

Registered number: 07776910

SOUTHBOROUGH HIGH SCHOOL

(A company limited by guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2018



LANDAU BAKER LIMITED

Chartered Accountants & Statutory Auditors

Mountcliff House

154 Brent Street

London

NW4 2DR

SOUTHBOROUGH HIGH SCHOOL
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REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2018

Members

Chris Upton
Robert Bedford

Trustees

Clare Henderson, Chair of Governors
Niall Smith, Headteacher
Michael Armstrong, Community Governor
Sampa Bhasin, Community Governor
Elsdon Tony, Community Governor (resigned 27 March 2018)
Steve Foxley, Parent Governor
Malcolm Gregory, Parent Governor
Trudy Hutchinson, Parent Governor
Junaaid Kazi, Community Governor
Robin Kent, Community Governor
Jamie-Lee King, Staff Governor
Michael Phillips, Community Governor
Sarfraz Rahman, Community Governor
Daorbhla Smyth, Community Governor
Bob Steed, Community Governor
Nick Tassel, Parent Governor
Michael Rose, Parent Governor (appointed 14 May 2018)
Rebecca White, Staff Governor

Company registered number

07776910

Company name

Southborough High School

Registered office

Hook Road, Surbiton, Surrey, KT6 5AS

Principal operating office

Hook Road, Surbiton, Surrey, KT6 5AS

Company secretary

Brian Burns

Senior management team

Niall Smith, Head Teacher
Brian Burns, Deputy Head Teacher
Craig Wicking, Deputy Head Teacher
Michael Neal, Assistant Head Teacher
Dan Edwards, Assistant Head Teacher

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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

Landau Baker Limited, Mountcliff House, 154 Brent Street, London, NW4 2DR

Bankers

Lloyds Bank Plc, 64 High Street, Epsom, Surrey, KT19 8AT

Barclays Bank, Leicestershire, LE87 2BB

Solicitors

Winckworth Sherwood, Minerva House, 5 Montague Close, London, SE1 9BB

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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 year 1 September 2017 to 31 August 2018. The Annual Report serves the purposes of both a Trustees' report, and a Directors' report under company law.

STRUCTURE, GOVERNANCE AND MANAGEMENT

a. CONSTITUTION

The Academy is a charitable company limited by guarantee and was set up by a Trust deed. The Charitable Company's memorandum and articles of association are the primary governing documents of the Academy Trust. The company was incorporated on 16 September 2011. The school converted to Academy status on 1 March 2012. Between these dates no transactions took place in the company.

The Governors act as the Trustees for the charitable activities of Southborough High School Academy Trust Limited and are also directors of the Charitable Company for the purposes of company law. The Charitable Company is known as Southborough High School.

Details of the Governors who served throughout the year except as noted are included in the Reference and Administrative Details on page 1.

b. 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.

c. TRUSTEES' INDEMNITIES

Subject to the provisions of the Companies Act, every governor or other officer of the Academy shall be indemnified out of the assets of the academy against any liability incurred by them in that capacity in defending any proceedings, whether civil or criminal, in which judgment is given in favour or in which they are acquitted or in connection with any application in which relief is granted to them by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the academy.

d. METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF TRUSTEES

The Governors are appointed under the terms of the Academy's articles of association:

- The Headteacher
- Chair of Governors
- Vice Chairman and Chair of the Resources Personnel and Finance Committee
- Total number of Staff governors including the Headteacher does not exceed one third of the total number of Governors
- The governing body may appoint up to 20 Governors

The term of office for any Governor shall be four years. The Headteacher's term of office runs parallel with his contract of employment. Subject to remaining eligible to be a particular type of Governor any Governor may be reappointed or re-elected.

e. POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF TRUSTEES

During the period under review the Governors held four Full Governing Body meetings. All the new Governors are provided with an induction pack and are also sent on a variety of courses held by Royal Borough of Kingston

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and other providers of suitable training.

f. ORGANISATIONAL STRUCTURE

The Charitable Company has established a management structure to enable its efficient running. The structure consists of two levels: Headteacher and Governors.

The Governing Body has considered its role thoughtfully and decided that the role of the Governors is to approve the strategic direction and objectives of the Charitable Company and monitor its progress towards these objectives.

The Governing Body has approved a scheme of delegation which sets out a statement on the system of internal control, responsibilities and terms of reference.

Governors are responsible for setting general policy, adopting an annual plan and budget, monitoring the Charitable Company by use of budgets and making major decisions about the direction of the Charitable Company, including capital expenditure and senior staff appointments.

The Headteacher assumes the accounting officer role.

g. ARRANGEMENTS FOR SETTING PAY AND REMUNERATION OF KEY MANAGEMENT PERSONNEL

Pay and remuneration for the key academy personnel is set in line with published School Teacher's Pay and Conditions Document. The Headteachers payscale group is determined according to formula set out in the Pay and Conditions document. The group size of school is determined according to a weighted total of pupils attending the school. The group size then determines the minimum and maximum pay ranges. The Deputy Head's and Assistant Head's pay is determined according to recommendations set in Pay and Condition document.

h. TRADE UNION FACILITY TIME

No trade union facility time information.

i. RELATED PARTIES AND OTHER CONNECTED CHARITIES AND ORGANISATIONS

The Academy does not have related parties or other connected charities and organisations.

OBJECTIVES AND ACTIVITIES

a. OBJECTS AND AIMS

The principal objective and activity of the Charitable Company is the operation of Southborough High School to provide education for pupils of all abilities between the ages of 11 and 19 years for boys, and 16 to 19 years for girls. The governors have referred to the guidance issued by the Charity Commission in respect of public benefit when reviewing the aims and objectives of the academy.

b. OBJECTIVES, STRATEGIES AND ACTIVITIES

The academy has undertaken self-evaluation activities to correctly identify Aims and Objectives for 2017-18 in the School Improvement Plan. These objectives are:

- To ensure that our partnerships have a significant positive impact on student outcomes
- To ensure that planning, homework and marking are consistently meeting the needs of our students
- To ensure that Middle Leadership is consistent in achieving the best outcomes for our students

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TRUSTEES' REPORT (continued)
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- To ensure that all of our students achieve, regardless of ethnic or socio-economic background
- To ensure that assessment is consistently secure, in all Key Stages
- To ensure that school has suitably sufficient facilities and resources for the delivery of the curriculum and for the improvement of school's image in the local educational market.
- To ensure that school in collaboration with health agencies delivers information and facilitates improvement in healthy diet, increase in levels of physical activity, dental hygiene and emotional health

The Academy's main strategy is encompassed in the Academy's Strategic Aims, which are:

- To be oversubscribed
- To be an excellent school

The Academy's vision is to build an ethos of:

- Every child is capable of extraordinary achievement.
- For any child to realise their inner potential they need an environment and adult role models that support their love and enjoyment of learning.
- Every child has an absolute right to an equal opportunity to flourish in the academy.
- Our pupils will develop the skills, knowledge and attitudes to realise their own dreams through a positive contribution to their community and wider society.
- Self-realisation and positive contribution stem from a confidence and strength in one's own identity that allows us to embrace and respect the identity of other individuals and groups in our community and wider society.
- The long-term well-being of our pupils is dependent on a sustainable economy, society and environment. We need to teach our children to be able to contribute to achieving that sustainability as adults.
- It is the responsibility of all of the adult staff in Southborough High School to remove the barriers to each individual child's development and create the conditions in which they are able to love and enjoy learning.
- The main activities for achieving objectives the Academy will undertake will be:
 - Developing a new teaching and learning policy and implementing this effectively.
 - The Academy will review and develop its curriculum provision to enhance creativity and engagement.
 - The accountability of the Academy will be strengthened by the development of new policies and procedures and implementation of a new self-evaluation framework.
- Active Citizens
 - o Participate in a range of community activities.
 - o Have opportunities for leadership in all Key Stages of their time at the school.
 - o Create cultural social and economic links with the local and wider communities.
 - o Understand the importance of and contribute to student voice activities.
 - o Demonstrate local, national and global social awareness.
 - o Demonstrate environmental awareness in school and wider communities.
 - o Understand democracy and the importance of voting.
 - o Understand that in any society there are limits to individual freedom for the wellbeing of the society as a whole.
- Prepared for their future
 - o Develop the ability to adapt to change.
 - o Develop a broad range of transferable skills.
 - o Develop a broad knowledge of the world of work
 - o Have real experience of the next Key Stage before making their choices of subjects to study.
 - o Have a broad knowledge of post school options to make informed choices.
 - o Develop life skills and academic and personal independence.
 - o Understand the economic realities of their and others lives and ways to manage financial responsibilities.
- Happy, Healthy and Safe

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- o Understand the importance of healthy eating for physical and mental wellbeing.
- o Understanding the importance of exercise for physical and mental wellbeing.
- o Act on awareness of healthy lifestyle choices.
- o Take advantage of and enjoy a range of extra-curricular activities.
- o Develop a knowledge of health issues, including sexual, mental and drug related, to enable informed decisions and choices.
- o Safely enjoy new technologies, experiences and environments.
- Caring Individuals
 - o Respect everyone and welcome differences.
 - o Be aware of the consequences of our actions, however small, for ourselves and others.
 - o Provide social and academic support for all members of our community.
 - o Learn to be good listeners and communicators.
 - o Respect other's opinions and beliefs.
 - o Respect oneself.
- Responsible Learners
 - o Recognise that making mistakes is a key part of successful learning and develop perseverance.
 - o Enjoy and cultivate a positive approach to, and accept responsibility for their learning.
 - o Be able to and enjoy applying knowledge & understanding to a wide range of situations.
 - o Work successfully in teams and as individuals.
 - o Supported to take responsibility to achieve beyond their potential.
 - o Reflect on both achievements and setbacks and learn from their experiences.
 - o Think and learn creatively.

c. PUBLIC BENEFIT

In setting the objectives, the governors have given careful consideration to the Charity Commission's general guidance on public benefit and in particular to its supplementary public benefit guidance on advancing education. As an academy we make the best use of our skills, expertise and experience with regards to the community. Some examples are:

- Raising money for local and national charities
- Hosting community events
- Primary outreach program, which provides specialist teaching in local primary schools

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STRATEGIC REPORT

a. ACHIEVEMENTS AND PERFORMANCE

Southborough High School continued to develop its reputation for academic, pastoral care and co-curricular excellence in comprehensive boy's' education. The number of students has been steadily increasing year-on-year and the school was oversubscribed for 2018-19 intake. The school has the highest number of students on record since converting into an academy, reflecting the success and popularity of Southborough High School. The number of students is predicted to grow further.

The latest Ofsted inspection in November 2017 rated the school as "Good".

Student achievements are good and improving. The 4 Year trend in the Progress 8 measure is substantially above the national average and for 2017-18 Progress 8 is +0.23. This score shows how much progress pupils at this school made between the end of key stage 2 and the end of key stage 4, compared to pupils across England who got similar results at the end of key stage 2. This is based on results in up to 8 qualifications, which include English, Maths, 3 English Baccalaureate qualifications including sciences, Computer Science, History, Geography and Modern Foreign Languages, and 3 other additional approved qualifications.

Attainment 8 is 47.9, which is 3.6 higher than the national average. The increase in attainment reflects the decline in the proportion of lower attaining pupils. Schools get a score based on how well pupils have performed in up to 8 qualifications, which include English, Maths, 3 English Baccalaureate qualifications including sciences, Computer Science, History, Geography and Modern Foreign Languages, and 3 other additional approved qualifications. The benchmark figures for 2017-2018 are the highest in the school's history.

Effectiveness of Sixth Form

Success at KS5 can be measured against many benchmarks, with academic performance, progress, destinations and course completion all being used to tell this story. Academic underperformance however, has perhaps been masked by positive destinations and course completion figures, taking the spotlight off poor progress in recent years. Attainment at KS5 has improved vastly since 2013, but the proportion of students achieving top grades at Level 3 remains lower than KS4 performance at Level 2. The curriculum offer at KS5 primarily catered for students wishing to follow an academic pathway, but with a range of methods of delivery, including BTEC, WJEC, RSL and A-Level. The addition of a Level 2 pathway for NFL2 learners in 2017 enabled us to provide a more suitable pathway for students who may otherwise have been at risk of being NEET and the L1/2 Sport course was a particular success with all students achieving a final 'pass' grade or better. A-Level Maths and the Sciences continue to be the most popular subjects with enrolment on to these subjects being conditional on students achieving a grade A (7) in GCSE Maths and a B (6) in the relevant exam(s) for Biology, Chemistry and Physics. In the past 2 years, we have seen an increase in the number of students opting to take 'humanities' subjects as well as English Literature.

Attendance

	2015-16, %	2016-17, %	2017-18, %
Authorised	3.23	3.08	3.57
Unauthorised	0.78	1.07	1.25
Total	4.01	4.15	4.92

b. GOING CONCERN

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

c. FINANCIAL REVIEW

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During the period, ESFA grants received and other government grants (excluding CIF grants) funds totalled to £4,135,864 (2017: £4,212,571).

The main sources of unrestricted income are: external candidate exams, lettings and miscellaneous income. Unrestricted funds received totalled to £191,770 (2017: 207,613).

The school further increased levels of self-generated income from lettings, voluntary contributions and external exams. Recourses Personnel and Finance committee of the Governing board regularly reviews key performance indicators (KPI) and benchmarking reports to ensure that KPIs are within expectations and the school ensures value for money.

Most of the Academy's income is obtained from the Education and Skills Funding Agency (ESFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the 12 month period ended 31 August 2018 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The Academy also received grants for fixed assets from the ESFA. In accordance with the Charities Statement of Recommended Practice, "Accounting for Reporting by Charities" (SORP 2015), such grants are shown in the Statement of financial activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

Under the Charities SORP, it is necessary to charge projected deficits on the Local Government Pension Scheme, which is provided to support staff, to a restricted fund. This results in reducing reserves shown in the total funds of the academy. It should be noted that this does not present the academy with any current liquidity problem. The employer contributions are currently being assessed and it is expected that they will increase to bring a further reduction in this pension deficit in future, although this may not be achieved until stock market investment values start to recover.

Overall, the Academy has a fairly healthy balance sheet and cash flow and will be using the reserves to maintain the current assets and also to invest back into the school in the form of additional resources and facilities both in the long term and short term in conjunction with the school development plan and school aims.

Within the reserves policy users should note that, because of accounting for the Local Government Pension Scheme (LGPS), the Academy recognises a significant pension fund deficit totalling to £1,157,000 (2017: £1,287,000). This deficit is included within restricted funds. This does not lead to an immediate liability for this amount. Similarly, if there were a pension surplus included in the restricted funds this would not create an immediately realisable asset that can be released straight away and expended for the specific purposes of that fund.

Users should also note that a surplus or deficit position of the pension scheme would generally result in a cash flow effect for the Academy Trust in the form of an increase or decrease in employers' pension contributions over a period of years. The Academy Trust thus takes this fact into account when reviewing current business plans and budgets, ascertaining how the pension costs might affect budgets in the future. On the basis that increased pension contributions should generally be met from the Academy Trust's budgeted annual income, whilst the deficit might not be eliminated, there should be no actual cash flow deficit on the fund or direct impact on the unrestricted reserves of the Academy Trust due to the recognition of the deficit.

The Governors through the Resources, Personnel and Finance Committee (RPF) and Business Manager receive financial progress reports throughout the year and compare against budgets submitted to the Education Funding Agency. RPF also reviews longer term financial models (up to 5 years) to plan and organise resources most effectively to fulfil the aims of the Academy.

a. RESERVES POLICY

Reserves are therefore the resources the Academy has or can make available to spend for any or all of the Academy's purposes once it has met its commitments and covered its other planned expenditure. More

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specifically 'reserves' are income which becomes available to the Academy and is to be spent at the trustees' discretion in furtherance of any of the Academy's objects (sometimes referred to as 'general purpose' income) but which is not yet spent, committed or designated (ie is 'free').

The level of reserves held takes into account the nature of income and expenditure streams, they need to match them with commitments, including future capital projects, and the nature of reserves. The Governors will keep this level of reserves under review. One of the priorities of the school improvement plan is to build up sufficient reserves to ensure long term financial viability of the school.

Total reserves at the end of the period amounted to £140,476 (2017: £254,358). This balance includes restricted funds of (£430,762) and unrestricted funds of £571,238 and does not reflect outstanding Salix loan of £132,000.

b. INVESTMENT POLICY

It should be noted that the Academy has substantial power with regards to investments due to cash balances held. Investment policies are determined by the Governing Body. This ensures the level of funds the Academy holds can cover any immediate expenditure, without exposing the Academy to additional risk. Should any potential investment opportunity arise this would be escalated to the Board for consideration. The most typical investments that are held by academies are the Special Interest Deposit accounts which are immediately available to draw against. At 31 August 2018, no investments were held.

c. PRINCIPAL RISKS AND UNCERTAINTIES

The Companies Act 2006 s417 (3b) requires disclosure of the principal risks and uncertainties facing a company. The Academy is exposed to a number of financial risks including credit, cash flow and liquidity risks. Given the Academy's exposure to financial instruments being limited, the exposure principally relates to bank balances, cash and trade creditors, with limited trade (and other) debtors. The academy's system of internal controls ensures risk is minimal in these areas.

A risk register has been established and is updated regularly. Where appropriate, systems or procedures have been established to mitigate the risks the Academy faces. Internal control risks are minimized by the implementation of procedures for authorization of all transactions and projects.

The governors have assessed the major risks to which the Academy is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Academy, and its finances. The governors have implemented a number of systems to assess risks that the school faces, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school trips) and in relation to the control of finance. They have introduced systems, including operational procedures (e.g. vetting of new staff and visitors, supervision of school grounds) and internal financial controls (see below) in order to minimize risk. Where significant financial risk still remains they have ensured they have adequate insurance cover.

The academy has an effective system of internal financial controls and this is explained in more detail in the Governance Statement.

It should also be noted that procedures are in place to ensure compliance with health and safety of staff and pupils.

Please refer to the Reserves Policy above for a description of the defined benefit pension scheme at 31 August 2018.

d. FUNDRAISING

The school continues to increase its levels of self-generated and fundraising income to support its educational

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activities which is demonstrated in the table below

	2013-14	2014-15	%change	2015-16	%change	2016-17	%change	2017-18	%change
lettings income	£33,692	£25,211	74.83	£52,780	209.35	£73,835	139.89	£94,970	128.62
Lettings staff cost		£11,786	N/A	£19,063	161.74	£24,972	131.00	£25,275	101.21
Balance	£33,692	£13,425	39.85	£33,717	251.15	£48,863	144.92	£69,695	142.63
Income-exams external	£24,877	£35,148	141.29	£44,083	125.42	£46,641	105.80	£48,287	103.53
Expenditure exam officer for all exams	£30,203	£30,981	102.58	£22,871	73.82	£24,213	105.87	£24,936	102.99
Invigilators	£1,868	£2,020	108.14	£3,655	180.94	£7,284	199.29	£4,900	67.27
Balance	-£7,194	£2,147	-29.84	£17,557	817.75	£15,144	86.26	£18,451	121.84
School fund donations	£13,000	£18,242	140.32	£16,795	92.07	£19,943	118.74	£17,139	85.94
Gift aid	£0	£3,277	N/A	£4,524	138.05	£2,926	64.68	£2,999	102.49

a. PLANS FOR FUTURE PERIODS

The Academy has an ongoing programme of repairs and maintenance and prioritised improvement plan. Over the coming year we will prioritise replacement of fire alarm and CCTV system and improvements to sports fields and changing rooms located on sports fields. The school will be seeking capital grants from ESFA to fund high value capital improvements.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

The Academy and its trustees did not act as custodian trustee during the current or previous period.

AUDITOR

Insofar as the Trustees are aware:

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

The Trustees' report was approved by order of the Board of Trustees', as the company directors, on 4 December 2018 and signed on its behalf by:



Clare Henderson
Chair of Trustees

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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As trustees, we acknowledge we have overall responsibility for ensuring that Southborough High 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 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 Southborough High 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 13 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
Clare Henderson, Chair of Governors	12	12
Niall Smith, Headteacher	11	13
Michael Armstrong, Community Governor	6	12
Sampa Bhasin, Community Governor	5	12
Elsdon Tony, Community Governor	8	8
Steve Foxley, Parent Governor	6	13
Malcolm Gregory, Vice Chair	12	12
Trudy Hutchinson, Parent Governor	3	12
Junaid Kazi, Community Governor	8	12
Robin Kent, Community Governor	11	12
Jamie-Lee King, Staff Governor	6	12
Michael Phillips, Community Governor	10	13
Sarfraz Rahman, Community Governor	9	13
Daorbhla Smyth, Community Governor	0	12
Bob Steed, Community Governor	5	12
Nick Tassel, Parent Governor	12	13
Michael Rose, Parent Governor	2	2
Rebecca White, Staff Governor	12	13

The Resources, Personnel and Finance Committee is a sub-committee of the main board of trustees. Its purpose is to manage the finances of the Academy, carry out the function of the audit committee and ensure that resources are applied for the purposes of the Academy.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Nick Tassel, Chair of Committee	6	6
Niall Smith, Headteacher	5	6
Steve Foxley, Parent Governor	3	6
Michael Phillips, Community Governor	6	6
Sarfraz Rahman, Community Governor	6	6
Michael Rose, Parent Governor	1	1

REVIEW OF VALUE FOR MONEY

As Accounting Officer, the 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

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GOVERNANCE STATEMENT (continued)

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:

- continuous improvement in the educational outcomes of our students
- economic, efficient and effective use of all resources to improve educational results
- the prudent and economical administration of our Academy
- the establishment and maintenance of financial governance, including robust controls on expenditure, keeping and reporting of up to date financial records, continuous financial monitoring and reporting to all concerned parties
- value for money in all financial transactions

Whilst the school operates within our funding levels and utilises resources correctly and with probity, we also continuously strive for improved educational and wider societal outcomes for our students with the resources available to us. We take very seriously our responsibilities as a caring employer, and work tirelessly to make our Academy an outstanding place to learn, work and develop in a professional manner.

We are confident that our recruitment levels will remain stable even though there is currently an overcapacity of school places in the borough. The quality of provision our students continuously receive and the caring, nurturing and competitive environment within the school community creates the formula for outstanding success.

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

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GOVERNANCE STATEMENT (continued)

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 T Elsdon, a Trustee, to carry out a programme of internal checks.

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

- testing of payroll systems
- testing of purchase systems
- testing of control account/ bank reconciliations

On a regular basis, the reviewer reports to the Board of Trustees' on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

The Board can confirm that the reviewer has delivered their schedule of work as planned, provided details of any material control issues arising as a result of their work. During the current and previous periods there were no material control issues noted and thus no remedial action was required to be taken.

REVIEW OF EFFECTIVENESS

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

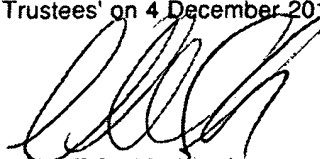
- the work of the external auditors;
- the work of the Responsible Officer;
- the financial management and governance self-assessment process;
- the work of the managers within the academy who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the Board of Trustees' on 4 December 2018 and signed on their behalf, by:



Clare Henderson
Chair of Trustees



Niall Smith, Headteacher
Accounting Officer

Accounting Officer

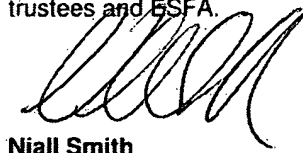
SOUTHBOROUGH HIGH SCHOOL
(A company limited by guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Southborough High 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.



Niall Smith
Accounting Officer

Date: 4 December 2018

SOUTHBOROUGH HIGH SCHOOL
(A company limited by guarantee)

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 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:

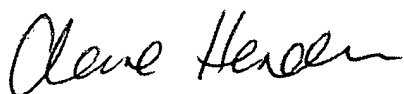
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting 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 company will continue in business.

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

The Trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from 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 company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by order of the members of the Board of Trustees' on 4 December 2018 and signed on its behalf by:



Clare Henderson
Chair of Trustees

SOUTHBOROUGH HIGH SCHOOL
(A company limited by guarantee)

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

OPINION

We have audited the financial statements of Southborough High School (the 'academy') for the year ended 31 August 2018 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

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

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the academy 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 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 inconsistencies or apparent material misstatements, we are required to determine whether there is a material

SOUTHBOROUGH HIGH SCHOOL
(A company limited by guarantee)

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

misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

- the information given in the Trustees' 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.

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.

SOUTHBOROUGH HIGH SCHOOL
(A company limited by guarantee)

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

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

USE OF OUR REPORT

This report is made solely to the academy'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.

 **FOR LANDAU BAKER LIMITED**

Carly Pinkus (Senior statutory auditor)

for and on behalf of

Landau Baker Limited

Chartered Accountants
Statutory Auditors

Mountcliff House
154 Brent Street
London
NW4 2DR
4 December 2018

SOUTHBOROUGH HIGH SCHOOL
(A company limited by guarantee)

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

In accordance with the terms of our engagement letter dated 27 April 2012 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 Southborough High 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 Southborough High School and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Southborough High 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 Southborough High School and the ESFA, for our work, for this report, or for the conclusion we have formed.

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

The Accounting Officer is responsible, under the requirements of Southborough High School's funding agreement with the Secretary of State for Education dated 01 March 2012, 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.

Financial Information
of the Education Trust
Chartered Accountants
Statutory Auditors

Mountcliff House
104 Brent Street
London
NW4 2DR

SOUTHBOROUGH HIGH SCHOOL
(A company limited by guarantee)

**Date: INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO
SOUTHBOROUGH HIGH 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.

Landau Baker Limited

Reporting Accountant

Landau Baker Limited

Chartered Accountants
Statutory Auditors

Mountcliff House
154 Brent Street
London
NW4 2DR

Date:

SOUTHBOROUGH HIGH SCHOOL
(A company limited by guarantee)

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

	Note	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
INCOME FROM:						
Donations and capital grants	2	25,183	38,587	998,926	1,062,696	967,760
Charitable activities	3	-	4,135,864	-	4,135,864	4,212,571
Other trading activities	4	165,958	170,266	-	336,224	370,701
Investments	5	629	-	-	629	654
TOTAL INCOME		191,770	4,344,717	998,926	5,535,413	5,551,686
EXPENDITURE ON:						
Raising funds		12,710	123,874	-	136,584	152,095
Charitable activities		-	4,539,514	575,055	5,114,569	4,986,839
TOTAL EXPENDITURE	8	12,710	4,663,388	575,055	5,251,153	5,138,934
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS		179,060	(318,671)	423,871	284,260	412,752
Transfers between Funds	19	-	(94,271)	94,271	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES		179,060	(412,942)	518,142	284,260	412,752
Actuarial gains on defined benefit pension schemes	23	-	250,000	-	250,000	752,000
NET MOVEMENT IN FUNDS		179,060	(162,942)	518,142	534,260	1,164,752
RECONCILIATION OF FUNDS:						
Total funds brought forward		392,178	(1,424,820)	11,402,437	10,369,795	9,205,043
TOTAL FUNDS CARRIED FORWARD		571,238	(1,587,762)	11,920,579	10,904,055	10,369,795

SOUTHBOROUGH HIGH SCHOOL
(A company limited by guarantee)
REGISTERED NUMBER: 07776910

BALANCE SHEET
AS AT 31 AUGUST 2018

	Note	£	2018 £	2017 £
FIXED ASSETS				
Tangible assets	15		12,052,579	11,558,437
CURRENT ASSETS				
Debtors	16	143,668		144,571
Cash at bank and in hand		580,745		394,160
		<u>724,413</u>		<u>538,731</u>
CREDITORS: amounts falling due within one year	17	<u>(607,937)</u>		<u>(308,373)</u>
NET CURRENT ASSETS			116,476	230,358
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>12,169,055</u>	<u>11,788,795</u>
CREDITORS: amounts falling due after more than one year	18		<u>(108,000)</u>	<u>(132,000)</u>
NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES			12,061,055	11,656,795
Defined benefit pension scheme liability	23		<u>(1,157,000)</u>	<u>(1,287,000)</u>
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u>10,904,055</u>	<u>10,369,795</u>
FUNDS OF THE ACADEMY				
Restricted income funds:				
Restricted income funds	19	(430,762)		(137,820)
Restricted fixed asset funds	19	<u>11,920,579</u>		<u>11,402,437</u>
Restricted income funds excluding pension liability		11,489,817		11,264,617
Pension reserve		<u>(1,157,000)</u>		<u>(1,287,000)</u>
Total restricted income funds			10,332,817	9,977,617
Unrestricted income funds	19		<u>571,238</u>	<u>392,178</u>
TOTAL FUNDS			<u>10,904,055</u>	<u>10,369,795</u>

The financial statements on pages 21 to 43 were approved by the Trustees, and authorised for issue, on 4 December 2018 and are signed on their behalf, by:



Chair of Trustees - Clare Henderson

SOUTHBOROUGH HIGH SCHOOL
(A company limited by guarantee)

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	21	280,856	101,586
Cash flows from investing activities:			
Purchase of tangible fixed assets		(1,069,197)	(881,460)
Capital grants from DfE Group		998,926	898,573
Net cash (used in)/provided by investing activities		(70,271)	17,113
Cash flows from financing activities:			
Repayments of borrowings		(24,000)	(24,000)
Net cash used in financing activities		(24,000)	(24,000)
Change in cash and cash equivalents in the year		186,585	94,699
Cash and cash equivalents brought forward		394,160	299,461
Cash and cash equivalents carried forward	22	580,745	394,160

SOUTHBOROUGH HIGH 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.

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

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.

SOUTHBOROUGH HIGH SCHOOL
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.3 Income

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

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

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

Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

Sponsorship income provided to the academy which amounts to a donation is recognised in the Statement of financial activities incorporating income and expenditure account in the period in which it is receivable, where receipt is probable and it is measurable.

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

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

1.4 Expenditure

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

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.

SOUTHBOROUGH HIGH SCHOOL
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.5 Tangible fixed assets and depreciation

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

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

Depreciation is provided on all tangible fixed assets other than freehold land and assets under construction, 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:

Freehold property	-	10 to 25 years
Furniture and fixtures	-	5 years
Motor vehicles	-	5 years
Computer equipment	-	2 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 incorporating income and expenditure account.

1.6 Debtors

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

1.7 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.

1.8 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.

SOUTHBOROUGH HIGH SCHOOL
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.9 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 16. 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 17 and 18. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to the academy's wholly owned subsidiary are held at face value less any impairment.

1.10 Taxation

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

1.11 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 23, 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.

SOUTHBOROUGH HIGH SCHOOL
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

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

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

1.12 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.

1.13 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 23, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 August 2018 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.

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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 £	Total funds 2017 £
Donations	25,183	38,587	-	63,770	69,187
Capital Grants	-	-	998,926	998,926	898,573
	<u>25,183</u>	<u>38,587</u>	<u>998,926</u>	<u>1,062,696</u>	<u>967,760</u>
<i>Total 2017</i>	<u>28,625</u>	<u>40,562</u>	<u>898,573</u>	<u>967,760</u>	

3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

Southborough High School

	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
DfE/ESFA grants			
General Annual Grant (GAG)	3,113,132	3,113,132	3,113,356
Pupil Premium	144,637	144,637	144,636
Other ESFA Grants	785,928	785,928	858,747
Bursary Grant	21,148	21,148	29,914
	<u>4,064,845</u>	<u>4,064,845</u>	<u>4,146,653</u>
Other government grants			
Other Government Grants	4,066	4,066	17,858
SEN Funding	66,953	66,953	48,060
	<u>71,019</u>	<u>71,019</u>	<u>65,918</u>
	<u>4,135,864</u>	<u>4,135,864</u>	<u>4,212,571</u>
<i>Total 2017</i>	<u>4,212,571</u>	<u>4,212,571</u>	

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FOR THE YEAR ENDED 31 AUGUST 2018**

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Exam Fee	48,287	-	48,287	49,310
School Trips	-	32,482	32,482	58,426
Catering Income	-	137,784	137,784	119,988
Lettings	94,970	-	94,970	73,835
Misc, Sch Shop, Mufti	1,410	-	1,410	1,560
Miscellaneous Income	21,291	-	21,291	56,298
Insurance income	-	-	-	11,284
	<u>165,958</u>	<u>170,266</u>	<u>336,224</u>	<u>370,701</u>
<i>Total 2017</i>	<u>178,334</u>	<u>192,367</u>	<u>370,701</u>	

5. INVESTMENT INCOME

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Investment income	629	-	629	654
<i>Total 2017</i>	<u>654</u>	<u>-</u>	<u>654</u>	

6. DIRECT COSTS

	Educational Operations £	Total 2018 £	Total 2017 £
Educational supplies	137,618	137,618	121,436
Staff costs	26,099	26,099	10,762
Educational consultancy	37,163	37,163	16,613
Other direct costs	156,897	156,897	141,831
Wages and salaries	2,341,057	2,341,057	2,312,167
National insurance	242,150	242,150	241,775
Pension cost	333,652	333,652	328,891
	<u>3,274,636</u>	<u>3,274,636</u>	<u>3,173,475</u>
<i>Total 2017</i>	<u>3,173,475</u>	<u>3,173,475</u>	

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

7. SUPPORT COSTS

	Educational Operations £	Total 2018 £	Total 2017 £
Pension finance costs.	33,000	33,000	41,000
Staff costs	11,754	11,754	11,592
Maintenance costs	69,841	69,841	51,232
Cleaning	66,950	66,950	62,301
Rates	25,492	25,492	23,021
Insurance	17,779	17,779	30,625
Other support costs	80,380	80,380	76,858
ICT costs	131,133	131,133	109,889
Energy costs	72,353	72,353	71,851
Water and Sewerage	8,832	8,832	(2,006)
Other professional services	22,874	22,874	25,215
Governance costs	11,475	11,475	9,841
Wages and salaries	490,578	490,578	548,697
National insurance	41,000	41,000	42,457
Pension cost	181,437	181,437	191,577
Depreciation	575,055	575,055	519,214
	<u>1,839,933</u>	<u>1,839,933</u>	<u>1,813,364</u>
<i>Total 2017</i>	<u>1,813,364</u>	<u>1,813,364</u>	

8. EXPENDITURE

	Staff costs 2018 £	Premises 2018 £	Other costs 2018 £	Total 2018 £	Total 2017 £
Expenditure on raising voluntary income:					
Direct costs	-	-	136,584	136,584	152,095
Support costs	-	-	-	-	-
Educational Operations:					
Direct costs	2,916,859	-	357,777	3,274,636	3,173,475
Support costs	713,015	234,636	892,282	1,839,933	1,813,364
	<u>3,629,874</u>	<u>234,636</u>	<u>1,386,643</u>	<u>5,251,153</u>	<u>5,138,934</u>
<i>Total 2017</i>	<u>3,665,564</u>	<u>221,584</u>	<u>1,251,786</u>	<u>5,138,934</u>	

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

9. ANALYSIS OF EXPENDITURE BY ACTIVITIES

	Activities undertaken directly 2018 £	Support costs 2018 £	Total 2018 £	Total 2017 £
Educational Operations	3,274,636	1,839,933	5,114,569	4,986,839
Total 2017	3,173,475	1,813,364	4,986,839	

10. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets:		
- owned by the charity	575,055	519,214
Auditors' remuneration - audit	4,000	4,000
Auditors' remuneration - other services	2,860	1,300
Governance Responsible Officer Fee	-	975
Operating lease rentals	15,484	16,559

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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 £	2017 £
Wages and salaries	2,765,600	2,789,042
Social security costs	283,150	284,232
Operating costs of defined benefit pension schemes	515,089	520,468
	<u>3,563,839</u>	<u>3,593,742</u>
Supply teacher costs	41,588	18,822
Staff restructuring costs	24,447	53,000
	<u>3,629,874</u>	<u>3,665,564</u>

Staff restructuring costs comprise:

Redundancy payments	10,447	-
Severance payments	14,000	53,000
	<u>24,447</u>	<u>53,000</u>

b. Non-statutory/non-contractual staff severance payments

Included in staff restructuring costs are contractual severance payments totalling £14,000 (2017: £53,000). Individually, a payment was made of £14,000.

c. Staff numbers

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

	2018 No.	2017 No.
Senior Management	5	5
Teachers	47	44
Support Staff	33	31
	<u>85</u>	<u>80</u>

d. 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	1	0
In the band £70,001 - £80,000	2	2
In the band £80,001 - £90,000	1	1

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**NOTES TO THE FINANCIAL STATEMENTS
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11. STAFF COSTS (continued)

e. Key management personnel

The key management personnel of the academy comprises the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy was £415,829 (2017: £409,369).

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 £
Niall Smith (Principal and Trustee)	Remuneration	85,000-90,000	85,000-90,000
	Pension contributions paid	10,000-15,000	10,000-15,000
Jamie Lee King (Staff Trustee)	Remuneration	20,000-25,000	40,000-45,000
	Pension contributions paid	NIL	5,000-10,000
Rebecca White (Staff Trustee)	Remuneration	35,000-40,000	NIL
	Pension contributions paid	5,000-10,000	NIL

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

13. TRUSTEES' AND OFFICERS' INSURANCE

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

14. PENSION FINANCE COST

	2018 £	2017 £
Interest income on pension scheme assets	33,000	26,000
Interest on pension scheme liabilities	(66,000)	(67,000)
	<u>(33,000)</u>	<u>(41,000)</u>

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FOR THE YEAR ENDED 31 AUGUST 2018**

15. TANGIBLE FIXED ASSETS

	Freehold property £	Furniture and fixtures £	Motor vehicles £	Computer equipment £	Total £
Cost					
At 1 September 2017	13,460,927	106,103	7,250	200,326	13,774,606
Additions	1,039,300	11,047	-	18,850	1,069,197
At 31 August 2018	14,500,227	117,150	7,250	219,176	14,843,803
Depreciation					
At 1 September 2017	1,935,033	86,176	4,792	190,168	2,216,169
Charge for the year	550,911	13,665	500	9,979	575,055
At 31 August 2018	2,485,944	99,841	5,292	200,147	2,791,224
Net book value					
At 31 August 2018	12,014,283	17,309	1,958	19,029	12,052,579
At 31 August 2017	11,525,894	19,927	2,458	10,158	11,558,437

16. DEBTORS

	2018 £	2017 £
Trade debtors	3,519	766
Other debtors	55,335	78,757
Prepayments and accrued income	84,814	65,048
	<u>143,668</u>	<u>144,571</u>

17. CREDITORS: Amounts falling due within one year

	2018 £	2017 £
Other taxation and social security	73,828	75,693
Other creditors	24,000	24,000
Accruals and deferred income	510,109	208,680
	<u>607,937</u>	<u>308,373</u>

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17. CREDITORS: Amounts falling due within one year (continued)

	2018 £	2017 £
Deferred income		
Deferred income at 1 September 2017	41,121	91,077
Resources deferred during the year	71,581	41,121
Amounts released from previous years	(41,121)	(91,077)
Deferred income at 31 August 2018	<u>71,581</u>	<u>41,121</u>

At the balance sheet date the academy trust was holding funds received in advance for ESFA Rates Relief grant of £15,073, trips income of £35,364, lettings income of £2,864, catering income of £3,646 and other income of £14,634.

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

	2018 £	2017 £
Other creditors	<u>108,000</u>	<u>132,000</u>

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

	2018 £	2017 £
Repayable by instalments	<u>12,000</u>	<u>36,000</u>

Included within creditors less than and greater than one year above is a Salix loan from the ESFA of £132,000 (2017: £156,000) as part of the ACMF capital funding. This is repayable over a term of 7.5 years.

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

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Unrestricted funds						
General Funds - all funds	392,178	191,770	(12,710)	-	-	571,238
Restricted funds						
Restricted Funds - all funds	(137,820)	4,344,717	(4,543,388)	(94,271)	-	(430,762)
Pension reserve	(1,287,000)	-	(120,000)	-	250,000	(1,157,000)
	<u>(1,424,820)</u>	<u>4,344,717</u>	<u>(4,663,388)</u>	<u>(94,271)</u>	<u>250,000</u>	<u>(1,587,762)</u>
Restricted fixed asset funds						
Restricted Fixed Asset Funds - all funds	11,402,437	998,926	(575,055)	94,271	-	11,920,579
Total restricted funds	<u>9,977,617</u>	<u>5,343,643</u>	<u>(5,238,443)</u>	<u>-</u>	<u>250,000</u>	<u>10,332,817</u>
Total of funds	<u>10,369,795</u>	<u>5,535,413</u>	<u>(5,251,153)</u>	<u>-</u>	<u>250,000</u>	<u>10,904,055</u>

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

Restricted Fixed Assets funds have been increased by capital grants provided by the DfE and reduced by depreciation charges.

Restricted General funds have been increased by revenue grants provided by the DfE and reduced by expenditure incurred in the operation of the academy.

The Restricted funds can only be used in the terms of limitations imposed by the Funding Agreement with the DfE and the terms of any specific grant.

Unrestricted funds have been increased by voluntary contributions by parents and reduced by expenditure incurred in the operation of the academy.

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.

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

19. STATEMENT OF FUNDS (continued)

STATEMENT OF FUNDS - PRIOR YEAR

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
General funds						
General Funds - all funds	198,454	207,613	(13,889)	-	-	392,178
Restricted funds						
Restricted Funds - all funds	(101,602)	4,445,500	(4,474,831)	(6,887)	-	(137,820)
Pension reserve	(1,908,000)	-	(131,000)	-	752,000	(1,287,000)
Restricted fixed asset funds						
Restricted Fixed Asset Funds - all funds	11,016,191	898,573	(519,214)	6,887	-	11,402,437
Total of funds	9,205,043	5,551,686	(5,138,934)	-	752,000	10,369,795

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 - all funds	198,454	399,383	(26,599)	-	-	571,238
Restricted funds						
Restricted Funds - all funds	(101,602)	8,790,217	(9,018,219)	(101,158)	-	(430,762)
Pension reserve	(1,908,000)	-	(251,000)	-	1,002,000	(1,157,000)
Restricted fixed asset funds						
Restricted Fixed Asset Funds - all funds	11,016,191	1,897,499	(1,094,269)	101,158	-	11,920,579
	9,006,589	10,687,716	(10,363,488)	-	1,002,000	10,332,817
Total of funds	9,205,043	11,087,099	(10,390,087)	-	1,002,000	10,904,055

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**NOTES TO THE FINANCIAL STATEMENTS
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20. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	12,052,579	12,052,579
Current assets	571,238	153,175	-	724,413
Creditors due within one year	-	(583,937)	(24,000)	(607,937)
Creditors due in more than one year	-	-	(108,000)	(108,000)
Provisions for liabilities and charges	-	(1,157,000)	-	(1,157,000)
	<u>571,238</u>	<u>(1,587,762)</u>	<u>11,920,579</u>	<u>10,904,055</u>

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	11,558,437	11,558,437
Current assets	392,178	146,553	-	538,731
Creditors due within one year	-	(284,373)	(24,000)	(308,373)
Creditors due in more than one year	-	-	(132,000)	(132,000)
Provisions for liabilities and charges	-	(1,287,000)	-	(1,287,000)
	<u>392,178</u>	<u>(1,424,820)</u>	<u>11,402,437</u>	<u>10,369,795</u>

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

	2018 £	2017 £
Net income for the year (as per Statement of Financial Activities)	284,260	412,752
Adjustment for:		
Depreciation charges	575,055	519,214
Decrease/(increase) in debtors	903	(61,743)
Increase/(decrease) in creditors	299,564	(1,064)
Capital grants from DfE and other capital income	(998,926)	(898,573)
Defined benefit pension scheme cost less contributions payable	87,000	90,000
Defined benefit pension scheme finance cost	33,000	41,000
Net cash provided by operating activities	<u>280,856</u>	<u>101,586</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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22. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2018 £	2017 £
Cash in hand	580,745	394,160
Total	<u>580,745</u>	<u>394,160</u>

23. PENSION COMMITMENTS

The academy's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Royal Borough of Kingston Upon Thames. 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 August 2018.

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

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

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

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September

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

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 September 2019.

The employer's pension costs paid to TPS in the period amounted to £300,448 (2017 - £294,993).

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 £159,000 (2017 - £169,000), of which employer's contributions totalled £128,000 (2017 - £137,000) and employees' contributions totalled £31,000 (2017 - £32,000). The agreed contribution rates for future years are 25.5% for employers and 5.5% to 8.5% 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.
Royal Borough of Kingston Upon Thames Pension Fund

Principal actuarial assumptions:

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

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

	2018	2017
Retiring today		
Males	22.5	22.5
Females	24.8	24.8
Retiring in 20 years		
Males	24.2	24.2
Females	26.7	26.7

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23. PENSION COMMITMENTS (continued)

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

	Fair value at 31 August 2018 £	Fair value at 31 August 2017 £
Equities	1,084,050	896,400
Gilts	297,000	261,450
Property	74,250	49,800
Cash and other liquid assets	29,700	37,350
Total market value of assets	<u>1,485,000</u>	<u>1,245,000</u>

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

	2018 £	2017 £
Current service cost	(215,000)	(227,000)
Interest income	33,000	26,000
Interest cost	(66,000)	(67,000)
Total	<u>(248,000)</u>	<u>(268,000)</u>

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

	2018 £	2017 £
Opening defined benefit obligation	2,532,000	3,093,000
Current service cost	215,000	227,000
Interest cost	66,000	67,000
Employee contributions	31,000	32,000
Actuarial gains	(193,000)	(873,000)
Benefits paid	(9,000)	(14,000)
Closing defined benefit obligation	<u>2,642,000</u>	<u>2,532,000</u>

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

	2018 £	2017 £
Opening fair value of scheme assets	1,245,000	1,185,000
Interest income	33,000	26,000
Actuarial (losses)/gains	57,000	(121,000)
Employer contributions	128,000	137,000
Employee contributions	31,000	32,000
Benefits paid	(9,000)	(14,000)
Closing fair value of scheme assets	<u>1,485,000</u>	<u>1,245,000</u>

SOUTHBOROUGH HIGH SCHOOL
(A company limited by guarantee)

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

24. OPERATING LEASE COMMITMENTS

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

	2018 £	2017 £
Amounts payable:		
Within 1 year	9,877	15,660
Between 1 and 5 years	3,273	22,060
Total	13,150	37,720

25. MEMBERS' LIABILITY

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

26. RELATED PARTY TRANSACTIONS

Owing to the nature of the academy trust and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which Trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH and with the trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

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

