 December 2018 and are signed on their behalf, by:

D R Derbyshire
Chair of Governors

The notes on pages 30 to 51 form part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Net cash provided by operating activities	19	**86,117**	*22,410*
Cash flows from investing activities:			
Dividends, interest and rents from investments		**10,381**	*12,564*
Proceeds from the sale of tangible fixed assets		**-**	*8,000*
Purchase of tangible fixed assets		**(1,385,478)**	*(780,679)*
Capital grants from DfE Group		**265,205**	*1,195,469*
Capital funding received from sponsors and others		**105,919**	*193,361*
Net cash (used in)/provided by investing activities		**(1,003,973)**	*628,715*
Change in cash and cash equivalents in the year		**(917,856)**	*651,125*
Cash and cash equivalents brought forward		**1,161,952**	*510,827*
Cash and cash equivalents carried forward	20	**244,096**	*1,161,952*

The notes on pages 30 to 51 form part of these financial statements.

1. ACCOUNTING POLICIES

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

1.1 Basis of preparation of financial statements

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

The Grammar School of King Edward VI at Stratford-upon-Avon constitutes a public benefit entity as defined by 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 2018, excluding the restricted fixed asset funds and LGPS liability fund, is £201,983, which includes restricted prize funds of £92,702, unrestricted funds of £40,355 and a deficit on the restricted General Annual Grant fund of £31,074. As the prize funds are restricted in their use, the Governors are aware of the challenges that having limited reserves bring. However, with the expected increase in funding in future years from the implementation of the new National Funding Formula, together with the additional funding available from the School Charity Trust Funds and the continued focus on exploring additional income generating opportunities and 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 years.

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..

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 Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

1. ACCOUNTING POLICIES (continued)

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

General Annual Grant is recognised in full in the 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 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.

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

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

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

1. ACCOUNTING POLICIES (continued)

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 those costs relating to the governance of the Academy Trust appointed to charitable activities.

All expenditure is inclusive of irrecoverable VAT.

1.7 Operating leases

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

1.8 Investments

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

1.9 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.

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. ACCOUNTING POLICIES (continued)

1.11 Tangible fixed assets and depreciation

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 incorporating income and expenditure account and carried forward in the balance sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the statement of financial activities incorporating income and expenditure account. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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

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.

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

1.12 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.

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 basis are as follows:

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 14. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in note 15. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments.

1.15 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit method. The TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

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

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

1. ACCOUNTING POLICIES (continued)

1.16 Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

The Academy Trust 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.

Pension scheme

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 22, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Depreciation

The assessment of the useful economic lives and the method of depreciating fixed assets requires judgement. Depreciation is charged to profit or loss based on the useful economic life selected, which requires an estimation of the period and profile over which the Academy Trust expects to consume the future economic benefits embodied in the assets.

Critical areas of judgment

Leasing

In categorising leases as finance leases or operating leases, management makes judgements as to whether significant risks and rewards of ownership have transferred to the Academy Trust as lessee.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	*Total funds 2017 £*
Other donations	-	162,848	-	162,848	*145,335*
Capital grants	-	-	58,919	58,919	*34,664*
Private sponsorship	-	325,000	-	325,000	*355,523*
	-	487,848	58,919	546,767	*535,522*
Total 2017	*-*	*500,858*	*34,664*	*535,522*	

3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	*Total funds 2017 £*
DfE/ESFA grants				
General Annual Grant (GAG)	-	3,119,253	3,119,253	*3,085,773*
Other DfE/ESFA grants	-	38,077	38,077	*39,063*
	-	3,157,330	3,157,330	*3,124,836*
Other government grants				
SEN funding	-	1,208	1,208	*3,614*
Local authority grants	-	-	-	*6,000*
	-	1,208	1,208	*9,614*
Other funding				
Catering income	157,151	-	157,151	*156,383*
Trip income	-	342,088	342,088	*315,297*
Other income	-	117,745	117,745	*104,178*
	157,151	459,833	616,984	*575,858*
	157,151	3,618,371	3,775,522	*3,710,308*
Total 2017	*156,383*	*3,553,925*	*3,710,308*	

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	*Total funds 2017 £*
Hire of facilities	39,187	-	39,187	*35,279*
Other income	163,441	34,901	198,342	*184,790*
	202,628	34,901	237,529	*220,069*
Total 2017	*199,117*	*20,952*	*220,069*	

5. INVESTMENT INCOME

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	*Total funds 2017 £*
Other investment income	1,275	8,953	10,228	*12,121*
Short term deposits	151	2	153	*443*
	1,426	8,955	10,381	*12,564*
Total 2017	*434*	*12,130*	*12,564*	

6. EXPENDITURE

	Staff costs 2018 £	Premises 2018 £	Other costs 2018 £	Total 2018 £	*Total 2017 £*
Charitable activities:					
Direct costs	2,419,541	-	1,336,218	3,755,759	*3,595,935*
Support costs	691,156	220,953	357,821	1,269,930	*1,237,769*
	3,110,697	220,953	1,694,039	5,025,689	*4,833,704*
Total 2017	*3,021,550*	*514,270*	*1,297,884*	*4,833,704*	

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

7. CHARITABLE ACTIVITIES

	Total funds 2018 £	*Total funds 2017 £*
DIRECT COSTS - EDUCATIONAL OPERATIONS		
Wages and salaries	1,843,788	*1,803,239*
National insurance	190,641	*181,106*
Pension cost	385,112	*377,647*
Depreciation	393,381	*303,786*
Other costs	942,837	*930,157*
	3,755,759	*3,595,935*
SUPPORT COSTS - EDUCATIONAL OPERATIONS		
Wages and salaries	555,776	*526,997*
National insurance	33,508	*32,439*
Pension cost	101,872	*100,123*
Pension income	19,000	*22,000*
Premises costs	220,953	*211,287*
Other costs	338,821	*344,923*
	1,269,930	*1,237,769*
	5,025,689	*4,833,704*

Included in support costs are governance costs of £24,454 (2017: £38,887).

8. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2018 £	*2017 £*
Depreciation of tangible fixed assets:		
- owned by the charity	393,381	*303,786*
Auditors' remuneration - audit	5,900	*5,500*
Auditors' remuneration - other services	6,922	*6,100*
Operating lease rentals	24,283	*24,285*
Net interest on defined benefit pension liability	19,000	*22,000*

9. STAFF COSTS

a. Staff costs

Staff costs were as follows:

	2018 £	2017 £
Wages and salaries	2,399,564	2,330,235
National insurance	224,149	213,545
Operating costs of defined benefit pension schemes	486,984	477,770
	3,110,697	3,021,550

b. Staff numbers

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

	2018 No.	2017 No.
Teachers	49	47
Administration and Support	43	44
Management	5	5
	97	96

c. Higher paid staff

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

	2018 No.	2017 No.
In the band £60,001 - £70,000	2	2
In the band £110,001 - £120,000	1	1

The employees above are all members of the Teachers Pension Scheme and the value of employers contributions to the scheme during the year were £40,123 (2017: £39,217).

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 pension contributions) received by key management personnel for their services to the Academy Trust during the year was £458,563 (2017: £460,907).

10. 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 Principal and other staff Governors only receive remuneration in respect of services they provide undertaking the roles of principal and other staff members under their contracts of employment, and not in respect of their role as Governors. The value of Governors' remuneration and other benefits was as follows:

		2018	*2017*
		£	*£*
B Carr	Remuneration	**115,000-120,000**	*110,000-115,000*
	Pension contributions paid	**15,000-20,000**	*15,000-20,000*
N E Browning	Remuneration	**5,000-10,000**	*55,000-60,000*
	Pension contributions paid	**0-5,000**	*5,000-10,000*
R D Mahony	Remuneration	**45,000-50,000**	*35,000-40,000*
	Pension contributions paid	**5,000-10,000**	*5,000-10,000*
K A Hayward	Remuneration	**10,000-15,000**	*10,000-15,000*
	Pension contributions paid	**0-5,000**	*0-5,000*
S McCrink	Remuneration	**35,000-40,000**	-
	Pension contributions paid	**5,000-10,000**	-

During the year ended 31 August 2018, no Governors received any reimbursement of expenses (2017 - £nil).

11. GOVERNORS' AND OFFICERS' INSURANCE

The Academy Trust has opted into the Department for Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business, and provides 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.

12. TANGIBLE FIXED ASSETS

	Leasehold property £	Furniture and fixtures £	Computer equipment £	Total £
Cost				
At 1 September 2017	18,874,204	250,813	56,949	19,181,966
Additions	834,257	97,370	125,229	1,056,856
At 31 August 2018	19,708,461	348,183	182,178	20,238,822
Depreciation				
At 1 September 2017	1,642,375	119,998	33,048	1,795,421
Charge for the year	306,419	33,612	53,350	393,381
At 31 August 2018	1,948,794	153,610	86,398	2,188,802
Net book value				
At 31 August 2018	17,759,667	194,573	95,780	18,050,020
At 31 August 2017	*17,231,829*	*130,815*	*23,901*	*17,386,545*

Included in long term leasehold property is the Academy Trust's interest in leasehold land, which is carried at a value at 31 August 2018 of £4,113,000 (2017 - £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 as detailed in note 25 for the sole use of the School in perpetuity.

13. FIXED ASSET INVESTMENTS

	Listed securities £
Market value	
At 1 September 2017	235,288
Revaluations	(14,087)
At 31 August 2018	221,201

Investments at market value comprise:

	2018 £	*2017 £*
Listed investments	221,201	*235,288*

All the fixed asset investments are held in the UK.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

14. DEBTORS

	2018 £	*2017 £*
Trade debtors	6,893	*8,790*
VAT repayable	18,424	*103,881*
Other debtors	749	*1,263*
Prepayments and accrued income	51,719	*340,369*
	77,785	*454,303*

15. CREDITORS: Amounts falling due within one year

	2018 £	*2017 £*
Trade creditors	9,076	*333,593*
Other taxation and national insurance	58,653	*56,807*
Other creditors	3,351	*897*
Accruals and deferred income	189,802	*155,994*
	260,882	*547,291*

	2018 £	*2017 £*
Deferred income		
Deferred income at 1 September 2017	114,190	*63,894*
Resources deferred during the year	152,879	*114,190*
Amounts released from previous years	(114,190)	*(63,894)*
Deferred income at 31 August 2018	152,879	*114,190*

Deferred income consists of music fee income and trip income received in advance, which will be utilised during the year ending 31 August 2019.

16. FINANCIAL INSTRUMENTS

	2018 £	*2017 £*
Financial assets measured at fair value through income and expenditure	221,201	*235,288*
Financial assets measured at amortised cost	251,738	*1,172,005*
	472,939	*1,407,293*
Financial liabilities measured at amortised cost	49,350	*376,297*

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

17. STATEMENT OF FUNDS

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
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 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)

17. STATEMENT OF FUNDS (continued)

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
Capital donations	17,361	41,205	-	(40,000)	-	18,566
Devolved Formula Capital	-	17,714	-	(10,832)	-	6,882
	18,450,430	58,919	(393,381)	14,269	-	18,130,237
Total restricted funds	17,989,797	4,208,994	(4,814,755)	105,315	160,514	17,649,865
Total of funds	17,989,797	4,570,199	(5,025,689)	-	155,913	17,690,220

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

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. The Governors have reviewed the terms under which the funds were given and have determined that there is no legal restriction on the use of the funds and so have accordingly reclassified them as designated 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 2018. With the expected increase in funding in future years from the implementation of the new National Funding Formula, together with the additional funding available from the School Charity Trust Funds and the continuing focus on evaluating strategies for raising additional income whilst also reviewing key areas of operational expenditure, the Governors are satisfied that the financial position will return to a surplus balance over the next 3 years.

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 Fixed Asset fund includes fixed assets transferred on Academy conversion, additions and depreciation, as well as capital grants and donations received and receivable.

Unrestricted funds include voluntary income and activities for generating funds received by the Academy and surpluses may be spent at the discretion of the Governors.

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

17. STATEMENT OF FUNDS (continued)

STATEMENT OF FUNDS - PRIOR YEAR

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
General funds						
General funds	-	355,934	(176,084)	(179,850)	-	-
Restricted funds						
General Annual Grant	(1,903)	3,085,773	(3,243,428)	151,349	-	(8,209)
Other ESFA revenue funds	-	39,063	(39,063)	-	-	-
Local authority funding	-	9,614	(9,614)	-	-	-
Prize funds	224,022	13,269	(12,583)	-	23,868	248,576
Other restricted funds	-	940,146	(940,146)	-	-	-
Pension reserve	(1,058,000)	-	(109,000)	-	466,000	(701,000)
	(835,881)	4,087,865	(4,353,834)	151,349	489,868	(460,633)
Restricted fixed asset funds						
Fixed assets	16,592,115	8,000	(303,786)	1,090,215	-	17,386,544
CIF Funding	1,704,441	-	-	(851,359)	-	853,082
Trustee capital funding	386,495	-	-	(193,052)	-	193,443
Capital donations	-	17,361	-	-	-	17,361
Devolved Formula Capital	-	17,303	-	(17,303)	-	-
	18,683,051	42,664	(303,786)	28,501	-	18,450,430
Total restricted funds	17,847,170	4,130,529	(4,657,620)	179,850	489,868	17,989,797
Total of funds	17,847,170	4,486,463	(4,833,704)	-	489,868	17,989,797

18. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	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)
	40,355	(480,372)	18,130,237	17,690,220

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Unrestricted funds 2017 £	*Restricted General funds 2017 £*	*Restricted Fixed Asset funds 2017 £*	*Total funds 2017 £*
Tangible fixed assets	-	-	*17,386,545*	*17,386,545*
Fixed asset investments	-	*235,288*	-	*235,288*
Current assets	-	*234,835*	*1,381,420*	*1,616,255*
Creditors due within one year	-	*(229,756)*	*(317,535)*	*(547,291)*
Provisions for liabilities and charges	-	*(701,000)*	-	*(701,000)*
	-	*(460,633)*	*18,450,430*	*17,989,797*

19. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2018 £	*2017 £*
Net expenditure for the year (as per Statement of Financial Activities)	(469,577)	*(323,373)*
Adjustment for:		
Depreciation charges	393,381	*303,786*
Revaluations of investments	14,087	*(23,868)*
Dividends, interest and rents from investments	(10,381)	*(12,564)*
Profit on the sale of fixed assets	-	*(8,000)*
Decrease/(increase) in debtors	64,313	*(58,734)*
Increase in creditors	42,213	*70,827*
Capital grants from DfE and other capital income	(58,919)	*(34,664)*
Defined benefit pension scheme cost less contributions payable	92,000	*87,000*
Defined benefit pension scheme finance cost	19,000	*22,000*
Net cash provided by operating activities	86,117	*22,410*

20. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2018 £	*2017 £*
Cash in hand	244,096	*1,161,952*
Total	244,096	*1,161,952*

21. CAPITAL COMMITMENTS

At 31 August 2018 the Academy Trust had capital commitments as follows:

	2018 £	*2017 £*
Contracted for but not provided in these financial statements	-	*709,000*

22. PENSION COMMITMENTS

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

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

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

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

22. PENSION COMMITMENTS (continued)

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

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £294,984 *(2017 - £290,647).*

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £132,000 *(2017 - £130,000)*, of which employer's contributions totalled £100,000 *(2017 - £98,000)* and employees' contributions totalled £32,000 *(2017 - £32,000)*. The agreed contribution rates for future years are 20.4% for employers together with additional lump sum deficit payments of £8,000 per annum, and 5.5 to 7.5% for employees.

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

Principal actuarial assumptions:

	2018	*2017*
Discount rate for scheme liabilities	**2.80 %**	*2.50 %*
Rate of increase in salaries	**3.00 %**	*3.00 %*
Rate of increase for pensions in payment / inflation	**2.40 %**	*2.40 %*

22. PENSION COMMITMENTS (continued)

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

	2018	*2017*
Retiring today		
Males	**22.5**	*22.5*
Females	**24.7**	*24.7*
Retiring in 20 years		
Males	**24.3**	*24.3*
Females	**26.7**	*26.7*

Sensitivity analysis

The sensitivities regarding the principal assumptions used to measure the scheme liabilities (i.e. the defined benefit obligations) are as follows:

Sensitivities	**At 31 August 2018 £**	*At 31 August 2017 £*
Discount rate -0.5%	**246,000**	*231,000*
Salary increase rate +0.5%	**48,000**	*51,000*
Pension increase rate +0.5%	**194,000**	*176,000*

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

	Fair value at 31 August 2018 £	*Fair value at 31 August 2017 £*
Equities	**859,000**	*783,000*
Bonds per report	**300,000**	*265,000*
Cash	**41,000**	*24,000*
Property	**163,000**	*132,000*
Total market value of assets	**1,363,000**	*1,204,000*

The actual return on scheme assets was £57,000 *(2017 - £189,000).*

22. PENSION COMMITMENTS (continued)

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

	2018 £	*2017 £*
Current service cost	(192,000)	*(185,000)*
Interest income	31,000	*19,000*
Interest cost	(50,000)	*(41,000)*
Total	(211,000)	*(207,000)*
Actual return on scheme assets	57,000	*189,000*

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

	2018 £	*2017 £*
Opening defined benefit obligation	1,905,000	*1,967,000*
Current service cost	192,000	*185,000*
Interest cost	50,000	*41,000*
Employee contributions	32,000	*32,000*
Actuarial gains	(144,000)	*(296,000)*
Benefits paid	(30,000)	*(24,000)*
Closing defined benefit obligation	2,005,000	*1,905,000*

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

	2018 £	*2017 £*
Opening fair value of scheme assets	1,204,000	*909,000*
Interest income	31,000	*19,000*
Actuarial gains	26,000	*170,000*
Employer contributions	100,000	*98,000*
Employee contributions	32,000	*32,000*
Benefits paid	(30,000)	*(24,000)*
Closing fair value of scheme assets	1,363,000	*1,204,000*

23. OPERATING LEASE COMMITMENTS

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

	2018 £	*2017 £*
Amounts payable:		
Within 1 year	**11,956**	*24,283*
Between 1 and 5 years	**8,586**	*13,066*
Total	**20,542**	*37,349*

24. MEMBERS' LIABILITY

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

25. 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 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 (2017: £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 2017/18 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 2018 (2017: £nil).

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 2018 the Trust received £8,332 and distributed £8,332. An amount of £nil is included as undistributed funds that is repayable to the ESFA.