

Company Registration No. 08436285 (England and Wales)

GILDREDGE HOUSE FREE SCHOOL

(A COMPANY LIMITED BY GUARANTEE)

GOVERNORS' REPORT AND AUDITED ACCOUNTS

FOR THE PERIOD ENDED 31 AUGUST 2014

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CONTENTS

	Page
Reference and administrative details	1 - 2
Governors' report	3 - 10
Governance statement	11 - 14
Statement on regularity, propriety and compliance	15
Statement of Governors' responsibilities	16
Independent auditor's report on the accounts	17 - 18
Independent reporting accountant's report on regularity	19 - 20
Statement of financial activities	21
Balance sheet	22
Cash flow statement	23
Notes to the accounts	24 - 43

REFERENCE AND ADMINISTRATIVE DETAILS

Governors

N Best (Appointed 1 March 2014)
L Caroe (Chair of Governors) (Appointed 1 October 2013)
A Firth (Appointed 12 March 2013 and resigned 3 July 2014)
J King (Appointed 8 March 2013 and resigned 11 August 2014)
G Mace (Appointed 8 March 2013)
J Mace (Appointed 1 October 2013)
B Mathews (Appointed 1 October 2013)
A McWilliams (Appointed 12 December 2013)
A Molloson (Appointed 1 October 2013)
R Moreton (Appointed 1 October 2013)
P Pyemont (Appointed 8 March 2013)
P Stevens (Appointed 4 April 2013 and resigned 25 November 2013)
H Thomas (Appointed 8 March 2013 and resigned 5 March 2014)
L Gilbert (Appointed 8 March 2013 and resigned 15 April 2013)

Members

- Trust member and Governor	J King
- Trust member and Governor	P Pyemont
- Trust member and Governor	G Mace

Senior management team

- Head Teacher	L Gilbert
- Deputy Head Teacher	P Barber
- Head of Lower School	C Geldard
- Director of Finance & Administration	J Logan

Company secretary

J Logan

Company registration number

08436285 (England and Wales)

Independent auditor

Price & Company
30/32 Gildredge Road
Eastbourne
East Sussex
BN21 4SH

GILDREDGE HOUSE FREE SCHOOL

REFERENCE AND ADMINISTRATIVE DETAILS

Bankers

National Westminster Bank Plc
96 Terminus Road
Eastbourne
East Sussex
BN21 3LX

Solicitors

Messrs Gaby Hardwicke
33 The Avenue
Eastbourne
East Sussex
BN21 3YD

**GOVERNORS' (TRUSTEES) REPORT
FOR THE PERIOD ENDED 31 AUGUST 2014**

The Governors (Trustees) present their annual report together with the accounts and independent auditor's reports of the charitable company for the period 8 March 2013 to 31 August 2014. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The Academy Trust operates an Academy for students aged 4 to 19 serving the Eastbourne area. When full, the school will have a capacity of 1,232 and had a roll of 353 in September 2014.

Structure, governance and management

Constitution

The Academy Trust is a company limited by guarantee and an exempt charity. The charitable company's Memorandum and Articles of Association are the primary governing documents of the Academy Trust.

The Governors are the trustees of Gildredge House Free School and are also the directors of the charitable company for the purposes of company law. Details of the Governors who served during the period are included in the Reference and Administrative Details on page 1.

Members' liability

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

Governors' indemnities

The Academy has purchased insurance to protect Governors from claims arising from negligent acts, errors or omissions occurring whilst on company business. The insurance provides cover up to £1,000,000 on any one claim.

Method of recruitment and appointment or election of Governors

Governors are recruited as required via an interview process carried out by Members and Governors jointly. Parent and Staff Governors are recruited via a confidential electronic ballot of parents and staff.

A skills audit of the Trust was carried out in 2014 and recruitment of Governors has been targeted to address any identified skills gaps. Governors' terms of office are for four years and Governors may be re-elected.

Policies and procedures adopted for the induction and training of Governors

New Governors have a programme of induction and all relevant policies are made available as required. Governors are encouraged to review their skills and undertake training as identified. The Governors together with the Senior Leadership Team meet regularly during the year.

Training is delivered via in house presentations, consultants linked to individual areas for development, GEL online and training courses run by ESCC Governor Services.

GILDREDGE HOUSE FREE SCHOOL

GOVERNORS' (TRUSTEES) REPORT (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2014

Organisational structure

The Trust is formed of a full Governing Body which is serviced by the following committees, to which decision making powers have been delegated as per the agreed Scheme of Delegation:

- Education
- Enterprise
- Admissions

Governors also undertake regular monitoring visits at the school and aim to attend as many school events as possible.

The Academy Principal (Head Teacher) is the appointed Accounting Officer of the Trust.

Connected organisations including related party relationships

Gildredge House presently has no connected parties.

Objectives and activities

Objects and aims

Gildredge House is an all-through 4-19 state-funded Free school, which was set up by a founding group which included parents. The Academy Trust's objectives are set out in its Articles of Association. Its principal objectives are:

a. to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum.

b. to promote for the benefit of the inhabitants of Eastbourne and the surrounding area the provision of facilities for recreation or other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances or for the public at large in the interests of social welfare and with the object of improving the condition of life of the said inhabitants.

**GOVERNORS' (TRUSTEES) REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 AUGUST 2014**

Objectives, strategies and activities

Our vision for Gildredge House

This vision was developed and agreed with staff and governors:

All students will be cooperative, confident, ambitious and successful regardless of their background. We expect students to meet academic challenges, discover their passions, develop confidence, and contribute positively to society, be resilient and become independent thinkers prepared for successful and fulfilling lives.

Key characteristics of Gildredge House

- continuity of education for boys and girls aged 4-19
- a broad range of academic subjects promoting intellectual stimulation and inquiry
- an expectation of high academic standards leading to 6th Form studies
- small class sizes
- strong discipline
- excellent pastoral care
- a solid foundation in the Lower school
- an extended day for older students
- supervised prep
- a broad range of extracurricular activities
- specialism in Science and Technology
- compulsory Sport, Art, Drama and Music
- parent and community involvement

Objectives

Our objectives at Gildredge House are to encourage all students;

- to meet academic challenges
- to discover their passions
- to develop confidence
- to contribute positively to society
- to be resilient and become independent thinkers prepared for successful and fulfilling lives.

Activities

In September 2013, the school opened its doors for the first time to the 1st cohort of students, 56 into Reception and 120 into Year 7, with applications being oversubscribed. The school also welcomed the new teaching and support staff.

The development of the school site in partnership with Wilmott Dixon has progressed throughout the year, with the successful structural completion of the buildings being celebrated with a "topping out" ceremony on the 18th July 2014.

The school was given permission by the Secretary of State in May 2014 to open its Sixth Form in September 2015.

Public benefit

The Governors have complied with their duty to have due regard to the guidance on public benefit issued by the Charity Commission in exercising their powers and duties.

**GOVERNORS' (TRUSTEES) REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 AUGUST 2014**

Strategic report

Achievements and performance

Gildredge House measures student progress against national expectations in the top 25% of schools. Students who meet these top quartile national expectations are considered to make 'Good' progress. At the end of 2013-14 the percentages of Year 7 students who had made progress which was good or better in English was 86%, Mathematics 92%, and Science 96%. Of these, the percentages of students making Outstanding (one whole National Curriculum level) - or better than Outstanding (1 level +) progress in English were 41%, Mathematics 49% and Science 71%.

In Reception (Early Years Foundation Stage) 65% of students achieved the GLD (Good Level of Development) against the national average of 52%

The school has been substantially oversubscribed for September 2014 entry. Admissions figures show nearly twice as many applicants as spaces for Year 7 and nearly four times as many for Reception.

Key performance indicators

The key financial performance indicators for the Academy concern liquidity, budgeting and cash flow management. All are an important aspect of ensuring that the Academy can perform to the highest possible levels, and reach its goals, in both the short and long term.

The Academy receives consistent funding from the Department for Education and careful controls are in place to maintain the balance between using this funding to provide the best possible outcomes for current students and ensuring contingent funds are in place to ensure financial viability.

Financial and community support is also provided by the Friends of Gildredge House (FoGH), an organisation of parents, staff and supporters of the school.

The key non-financial performance indicators are considered to be student achievement. The results of these are encouraging.

Going concern

After making appropriate enquiries, the Board of Governors has a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason the Board of Governors continues to adopt the going concern basis in preparing the accounts. Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies.

Financial review

The vast majority of the Academy's income is obtained from the DfE via the Education Funding Agency (EFA) in the form of recurrent grants, (Revenue & Capital) the use of which is restricted to particular educational purposes. The grants received from the DfE during the period ended 31 August 2014 and the associated expenditure are shown as Restricted Funds in the Statement of Financial Activities.

The Academy has received grants for Capital additions to refurbish and extend the Academy buildings. This amounted to £13,033,460 in the period to 31/8/2014. The restricted fixed asset fund balance is reduced by annual depreciation charges over the useful life of the assets concerned, as defined in the Academy's accounting policies.

**GOVERNORS' (TRUSTEES) REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 AUGUST 2014**

During the period ended 31 August 2014, total expenditure of £1,344,770 was covered by recurrent grant funding from the EFA of £1,276,279, together with other incoming resources of £86,836. The excess of income over expenditure for the period (excluding restricted fixed asset funds) was £12,903. This represented demonstrated robust budgetary management in the Academy startup period.

At 31st August 2014 the net book value of fixed assets was £12,927,060 and movements in tangible fixed assets are shown in the financial statements. The assets were used exclusively for providing education and the associated support services to the Students of the Academy.

The land, buildings and other assets were transferred to the Academy upon incorporation. Land was valued at transfer of £750,000 and buildings further to refurbishment and extension are included in the accounts at £11,861,327. Other assets have been included in the financial statements at cost less depreciation.

The Academy accounts for the deficit in the Local Government Pension Scheme in respect of its non-teaching staff. The deficit is incorporated within the Statement of Financial Activity with details in the financial statements.

Key financial policies adopted or reviewed during the year include the Admissions Policy 2013-14, Articles of Association, Register of Interests of Head Teacher and Governors, Charging and Remissions Policies, Staff Pay and Progression Policy, Data Protection Policy. Key documents created and reviewed: Financial Regulations manual including:

Anti-Corruption & Bribery Policy, Conflicts of Interest Policy, Disaster Recovery Plan, Whistle Blowing Policy, Risk Register, School Development Plan.

The Finance Regulations Manual sets out the framework for financial management, including financial responsibilities of the Trustees, Head teacher (as Accounting Officer), the Finance & Administration Director, SLT, Budget holders and other affected staff; as well as delegated authority for expenditure and procurement protocols.

The audit functions of the Academy have been carried out by a Responsible Officer and External Auditors, Price and Company, who have then submitted reports to the Audit/Enterprise committee.

The Governors have agreed a strategic approach to robust financial management and budgetary control whilst continuing to invest in Human and Physical resources to sustain the Academy's development priorities. They have also taken a prudent approach to policy on Reserves in order to protect the organisation from commercial, political and financial risk.

This strategic plan is in line with and reinforces the objectives in the Academy's Funding Agreement.

**GOVERNORS' (TRUSTEES) REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 AUGUST 2014**

Reserves policy

The Governors review the reserve levels of the Academy at least annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Governors, in following EFA guidance have agreed that a fixed asset fund should be maintained, the value of which should match the net book value of fixed assets. The balance of this fund therefore represents monies that have already been invested in fixed assets (net of depreciation charged thereon) and hence this is not a fund that is available for future spending.

A capital fund is maintained representing capital grants received from the EFA. This is available in accordance with the conditions of the grants, it must be used for capital expenditure. It is not therefore available to support or to fund future running costs (revenue expenditure).

A general restricted fund is maintained representing grant funding received mainly from the EFA to fund the operating activities of the Academy.

An unrestricted general fund is maintained, representing funds raised or generated by the Academy, to which no restrictions apply, beyond the general requirement that they be applied to the company's educational and charitable objectives.

The Academy maintains one further fund, the Local Government Pension Scheme (LGPS) fund. This represents the company's share of the pension fund surplus or deficit, calculated in accordance with the requirements of Financial Reporting Standard (FRS) 17. Further details of the calculations and assumptions underlying the balance on this fund are set out in the financial statements.

Investment policy and powers

Investments must be made only after approval by the full Governing Body.

All investments must be recorded in sufficient detail to identify the investment and to enable the current market value to be calculated. The information required will normally be the date of purchase, the cost and a description of the investment, income receivable from the investment.

Presently the Academy holds no such investments.

Principal risks and uncertainties

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 minimise 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 following statement. The Governors have assessed the major risks to which the charitable company is exposed, and are satisfied that systems are in place to mitigate exposure to the major risks.

**GOVERNORS' (TRUSTEES) REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 AUGUST 2014**

Financial and risk management objectives and policies

The Governors take into account the sum carried forward for the year and the likelihood that central government financial support will reduce in coming years. Governors will keep the position under constant review to ensure that they have sufficient income to run the Academy on an efficient basis without affecting the quality of teaching and learning.

Financial risk is part of the Academy risk register and is regularly monitored and reviewed by Governors and SLT.

The Academy's financial management procedures follows the Gildredge House Financial Regulations Manual which has been written in consideration of the advice and guidance contained within the current Academies Financial Handbook. The Financial Regulations Manual and financial management procedures are regularly reviewed and revised to minimise risk and ensure best practice to achieve best value principles.

Plans for future periods

The successful completion of the development of the site, with the official handover to the school on 21st November 2014 including the brand new sports hall and MUPS (multi use performance area).

We will welcome the 2nd cohort of Year 7 and Reception in September 2014, which was oversubscribed.

We will continue to embed the ethos and vision of the school as it grows from 176 students in September 2013, to 352 students in September 2014.

We will continue to focus, through the development of the School Improvement Plan, on the 4 Ofsted areas of Student Achievement, Quality of Teaching, Behaviour and Safety and Leadership and Management.

We will prepare for the forthcoming Ofsted Inspection due from the 5th term onwards (January 2015)

We will continue to follow the wider strategic objectives in the School Development Strategy which cover the 6 areas of:

Learning; to teach in ways to bring out the best learning outcomes for our students

Ethos; to establish and maintain a culture in which every individual is known and valued

Community; to maintain and establish strong links throughout the school; to ensure that parents are fully engaged with the school's activities; to develop meaningful links with the local community

Resources; to ensure that the school is well resourced in people, resources and facilities; to recruit and retain high quality staff

Enterprise; Nurture a culture of enterprise with all who work in the school and amongst the students.

Leadership; the Governing Body will provide strong strategic leadership and governance to the school, and the Senior Leadership Team will ensure clear robust direction and leadership of the Academy operational business.

GILDREDGE HOUSE FREE SCHOOL

GOVERNORS' (TRUSTEES) REPORT (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2014

Auditor

In so far as the Governors are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Governors 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.

A resolution proposing that Price & Company be reappointed as auditor of the charitable company will be put to the members.

The Governors' report, incorporating a strategic report, was approved by order of the Board of Governors, as the company directors, on18/12/2014.... and signed on its behalf by:



L Caroe

Chair of Governors

GILDREDGE HOUSE FREE SCHOOL

GOVERNANCE STATEMENT FOR THE PERIOD ENDED 31 AUGUST 2014

Scope of responsibility

As Governors we acknowledge we have overall responsibility for ensuring that Gildredge House Free 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 Governors has delegated the day-to-day responsibility to the principal, as accounting officer, for ensuring financial controls conform to the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Gildredge House Free School and the Secretary of State for Education. They are also responsible for reporting to the Board of Governors any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Governors' Report and in the Statement of Governors' Responsibilities. The Board of Governors has formally met seven times during the period. Attendance during the period at meetings of the Board of Governors was as follows:

Governors	Meetings attended	Out of possible
N Best (Appointed 1 March 2014)	3	4
L Caroe (Chair of Governors) (Appointed 1 October 2013)	7	7
A Firth (Appointed 12 March 2013 and resigned 3 July 2014)	4	7
J King (Appointed 8 March 2013 and resigned 11 August 2014)	5	7
G Mace (Appointed 8 March 2013)	6	7
J Mace (Appointed 1 October 2013)	7	7
B Mathews (Appointed 1 October 2013)	4	7
A McWilliams (Appointed 12 December 2013)	5	5
A Molloson (Appointed 1 October 2013)	7	7
R Moreton (Appointed 1 October 2013)	7	7
P Pyemont (Appointed 8 March 2013)	6	7
P Stevens (Appointed 4 April 2013 and resigned 25 November 2013)	2	3
H Thomas (Appointed 8 March 2013 and resigned 5 March 2014)	3	3
L Gilbert (Appointed 8 March 2013 and resigned 15 April 2013)	7	7

GILDREDGE HOUSE FREE SCHOOL

GOVERNANCE STATEMENT (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2014

Education Committee

The Education committee is a sub-committee of the main board of Governors. Attendance at meetings in the period was as follows:

Governors	Meetings attended	Out of possible
L Caroe (Chair of Governors) (Appointed 1 October 2013)	3	3
L Gilbert (Appointed 8 March 2013 and resigned 15 April 2013)	3	3
J King (Appointed 8 March 2013 and resigned 11 August 2014)	3	3
G Mace (Appointed 8 March 2013)	3	3
B Mathews (Appointed 1 October 2013)	3	3
R Moreton (Appointed 1 October 2013)	3	3
P Pyemont (Appointed 8 March 2013)	2	3

Enterprise Committee

The Enterprise committee is a sub-committee of the main Board of Governors. Attendance at meetings in the period was as follows:

Governors	Meetings attended	Out of possible
N Best (Appointed 1 March 2014)	2	2
A Firth (Appointed 12 March 2013 and resigned 3 July 2014)	3	3
J Mace (Appointed 1 October 2013)	3	3
A McWilliams (Appointed 12 December 2013)	2	2
A Molloson (Appointed 1 October 2013)	2	2
P Stevens (Appointed 4 April 2013 and resigned 25 November 2013)	1	1
H Thomas (Appointed 8 March 2013 and resigned 5 March 2014)	0	1
L Gilbert (Appointed 8 March 2013 and resigned 15 April 2013)	3	3

Admissions committee

The Full Governing Body agreed to establish an Admissions committee, the committee membership and Terms of Reference, at the FGB meeting held on 25 January 2014. Attendance at meetings in the period was as follows

Governors	Meetings attended	Out of possible
G Mace (Appointed 8 March 2013)	3	3
J Mace (Appointed 1 October 2013)	3	3
L Gilbert (Appointed 8 March 2013 and resigned 15 April 2013)	3	3

**GOVERNANCE STATEMENT (CONTINUED)
FOR THE PERIOD ENDED 31 AUGUST 2014**

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Gildredge House Free School for the period 8 March 2013 to 31 August 2014 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

The Board of Governors has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of Governors is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the period 8 March 2013 to 31 August 2014 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Board of Governors.

The risk and control framework

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

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

The Board of Governors has considered the need for a specific internal audit function and has decided:

- not to appoint an internal auditor.

However the Governors have appointed Tim Firth, a Trustee, as Responsible Officer;

Both the external Auditor's and Responsible Officer roles include giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. On a termly basis, the external Auditor's and Responsible Officer reports to the Board of Governors through the Enterprise/Audit committee on the operation of the systems of control and on the discharge of the financial responsibilities of the Board of Governors.

GILDREDGE HOUSE FREE SCHOOL

GOVERNANCE STATEMENT (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2014

Review of effectiveness

As accounting officer the principal has responsibility for reviewing the effectiveness of the system of internal control. During the period in question the review has been informed by:

- the work of the responsible officer;
- the work of the external auditor;
- the financial management and governance self-assessment process;
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the Enterprise and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the Board of Governors on ...18.12.2014 and signed on its behalf by:



L Caroe

Chair of Governors

GILDREDGE HOUSE FREE SCHOOL

**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE
FOR THE PERIOD ENDED 31 AUGUST 2014**

As accounting officer of Gildredge House Free School I have considered my responsibility to notify the Academy Trust Board of Governors and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the Academy Trust and Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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

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

Approved on18.12.2014. and signed by:



L Gilbert
Accounting Officer

GILDREDGE HOUSE FREE SCHOOL

STATEMENT OF GOVERNORS' RESPONSIBILITIES

The Governors (who act as trustees for Gildredge House Free School and are also the directors of Gildredge House Free School for the purposes of company law) are responsible for preparing the Governors' Report and the accounts in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Governors to prepare accounts for each financial year. Under company law the Governors must not approve the accounts 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 accounts, the Governors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements 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 accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the Board of Governors on ...18/12/2015..... and signed on its behalf by:



L Caroe

Chair of Governors

GILDREDGE HOUSE FREE SCHOOL

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GILDREDGE HOUSE FREE SCHOOL

We have audited the accounts of Gildredge House Free School for the period ended 31 August 2014 set out on pages 21 to 43. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2013 to 2014 issued by the EFA.

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

Respective responsibilities of Governors and auditors

As explained more fully in the Governors' Responsibilities Statement set out on page 16, the Governors, who are also the directors of Gildredge House Free School for the purposes of company law, are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the accounts in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the accounts

An audit involves obtaining evidence about the amounts and disclosures in the accounts sufficient to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Governors; and the overall presentation of the accounts. In addition, we read all the financial and non-financial information in the Governors' Annual Report to identify material inconsistencies with the audited accounts and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on accounts

In our opinion the accounts:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2014 and of its incoming resources and application of resources, including its income and expenditure, for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Academies Accounts Direction 2013 to 2014 issued by the EFA.

GILDREDGE HOUSE FREE SCHOOL

**INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE MEMBERS OF GILDREDGE HOUSE FREE SCHOOL**

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Governors' Report for the financial period for which the accounts are prepared is consistent with the accounts.

Matters on which we are required to report by exception

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

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

Mr Malcolm Preece BA FCA DChA (Senior Statutory Auditor)

Price & Company

Chartered Accountants

Statutory Auditor

30/32 Gildredge Road

Eastbourne

East Sussex

BN21 4SH

Dated: 19/12/2014

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO GILDREDGE HOUSE FREE SCHOOL AND THE EDUCATION FUNDING AGENCY

In accordance with the terms of our engagement letter dated 15 September 2014 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013 to 2014, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Gildredge House Free School during the period 8 March 2013 to 31 August 2014 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of Gildredge House Free School's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Gildredge House Free School's funding agreement with the Secretary of State for Education dated 22 August 2013 and the Academies Financial Handbook, extant from 1 September 2013, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2013 to 2014. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 8 March 2013 to 31 August 2014 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2014 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

GILDREDGE HOUSE FREE SCHOOL

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO GILDREDGE HOUSE FREE SCHOOL AND THE EDUCATION FUNDING AGENCY (CONTINUED)

The work undertaken to draw to our conclusion includes:

- Obtaining evidence including carrying out those tests relevant to the circumstances of the Academy as prescribed in Section 10.4 of the Academies Accounts Direction 2014 issued by the EFA in May 2014; and
- Planning and performing any additional tests deemed necessary to express an opinion.

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 8 March 2013 to 31 August 2014 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Price & Company

Chartered Accountants
Reporting Accountants
30/32 Gildredge Road
Eastbourne
East Sussex
BN21 4SH

Dated:

19/12/2014

GILDREDGE HOUSE FREE SCHOOL

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE PERIOD ENDED 31 AUGUST 2014

		Unrestricted funds £	Restricted funds £	Fixed Asset fund £	Total 2014 £
<u>Incoming resources</u>	Notes				
Resources from generated funds					
- Voluntary income	2	5,008	-	-	5,008
- Activities for generating funds	3	23,869	57,925	-	81,794
- Investment income	4	34	-	-	34
Resources from charitable activities					
- Funding for educational operations	5	- 1,276,279	13,033,460	14,309,739	
Total incoming resources		28,911	1,334,204	13,033,460	14,396,575
<u>Resources expended</u>					
Costs of generating funds					
- Fundraising trading	6	18,935	-	-	18,935
Charitable activities					
- Educational operations	7	-	1,313,324	124,083	1,437,407
Governance costs	8	-	12,511	-	12,511
Total resources expended	6	18,935	1,325,835	124,083	1,468,853
Net incoming/(outgoing) resources before transfers		9,976	8,369	12,909,377	12,927,722
Gross transfers between funds		(5,562)	120	5,442	-
Net income/(expenditure) for the period		4,414	8,489	12,914,819	12,927,722
<u>Other recognised gains and losses</u>					
Actuarial gains/(losses) on defined benefit pension scheme	16	-	(10,000)	-	(10,000)
Net movement in funds		4,414	(1,511)	12,914,819	12,917,722
Fund balances at 8 March 2013		-	-	-	-
Fund balances at 31 August 2014		4,414	(1,511)	12,914,819	12,917,722

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006. A statement of total recognised gains and losses is not required as all gains and losses are included in the statement of financial activities.

All of the academy's activities derive from continuing operations during the financial period above.

GILDREDGE HOUSE FREE SCHOOL

BALANCE SHEET AS AT 31 AUGUST 2014

		2014	
	Notes	£	£
Fixed assets			
Tangible assets	11		12,927,060
Current assets			
Debtors	12	2,329,899	
Cash at bank and in hand		74,695	
		2,404,594	
Creditors: amounts falling due within one year	13	(2,401,932)	
Net current assets			2,662
Total assets less current liabilities			12,929,722
Defined benefit pension liability	16		(12,000)
Net assets			12,917,722
Funds of the Academy Trust:			
Restricted income funds	14		
- Fixed asset funds			12,914,819
- General funds			10,489
- Pension reserve			(12,000)
Total restricted funds			12,913,308
Unrestricted funds	14		4,414
Total funds			12,917,722

The accounts were approved by order of the Board of Governors and authorised for issue on18.12.2014



L Caroe

Chair of Governors

Company Number 08436285

GILDREDGE HOUSE FREE SCHOOL

**CASH FLOW STATEMENT
FOR THE PERIOD ENDED 31 AUGUST 2014**

		31 August 2014 £
	Notes	
Net cash inflow/(outflow) from operating activities	17	56,771
Returns on investments and servicing of finance		
Investment income		34
		<hr/>
Net cash inflow/(outflow) from returns on investments and servicing of finance		34
		<hr/>
		56,805
Capital expenditure and financial investments		
Capital grants received		13,033,460
Payments to acquire tangible fixed assets		(13,051,143)
		<hr/>
Net cash flow from capital activities		(17,683)
		<hr/>
Increase/(decrease) in cash	18	39,122
		<hr/> <hr/>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2014**

1 Accounting policies

1.1 Basis of preparation

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

1.2 Going concern

The Governors assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The Governors make this assessment in respect of a period of one year from the date of approval of the accounts.

1.3 Incoming resources

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

Grants receivable

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

General Annual Grant is recognised in full in the period for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund.

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

Sponsorship income

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

Donations

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

Other income

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 31 AUGUST 2014

1 Accounting policies (Continued)

Donated services and gifts in kind

The value of donated services and gifts in kind provided to the Academy Trust are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the Academy Trust can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the statement of financial activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the Academy Trust's policies.

1.4 Resources expended

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

Costs of generating funds

These are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

Charitable activities

These are costs incurred on the Academy Trust's educational operations.

Governance costs

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

All resources expended are inclusive of irrecoverable VAT.

1.5 Tangible fixed assets and depreciation

Assets costing £5,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the statement of financial activities and carried forward in the balance sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the statement of financial activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy Trust's depreciation policy. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 31 AUGUST 2014**

1 Accounting policies (Continued)

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

Freehold property	50 years
Computer equipment	3 years
Fixtures, fittings & equipment	10 years
Motor vehicles	4 years

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

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

1.6 Leasing and hire purchase commitments

Rentals payable under operating leases are charged against income on a straight line basis over the period of the lease.

1.7 Taxation

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

1.8 Pensions benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 16, the TPS is a multi-employer scheme and the Academy Trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions are recognised as they are paid each period.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 31 AUGUST 2014

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 method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the statement of financial activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

1.9 Fund accounting

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

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

Restricted general funds comprise all other restricted funds received and include grants from the EFA and DfE.

2 Voluntary income

	Unrestricted funds £	Restricted funds £	Total 2014 £
Other donations	5,008	-	5,008
	<u> </u>	<u> </u>	<u> </u>

GILDREDGE HOUSE FREE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 31 AUGUST 2014

3 Activities for generating funds

	Unrestricted funds £	Restricted funds £	Total 2014 £
Catering income	-	31,587	31,587
School visits income	-	13,162	13,162
After school club income	-	13,176	13,176
Sale of uniforms	23,869	-	23,869
	<u>23,869</u>	<u>57,925</u>	<u>81,794</u>

4 Investment income

	Unrestricted funds £	Restricted funds £	Total 2014 £
Short term deposits	34	-	34
	<u>34</u>	<u>-</u>	<u>34</u>

5 Funding for the Academy Trust's educational operations

	Unrestricted funds £	Restricted funds £	Total 2014 £
DfE / EFA grants			
General annual grant (GAG)	-	890,754	890,754
Start up grants	-	364,000	364,000
Capital grants	-	13,033,460	13,033,460
Other DfE / EFA grants	-	21,525	21,525
	-	<u>14,309,739</u>	<u>14,309,739</u>
Total funding	-	<u>14,309,739</u>	<u>14,309,739</u>

GILDREDGE HOUSE FREE SCHOOL

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 31 AUGUST 2014**

6 Resources expended

	Staff costs £	Premises & equipment £	Other costs £	Total 2014 £
Academy's educational operations				
- Direct costs	824,676	-	48,810	873,486
- Allocated support costs	141,575	141,524	280,822	563,921
	<u>966,251</u>	<u>141,524</u>	<u>329,632</u>	<u>1,437,407</u>
Other expenditure				
Costs of activities for generating funds	-	-	18,935	18,935
Governance costs	-	-	12,511	12,511
	<u>-</u>	<u>-</u>	<u>31,446</u>	<u>31,446</u>
Total expenditure	<u>966,251</u>	<u>141,524</u>	<u>361,078</u>	<u>1,468,853</u>
Incoming/outgoing resources for the year include:				2014 £
Fees payable to auditor				
- Audit				3,500
- Other services				1,200

GILDREDGE HOUSE FREE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2014

7 Charitable activities

	Unrestricted funds £	Restricted funds £	Total 2014 £
Direct costs			
Teaching and educational support staff costs	-	822,207	822,207
Educational supplies and services	-	43,057	43,057
Staff development	-	2,469	2,469
Other direct costs	-	5,753	5,753
	-	873,486	873,486
Allocated support costs			
Support staff costs	-	141,575	141,575
Depreciation	-	124,083	124,083
Technology costs	-	38,960	38,960
Recruitment and support	-	21,145	21,145
Maintenance of premises and equipment	-	17,441	17,441
Cleaning	-	2,356	2,356
Energy costs	-	33,475	33,475
Rent and rates	-	22,739	22,739
Insurance	-	26,725	26,725
Security and transport	-	2,805	2,805
Catering	-	49,569	49,569
Other support costs	-	83,048	83,048
	-	563,921	563,921
Total costs	-	1,437,407	1,437,407

GILDREDGE HOUSE FREE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2014

8 Governance costs

	Unrestricted funds £	Restricted funds £	Total 2014 £
Legal and professional fees	-	8,551	8,551
Auditor's remuneration			
- Audit of financial statements	-	3,500	3,500
Support staff costs	-	222	222
Governors' reimbursed expenses	-	238	238
	-	12,511	12,511

9 Staff costs

The average number of persons (including senior management team) employed by the Academy Trust during the period expressed as full time equivalents was as follows:

	2014 Number
Teachers	15
Administration and support	9
	24

Costs included within the accounts:

	2014 £
Wages and salaries	767,775
Social security costs	65,120
Other pension costs	111,893
	944,788
Supply teacher costs	3,820
Staff development and other staff costs	17,643
Total staff costs	966,251

GILDREDGE HOUSE FREE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2014

9 Staff costs (Continued)

The number of employees whose annual remuneration, excluding employers' pension contributions, was £60,000 or more was:

	2014 Number
£70,001 - £80,000	1
£80,001 - £90,000	1
	<u>2</u>

Of the employees above, the number participating in pension schemes and the employers' contributions paid during the 18 month period on their behalf were as follows:

		2014
Teachers' Pension Scheme	Numbers	2
	£	27,224
Local Government Pension Scheme	Numbers	-
	£	-

10 Governors' remuneration and expenses

The principal and other staff Governors only receive remuneration in respect of services they provide undertaking the roles of principal and staff, and not in respect of their services as Governors. Other Governors did not receive any payments, other than expenses, from the academy trust in respect of their role as Governors. During the year, payments totalling £238 were reimbursed to 3 Governors.

The value of Governors' remuneration, including employer pension contributions if applicable, fell within the following bands:

Lea Gilbert (principal and trustee) £100,001 - £105,000
Adam Mollosos (staff) £40,001 - £45,000

Other related party transactions involving the Governors are set out within the related parties note.

Governors' and officers' insurance

In accordance with normal commercial practice, the Academy Trust has purchased insurance to protect Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £1,000,000 on any one claim and the cost for the period ended 31 August 2014 was £777.

GILDREDGE HOUSE FREE SCHOOL

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 31 AUGUST 2014**

11 Tangible fixed assets

	Freehold property	Computer equipment	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 8 March 2013	-	-	-	-	-
Additions	11,876,327	545,977	623,839	5,000	13,051,143
At 31 August 2014	11,876,327	545,977	623,839	5,000	13,051,143
Depreciation					
At 8 March 2013	-	-	-	-	-
Charge for the period	15,000	107,833	-	1,250	124,083
At 31 August 2014	15,000	107,833	-	1,250	124,083
Net book value					
At 31 August 2014	11,861,327	438,144	623,839	3,750	12,927,060

12 Debtors

VAT recoverable
Other debtors
Prepayments and accrued income

13 Creditors: amounts falling due within one year

**2014
£**

Bank overdrafts	35,573
Trade creditors	188,622
EFA creditors	1,555,779
Accruals and other creditors	621,958
	2,401,932

GILDREDGE HOUSE FREE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 31 AUGUST 2014

14 Funds

	Balance at 8 March 2013	Incoming resources	Resources expended	Gains, losses and transfers	Balance at 31 August 2014
	£	£	£	£	£
Restricted general funds					
General Annual Grant	-	890,754	(882,994)	(5,442)	2,318
Start up grants	-	364,000	(364,000)	-	-
Other DfE / EFA grants	-	21,525	(21,525)	-	-
Other restricted funds	-	57,925	(55,316)	5,562	8,171
	-	1,334,204	(1,323,835)	120	10,489
Funds excluding pensions	-	-	(2,000)	(10,000)	(12,000)
	-	1,334,204	(1,325,835)	(9,880)	(1,511)
Restricted fixed asset funds					
DfE / EFA capital grants	-	13,033,460	(124,083)	5,442	12,914,819
Total restricted funds	-	14,367,664	(1,449,918)	(4,438)	12,913,308
Unrestricted funds					
General funds	-	28,911	(18,935)	(5,562)	4,414
Total funds	-	14,396,575	(1,468,853)	(10,000)	12,917,722

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 31 AUGUST 2014**

14 Funds (Continued)

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

General Annual Grant (GAG) must be used for the normal running costs of the Academy Trust. Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2014.

Start up grants represent start up money from the Department of Education (DfE) including a project development grant. The project development grant is limited to expenditure on project management, legal, recruitment, marketing, website and other relevant costs.

Other DfE/EFA grants are for particular purposes within the Academy Trust's educational operations. These include the Pupil Premium which are additional funds to support disadvantaged pupils and close the attainment gap between them and their peers.

Other restricted funds include monies in regards to school trips, after school activities and catering. During the period catering funds had an excess of expenditure over income. The transfer shown represents the top-up from unrestricted funds. During the period the school trips and after school activities funds had no excess expenditure over income and a total amount of £8,171 remained unspent and is carried forward to the next financial period.

The costs and income associated with the defined benefit pension scheme have been recorded in the restricted general fund. Staff costs are paid from this fund, including contributions to the LGPS, and the pension liability has therefore been aligned with those costs.

DfE/EFA capital grants represents capital monies received during the period from the EFA. These monies had all been spent in the period. Depreciation relating to capital items bought with these grants is charged to this fund as it occurs.

Unrestricted funds represents funds generated via activities such as from school uniform sales, bank interest receivable and donations. The surplus on this fund at the end of the financial period and after the transfer to other restricted funds was £4,414 and can be used at the discretion of the governors to meet the charitable objectives of the Academy Trust.

GILDREDGE HOUSE FREE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 AUGUST 2014

15 Analysis of net assets between funds

	Unrestricted funds £	Restricted funds £	Fixed asset funds £	Total funds £
Fund balances at 31 August 2014 are represented by:				
Tangible fixed assets	-	12,241	12,914,819	12,927,060
Current assets	4,414	2,400,180	-	2,404,594
Creditors: amounts falling due within one year	-	(2,401,932)	-	(2,401,932)
Defined benefit pension liability	-	(12,000)	-	(12,000)
	4,414	(1,511)	12,914,819	12,917,722

16 Pensions and similar obligations

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2014 and of the LGPS 31 March 2013.

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.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 31 AUGUST 2014**

16 Pensions and similar obligations (Continued)

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

Valuation of the Teachers' Pension Scheme

The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuation and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%);
- total scheme liabilities for service to the effective date of £191,500, and notional assets of £176,600 million, giving a notional past service deficit of £14,900 million; and
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations.

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

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

Teachers' Pension Scheme changes

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 31 AUGUST 2014

16 Pensions and similar obligations (Continued)

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

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

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

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 27.6 per cent for employers. Employees' contribution rates vary according to salary. The estimated value of employer contributions for the forthcoming year is £31000.

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.

	2014
	£
Employer's contributions	30,000
Employees' contributions	10,000
	<hr/>
Total contributions	40,000
	<hr/>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 31 AUGUST 2014

16 Pensions and similar obligations (Continued)

Principal actuarial assumptions

	2014
	%
Rate of increase in salaries	4.5
Rate of increase for pensions in payment	2.7
Discount rate for scheme liabilities	3.7
Expected return on assets	5.8

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

	2014
	Years
Retiring today	
- Males	22.2
- Females	24.4
Retiring in 20 years	
- Males	24.2
- Females	26.7

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

	2014	2014
	Expected	Fair value
	return	
	%	£
Equities	6.4	33,000
Bonds	3.5	4,000
Property	4.5	4,000
Other assets	3.3	1,000
Total market value of assets		42,000
Present value of scheme liabilities - funded		(54,000)
Net pension asset / (liability)		(12,000)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 31 AUGUST 2014

16 Pensions and similar obligations (Continued)

The expected return on assets is based on the long-term future expected investment return for each asset class as at the beginning of the period. The return on bonds is assumed to be in line with redemption yields. The expected return on equities and properties have been determined by setting an appropriate risk premium above gilt/bond yields having regard to market conditions.

The actual return on the scheme assets in the year was £2,000.

Operating costs and income recognised in the statement of financial activities

	2014
	£
Financial expenditure/(income)	
Expected return on pension scheme assets	(1,000)
Interest on pension liabilities	1,000
	<hr/> -
Other expenditure/(income)	
Current service cost	32,000
Past service cost	-
	<hr/> 32,000
Total operating charge/(income)	<hr/> 32,000

Actuarial gains and losses recognised in the statement of financial activities

	2014
	£
Actuarial (gains)/losses on assets: actual return less expected	(2,000)
Experience (gains)/losses on liabilities	12,000
(Gains)/losses arising from changes in assumptions	-
	<hr/> 10,000
Total (gains)/losses	<hr/> 10,000
Cumulative (gains)/losses to date	<hr/> 10,000

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 31 AUGUST 2014**

16 Pensions and similar obligations (Continued)

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

	2014 £
Current service cost	(32,000)
Interest cost	(1,000)
Contributions by employees	(10,000)
Actuarial gains/(losses)	(12,000)
Benefits paid	1,000
	(54,000)

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

	2014 £
Expected return on assets	1,000
Actuarial gains/(losses)	2,000
Contributions by employers	30,000
Contributions by employees	10,000
Benefits paid	(1,000)
	42,000

History of experience gains and losses:

	2014 £
Present value of defined benefit obligations	(54,000)
Fair value of share of scheme assets	42,000
Surplus / (deficit)	(12,000)
Experience adjustment on scheme liabilities	(12,000)
Experience adjustment on scheme assets	2,000

GILDREDGE HOUSE FREE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 31 AUGUST 2014

17 Reconciliation of net income to net cash inflow/(outflow) from operating activities

2014
£

Net income	12,927,722
Capital grants and similar income	(13,033,460)
Investment income	(34)
FRS17 pension costs less contributions payable	2,000
Depreciation of tangible fixed assets	124,083
(Increase)/decrease in debtors	(2,329,899)
Increase/(decrease) in creditors	2,366,359
	<hr/>
Net cash inflow/(outflow) from operating activities	56,771
	<hr/> <hr/>

18 Reconciliation of net cash flow to movement in net funds

2014
£

Increase/(decrease) in cash	39,122
Net funds at 8 March 2013	-
	<hr/>
Net funds at 31 August 2014	39,122
	<hr/> <hr/>

19 Analysis of net funds

	At 8 March 2013	Cash flows	Non-cash changes	At 31 August 2014
	£	£	£	£
Cash at bank and in hand	-	74,695	-	74,695
Bank overdrafts	-	(35,573)	-	(35,573)
	<hr/>	<hr/>	<hr/>	<hr/>
	-	39,122	-	39,122
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 31 AUGUST 2014**

20 Capital commitments

2014

£

At 31 August 2014 the company had capital commitments as follows:

Expenditure contracted for but not provided in the accounts	729,451
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729,451

The capital commitment is amounts contracted but not yet provided for in the financial statements in respect of building work, which will be funded by a capital grant from the EFA.

21 Related parties

Owing to the nature of the Academy's operation and the composition of the Governors being drawn from local public and private sector organisations, transactions may take place with organisations in which a Governor has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy Trust's financial regulations and normal procurement procedures.

The Academy did not enter into any further related party transactions, other than those already disclosed under Note 10.

22 Members' liability

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