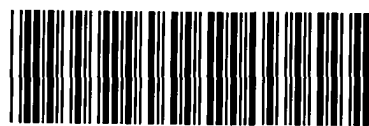


Company Registration Number: 07697070 (England and Wales)

THE ROMSEY SCHOOL
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

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THE ROMSEY SCHOOL
(A company limited by guarantee)

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REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2018

Members

Judith Houghton
Jonathan de Sausmarez
Sarah Weare

Trustees

Judith Houghton, Chair of Trustees¹
Jonathan de Sausmarez, Executive Headteacher and Accounting Officer¹
Colm McKavanagh, Headteacher¹
Sheila Caine¹
Ian Clapton, Staff Trustee
Mark Cooper¹
James Bastow¹
John Bennett¹
Gary Hiscock
Malcolm Kail
Elizabeth Lee
Sarah Weare, Vice Chair and Chair of Finance and Audit Committee¹
Stephen Wildridge
Cara Cox
Jon Pinckney, Staff Trustee (Resigned 21 March 2018)¹
Nicolette Adens¹
Matthew Gilks
Keith Normington
Peter O'Hara
Nicola French (Appointed 19 October 2017)

¹ Finance and Audit Committee

Company registered number

07697070

Company name

The Romsey School

Principal and registered office

Greatbridge Road, Romsey, Hampshire, SO51 8ZB

Company secretary and Clerk to the Governors

Pamela Leech

Senior management team

Jonathan de Sausmarez, Executive Headteacher and Accounting Officer
Colm McKavanagh, Headteacher
Andrew Marks, Deputy Headteacher
Annie Eagle, Deputy Headteacher
Chris Stephens, Assistant Headteacher
Janet Lefley, Community Manager

THE ROMSEY SCHOOL
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REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2018

Advisers (continued)

Independent auditors

James Cowper Kreston, 9th Floor, The White Building, 1-4 Cumberland Place, Southampton, Hampshire, SO15 2NP

Bankers

Lloyds Bank Plc, Totton, Southampton, Hampshire, SO40 3TH

Solicitors

Veal Wasborough Vizards, Orchard Court, Orchard Lane, Bristol, BS1 5WS

THE ROMSEY SCHOOL
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2018

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 1st September 2017 to 31 August 2018. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The trust operates an academy for pupils aged 11 to 16 serving a catchment area in Romsey and the surrounding area. It has a pupil capacity of 1160 and had a roll of 1154 (including High Needs pupils) in the school census in October 2017.

In July 2018 Romsey School Academy became a MAT (Gateway Multi Academy Trust).

Structure, governance and management

• **CONSTITUTION**

The academy and the group is a charitable company limited by guarantee and an exempt charity.

The charitable company's Memorandum of Association is the primary governing document of the academy trust.

The Trustees of The Romsey School are also the directors of the charitable company for the purpose of company law.

The charitable company is known as The Romsey School.

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

• **MEMBERS' LIABILITY**

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

• **TRUSTEES' INDEMNITIES**

As part of its overall insurance with Zurich Municipal Insurance, the school has insurance which protects members of the Board of Trustees against claims arising from negligent acts, errors or omissions. The insurance provides cover up to £5,000,000 for any one claim.

• **METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF TRUSTEES**

The Governing Body has been formed in accordance with the Articles of Association. The Trustees are split into categories; local education authority, parent, community and staff Trustees. The parent Trustees are elected by parents or carers of registered pupils and must be parents or carers at the time of their election. If insufficient parents stand for election the governing body can appoint parent Trustees. Staff Trustees are candidates who must be working at the school at the time of the election. All the Trustees were co-opted to the new board as an academy. The Trustees may appoint up to 3 co-opted Trustees. Each Trustee is provided with policies on their roles and responsibilities, conduct as a Trustee and guidance on the general principles of behaviour.

THE ROMSEY SCHOOL
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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

• **POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF TRUSTEES**

We subscribe to Hampshire Trustee Services who provide a range of courses and we both encourage Trustees to attend as individuals and also to go to local Trustee conferences. We have an identified Trustee who is our Training Liaison Trustee whose role involves coordinating our training as Trustees. It is our policy that every Trustee should serve on at least one committee or sub-committee, and care is taken to find the best fit according to the needs of the school and the strengths of the new Trustee involved.

• **ORGANISATIONAL STRUCTURE**

The Governing Body of the Romsey School Academy Trust devolves the responsibility of the day to day running of the Academy to the Executive Headteacher, the Headteacher and the Senior Leadership team. Their activities and decisions are monitored through a number of Governor Committees which report regularly to the Full Governing Body. The structure of the Governor committees was reorganised for the start of this academic year.

The Main Committees are:

- **Executive Committee** is responsible for strategic planning. Overall responsibility for whole school policies, safeguarding and pay review.
- **Pay Review Committee** is a subcommittee of the Executive Committee which has responsibility and delegated authority to review the pay recommendations for staff.
- **Finance, Audit, Resources and Outreach (FARO) Committee** has responsibility and delegated authority for the approval of the financial management of the Academy. The committee makes recommendations to the full governing body for approval of the annual accounts and budget. The committee also has responsibility for oversight of the School's reporting process, internal audit by the non-employed Trustee (formerly the responsible officer), monitoring of the financial statements and financial risk management. It also has responsibility to ensure sound management of the Academy's estate, including proper planning, monitoring and probity.
- **RCS Limited** is a subcommittee of FARO and has responsibility to ensure sound management of the community projects and community facilities operated by the RCS Limited.
- **Teaching, Learning and Assessment (TLA) Committee** has responsibility and delegated authority for the planning, implementation, monitoring and evaluation of the staffing structure in the context of the school's strategic and improvement plans. This includes responsibilities for Performance Management, Assessment and Quality of Teaching.
- **Personal Development, Behaviour & Welfare (PDB & W) Committee** has responsibility to ensure sound management of pupil safety, pupil support and pupil behaviour. The committee has oversight of the SMSC agenda, implementation of British Values and monitoring of attendance and pastoral data.
- **Student Outcomes and Assessment (SOA) Committee** has responsibility to ensure sound management of the school curriculum, learning and pupil achievement. This committee has responsibility for tracking of progress (for all pupils including disadvantaged and SEN pupils), monitoring of interventions and CEIAG (Careers Education, Information, Advice and Guidance strategy).

• **PAY POLICY FOR KEY MANAGEMENT PERSONNEL**

Four governors (not including the Chair of Governors) are delegated by the Governing Body to carry out the Headteachers' performance management reviews; they work in pairs, two for the Executive Headteacher and two for the Headteacher. They may be assisted by an external advisor. The Pay Review committee normally meets twice a year, once to review the recommendations for teaching staff pay changes (this includes the

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

senior management team) and once to review the recommendations for support staff pay changes.

• **CONNECTED ORGANISATIONS, INCLUDING RELATED PARTY RELATIONSHIPS**

The School operates a wholly owned trading subsidiary Romsey Community School, known as RCS Limited to operate all of the outreach work in the local community.

• **TRADE UNION FACILITY TIME**

There were no employees who were relevant union officials.

Objectives and Activities

• **OBJECTS AND AIMS**

The principal object and activity of the charitable company is the operation of The Romsey School to provide education for students of different abilities between the ages of 11-16. In accordance with the Funding Agreement made under section 482 of the Education Act 1996, as substituted by the Education Act 2002, between the Secretary of State for Children, Schools and Families and Academy Trust, the Academy is Governed by a Governing Body which exercises its powers and functions with a view to fulfilling a largely strategic role in the running of the school. The Funding Agreement specifies the admission arrangements, amongst other things, and that the curriculum, in substance, complies with statutory requirements.

• **OBJECTIVES, STRATEGIES AND ACTIVITIES**

The school's action plan for 2018-19 lists the aims and outcomes for the year and is reviewed annually. The plan is a result of close self-evaluation and consultation with stakeholders including student voice, which are then refined through consultation with senior and middle leaders.

The school's mission statement is: Romsey School - Your Gateway to Success.

Our vision is to provide a world class education for our young people based on the following principles:

1. Our ethos is inclusive, where all young people succeed
2. Students are supported and happy, with staff who go that extra mile
3. Students achieve outstanding results through inspirational teaching
4. Learning has no boundaries within and beyond the classroom
5. The school is at the heart of our community.

Aims of the school:

- To experience and enjoy new challenges and opportunities
- To have a sense of belonging and pride in our school
- To treat others with fairness, kindness and respect
- To make healthy, informed and responsible choices
- To be able to cope with life's ups and downs
- To have a sense of awe and wonder
- To acquire a lifelong love of learning
- To be an active citizen
- To be happy and successful

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

● **PUBLIC BENEFIT**

The Governors of the Academy Trust have complied with their duty to have due regard to the guidance on Public Benefit published by the Charity Commission in exercising their powers and duties. The activities undertaken to further the Academy Trust's purpose for the Public Benefit include:

- Maintain and develop a high quality education
- Offer a broad based academic curriculum
- Delivery of our school action plan

Strategic report

Ofsted – June 2017

Romsey School was inspected in June 2017 was graded as a 'good' school and 'outstanding' in the areas of leadership and management and pastoral development, behaviour and welfare. The summary is as follows:

- The executive headteacher, headteacher and senior leadership team have a compelling vision for the school, which is well understood and shared by staff, pupils and parents.
- Leaders provide teachers with exceptionally high-quality challenge and support. Teachers benefit from very effective training and coaching. At the same time, teachers are held to account rigorously for the progress that their pupils make.
- Some of the teaching in the school is inspirational. Teachers give pupils demanding work to do and ask them probing questions that require pupils to work hard and think deeply.
- Pupils achieve outcomes that are above national averages overall because teaching, particularly at key stage 4, enables pupils to consolidate and extend their skills and understanding.
- Pupils who have special educational needs and/or disabilities, or those who need to catch up, make strong progress because leaders make highly effective use of additional funding.
- Leaders make well-informed decisions on the use of the pupil premium grant. Consequently, disadvantaged pupils make the same overall rates of progress as other pupils nationally.
- Pupils behave exceptionally well overall. They are polite to their teachers, considerate of each other and welcoming to visitors. They look after the fabric of the school, are proud of their work and wear their uniforms smartly. They are safe and know how to keep themselves safe.
- Leaders make sure that pupils follow a broad and balanced curriculum that prepares pupils well for their next steps. All pupils who left the school in 2016 went on to appropriate further education or training.
- Pupils are tolerant of people, groups and cultures that are different from their own. They value diversity and are very well prepared for life in modern Britain.
- Governors provide very strong strategic leadership. They are ambitious for the school and hold leaders to account firmly.
- The quality of teaching, learning and assessment, particularly in key stage 3, is not yet consistently outstanding. As a result, pupils' outcomes in English, science and languages are good.
- Leaders' actions to address the inconsistencies in teaching are robust, and the proportion of pupils achieving outstanding outcomes is increasing, particularly in English.

● **KEY PERFORMANCE INDICATORS**

Achievements and performance

The total number of students as at October 2017 was 1154 and the number on role was fairly static. The Romsey School follows a broad and balanced curriculum designed to promote academic excellence and develop individual talents and interests, the exam results for 2017/2018 were as follows:-

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

72% of pupils achieved 5 or more	A* C grades (grades 9-4)
67% of pupils achieve 5 or more	A* C grades including English and Maths
29% of pupils achieved 5 or more	A* and A (grades 9-7)
92% of pupils achieved at least one	A* C pass (grade 9-4)
94% of pupils achieved 5 or more	A* G grades including English and Maths
67% of boys achieved 5 or more	A* C grades
79% of girls achieved 5 or More	A* C grades
35% of pupils achieved	English Baccalaureate (at Standard Pass)
81% of pupils achieved	A* C English (grade 9-4)
72% of pupils achieved	A* – C Maths (grade 9-4)

The school goes from strength to strength with both PGCE and NQT training provision and has an excellent relationship with the local universities.

Investment returns

The School receives interest on the investment accounts held with Lloyds Bank. It also receives interest on the main school current bank account at Lloyds Bank.

• **CAPITAL BIDS**

The school was unsuccessful with its capital bid 17/18 however the school will be re-submitting the bid for 18/19, ensuring all negative aspects of the bid have been addressed, we expect a successful outcome. In addition to this, the school will also submit a second bid for 5 science lab refurbishments in the main building, the value of the bid will be in the region of c£700k. This will help to address the impact of increasing pupil numbers.

The school will continue to address on-going maintenance and will address key maintenance items around the school. The good condition of the buildings is a priority for the governance of the school.

• **FINANCIAL**

The School is in a good robust financial position as indicated by the financial statements and all financial matters are monitored carefully by the Finance and Audit Committee. Mr Peter Hanlon continues to act as our non-employed Trustee (formerly Responsible Officer), and the Accounting Officer is our Executive Headteacher Mr Jonathan de Sausmarez.

• **GOING CONCERN**

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

Financial review

The majority of the academy's income is obtained from the ESFA in the form of the General Annual Grant. This is split between school budget share, LACSEG and Rates allowance, the funds are restricted as shown in the statement of financial activities. The academy also receives other grants such as pupil premium and Low Incidence (Special needs funding) still comes from the Local Authority and in accordance with SORP (Statement of Recommended Practice) these items are also shown in the statement of financial activities as restricted funding. Any other items of funding have been assigned in the financial statements in accordance with the guidelines set down by SORP.

During the year ended 31 August 2018 the total expenditure, excluding depreciation, of £7,628,271 (2017: £7,527,759) was covered by the General Annual Grant along with other incoming resources. The net

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

income/(expenditure) for the year was £42,474 expenditure (2017: £7,903 income). 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. The amount carried over to the following 12 month period will be used towards the annual expenditure of the school. The School Investments have all been in low risk Government Deposit Accounts, due to current market conditions and low interest rates the return has been low.

The accruals and deferred income for this year were £556,995 (2017: £197,843).

The majority of the school's expenditure has been salary and buildings payments. Any expenditure for key objectives will be implemented over the next 12 months in line with the school improvement plan.

At 31 August the net book value of fixed assets was £42,916,497 (2017: £42,694,596). The assets were used exclusively for providing education and the associated support services to the students of the academy.

• **TRADING SUBSIDIARY**

RCS Limited is our trading subsidiary set up as a trading company to support our Community provision.

The subsidiary, Romsey Community School Limited is established to deliver services using our own facilities and those at other locations. This company delivers all of The Romsey School community activity; the company has its own management and support staff structure and receives no funding from our ESFA funding.

• **RESERVES POLICY**

The Trustees' policy is to review the levels of reserves annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of the reserves. The policy of the Board of Trustees is to maintain a level of reserves that will be adequate to provide a stable base for continuing the operation of the Academy whilst ensuring excessive funds are not accumulated. The main aim of the Academy is to ensure that the level of curriculum provision will be maintained in future years. The Board of Trustees uses the 5 year plan to inform the decision making.

• **MATERIAL INVESTMENTS POLICY**

The school aims to manage its cash balances to provide for the day-to-day working capital requirements of its operations, whilst protecting the real long-term value of any surplus cash balances against inflation. In addition, the school aims to invest surplus cash funds to optimise returns, but ensuring the investment instruments are such that there is no tangible risk to the loss of these cash funds.

Purposes

- To ensure adequate cash balances are maintained in the current account to cover day to-day working capital requirements
- To ensure there is no tangible risk of loss in the capital value of any cash funds invested
- To protect the capital value of any invested funds against inflation
- To optimise returns on invested funds

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

• **PRINCIPAL RISKS AND UNCERTAINTIES**

The Finance and Audit Committee as a sub-committee of the main governing body ensures that the Board of Governors fulfils its responsibility for sound management of the academy's finances and resources, including proper planning, monitoring and probity.

• **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Governors have considered the risks that the Academy faces under the following headings:

- Political
- Strategic and Reputational risks
- Social and technological
- Legislative and regulatory
- Environmental and operational risks
- Managerial and professional
- Compliance risks
- Financial risks
- Legal risks
- Contractual and physical risks.

The Financial Risk Management policy was last reviewed in March 2014. Regular Health and Safety audits are carried out and reported to the FARO committee. Other safeguards include a Business Continuity Plan and adequate insurance cover.

Fundraising

The school has a parent-teacher association called ROSCA and they undertake fundraising activities for the benefit of the school. The organisation is run on a volunteer basis by school parents. The Head teacher is a member of the ROSCA committee and so is able to ensure fundraising activities are appropriate. There were no complaints relating to the fundraising activities of ROSCA during the year.

Plans for future periods

• **FUTURE DEVELOPMENTS**

Plans for the future are in the School Action Plan 2018-19. This plan is a result of close self-evaluation and consultation with stakeholders over the past two years in particular relation to student voice and parent surveys. The main suggestions from staff, students and parents have been incorporated into this plan and then refined through consultation with senior and middle leaders. Governors play a key role in challenging and supporting the school to reach new heights.

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

DISCLOSURE OF INFORMATION TO AUDITORS

Insofar as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Trustees have taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable group's auditors are aware of that information.

The Trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on *5/12/18* and signed on its behalf by:

Judith Houghton
Chair of Trustees



THE ROMSEY SCHOOL
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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

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

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

GOVERNANCE

The information on governance included here supplements that described in the Trustees' report and in the Statement of Trustees' responsibilities. The board of trustees has formally met 4 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
Judith Houghton, Chair of Trustees	4	4
Jonathan de Sausmarez, Executive Headteacher and Accounting Officer	4	4
Colm Mckavanagh, Headteacher	4	4
Sheila Caine	4	4
Ian Clapton, Staff Trustee	3	4
Mark Cooper	3	4
James Bastow	0	0
John Bennett	0	0
Gary Hiscock	2	4
Malcolm Kaill	4	4
Elizabeth Lee	2	4
Sarah Weare, Vice Chair and Chair of Finance and Audit Committee	3	4
Stephen Wildridge	1	4
Cara Cox	3	4
Jon Pinckney, Staff Trustee	2	2
Nicolette Adens	3	4
Matthew Gilks	3	4
Keith Normington	0	4
Peter O'Hara	2	4
Nicola French	2	3

The FARO Committee is a sub-committee of the main governing body. Its purpose is to assist the decision making of the Board of Trustees, by enabling more detailed consideration to be given to the best means of fulfilling the Board of Trustees' responsibility to ensure sound management of the academy's finances and resources, including proper planning, monitoring and probity. To regularly make appropriate comments and recommendations, on such matters, to the Board of Trustees. During the period the committee have been involved in monitoring a number of small capital projects. During the accounting period Sarah Weare was Chair of the FARO Committee. The Committee met 4 times during the reporting period.

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GOVERNANCE STATEMENT (continued)

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Sarah Weare	3	4
Judith Houghton	4	4
Jonathan de Sausmarez	4	4
Colm Mckavanagh	4	4
Mark Cooper	3	4
John Bennett	4	4
Jon Pinckney	2	2
James Bastow	3	4
Nicolette Adens	3	4
Sheila Caine	4	4

REVIEW OF VALUE FOR MONEY

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

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

- Staff replacement is managed carefully, this enables the school to maintain good numbers of quality staff in all departments within budget
- The Executive Headteacher has exceeded the budget for generating consultancy income
- Careful analysis and review of general expenditure has enabled a number of significant savings to be made.

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Romsey School 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 trustees has reviewed the key risks to which the academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy's significant risks, that has been in place for the year 1 September 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 trustees.

THE RISK AND CONTROL FRAMEWORK

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;

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GOVERNANCE STATEMENT (continued)

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

The board of trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have appointed Peter Hanlon, a non-employed Trustee, to carry out a programme of internal checks.

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

On a quarterly basis, the reviewer reports to the board of trustees through the Finance Committee on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

REVIEW OF EFFECTIVENESS

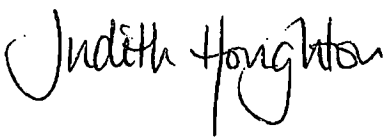
As Accounting Officer, the Executive Headteacher has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the reviewer;
- the work of the external auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the academy who have responsibility for the development and maintenance of the internal control framework.

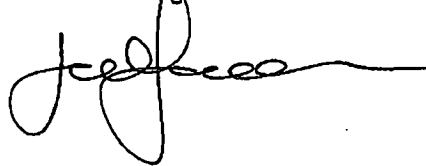
The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the FARO Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on 5/12/18 and signed on their behalf, by:

Judith Houghton
Chair of Trustees



Jonathan de Sausmarez
Accounting Officer



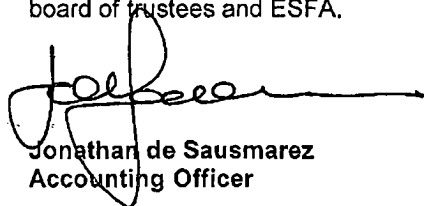
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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of The Romsey School I have considered my responsibility to notify the academy trust board of trustees 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 trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 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 trustees and ESFA.



Jonathan de Sausmarez
Accounting Officer

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**STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2018**

The Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with the Annual Accounts Direction 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 Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and the group and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 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 group will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company and the group's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

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

Judith Houghton
Chair of Trustees

Date:

5/12/18



THE ROMSEY SCHOOL
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
ROMSEY SCHOOL**

OPINION

We have audited the financial statements of The Romsey School (the 'parent academy') and its subsidiaries (the 'group') for the year ended 31 August 2018 which comprise the group Consolidated statement of financial activities incorporating income and expenditure account, the group Consolidated balance sheet, the group Consolidated 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 group's and of the parent academy's affairs as at 31 August 2018 and of the group's 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 group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

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

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

OTHER INFORMATION

The Trustees are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our 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

THE ROMSEY SCHOOL
(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE ROMSEY SCHOOL

work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

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

RESPONSIBILITIES OF TRUSTEES

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

In preparing the financial statements, the Trustees are responsible for assessing the academy's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the academy 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.

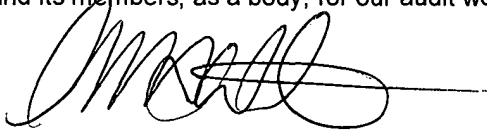
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' report.

THE ROMSEY SCHOOL
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
ROMSEY SCHOOL**

USE OF OUR REPORT

This report is made solely to the academy's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the academy's members those matters we are required to state to them in an 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 and its members, as a body, for our audit work, for this report, or for the opinions we have formed.



Louise Hallsworth FCA (Senior statutory auditor)

for and on behalf of

James Cowper Kreston

Chartered Accountants and Statutory Auditor

9th Floor
The White Building
1-4 Cumberland Place
Southampton
Hampshire
SO15 2NP

Date: 14.12.2018

THE ROMSEY SCHOOL
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO THE
ROMSEY SCHOOL AND THE EDUCATION & SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 5 October 2018 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 Romsey School during the year 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to The Romsey School and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to The Romsey School and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than The Romsey School and the ESFA, for our work, for this report, or for the conclusion we have formed.

**RESPECTIVE RESPONSIBILITIES OF THE ROMSEY SCHOOL'S ACCOUNTING OFFICER AND THE
REPORTING ACCOUNTANT**

The Accounting Officer is responsible, under the requirements of The Romsey School's funding agreement with the Secretary of State for Education dated 29 July 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's income and expenditure

THE ROMSEY SCHOOL
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO THE
ROMSEY SCHOOL AND THE EDUCATION & SKILLS FUNDING AGENCY (continued)**

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.



James Cowper Kreston

Chartered Accountants and Statutory Auditor

9th Floor
The White Building
1-4 Cumberland Place
Southampton
Hampshire
SO15 2NP

Date: 14th 12 - 2018

THE ROMSEY SCHOOL
(A company limited by guarantee)

**CONSOLIDATED 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 £	As restated total funds 2017 £
INCOME FROM:						
Donations and capital grants	2	7,758	-	508,494	516,252	476,860
Charitable activities	5	576,065	5,721,039	-	6,297,104	6,409,415
Other trading activities	3	1,160,005	-	-	1,160,005	1,021,909
Investments	4	3,703	-	-	3,703	6,866
TOTAL INCOME		1,747,531	5,721,039	508,494	7,977,064	7,915,050
EXPENDITURE ON:						
Raising funds:						
Voluntary income		27,303	-	-	27,303	30,728
Fundraising trading		1,005,631	-	-	1,005,631	833,738
Charitable activities		450,744	6,142,243	393,617	6,986,604	7,042,681
TOTAL EXPENDITURE	6	1,483,678	6,142,243	393,617	8,019,538	7,907,147
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS						
Transfers between Funds	21	263,853 (307,346)	(421,204) 274,204	114,877 33,142	(42,474) -	7,903 -
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES						
		(43,493)	(147,000)	148,019	(42,474)	7,903
Actuarial gains on defined benefit pension schemes	26	-	455,000	-	455,000	769,000
NET MOVEMENT IN FUNDS		(43,493)	308,000	148,019	412,526	776,903
RECONCILIATION OF FUNDS:						
Total funds brought forward		1,022,112	(1,835,000)	42,768,478	41,955,590	41,178,687
TOTAL FUNDS CARRIED FORWARD		978,619	(1,527,000)	42,916,497	42,368,116	41,955,590

The notes on pages 25 to 48 form part of these financial statements.

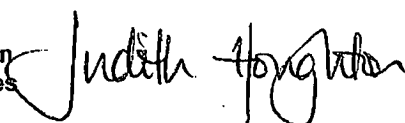
THE ROMSEY SCHOOL
(A company limited by guarantee)
REGISTERED NUMBER: 07697070

CONSOLIDATED BALANCE SHEET
AS AT 31 AUGUST 2018

	Note	£	2018 £	£	2017 £
FIXED ASSETS					
Tangible assets	15		42,916,497		42,694,596
CURRENT ASSETS					
Stocks	17	8,146		8,146	
Debtors	18	369,234		311,178	
Cash at bank and in hand		1,380,690		1,621,240	
		<u>1,758,070</u>		<u>1,940,564</u>	
CREDITORS: amounts falling due within one year	19	<u>(757,576)</u>		<u>(844,570)</u>	
NET CURRENT ASSETS			<u>1,000,494</u>		<u>1,095,994</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>43,916,991</u>		<u>43,790,590</u>
CREDITORS: amounts falling due after more than one year	20		<u>(21,875)</u>		<u>-</u>
NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES			<u>43,895,116</u>		<u>43,790,590</u>
Defined benefit pension scheme liability	26		<u>(1,527,000)</u>		<u>(1,835,000)</u>
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u><u>42,368,116</u></u>		<u><u>41,955,590</u></u>
FUNDS OF THE ACADEMY					
Restricted income funds:					
Restricted income funds excluding pension liability			42,916,497	42,768,478	
Pension reserve			<u>(1,527,000)</u>	<u>(1,835,000)</u>	
Total restricted income funds			<u>41,389,497</u>		<u>40,933,478</u>
Unrestricted income funds	21		<u>978,619</u>		<u>1,022,112</u>
TOTAL FUNDS			<u><u>42,368,116</u></u>		<u><u>41,955,590</u></u>

The financial statements on pages 21 to 48 were approved by the Trustees, and authorised for issue, on and are signed on their behalf, by:

Judith Houghton
Chair of Trustees



The notes on pages 25 to 48 form part of these financial statements.

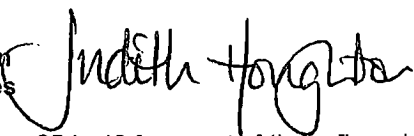
THE ROMSEY SCHOOL
(A company limited by guarantee)
REGISTERED NUMBER: 07697070

ACADEMY BALANCE SHEET
AS AT 31 AUGUST 2018

	Note	£	2018 £	£	2017 £
FIXED ASSETS					
Tangible assets	15		42,916,497		42,694,596
Investments	16		1		1
			<u>42,916,498</u>		<u>42,694,597</u>
CURRENT ASSETS					
Stocks	17	8,146		8,146	
Debtors	18	338,380		338,132	
Cash at bank and in hand		1,116,029		1,574,683	
		<u>1,462,555</u>		<u>1,920,961</u>	
CREDITORS: amounts falling due within one year	19	(462,062)		(824,968)	
NET CURRENT ASSETS			<u>1,000,493</u>		<u>1,095,993</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>43,916,991</u>		<u>43,790,590</u>
CREDITORS: amounts falling due after more than one year	20		(21,875)		-
NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES			<u>43,895,116</u>		<u>43,790,590</u>
Defined benefit pension scheme liability	26		(1,527,000)		(1,835,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u><u>42,368,116</u></u>		<u><u>41,955,590</u></u>
FUNDS OF THE ACADEMY					
Restricted funds:					
Restricted funds excluding pension asset		42,916,497		42,768,478	
Pension reserve		<u>(1,527,000)</u>		<u>(1,835,000)</u>	
Total restricted funds			<u>41,389,497</u>		<u>40,933,478</u>
Unrestricted funds			<u>978,619</u>		<u>1,022,112</u>
TOTAL FUNDS			<u><u>42,368,116</u></u>		<u><u>41,955,590</u></u>

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

Judith Houghton
Chair of Trustees



The notes on pages 25 to 48 form part of these financial statements.

THE ROMSEY SCHOOL
(A company limited by guarantee)

CONSOLIDATED 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	23	<u>371,283</u>	<u>1,089,879</u>
Cash flows from investing activities:			
Interest receivable		3,703	6,866
Purchase of tangible fixed assets		<u>(615,536)</u>	<u>(708,238)</u>
Net cash used in investing activities		<u>(611,833)</u>	<u>(701,372)</u>
Change in cash and cash equivalents in the year		(240,550)	388,507
Cash and cash equivalents brought forward		<u>1,621,240</u>	<u>1,232,733</u>
Cash and cash equivalents carried forward	24	<u><u>1,380,690</u></u>	<u><u>1,621,240</u></u>

The notes on pages 25 to 48 form part of these financial statements.

THE ROMSEY SCHOOL
(A company limited by guarantee)

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

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 Romsey School constitutes a public benefit entity as defined by FRS 102.

The Statement of financial activities (SOFA) and Balance sheet consolidate the financial statements of the academy and its subsidiary undertaking. The Results of the subsidiary are consolidated on a line by line basis.

1.2 Going concern

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

1.3 Basis of consolidation

The financial statements consolidate the accounts of The Romsey School and all of its subsidiary undertakings ('subsidiaries').

No separate SOFA has been presented for the academy alone as permitted by section 408 of the Companies Act 2006.

The income and expenditure account for the year dealt with in the accounts of the academy was £44,000 (2017 - £46,000).

1.4 Fund accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by 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.

THE ROMSEY SCHOOL
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.5 Income

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

Grants are included in the Statement of financial activities 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.

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

Other income, including pupil transport, tuition fees, salary and other recharges and Executive Headteacher consultancy income is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

1.6 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

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

Expenditure on charitable activities are costs incurred on the academy's educational operations, including support costs and those costs relating to the governance of the academy appointed to charitable activities.

All expenditure is inclusive of irrecoverable VAT.

THE ROMSEY SCHOOL
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.7 Tangible fixed assets and depreciation

All assets costing more than £5,000 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

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

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:

Long term leasehold property	-	Straight line over the life of the lease, or estimated useful life of the asset
Furniture and fixtures	-	Straight line over 7 years
Computer equipment	-	Straight line over 3 years

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

1.8 Investments

The academy's shareholding in the wholly owned subsidiary, Romsey Community School Limited, is included in the Balance sheet at the cost of the share capital owned. There is no readily available market value and the cost of valuation exceeds the benefit derived.

Investments in subsidiaries are valued at cost less provision for impairment.

1.9 Interest receivable

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

1.10 Operating leases

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

1.11 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks.

THE ROMSEY SCHOOL
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.12 Cash at Bank and in hand

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

1.13 Liabilities and provisions

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

1.14 Financial instruments

The academy only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the academy 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 18. Prepayments are not financial instruments. Amounts due to the academy's wholly owned subsidiary are held at face value less any impairment. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in notes 19 and 20. 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. Amounts due to the academy's wholly owned subsidiary are held at face value less any impairment.

1.15 Taxation

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

THE ROMSEY SCHOOL
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.16 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 in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 26, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

1. ACCOUNTING POLICIES (continued)

1.17 Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

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 26, 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.

Critical areas of judgment:

Tangible fixed assets

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. Residual value assessments consider issues such as the remaining life of the asset and projected disposal values.

Operating lease commitments

The academy trust has entered into commercial lease contracts and as a lessee it obtains use of property, plant and equipment. The classification of such leases as operating or finance lease requires the academy trust to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the Balance Sheet.

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2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	As restated total funds 2017 £
Donations	7,758	-	-	7,758	7,752
Capital Grants	-	-	508,494	508,494	469,108
	<u>7,758</u>	<u>-</u>	<u>508,494</u>	<u>516,252</u>	<u>476,860</u>
Total 2017	<u>7,752</u>	<u>-</u>	<u>469,108</u>	<u>476,860</u>	

3. OTHER TRADING ACTIVITIES

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	As restated total funds 2017 £
Executive Head consultancy income	54,230	-	54,230	113,048
Trading subsidiary income	1,105,775	-	1,105,775	908,861
	<u>1,160,005</u>	<u>-</u>	<u>1,160,005</u>	<u>1,021,909</u>
Total 2017	<u>1,021,909</u>	<u>-</u>	<u>1,021,909</u>	

4. INVESTMENT INCOME

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	As restated total funds 2017 £
Bank interest receivable and short term deposits	3,703	-	3,703	6,866
Total 2017	<u>6,866</u>	<u>-</u>	<u>6,866</u>	

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**NOTES TO THE FINANCIAL STATEMENTS
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5. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	As restated total funds 2017 £
DfE/ESFA grants				
General Annual Grant (GAG)	-	5,313,664	5,313,664	5,407,617
Other DfE/ESFA grants	-	194,104	194,104	206,980
	<u>-</u>	<u>5,507,768</u>	<u>5,507,768</u>	<u>5,614,597</u>
Other government grants				
Local authority grants	-	213,271	213,271	239,646
	<u>-</u>	<u>213,271</u>	<u>213,271</u>	<u>239,646</u>
Other funding				
Events, sports coaching and other income	95,858	-	95,858	101,207
Pupil transport (school minibus) income	169,906	-	169,906	145,822
Music tuition fees	37,010	-	37,010	27,981
Supply cover income	3,660	-	3,660	19,357
Trip income	267,346	-	267,346	258,640
Uniforms income	2,285	-	2,285	2,165
	<u>576,065</u>	<u>-</u>	<u>576,065</u>	<u>555,172</u>
	<u>576,065</u>	<u>5,721,039</u>	<u>6,297,104</u>	<u>6,409,415</u>
Total 2017	<u>555,172</u>	<u>5,854,243</u>	<u>6,409,415</u>	

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

6. EXPENDITURE

	Staff costs 2018 £	Premises 2018 £	Other costs 2018 £	Total 2018 £	As restated total 2017 £
Expenditure on raising voluntary income					
Direct costs	-	-	27,303	27,303	30,728
Support costs	-	-	-	-	-
Expenditure on fundraising trading					
Direct costs	740,448	-	265,183	1,005,631	833,738
Support costs	-	-	-	-	-
Activities:					
Direct costs	4,522,594	403,646	861,358	5,787,598	5,783,017
Support costs	754,946	-	444,060	1,199,006	1,259,664
	<u>6,017,988</u>	<u>403,646</u>	<u>1,597,904</u>	<u>8,019,538</u>	<u>7,907,147</u>
Total 2017	<u>5,940,243</u>	<u>391,767</u>	<u>1,575,137</u>	<u>7,907,147</u>	

7. DIRECT COSTS

	Total 2018 £	Total 2017 £
Technology costs	41,293	51,372
Educational supplies	167,570	169,701
Examination fees	95,104	91,458
Educational consultancy	4,530	7,223
Other direct costs	565,241	620,571
Wages and salaries	3,654,864	3,595,837
National insurance	339,700	338,886
Pension cost	528,029	528,581
Depreciation	391,267	379,388
	<u>5,787,598</u>	<u>5,783,017</u>
Total 2017	<u>5,783,017</u>	

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

8. SUPPORT COSTS

	Total 2018 £	Total 2017 £
Pension financing cost - interest on net defined benefit liability/(asset)	44,000	46,000
Technology costs	3,032	2,941
Recruitment and support	14,209	24,690
Maintenance of premises and equipment	147,115	138,829
Cleaning	7,357	10,800
Rent and rates	48,276	46,020
Energy costs	90,995	80,292
Insurance	36,618	43,292
Security and transport	548	1,832
Other support costs	36,705	36,500
Governance costs	12,838	13,445
Wages and salaries	485,213	521,113
National insurance	34,655	28,284
Pension cost	235,078	253,247
Depreciation	2,367	12,379
	<u>1,199,006</u>	<u>1,259,664</u>
Total 2017	<u>1,259,664</u>	

During the year ended 31 August 2018, the academy incurred the following Governance costs:
£12,838 (2017 - £13,445) included within the table above in respect of Educational operations.

9. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets: - owned by the charitable group	393,635	391,767
Governance costs	12,838	13,445
Operating lease rentals	<u>27,160</u>	<u>43,023</u>

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

10. AUDITORS' REMUNERATION

	2018 £	2017 £
Fees payable to the academy's auditor and its associates for the audit of the academy's annual accounts	8,005	7,775
Fees payable to the academy's auditor and its associates in respect of:		
The preparation of the academy's group financial statements	1,390	1,350
Audit of trading subsidiary	3,000	2,750
Audit of TPS EOYC	550	550
Preparation of returns	775	1,500
	<u> </u>	<u> </u>

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

11. STAFF COSTS

a. Staff costs

Staff costs were as follows:

	2018 £	As restated 2017 £
Wages and salaries	4,110,153	4,073,031
Social security costs	374,355	369,679
Operating costs of defined benefit pension schemes	763,107	781,828
	<u>5,247,615</u>	<u>5,224,538</u>
Agency staff costs	29,924	41,410
Trading subsidiary staff costs	740,449	674,295
	<u>6,017,988</u>	<u>5,940,243</u>

b. Staff numbers

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

	2018 No.	2017 No.
Teachers	77	77
Administration and support	91	91
Management	5	5
Trading subsidiary	60	60
	<u>233</u>	<u>233</u>

Average headcount expressed as a full time equivalent: 124 (2017: 126)

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 £80,001 - £90,000	1	1
In the band £100,001 - £200,000	1	1

All of the above employees participated in the Teachers' Pension Scheme. during the year ended 31 August 2018 employers' pension contributions for teaching staff amounted to £43,948 (2017: £53,880).

d. Key management personnel

Key Management Personnel:

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on pages 1 and 2. The total amount of employee benefits (including employer pension

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

11. STAFF COSTS (continued)

contributions) received by key management personnel for their services to the academy trust was £463,326 (2017: £493,327).

12. TRUSTEES' REMUNERATION AND EXPENSES

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

		2018 £	2017 £
John Pickney, Staff Trustee	Remuneration	35,000-40,000	35,000-40,000
	Pension contributions paid	5,000-10,000	5,000-10,000
Ian Clapton, Staff Trustee	Remuneration	40,000-45,000	40,000-45,000
	Pension contributions paid	5,000-10,000	5,000-10,000
Jonathon de Sausmarez, Executive Headteacher and Accounting Officer	Remuneration	95,000-100,000	115,000-120,000
	Pension contributions paid	0-5,000	15,000-20,000
Colm McKavanagh, Headteacher	Remuneration	85,000-90,000	80,000-85,000
	Pension contributions paid	10,000-15,000	10,000-15,000

During the year ended 31 August 2018, no Trustees received any reimbursement of expenses (2017 - £NIL to Trustees)

13. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2018 is included in the total insurance cost.

14. OTHER FINANCE COST

	2018 £	2017 £
Interest income on pension scheme assets	86,000	60,000
Interest on pension scheme liabilities	(130,000)	(106,000)
	<u>(44,000)</u>	<u>(46,000)</u>

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

15. TANGIBLE FIXED ASSETS

Group & Academy	Long term leasehold property £	Furniture and fixtures £	Plant and equipment £	Total £
Cost				
At 1 September 2017	44,844,413	3,116,567	554,684	48,515,664
Additions	615,536	-	-	615,536
At 31 August 2018	45,459,949	3,116,567	554,684	49,131,200
Depreciation				
At 1 September 2017	2,154,549	3,111,835	554,684	5,821,068
Charge for the year	391,268	2,367	-	393,635
At 31 August 2018	2,545,817	3,114,202	554,684	6,214,703
Net book value				
At 31 August 2018	42,914,132	2,365	-	42,916,497
At 31 August 2017	42,689,864	4,732	-	42,694,596

16. FIXED ASSET INVESTMENTS

Academy	Shares in group undertakings £
Market value	
At 1 September 2017 and 31 August 2018	1

17. STOCKS

	Group		Academy	
	2018 £	2017 £	2018 £	2017 £
IT consumables, stationery and cleaning stock	8,146	8,146	8,146	8,146

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**NOTES TO THE FINANCIAL STATEMENTS
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18. DEBTORS

	<u>Group</u>		<u>Academy</u>	
	2018	2017	2018	2017
	£	£	£	£
Trade debtors	74,951	52,288	24,490	47,525
Amounts owed by group undertakings	-	-	81,004	88,014
VAT repayable	34,699	92,786	28,482	92,236
Other debtors	15,964	1,741	-	350
Prepayments and accrued income	243,620	164,363	204,404	110,007
	<u>369,234</u>	<u>311,178</u>	<u>338,380</u>	<u>338,132</u>

19. CREDITORS: Amounts falling due within one year

	<u>Group</u>		<u>Academy</u>	
	2018	2017	2018	2017
	£	£	£	£
Trade creditors	71,517	468,533	51,561	463,701
Salix Loan	3,125	-	3,125	-
Other taxation and social security	103,080	102,042	94,964	96,039
Other creditors	22,859	76,152	22,859	76,152
Accruals and deferred income	556,995	197,843	289,553	189,076
	<u>757,576</u>	<u>844,570</u>	<u>462,062</u>	<u>824,968</u>

	<u>Group</u>		<u>Academy</u>	
	2018	2017	2018	2017
	£	£	£	£
Deferred income				
Deferred income at 1 September 2017	156,271	153,278	156,271	153,278
Resources deferred during the year	260,436	156,271	260,436	156,271
Amounts released from previous years	(156,271)	(153,278)	(156,271)	(153,278)
Deferred income at 31 August 2018	<u>260,436</u>	<u>156,271</u>	<u>260,436</u>	<u>156,271</u>

At the balance sheet date the academy was holding funds received in advance for ESFA rates relief, minibus income, school trips, music lessons and other services to be supplied in the autumn term 2018.

20. CREDITORS: Amounts falling due after more than one year

	<u>Group</u>		<u>Academy</u>	
	2018	2017	2018	2017
	£	£	£	£
Salix Loan	<u>21,875</u>	<u>-</u>	<u>21,875</u>	<u>-</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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20. CREDITORS: Amounts falling due after more than one year (continued)

Creditors include amounts not wholly repayable within 5 years as follows:

	<u>Group</u>		<u>Academy</u>	
	2018	2017	2018	2017
	£	£	£	£
Salix Loan	9,375	-	9,375	-

The ESFA Salix loan is repayable over an 8 year term and the applicable rate of interest is nil.

21. STATEMENT OF FUNDS

	Balance brought forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Unrestricted funds						
General Funds	1,022,112	1,747,531	(1,483,678)	(307,346)	-	978,619
Restricted funds						
General Annual Grant (GAG)	-	5,313,664	(5,587,868)	274,204	-	-
Other DfE/ESFA Grants	-	194,104	(194,104)	-	-	-
Local authority grants	-	213,271	(213,271)	-	-	-
Pension reserve	(1,835,000)	-	(147,000)	-	455,000	(1,527,000)
	<u>(1,835,000)</u>	<u>5,721,039</u>	<u>(6,142,243)</u>	<u>274,204</u>	<u>455,000</u>	<u>(1,527,000)</u>
Restricted fixed asset funds						
Restricted Fixed Asset Funds	42,768,478	508,494	(393,617)	33,142	-	42,916,497
Total restricted funds	<u>40,933,478</u>	<u>6,229,533</u>	<u>(6,535,860)</u>	<u>307,346</u>	<u>455,000</u>	<u>41,389,497</u>
Total of funds	<u>41,955,590</u>	<u>7,977,064</u>	<u>(8,019,538)</u>	<u>-</u>	<u>455,000</u>	<u>42,368,116</u>

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

Unrestricted funds

These funds are for the general use of the academy, and may be used towards meeting any of the charitable objectives of the academy trust, at the discretion of the trustees.

Although there is £978,619 of carried forward unrestricted funds, £235,496 has been committed to various capital improvement projects.

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21. STATEMENT OF FUNDS (continued)

Restricted general funds

The General Annual Grant (GAG) represents funding received from the ESFA during the year in order to fund the continuing activities of the academy.

Other DfE/ESFA grants include Pupil Premium to cater for disadvantaged pupils.

Local authority grants include Hampshire County Council Special Needs and Top Up Aspergers funding.

Restricted funds also include the LGPS pension scheme provision of £1,527,000 (2017: £1,835,000).

Restricted fixed asset funds

These include fixed assets transferred on conversion to the academy status from Hampshire County Council, together with DfE/ESFA capital grants included CIF and Devolved Formula Capital. The funds represents the net book value of the tangible fixed assets.

Fund transfers

During the year funds were transferred from Restricted Fixed Assets to Restricted to fund general school repair costs which were not capitalised. Funds were also transferred between Unrestricted and Restricted to match income with the related restricted expenditure costs.

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

STATEMENT OF FUNDS - PRIOR YEAR

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
Unrestricted funds						
General funds	926,183	1,591,699	(1,343,027)	(152,743)	-	1,022,112
Restricted funds						
General Annual Grant (GAG)	83,130	5,407,617	(5,542,727)	51,980	-	-
Other DfE/ESFA Grants	-	206,980	(206,980)	-	-	-
Local authority grants	-	239,646	(239,646)	-	-	-
Pension reserve	(2,421,000)	-	(183,000)	-	769,000	(1,835,000)
	<u>(2,337,870)</u>	<u>5,854,243</u>	<u>(6,172,353)</u>	<u>51,980</u>	<u>769,000</u>	<u>(1,835,000)</u>
Restricted fixed asset funds						
Restricted Fixed Asset Funds	42,590,374	469,108	(391,767)	100,763	-	42,768,478
Total of funds	<u>41,178,687</u>	<u>7,915,050</u>	<u>(7,907,147)</u>	<u>-</u>	<u>769,000</u>	<u>41,955,590</u>

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A CURRENT YEAR 12 MONTHS AND PRIOR YEAR 12 MONTHS COMBINED POSITION IS AS FOLLOWS:

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Unrestricted funds						
General funds	926,183	3,339,230	(2,826,705)	(460,089)	-	978,619
Restricted funds						
General Annual Grant (GAG)	83,130	10,721,281	(11,130,595)	326,184	-	-
Other DfE/ESFA Grants	-	401,084	(401,084)	-	-	-
Local authority grants	-	452,917	(452,917)	-	-	-
Pension reserve	(2,421,000)	-	(330,000)	-	1,224,000	(1,527,000)
	<u>(2,337,870)</u>	<u>11,575,282</u>	<u>(12,314,596)</u>	<u>326,184</u>	<u>1,224,000</u>	<u>(1,527,000)</u>
Restricted fixed asset funds						
Restricted Fixed Asset Funds	42,590,374	977,602	(785,384)	133,905	-	42,916,497
Total restricted funds	40,252,504	12,552,884	(13,099,980)	460,089	1,224,000	41,389,497
Total of funds	<u>41,178,687</u>	<u>15,892,114</u>	<u>(15,926,685)</u>	<u>-</u>	<u>1,224,000</u>	<u>42,368,116</u>

22. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	42,916,497	42,916,497
Current assets	978,619	779,451	-	1,758,070
Creditors due within one year	-	(757,576)	-	(757,576)
Creditors due in more than one year	-	(21,875)	-	(21,875)
Provisions for liabilities and charges	-	(1,527,000)	-	(1,527,000)
	<u>978,619</u>	<u>(1,527,000)</u>	<u>42,916,497</u>	<u>42,368,116</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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22. ANALYSIS OF NET ASSETS BETWEEN FUNDS (continued)

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Unrestricted funds	Restricted funds	Restricted fixed asset funds	Total funds
	2017 £	2017 £	2017 £	2017 £
Tangible fixed assets	-	-	42,694,596	42,694,596
Current assets	1,866,682	-	73,882	1,940,564
Creditors due within one year	(844,570)	-	-	(844,570)
Provisions for liabilities and charges	-	(1,835,000)	-	(1,835,000)
	<u>1,022,112</u>	<u>(1,835,000)</u>	<u>42,768,478</u>	<u>41,955,590</u>

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

	<u>Group</u>
	2018 £
	2017 £
Net (expenditure)/income for the year (as per Statement of Financial Activities)	(42,474)
Adjustment for:	
Depreciation charges	393,635
Interest receivable	(3,703)
Decrease in stocks	-
(Increase)/decrease in debtors	(58,056)
(Decrease)/increase in creditors	(65,119)
Defined benefit pension scheme finance cost	147,000
Net cash provided by operating activities	<u>371,283</u>
	<u>1,089,879</u>

24. ANALYSIS OF CASH AND CASH EQUIVALENTS

	<u>Group</u>
	2018 £
	2017 £
Cash in hand	1,380,690
	1,621,240
Total	<u>1,380,690</u>
	<u>1,621,240</u>

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25. CAPITAL COMMITMENTS

At 31 August 2018 the group and academy had capital commitments as follows:

	<u>Group</u>		<u>Academy</u>	
	2018	2017	2018	2017
	£	£	£	£
Contracted for but not provided in these financial statements	-	689,119	-	689,119

26. PENSION COMMITMENTS

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

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

Contributions amounting to £Nil were payable to the schemes at 31 August 2018 (2017 - £76,063) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

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

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**NOTES TO THE FINANCIAL STATEMENTS
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26. PENSION COMMITMENTS (continued)

- 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 £451,373 (2017 - £465,527).

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 £273,000 (2017 - £248,000), of which employer's contributions totalled £216,000 (2017 - £192,000) and employees' contributions totalled £57,000 (2017 - £56,000). The agreed contribution rates for future years are 14.1% for employers and between 5.5% and 12.5% 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	3.60 %	3.60 %
Rate of increase for pensions in payment / inflation	2.10 %	2.10 %
Inflation assumption (CPI)	2.10 %	2.10 %
Inflation assumption (RPI)	3.20 %	3.20 %
Rate increase in deferred pension	2.10 %	2.10 %

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	24.1	24.0
Females	27.2	27.0
Retiring in 20 years:		
Males	26.2	26.0
Females	29.4	29.3

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

26. PENSION COMMITMENTS (continued)

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

	Fair value at 31 August 2018 £	Fair value at 31 August 2017 £
Equities	2,438,000	2,048,000
Government bonds	874,000	830,000
Corporate bonds	46,000	37,000
Property	263,000	217,000
Cash and other liquid assets	88,000	100,000
Other	107,000	114,000
Total market value of assets	<u>3,816,000</u>	<u>3,346,000</u>

The actual return on scheme assets was £249,000 (2017 - £279,000).

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

	2018 £	2017 £
Current service cost	(319,000)	(329,000)
Interest income	86,000	60,000
Interest cost	(130,000)	(106,000)
Total	<u>(363,000)</u>	<u>(375,000)</u>
Actual return on scheme assets	<u>249,000</u>	<u>279,000</u>

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

	2018 £	2017 £
Opening defined benefit obligation	5,181,000	5,330,000
Current service cost	319,000	329,000
Interest cost	130,000	106,000
Employee contributions	57,000	56,000
Actuarial gains	(292,000)	(550,000)
Benefits paid	(52,000)	(90,000)
Closing defined benefit obligation	<u>5,343,000</u>	<u>5,181,000</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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26. PENSION COMMITMENTS (continued)

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

	2018 £	2017 £
Opening fair value of scheme assets	3,346,000	2,909,000
Interest income	86,000	60,000
Actuarial gain	163,000	219,000
Employer contributions	216,000	192,000
Employee contributions	57,000	56,000
Benefits paid	(52,000)	(90,000)
	<hr/>	<hr/>
Closing fair value of scheme assets	3,816,000	3,346,000
	<hr/>	<hr/>

27. OPERATING LEASE COMMITMENTS

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

	2018 £	2017 £
Group		
Amounts payable:		
Within 1 year	20,547	33,160
Between 1 and 5 years	18,526	31,537
	<hr/>	<hr/>
Total	39,073	64,697
	<hr/>	<hr/>

At 31 August 2018 the academy had annual commitments under non-cancellable operating leases as follows:

Academy		
Amounts payable:		
Within 1 year	19,862	27,160
Between 1 and 5 years	15,282	31,537
	<hr/>	<hr/>
Total	35,144	58,697
	<hr/>	<hr/>

28. 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.

29. RELATED PARTY TRANSACTIONS

No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 12.

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

30. CONTROLLING PARTY

There is no overall controlling party.

31. PRIOR YEAR ADJUSTMENTS

Prior year figures have been restated to ensure consistency with current year allocations.