

The Gryphon School

(Company limited by Guarantee and
not having a share capital)
Exempt Charity

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 August 2014

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Company Registration No. 08130468

The Gryphon School

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REFERENCE AND ADMINISTRATIVE DETAILS

for the year ended 31 August 2014

Members

Mr N Rees* (Chair)
Mr P Tebbatt*
Mr D Smart
Canon E Woods (Vice Chair)

Governors (Trustees/Directors)

Mrs T Ayres
Mrs J Brighthouse
Mr G Booth
Mr M Boxall
Mr B Brown*
Mr A Cooke*
Mr T Crassweller*
Mrs M George
Mr A Harding
Mr S Hillier (Headteacher)*
Mr D Mildenhall MBE*
Mrs C Moses
Mr S Murcer*
Mr N Rees (Chair)*
Mr M Sandy
Mrs A Sinnott MBE*
Mr H Straughan*
Mr D Smart
Mr P Tebbatt*
Canon E Woods DL

* Members of the Finance and Resources Committee

Company Secretary

Mr G Smith

Senior Leadership Team

Headteacher
Deputy Headteacher
Deputy Headteacher
Assistant Headteacher
Assistant Headteacher
Assistant Headteacher
Assistant Headteacher
Bursar

Mr S Hillier
Mrs N Edwards
Mr T Ovenden
Miss N Dodgson
Mr J Gower
Mr S Lawson
Mrs J Tutton
Mr G Smith

Principal and Registered Office

The Gryphon School
Bristol Road
Sherborne
Dorset
DT9 4EQ

Company Registration Number

08130468

Independent Auditor

Baker Tilly UK Audit LLP
Hartwell House
55-61 Victoria Street
Bristol
BS1 6AD

The Gryphon School

REFERENCE AND ADMINISTRATIVE DETAILS
for the year ended 31 August 2014

Bankers

Lloyds Bank
9 High Street
Yeovil
Somerset
BA20 1RN

Solicitors:

Veale Wasbrough Vizards
Orchard Court
Orchard lane
Bristol
BS1 5WS

The Gryphon School

GOVERNORS' REPORT

for the year ended 31 August 2014

The Governors present their Annual Report together with the financial statements and auditor's report of the charitable company for the year ended 31 August 2014.

Structure, Governance and Management

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

The Governors act as the trustees for the charitable activities of The Gryphon School Academy Trust and are also the Charitable Company Directors for the purposes of company law. The Charitable Company is known as The Gryphon School.

Details of the governors who served throughout the year, except as noted, are included in the Reference and Administrative Details on the preceding pages.

Members' Liability

There are four members of the Academy Trust. 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 an 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 Trust has taken out appropriate indemnity insurance to protect the governors' interests.

Method of Recruitment and Appointment or Election of Governors

The number of Governors shall be not less than three or more than 20 except for appointments of any Additional Governors made by the Secretary of State under Articles 62, 62A, 63 or 68A.

Subject to Articles 48-49 and 64, the Academy Trust shall have the following Governors:

- a. Up to 6 Governors, appointed by the members as a whole under Article 50
- b. Up to 5 Foundation Governors, appointed and/or holding office further to Article 51.
- c. Up to 3 Staff Governors, appointed under Article 50A;
- d. 5 Parent Governors appointed under Articles 53-58 ;
- e. the Headteacher
- f. any Additional Governors, if appointed under Articles 62, 62A or 68A; and
- g. any Further Governors, if appointed under Article 63 or Article 68A;

The Governors may also appoint up to 2 co-opted Governors.

The Staff Governors shall be elected by staff at the Academy provided that the total number of Governors (including the Headteacher) who are employees of the Academy Trust does not exceed one third of the total number of Governors.

The Incumbent shall be treated for all purposes as an ex officio Foundation Governor.

The Headteacher shall be treated for all purposes as being an ex officio governor.

Parent Governors shall be elected by parents of registered pupils at the Academy Trust.

The term of office for any Governor shall be 4 years, save that this time limit shall not apply to the Headteacher and the Incumbent. Subject to remaining eligible to be a particular type of Governor, any Governor may be re-appointed or re-elected.

A Governor shall cease to hold office if he resigns his office by notice to the Academy Trust (but only if at least three Governors will remain in office when the notice of resignation is to take effect). A Governor shall cease to hold office if he is removed by the person or persons who appointed him. This Article does not apply in respect of a Parent Governor.

Policies and Procedures adopted for the induction and training of Governors

The Governing body is committed to ensure that all governors are given the information to support their role to provide challenge and support to the Headteacher and the School Leadership Team. New governors are welcomed by the Chair of Governors and the Headteacher. All Governors have access to all the school policies, the Strategic Plan, the School Self Evaluation Report, all external performance information, all Governors agendas, minutes and accompanying papers, the

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GOVERNORS' REPORT

for the year ended 31 August 2014

staff Diary, school Newsletters and Headteacher Reports. The School continues to subscribe to Dorset Governors Services and has access to training courses for Governors. The Governors meet annually to hold a full day Governor Conference.

Organisational Structure

The Governing Body's role in the Academy Trust is a strategic one to ensure that statutory requirements are met as well as challenging and supporting the school leaders to achieve its aims and objectives. The day-to-day management is the responsibility of the Headteacher and the Leadership Team.

In 2013-14 there were two main committees of the Full Governing Body. These were the Finance and Resources Committee and the Student, Staffing and Community Committee. Each of these Committees held five meetings and reported to the Full Governors who met on three occasions where minutes and reports are ratified. In addition, the Staff Pay Review Committee also met twice.

The committees have a responsibility to pursue excellence through the challenge and support school leaders and managers; holding them to account for tackling weaknesses and further improving outcomes for all students; and the rigorous monitoring and evaluation of all aspects of the school.

The areas of focus for each Committee are:

The Finance and Resources Committee – the budget, finance, school audit, the effectiveness with which the School deploys resources to achieve value for money, site development, health and safety, commercial activity and the Little Gryphons Nursery.

The Students, Staffing and Community Committee - student attainment and achievement, the quality of teaching and learning, curriculum opportunities and the full educational experience of students at the school, behaviour and attendance, spiritual, social, moral and cultural (SMSC), staff development and support, partnerships, equal opportunities, community and parents, safeguarding.

The Staff Pay Review Committee - to review and agree the salary of each member of the staff taking into account the recommendations and appraisal evidence submitted by the Headteacher (in the Headteacher's case the Headteacher performance review group and also to agree the Individual Salary Range of those on the Leadership Spine) in accordance with the pay and appraisal policies for teachers and support staff. In addition to agree the Pay Policy for teachers and non-teachers and to consider annually percentage pay increases.

Powers Delegated to the Headteacher

Unless specifically identified to the contrary, the Governing Body delegates to the Headteacher the total day-to-day leadership and management of the School.

The Governing Body delegates to the Headteacher duties, in particular, to:

- Manage the school's finances in accordance with the latest Academy's Finance Handbook
- Ensure the efficient, economic and effective management of resources, expenditure and capital assets
- Ensure effective internal controls
- Follow the expenditure and other financial limits established in the Financial Scheme of Delegation
- Recruit all staff, with the exception of the Headteacher and Deputy Headteachers
- Be responsible for signing the annual financial statements with the Chair of the Governors

The Gryphon School

GOVERNORS' REPORT

for the year ended 31 August 2014

Risk Management

The governors are responsible for identifying major risks faced by the school, establishing procedures to mitigate those risks and ensuring that all employees are aware of those procedures.

The governors have implemented a system to assess major risks that the school faces, especially in the operational areas (e.g. in relation to teaching, health and safety and trips) and in relation to the control of its finances.

The school has a formal risk management process to assess business risks and to implement risk management strategies. The process involves identifying the types of risk the school faces, scoring and prioritising the risks in terms of their potential operational and financial impact, assessing the likelihood of their occurrence and identifying means of mitigating the risks. A Risk Register is maintained and reviewed on an annual basis.

Connected Organisations

The school works closely with a number of other schools and organisations, but has no direct role in their governance or management, including:

- The Sherborne Schools Partnership – the school works closely with the 8 main feeder primary schools in the pyramid
- The South West Academy Group of nine Somerset, Devon and Dorset Academies
- The Jubilee Group of eight secondary schools across the South West
- The Prince's Teaching Institute
- The North Dorset Partnership of five secondary schools, the Sherborne Learning Centre and Yewstock

Objectives and Activities

Objects and Aims

The Academy Trust's main objective is to advance, for the public benefit, education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school with a designated Church of England religious character offering a broad and balanced curriculum conducted in accordance with the principles, practices and tenets of the Church of England both generally and in particular in relation to *arranging for religious education and daily acts of worship (as required by the Funding Agreement) and in having regard to the advice of the Diocesan Board of Education.*

The Gryphon School has a clear mission and seeks to be:

- at the heart of the community and providing an outstanding education for all the learners in the Sherborne area
- a high achieving school where students fulfil their potential and more
- focused on the quality of learning and teaching; to inspire, innovate and enjoy learning
- inclusive, supportive and a caring Church of England school where positive relationships flourish
- a school where students are fully involved and proud
- a confident and evaluative school with strong leadership and management which can respond to challenge and change
- leading edge - fully exploiting new and digital technologies
- a campus and facilities to inspire learning
- a professional learning community
- recognised as an outstanding school in all respects

Objectives, Strategies and Activities

The school has a detailed Strategic and Improvement Plan for the period 2013 - 2015. The overall goal is to be outstanding in all respects. The quality of the teaching, the attitudes and expectations of the students, the facilities and resources and the vision of the governors and leadership are that of a premier school. The Plan has four aims, with key strands for each aim, which are designed to promote achievement and success in the widest sense. Actions, outcomes, timescales and responsibilities are provided for each strand of the plan.

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GOVERNORS' REPORT

for the year ended 31 August 2014

AIM 1

Achievement – for all groups of students to make outstanding progress so that achievement and attainment is judged outstanding by external inspection. The key strands are:

- New Coherent Y6-Y8 Curriculum
- iGryphon
- Achievement support - intervention
- Enhancing Performance
- Reviews/Reports/Exams
- Mentoring and PPA+ Time
- Culture of homework
- SEN Impact
- Attendance
- Sixth Form

AIM 2

Teaching and Learning – for the quality of learning, care and development of every student to be such that students succeed and contribute; the school is a centre of excellence for teacher professional development and qualifies for Teaching School status. The key strands are:

- Gryphon Fundamentals
- Curriculum Time
- Other Provision
- Enhanced Literacy and Numeracy
- Anyway, Everyway learning
- CSPD and microcoaching
- Student Rights and responsibilities
- Behaviour to learn – question and enquire
- Pastoral Care
- Community and Partnership

AIM 3

Leadership – a “can do”, high quality culture pervades; there is the direction, ambition, support and evaluation to promote a national standard educational centre. The key strands are:

- Developing leadership
- Investment in staff
- Refining Evaluation
- Appraisal
- Communication
- Impact of Governors
- Above and beyond Dorset

AIM 4

Finance, Organisation and Resources – the provision of facilities and resources to enable outstanding teaching, learning and achievement. The Key strands are:

- Financial Management
- School catchment, size and admissions
- Site Development
- School Organisation
- Commercial Opportunities
- Sherborne Schools Partnership
- The Gryphon Sports and Fitness Centre
- County Special Needs Base
- The Little Gryphon Nursery

In 2014-15 there are supplementary updates to this plan which details the strategies being used to enhance the consistency and response to marking and assessment as well as the key actions to support the progress of students entitled to the pupil premium. The school has made an expression of interest to the DFE Priority Schools Building

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GOVERNORS' REPORT

for the year ended 31 August 2014

Programme to secure funding to replace the 12 temporary classrooms on site. There will also be a further bid to the Academies Maintenance Capital Fund for the same purpose.

Public Benefit

The Gryphon School offers considerable public benefit through its role as a provider of education and the links it has developed with the local community. The Leisure Centre, fitness suite, all weather pitch and other sports pitches are available for public use outside of school hours.

The school is a larger than average 11-18 community school serving Sherborne and a 60 square mile wide area of North West Dorset and South Somerset. The school took academy status on 1 August 2012. We are a Church of England School but as the secondary school for all Sherborne children our religious character is highly inclusive, embracing those of all faiths and of no faith.

We are very highly regarded by the community with over 25% of students coming from outside the formal catchment area. In the Sixth Form, which has grown to over 450 students, 40% are external. The school is usually oversubscribed by an order of 30+ from a Pupil Admission Number of 240; in 2013/14 all year groups were full or above 240. There is a County Dyslexia Base for 20 students. The school is at the heart of the community including a large and high quality Nursery provision.

There are 9 principal partner primary schools (there are 30 feeder schools in total) who are mainly judged to be good or better. The Sherborne Schools Partnership (SSP) is well established to develop cross-phase academic collaboration and transition.

In setting our objectives and planning our activities the Governors have given careful consideration to the Charity Commission's general guidance on public benefit. The Governors believe that the charitable company's aims are demonstrably to the public benefit.

Strategic Report

Key performance Indicators

Indicator	2014 Target	2014 Actual	2014 National
Academic Performance			
Percentage of Year 11 students achieving five or more GCSEs at grade A* - C including English and Mathematics	65%	65%	53%
Percentage of Year 13 students achieving A* - B grades at A2	62%	55%	50%
Student Attendance	94.9%	95.8%	94.1% (2013)
Financial Performance			
Average surplus over rolling three year periods	+1.75%	+1.5%	NA

Achievement and Performance

The Gryphon School became an academy two years ago with the intention to sustain and enhance its particular ethos and culture of outstanding academic and personal achievement. In the most recent OFSTED Inspection, which took place on 29 and 30 January 2014, numerous aspects of the School were recognised as truly outstanding including:

- Overall attainment is very high and has improved significantly
- The proportion of students achieving A* or A grades at GCSE is well above national averages
- Students are exceptionally well behaved and feel very safe
- The School's promotion of students' spiritual, moral, social and cultural development is excellent

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for the year ended 31 August 2014

- The curriculum, advice and guidance leads to high levels of achievement and excellent behaviour
- Most teaching is good or outstanding
- The behaviour of students is outstanding
- There is a strong ethos of striving for excellence, coupled with a concern for every individual
- The governors are exceptionally committed to help the school improve further
- Students have numerous opportunities to participate in extra-curricular activities
- Students behave extremely courteously to one another, to teachers and other adults
- The Sixth Form is outstanding – achievement has risen rapidly

The School was previously inspected in November 2010 when it was judged as outstanding overall. Since then the inspection schedule has been changed at least five times, most recently on 1 January 2013. On each occasion the criteria for every grade have been made more challenging. The Gryphon has noticeably improved since the last inspection in 2010 in terms of the quality of teaching, the facilities and the high results students achieve yet the overall grading is good.

The Inspection Team made it clear that the school improvement plan is “immense” and is addressing all the remaining small areas for improvement. This includes our focus on literacy, numeracy, the consistency of marking, pupil premium academic progress and the development of a coherent Year 6 to Year 8 curriculum as well as the investment in mobile technology.

The school continues to thrive and be the secondary and Sixth Form school of choice in the area. The responses to the OFSTED Parent Questionnaire were exceptionally positive and had some of the highest approval ratings possible at 95%. All year groups are full despite lower primary school numbers in the catchment area. We have one of the largest and most successful school Sixth Forms in the country because of the high expectations, our facilities and the quality of specialist A Level teaching. The range of opportunities and considerable pastoral support all contribute to the great successes academically but also in a host of ventures, activities and events. Each year around 250 new students join the Sixth Form from The Gryphon and from schools around Dorset and Somerset. We place great value on the personal development of each student.

The A Level results are very high and the pass rates are well above national averages. The progress students made from KS4 is excellent and the greatest we have ever achieved. The successes are particularly notable when nationally pass rates have fallen as the national expectations have risen and the examinations made tougher. This year for the first time all modules had to be sat at the end of the course without resits.

Overall 8% of exams achieved the A* grade, 31% of exams taken were awarded an A or A* grade, 55% of exams taken were awarded an A*-B grades and 78% of exams taken were awarded an A*-C grade. Over 74% of our students achieved at least 1 A Level grade at A*- B level. Three students gained places at the University of Cambridge or Oxford with many others gaining places at highly prized Russell Group Universities including in University Schools of Medicine. Along with the academic A Level courses the vocational BTEC courses were taken in Sport, Applied Science, Health and Social Care and ICT with 33 out of 49 being awarded the highest Distinction or Distinction Plus grading. These more applied and practical courses are taken along with A Level courses. The vast majority of students got their university place with 86% gaining their first choice and 10% gained their second choice. A significant number of students have deferred places for 2015. In total 150 are going to university and of these 35% will be going to Russell group universities.

The GCSE and BTEC results are high against a national backdrop of tougher exams and lower pass rates in many subjects. This year's results have had a much greater emphasis on exams at the end of the two-year course and a reduction in coursework and modular units. There is a stronger element of traditional subjects. Despite this, and the fact that The Gryphon is a community school serving the full ability range, the standards are significantly above national levels.

- The proportion getting an A* or an A was over 27%, well above the national pass rate of 21.3%.
- Over 25% of our students achieved at least 5 or more A* or A grade passes.
- 78% of exams taken achieved A*-C grades compared to 68.8% nationally.
- 9% of exams taken achieved an A* grade compared to 6.7% nationally.
- The A*-C pass rate in Mathematics increased significantly to 82% compared to 62.4% nationally.
- The results in the traditional subjects of the Sciences - Biology, Chemistry and Physics - English Literature, Geography, History, RE and Mathematics are very strong.
- The proportion of students gaining five or more A* to C grades including English and Maths increased to 65% from 62% in 2013 and matched the highest ever achieved.

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GOVERNORS' REPORT

for the year ended 31 August 2014

- There were excellent BTEC vocational qualifications achieved.
- Quite exceptional individual results with six students achieving 10 or more A* grades – two students gained 13 A*s in all their subjects.

Significant new building works were completed. This includes a two classroom two floor extension with lift providing a new Modern Foreign Languages and Business Studies classroom. There is also a reconfiguration of the Leisure Centre with the conversion of the two squash courts into a new larger fitness suite on the ground floor, with four new classrooms in the new upper area. Both projects were funded by two successful Academy Maintenance Capital Grant bids.

Overall, students have demonstrated outstanding behaviour for learning, as evidenced in lesson observations, drop ins and visitor feedback. Rewards predominate with school events promoting this including the annual Celebration of Achievement for each year group and Prize Giving in Sherborne Abbey.

Expectations are very high and even the small issues are followed through rigorously. Exclusion rates are very low. Students are respectful and show dignity and take responsibility. Relationships between staff and students are outstanding. Layers of exceptional care and support create a valued and respectful environment for all. Students display a care for each other and are friendly and supportive. They know the difference between right and wrong. Staff and students act as role models. The School is a safe and civil environment to learn and work with others. Attendance in 2013-14 improved significantly to 95.5%, as a result of a new approach to attendance across the Sherborne pyramid.

Student participation is very strong through the Student Council, Year Councils, student voice lunches as well as an active involvement in school tours, interviews and INSET. There is an extensive range of extra-curricular additional opportunities, during and after the school day. Trips take students around the country and internationally including France, Germany, Berlin, Iceland, Japan, India and Switzerland. Community and business links remain extensive.

We are once again enormously proud of the great achievements of our students academically, in sports, the arts and with the wider community. Sporting success continued in a range of sports, competitions and teams. Individual students have performed at District, County and National levels. The school production of South Pacific was quite outstanding and in drama the school entered Rock Challenge UK. There were three stunning successful music concerts with the school choir performing at a number of venues:

Overall there is excellent teaching, positive attitudes, an array of curriculum experiences, high expectations, high achievement, with a focus on the personal and academic development of every student which all contributes to outstanding overall effectiveness. The school is exceptionally well placed to enhance the quality of education even further for the community we serve in the years ahead.

Going Concern

After making appropriate enquires, the governing body has a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements.

Financial Review

The accounting period for this academy year is 1st September 2013 – 31st August 2014.

Most of the Academy's income is obtained from the Education Funding Authority (EFA) in the form of a General Annual Grant (GAG), the use of which is restricted to particular educational purposes. GAG funding received and the associated expenditure are shown as restricted funds in the Statement of Financial Activities (SOFA). Voluntary and self-generated funds including catering and school bus income is shown as unrestricted in the SOFA. During the year the academy received total incoming resources of £9,751,037. Expenditure totalled £9,735,349 leaving a surplus of £15,688. Allowing for Restricted Fixed Asset funds of £423,964 and after incurring tangible capital expenditure of £373,555, reserves of £109,025 are available to carry forward as at 31 August 2014.

Under Accounting Standard FRS17, it is necessary to charge projected deficits on the Local Government Pension Scheme, provided to support staff, to the restricted fund. This resulted in reducing the reserves in the restricted fund. It should be noted that this does not present the academy with any current liquidity problem.

As at 31 August 2014, the school has a Local Government Pension Scheme liability of £2,330,000. Total reserves stood at £18,570,352 (as shown at the Balance Sheet). Reserves carried forward at 31 August 2014 will be utilised as part of the

The Gryphon School

GOVERNORS' REPORT

for the year ended 31 August 2014

medium and long term plans of the school to improve and update its educational resources, materials and equipment, and additionally provide a continuous improvement plan to maintain and repair the site and facilities.

Reserves Policy

The school will ensure it will stay within the EFA guidelines on levels and appropriate use of reserves. An operating deficit of £66,892 (see financial review) was made in 2013-14 and this has been deducted from reserves.

The school aims to maintain its reserves for a number of purposes, including funding current and future spending on fixed assets, financing the school's working capital and providing a contingency against the risks and uncertainties in running a school. The governors' policy is to hold sufficient reserves to cover these requirements and to use any surpluses generated by the school on improving education and school facilities.

Investment Policy

The school's position is currently to only invest funds in risk free and easily accessible current bank accounts aiming to manage its cash balances to provide for the day-to-day working capital requirements of its operations.

In the future, opportunity permitting, the school would ensure that any investment instruments are such that there would be no tangible risk to the loss of cash funds. The school does not consider the possible future investment of surplus funds as a primary activity, rather it would be the result of good stewardship as and when circumstances allow and investments would only be made when approved by the governing body.

Purposes:

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

Financial and Risk Management Objectives and Policies

The school has agreed a Risk Management Strategy, a Risk Register. These have been discussed by governors and include the financial risks to the school. The register and plan are constantly reviewed in light of information received and is formally reviewed on an annual basis.

The governors have assessed the major risks to which the school is exposed, in particular those relating to its finances, teaching, facilities and other operational areas. The governors have implemented a number of systems to assess and minimise those risks, including appropriate internal controls described on pages 12 to 14. Where significant financial risk still remains they have ensured they have adequate insurance cover.

The governors examine the financial health formally every term, reviewing performance against budgets and overall expenditure by means of regular update reports at Full Governors and Finance and Resources Committee meetings. The governors also ensure sufficient funds are held to cover all known and anticipated commitments. At the year end, the school had no significant liabilities arising from trade creditors or debtors where there would be a significant effect on liquidity.

The Governing Body recognises that the defined benefit scheme deficit (Local Government Pension Scheme), which is set out in note 22 to the Financial Statements, represents a significant potential liability. However, as governors consider the school is able to meet its known annual contribution commitments for the foreseeable future, the risk from this liability is minimised.

Principal Risks and Uncertainties

The principal risks and uncertainties facing the school are as follows:

Financial - The school has considerable reliance on continued government funding through the EFA. In the year ended 31 August 2014 86.3% of the school's incoming resources were ultimately government funded and, whilst this level is expected to continue, there is no assurance that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

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GOVERNORS' REPORT

for the year ended 31 August 2014

Failures in governance and/or management - the risk in this area arises from potential failure to effectively manage the school's finances, internal controls, compliance with regulations and legislation, statutory returns, etc. The governors continue to review and ensure that appropriate measures are in place to mitigate these risks.

Reputational - The continuing success of the school is dependent on continuing to attract applicants in sufficient numbers by maintaining the highest educational standards. To mitigate this risk governors ensure that student success and achievement are closely monitored and reviewed.

Safeguarding and child protection - The governors continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health and safety and discipline. Members of the staff take part in whole school training sessions in Child Protection.

Staffing - the success of the school is reliant on the quality of its staff and so the governors monitor and review policies and procedures to ensure the continued development and training of staff as well as ensuring there is a clear succession plan.

Fraud and mismanagement of funds – The school has appointed a Responsible Officer to carry out checks on financial systems and records as required by the Academy Financial Handbook. All finance staff receive training to keep them up to date with financial practice requirements and develop their skills in this area.

The school has continued to strengthen its risk management process throughout the period by improving the process and ensuring staff awareness. A risk register is maintained and reviewed and updated on a regular basis.

Plans for Future Periods

The school strategic plan includes development of a single modern new teaching block with up to 12 classrooms to replace two aging temporary wooden hut complexes located separately on site. The temporary buildings are worryingly close to becoming beyond economic repair, however significant investment is required via the Condition Improvement Fund (CIF) or the Priority Schools Building Programme (PSBP) in order to replace these ageing structures. A bid for additional funding was rejected in 2013 but repeat bids are to be submitted in 2014/15.

The popularity of the school's 6th Form continues and it is a credit to the school, but however welcome high student numbers are this puts strain on infrastructure. Plans are therefore in place to expand and improve ICT resources particularly within the Learning Resource Centre (LRC). Detailed plans have also been drawn to satisfy an urgent need to extend and improve the 6th Form Common Room and intrinsically provide more seating within the adjacent school café. Funding to support these plans is also subject to a successful CIF bid for funding.

Entry and exit to the school campus has not changed since the school opened in 1993, and since that time the school's student population has doubled and the number of vehicles entering the school site has increased accordingly. There is therefore a need to provide more car parking space and re-address the flow of traffic at peak periods, and as such there is a link to the development of a new teaching block which would allow the demolition of existing wooden huts that currently take up potential vehicle parking and manoeuvring space.

The Management Information System (MIS) currently in school use has been in place for over 10 years and has become unsuitable and inefficient regarding the school's needs. It is therefore planned to replace the existing MIS with more a modern and bespoke solution within the next two years, and this will be a major capital investment. The new system will enhance management ability to programme activities, collect important student data and plan for the future.

Auditor

The auditor, Baker Tilly UK Audit LLP, is willing to continue in office and a resolution to re-appoint them will be proposed at the Annual General Meeting.

Statement as to disclosure of information to the auditor

In so far as the governors are aware:

There is no relevant information of which the Charitable Company's auditor is unaware: and the Governing Body has 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 Gryphon School
GOVERNORS' REPORT
for the year ended 31 August 2014

Approved by order of the members of the Governing Body on 20 November 2014 and signed on its behalf by:



Signed
Nigel I Rees
Chair of Governing Body



Signed
Stephen M Hillier
Accounting Officer/Headteacher

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GOVERNANCE STATEMENT

for the year ended 31 August 2014

Scope of Responsibility

As Governors, we acknowledge we have overall responsibility for ensuring that The Gryphon 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 governing body 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 requirement and responsibilities assigned to it in the funding agreement between The Gryphon school and the Secretary of State for Education. The Accounting Officer is also responsible for reporting to the governing body any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Statement of governors' responsibilities. The governing body has formally met on 3 occasions as well as holding a full day conference. Attendance during the year at the meetings of the governing body was as follows:

Governor	Meetings attended	Out of a possible	Notes
Mrs T Ayres	2	3	
Mrs J Brighthouse	3	3	
Mr G Booth	2	3	
Mr M Boxall	1	3	
Mr B Brown	2	3	
Mr A Cooke	1	1	Term of office commenced 29.11.13
Mr T Crassweller	2	3	
Mrs M George	3	3	
Mr A Harding	2	3	
Mr S Hillier (Headteacher)	3	3	
Mr D Mildenhall MBE	3	3	
Mrs C Moses	3	3	
Mr S Murcer	2	3	
Mr N Rees (Chair)	3	3	
Mr M Sandy	3	3	
Mrs A Sinnott MBE	2	3	
Mr D Smart	3	3	
Mr H Straughan	1	1	Term of office commenced 29.11.13
Mr P Tebbatt	3	3	
Canon E Woods DL	0	3	

There are two main committees of the Full Governing Body. These are the Finance and Resources Committee, and the Student, Staffing and Community Committee. In addition, the Staff Pay Review Committee met twice.

The purpose of each Committee is as follows:

Staffing Committee and Community Committee

To focus on staff, community provision, partnership, collaboration, international links and engagement; to challenge and support leaders and managers, holding them to account for tackling weaknesses and further improving outcomes for all students.

The Gryphon School

GOVERNANCE STATEMENT

for the year ended 31 August 2014

Student Achievement and Experience Committee

To focus on the achievements, the quality of learning, curriculum opportunities and the full educational experience of students at the school; to challenge and support leaders and managers, holding them to account for tackling weaknesses and further improving outcomes for all students.

Staff Pay Review Committee

To review and agree the salary of each member of the leadership team and each advanced skills teacher, taking into account the performance review evidence submitted by the Headteacher and in the Headteacher's case the Headteacher performance review group.

To review and agree the Individual Salary Range of each member of the leadership team.

To review the salary of every member of staff annually in accordance with the agreed pay policy, considering the Headteacher's recommendations about the application of the discretionary elements of pay provision.

Finance and Resources Committee

To focus on the effectiveness with which the school deploys resources to achieve value for money, site development, health and safety and finance; to challenge and support leaders and managers, holding them to account for tackling weaknesses and further improving outcomes for all students.

Attendance during the period at the meetings of the Finance and Resources Committee was as follows:

Governor	Meetings attended	Out of a possible	Notes
Mrs J Brighthouse	5	5	
Mr B Brown	4	5	
Mr A Cooke	2	3	Term of Office commenced 29.11.13
Mr T Crassweller	5	5	
Mr S Hillier	5	5	
Mr D Mildenhall MBE	5	5	
Mr S Murcer	4	5	
Mr N Rees	4	5	
Mrs A Sinnott	4	5	
Mr H Straughan	2	3	Term of Office commenced 29.11.13
Mr P Tebbatt	5	5	

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 school policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Gryphon School for the year ended 31 August 2014 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Governing body 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 Governing Body is of the view that there is a formal on-going process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the year ended 31 August 2014 and up to the date of approval of the annual report and financial statements. The process is reviewed regularly by the governing Body.

The Gryphon School

GOVERNANCE STATEMENT

for the year ended 31 August 2014

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 governing body;
- Regular reviews by the Finance and Resources Committee of reports which indicate financial performance against the forecast and 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 Finance and Resources Committee has not identified any major concerns of control, regularity or propriety, however the governing body considered the need for a specific internal audit function to be carried out 3 times per year, and it decided in 2014 to continue to outsource this function. Internal audits are therefore carried out termly by School Business Services Ltd, Poole, Dorset, which submits written reports to the Responsible Officer, Mr Mark Boxall (Governor) and to the Finances and Resources Committee.

Review of Effectiveness

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

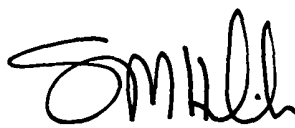
- the work of the Finance and Resources Committee
- the work of the external auditor
- the financial management and governance self-assessment process
- the work of the Bursar who has responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the Governing Body on 20 Nov 14 and signed on its behalf by



Nigel I Rees
Chair of Governors



Stephen M Hillier
Headteacher/Accounting Officer

The Gryphon School

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE for the year ended 31 August 2014

As Accounting Officer of The Gryphon School I have considered my responsibility to notify the Academy Trust governing body 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 the 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 governing body 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.



Stephen M Hillier
Accounting Officer

Date: 20/11/14

The Gryphon School

STATEMENT OF GOVERNORS' RESPONSIBILITIES

for the year ended 31 August 2014

Statement of Governors' Responsibilities

The governors (who act as trustees for charitable activities of The Gryphon School and are also the directors of the Charitable Company for the purposes of company law) are responsible for preparing the governors' report and the financial statements in accordance with the Annual Accounts Requirements 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 financial statements for each financial period. Under company law the governors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Charitable Company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the governors are required to:

- Select suitable accounting policies and then apply them consistently
- Observe the methods and principles 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 financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in business.

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

The governors are responsible for ensuring that in its conduct and operation the Charitable Company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from 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 financial statements may differ from legislation in other jurisdictions.

Approved by order of the members of the governing body on 20 November 2014 and signed on its behalf by:



Nigel I Rees
Chair of Governors

Date: 20/11/14

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE GRYPHON SCHOOL YEAR ENDING ON 31 AUGUST 2014

We have audited the financial statements of The Gryphon School for the year ended 31 August 2014 on pages 19 to 40. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), and the Academies Accounts Direction 2013 to 2014 issued by the Education Funding Agency.

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 the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of governors and auditor

As explained more fully in the Statement of Governors' Responsibilities set out on page 17, the governors (who act as trustees for the charitable activities of the charitable company, and are also the directors of the charitable company 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.

Our responsibility is to audit and express an opinion on the financial statements 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>

Opinion on financial statements

In our opinion the financial statements:

- 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 year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the Companies Act 2006; and
- have been prepared in accordance with the Academies Accounts Direction 2013 to 2014 issued by the Education Funding Agency.

Opinion on other requirement of the Companies Act 2006

In our opinion the information given in the Governors' Report and the incorporated Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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:

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

Baker Tilly UK Audit LLP

Kerry Gallagher (Senior Statutory Auditor)

For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor

Chartered Accountants

Hartwell House

55-61 Victoria Street

Bristol, BS1 6AD

Date: *19 December 2014*

The Gryphon School

STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING AN INCOME AND EXPENDITURE ACCOUNT)

For the year ended 31 August 2014

	Notes	Unrestricted funds 2014 £	Restricted funds 2014 £	Restricted Fixed asset funds 2014 £	Total funds 2014 £	Total funds 2013 £
Incoming resources						
Incoming resources from generated funds						
Voluntary Income	1	2,700	-	423,963	426,663	212,165
Voluntary Income – Transfer from local authority on conversion	1/23	-	-	-	-	18,960,854
Activities for generating funds	2	561,628	773,194	-	1,334,822	1,290,691
Investment income	3	970	-	-	970	921
Incoming resources from academy activities	4	-	7,988,582	-	7,988,582	8,715,525
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total incoming resources		565,298	8,761,776	423,963	9,751,037	29,180,156
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Resources expended						
Costs of generating funds	5	553,785	691,351	-	1,245,136	1,299,671
Academy educational operations	5	-	7,913,898	557,938	8,471,836	8,804,066
Governance costs	5	-	18,377	-	18,377	13,365
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total resources expended		553,785	8,623,626	557,938	9,735,349	10,117,102
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net incoming/(outgoing) resources before transfers		11,513	138,150	(133,975)	15,688	19,063,054
Transfers between funds	16	-	(373,555)	373,555	-	-
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net incoming/(outgoing) resources for the year		11,513	(235,405)	239,580	15,688	19,063,054
Other recognised gains and losses						
Actuarial losses on defined benefit schemes	22	-	(42,000)	-	(42,000)	(482,000)
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net movement in funds		11,513	(277,405)	239,580	(26,312)	18,581,054
Reconciliation in funds						
Fund balances brought forward		(18,094)	(1,936,989)	20,536,137	18,581,054	-
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances carried forward		(6,581)	(2,214,394)	20,775,717	18,554,742	18,581,054
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

A statement of Total Recognised Gains and Losses is not required as all gains and losses are included in the Statement of Financial Activities.


The Gryphon School

BALANCE SHEET

AS AT 31 AUGUST 2014

	Notes	2014 £	2013 £
FIXED ASSETS			
Tangible assets	9	20,775,717	20,536,137
Intangible fixed assets	10	4,768	7,255
		<u>20,780,485</u>	<u>20,543,392</u>
CURRENT ASSETS			
Stocks	11	10,901	5,400
Debtors	12	306,422	216,361
Cash at bank and in hand		671,373	681,809
		<u>988,696</u>	<u>903,570</u>
CREDITORS: Amounts falling due within one year	13	<u>(884,439)</u>	<u>(695,708)</u>
NET CURRENT ASSETS		<u>104,257</u>	<u>207,862</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>20,884,742</u>	<u>20,751,254</u>
CREDITORS: Amounts falling due after more than one year	14	-	(39,200)
PENSION SCHEME LIABILITY	22	<u>(2,330,000)</u>	<u>(2,131,000)</u>
NET ASSETS		<u>18,554,742</u>	<u>18,581,054</u>
FUNDS OF THE SCHOOL			
Restricted funds			
Restricted fixed asset funds	16b	20,775,717	20,536,137
Restricted LGPS pension provision	16a	(2,330,000)	(2,131,000)
Restricted general funds	16a	115,606	194,011
		<u>18,561,323</u>	<u>18,599,148</u>
Unrestricted funds	16c	<u>(6,581)</u>	<u>(18,094)</u>
		<u>18,554,742</u>	<u>18,581,054</u>

The financial statements on pages 19-40 were approved by the Governors, and authorised for issue on 20/11/14 and are signed on their behalf by:


Nigel I Rees
Chair of Governors

The Gryphon School

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2014

	Notes	2014 £	2013 £
Cash flow from operating activities	17a	139,866	803,321
Returns on investments and servicing of finance	17b	970	921
Capital expenditure and financial investment	17c	(151,272)	(122,433)
		<u> </u>	<u> </u>
(DECREASE)/INCREASE IN CASH IN THE YEAR		(10,436)	681,809
		<u> </u>	<u> </u>
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS			
Net funds at 1 September 2013		681,809	-
Cash movement in the year		(10,436)	681,809
		<u> </u>	<u> </u>
NET FUNDS AT 31 AUGUST 2014	17d	671,373	681,809
		<u> </u>	<u> </u>

The Gryphon School

ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 AUGUST 2014

BASIS OF PREPARATION

The financial statements 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 2013 to 2014 issued by EFA and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

These financial statements present information about the Academy as an individual undertaking and not about its group. During the year The Gryphon Foundation was under the control of the Academy by virtue of common control (a majority of the company's directors were also Governors of the Academy). As permitted by Financial Reporting Standard 2 – Accounting for Subsidiary Undertakings, the governors have elected not to prepare group accounts on the grounds that the activities of The Gryphon Foundation are immaterial to the financial statements of the Academy.

The comparative figures are for the 13 months ended 31 August 2013.

GOING CONCERN

After making appropriate enquiries, the Governing Body has a reasonable expectation that the school 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.

INCOMING RESOURCES

All incoming resources are recognised when the school 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 year is shown in the relevant funds on the balance sheet.

The general annual grant ('the GAG') from the DfE, which is intended to meet recurrent costs, is recognised on a receivable basis and is credited directly to the Statement of Financial Activities to the extent of the entitlement of the funds, any abatement in respect of the year is deducted from income and is recognised as a liability. Capital grants are recognised as voluntary income on a receivable basis to the extent there is entitlement. Other grants from government agencies and other bodies are recognised in the period in which they are receivable to the extent the conditions of funding have been met. 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.

Voluntary income

Voluntary income includes private donations and sponsorship which are accounted for when receivable.

Activities for generating funds

Activities for generating funds include music, catering, school trips and school bus income and are accounted for when receivable.

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. All incoming resources are recognised in the Statement of Financial Activities when the school becomes legally entitled to the income and the amount can be quantified with reasonable accuracy.

Interest receivable

Interest receivable is included in the Statement of Financial Activities on a receivable basis, and is stated inclusive of related tax credits.

The Gryphon School

ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 AUGUST 2014

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.

Academy educational operations

These are costs incurred on the school's educational operations.

Governance Costs

These include the costs attributable to the school's compliance with constitutional and statutory requirements, including audit, strategic management and governors' training courses and membership of the Dorset Governor Scheme.

All resources expended are inclusive of irrecoverable VAT.

TANGIBLE FIXED ASSETS

Assets costing £500 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. Where the related grants require the asset to be held for a specific purpose they are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet, with this amount being reduced over the useful economic life of the related asset on a basis consistent with the depreciation policy, the corresponding amount charged to the restricted fixed asset fund in the Statement of Financial Activities.

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.

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 or reducing balance basis over its expected useful lives, as follows:

Long leasehold buildings	over 50 years on a straight line basis
Plant and machinery	over 7 years on a straight line basis
Fixtures, fittings and equipment	over 5 years on a straight line basis
ICT equipment	over 4 years on a straight line basis
Motor Vehicles	over 4 years on a reducing balance basis

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.

Intangible website costs are recorded at cost and written off over their estimated useful economic life. Amortisation is calculated so as to write off the cost of an intangible fixed asset, less its estimated residual value, over the useful economic life of that asset over 4 years on a straight line basis.

LEASED ASSETS

Rentals under operating leases are charged on straight line basis over the lease term.

The Gryphon School

ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 AUGUST 2014

STOCK

Catering, stationery and clothing stocks are valued at the lower of cost or net realisable value.

TAXATION

The school 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 school 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.

PENSION BENEFITS

Retirement benefits to employees of the school are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes, are contracted out of the State Earnings-Related Pension Scheme ('SERPS'), and the assets are held separately from those of the school.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the school 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 22, the TPS is a multi employer scheme and the school 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 recognised as they are paid each year.

The LGPS is a funded scheme and the assets are held separately from those of the school 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.

FUND ACCOUNTING

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the school 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, Department for Education 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 Education Funding Agency and Department for Education, where the asset acquired or created is held for a specific purpose.

The Gryphon School

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2014

1 VOLUNTARY INCOME

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total 2014 £	Total 2013 £
Voluntary income	2,700	-	-	2,700	12,600
Capital grants	-	-	423,963	423,963	199,565
Funds transferred from predecessor school	-	-	-	-	(185,000)
Assets transferred from predecessor school	-	-	-	-	20,744,854
Pension deficit from predecessor school	-	-	-	-	(1,599,000)
	<u>2,700</u>	<u>-</u>	<u>423,963</u>	<u>426,663</u>	<u>19,173,019</u>

2 ACTIVITIES FOR GENERATING FUNDS

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total 2014 £	Total 2013 £
Nursery income	-	366,666	-	366,666	318,679
Lettings, leisure centre and other income	22,265	37,672	-	59,937	87,018
School trip income	-	368,856	-	368,856	387,743
Music income	39,108	-	-	39,108	12,450
Catering income	313,014	-	-	313,014	301,340
School transport income	187,241	-	-	187,241	183,461
	<u>561,628</u>	<u>773,194</u>	<u>-</u>	<u>1,334,822</u>	<u>1,290,691</u>

3 INVESTMENT INCOME

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total 2014 £	Total 2013 £
Bank deposit interest	970	-	-	970	921

The Gryphon School

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 August 2014

4 INCOMING RESOURCES FROM ACADEMY ACTIVITIES

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	12 months Total 2014 £	13 months Total 2013 £
GAG School budget share 11-16	-	5,223,914	-	5,223,914	5,921,897
GAG School budget share 16-19	-	1,928,949	-	1,928,949	2,061,717
GAG LACSEG/SEN grant	-	528,821	-	528,821	460,411
GAG Insurance grant	-	32,860	-	32,860	53,175
GAG Pupil premium grant	-	198,583	-	198,583	98,638
GAG Other grants	-	52,767	-	52,767	50,491
DfE Start up grants	-	-	-	-	12,370
Other grants	-	21,349	-	21,349	55,582
Agency arrangement – 16-19 Bursary	-	1,339	-	1,339	1,244
	-	7,988,582	-	7,988,582	8,715,525

5 ANALYSIS OF TOTAL RESOURCES EXPENDED

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total 2014 £	Total 2013 £
Costs of generating funds					
Catering costs (purchases)	161,116	-	-	161,116	148,233
Catering costs (staffing)	143,830	-	-	143,830	148,563
Catering costs (other)	22,203	-	-	22,203	23,821
Nursery cost (staffing)	-	277,288	-	277,288	329,366
Nursery costs (other)	-	53,638	-	53,638	38,278
Other costs	-	-	-	-	12,308
School trips	-	360,425	-	360,425	380,795
School transport	226,636	-	-	226,636	218,307
	553,785	691,351	-	1,245,136	1,299,671
Academy educational operations					
Direct costs	-	5,436,529	-	5,436,529	5,786,472
Support costs	-	2,477,369	557,938	3,035,307	3,017,594
	553,785	8,605,249	557,938	9,716,972	10,103,737
Governance costs	-	18,377	-	18,377	13,365
	553,785	8,623,626	557,938	9,735,349	10,117,102

Net incoming/(outgoing) resources for the year include:

	Total 2014 £	Total 2013 £
Operating leases	116,848	123,000
Fees payable to auditor - audit	10,350	10,350
	127,198	133,350

The Gryphon School

NOTES TO THE FINANCIAL STATEMENTS *(continued)* for the year ended 31 August 2014

6 ANALYSIS OF SCHOOL'S EDUCATIONAL OPERATIONS

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total 2014 £	Total 2013 £
Direct costs					
Teaching and educational support staff	-	4,816,102	-	4,816,102	5,249,298
Educational supplies	-	454,072	-	454,072	396,287
Exam costs	-	166,355	-	166,355	140,887
	-	5,436,529	-	5,436,529	5,786,472
Support costs					
Support staff	-	1,385,676	-	1,385,676	1,342,297
Depreciation and amortisation	-	2,487	557,938	560,425	533,460
Rent and rates	-	62,057	-	62,057	46,400
Light and heat	-	127,274	-	127,274	115,500
Insurance	-	71,874	-	71,874	70,381
Repairs and maintenance (RM)	-	183,881	-	183,881	316,508
Motor and travel	-	149	-	149	1,912
Office and ICT	-	248,300	-	248,300	268,774
RM contracts, HR, payroll, legal services, photocopying, general admin costs, training etc.	-	395,671	-	395,671	322,362
	-	2,477,369	557,938	3,035,307	3,017,594
Governance costs					
Governor's expenses	-	312	-	312	751
Audit and accountancy	-	18,065	-	18,065	12,614
	-	18,377	-	18,377	13,365

7 STAFF COSTS

	2014 £	2013 £
Wages and salaries	5,332,366	5,775,608
Social security costs	368,008	413,476
Other pension costs	913,153	880,441
	6,613,527	7,069,525

The Gryphon School

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 August 2014

7	STAFF COSTS (continued)	2014 No.	2013 No.
	The average monthly number of employees (including PT) during the year expressed as full time equivalents was as follows:		
	Teaching staff (including TAs)	121	116
	Catering staff	9	9
	Administrative and other support staff	56	57
	Leadership Team	8	8
		<hr/>	<hr/>
		194	190
		<hr/>	<hr/>
		2014 No.	2013 No.
	The average monthly number of employees (including PT) during the year expressed as individual headcount was as follows:		
	Teaching staff (including TAs)	132	135
	Catering staff	16	14
	Administrative and other support staff	83	83
	Leadership Team	8	8
		<hr/>	<hr/>
		239	240
		<hr/>	<hr/>
	The number of employees whose emoluments fell within the following bands was:		
	£60,001 - £70,000	0	1
	£70,001 - £80,000	2	1
	£90,001 - £100,000	1	1

All of the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2014, pension contributions for these staff amounted to £33,405 (2013: £32,656).

8 GOVERNORS' REMUNERATION AND EXPENSES

The Headteacher and staff governors only receive remuneration in respect of services they provide undertaking the roles of Headteacher and staff and not in respect of their services as governors. Other governors did not receive any payments from the school in respect of their role as governors; their expenses only relates to training courses and membership of the Dorset Governors Scheme. The staff governors' remuneration was as follows:

The value of the Headteacher's remuneration including all emoluments was £120,764 in 2014(2013: £116,649). The Headteacher is accruing retirement benefits under the Teachers Pensions Scheme and contribution paid in the year amounted to £13,370 (2013: £13,079).

The value of staff Trustees' remuneration was £94,393 (2013: £87,418). The staff trustees are accruing retirement benefits under the Teachers' Pension Scheme and the Local Government Pensions Scheme. Contributions paid in the year amounted to £10,926 (2013: £10,609) to the Teachers Pensions Scheme and £2,484 (2013: £2,369) to the Local Government Pension Scheme.

The Gryphon School

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 August 2014

During the year ended 31 August 2014, travel and subsistence expenses totalling £1,401 (2013: £751) were reimbursed to staff governors, but only in their roles as teachers. No expenses are paid to governors in their roles as governors.

8a GOVERNORS AND OFFICERS INSURANCE

In accordance with normal commercial practice the school has purchased insurance to protect Governors and Officers from claims arising from negligent acts, error omissions occurring whilst on school business. The insurance provides cover up to £5 million on any one claim and the cost for the year ended 31 August 2014 was £1,852 (2013: £1,755).

The cost for the year ended 31 August 2014 is included in the total insurance cost.

9 TANGIBLE FIXED ASSETS

	Long leasehold Land and buildings £	Motor vehicles £	Plant and machinery £	Fixtures, fittings and equipment £	Total £
Cost or valuation					
1 September 2013	20,717,994	11,667	10,286	326,955	21,066,902
Additions	550,749	-	1,086	245,683	797,518
	<u>21,268,743</u>	<u>11,667</u>	<u>11,372</u>	<u>572,638</u>	<u>21,864,420</u>
31 August 2014	21,268,743	11,667	11,372	572,638	21,864,420
Depreciation					
1 September 2013	448,423	3,160	1,592	77,590	530,765
Charge for the year	425,147	2,917	1,624	128,250	557,938
	<u>873,570</u>	<u>6,077</u>	<u>3,216</u>	<u>205,840</u>	<u>1,088,703</u>
31 August 2014	873,570	6,077	3,216	205,840	1,088,703
Net book value					
31 August 2014	<u>20,395,173</u>	<u>5,590</u>	<u>8,156</u>	<u>366,798</u>	<u>20,775,717</u>
31 August 2013	<u>20,269,571</u>	<u>8,507</u>	<u>8,694</u>	<u>249,365</u>	<u>20,536,137</u>

The School occupies land which is owned by the Diocese of Salisbury, which is not included in the cost above but for which they have the right to occupy.

The Gryphon School

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 August 2014

10 INTANGIBLE FIXED ASSETS

Cost or valuation	Website £
1 September 2013	9,950
Additions	-
	<hr/>
31 August 2014	9,950
Amortisation	<hr/>
1 September 2013	2,695
Charge for the year	2,487
	<hr/>
31 August 2014	5,182
Net book value	<hr/>
31 August 2014	4,768
	<hr/>
31 August 2013	7,255
	<hr/>

The Gryphon School

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 August 2014

11	STOCKS	2014 £	2013 £
	Clothing	8,622	3,200
	Catering	2,279	2,200
		<u>10,901</u>	<u>5,400</u>
12	DEBTORS	2014 £	2013 £
	Trade debtors	42,462	22,246
	Other debtors	57,337	65,671
	Prepayments and accrued income	206,623	128,444
		<u>306,422</u>	<u>216,361</u>
13	CREDITORS: Amounts falling due within one year	2014 £	2013 £
	Trade creditors	395,387	131,052
	Social security and other taxes	107,369	114,939
	Other creditors	200,501	248,228
	Accruals and deferred income	181,182	201,489
		<u>884,439</u>	<u>695,708</u>
	Other creditors includes amounts outstanding in respect of pension contributions as at 31 August 2014 of £98,305 (2013: £101,022).		
	Deferred income	2014 £	2013 £
	Resources deferred in the year		
	School trips	37,082	118,267
	School transport	24,575	13,930
	Nursery income received in 2013/14 but relating to Year 2014/15	12,147	6,500
	Catering Income (parent's Wisepay credits)	1,127	-
	Music income	8,432	12,902
		<u>83,363</u>	<u>151,599</u>
	Deferred income at 31 August 2014		

The Gryphon School

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 August 2014

14	CREDITORS: Amounts falling due after more than one year	2014 £	2013 £
	Other creditors	-	39,200

15 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total 2014 £
Fixed assets	-	4,768	20,775,717	20,780,485
Current assets	32,417	956,279	-	988,696
Current liabilities	(38,998)	(845,441)	-	(884,439)
Provisions for liabilities and charges	-	(2,330,000)	-	(2,330,000)
	<u>(6,581)</u>	<u>(2,214,394)</u>	<u>20,775,717</u>	<u>18,554,742</u>

16 STATEMENT ON MOVEMENT OF FUNDS

	At 1 September 2013 £	Incoming resources £	Resources expended £	Gains, losses and transfers £	At 31 August 2014 £
RESTRICTED GENERAL FUNDS					
General Annual Grant (GAG)	366,376	7,988,582	(7,775,275)	(519,355)	60,328
Pension reserve	(2,131,000)	-	(157,000)	(42,000)	(2,330,000)
Funds transferred from Local Authority	(185,000)	-	-	145,800	(39,200)
Activities for generating funds	12,635	773,194	(691,351)	-	94,478
	<u>(1,936,989)</u>	<u>8,761,776</u>	<u>(8,623,626)</u>	<u>(415,555)</u>	<u>(2,214,394)</u>
RESTRICTED FIXED ASSET FUNDS					
Assets inherited from local authority	20,222,203	-	(557,938)	-	19,664,265
DfE/EFA/Other capital grants	204,285	423,963	-	-	628,248
Capital expenditure from GAG	109,649	-	-	373,555	483,203
	<u>20,536,137</u>	<u>423,963</u>	<u>(557,938)</u>	<u>373,555</u>	<u>20,775,717</u>
TOTAL RESTRICTED FUNDS	<u>18,599,148</u>	<u>9,185,739</u>	<u>(9,181,564)</u>	<u>(42,000)</u>	<u>18,561,323</u>

The Gryphon School

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 August 2014

16 STATEMENT ON MOVEMENT OF FUNDS (continued)

	At 1 September 2013 £	Incoming resources £	Resources expended £	Gains, losses and transfers £	At 31 August 2014 £
UNRESTRICTED FUNDS	(18,094)	565,298	(553,785)	-	(6,581)
Unrestricted funds					
TOTAL UNRESTRICTED FUNDS	(18,094)	565,298	(553,785)	-	(6,581)
TOTAL FUNDS	18,581,054	9,751,037	(9,735,349)	(42,000)	18,554,742

16 (a) Purpose of restricted general funds

General Annual Grant (GAG) is the main grant receivable from the Education Funding Agency (EFA) and is used for the Academy's normal running costs. Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the GAG that it could carry forward at 31 August 2014.

Other restricted grants include Pupil Premium and the restricted activities for generating funds (see note 2). The pension fund is also included in restricted funds, further details can be found at note 22.

The restricted fixed assets funds comprise funding provided by the EFA and Local Authority to support capital expenditure. An annual depreciation charge for these assets is allocated against the restricted fixed asset fund column. Transfers from the restricted fixed asset fund reflect the purchase of fixed assets from GAG.

Unrestricted funds include school catering and transport income, school shop income, lettings income and income from recharge of services.

16 (b) Purposes of the restricted fixed asset funds

The restricted fixed assets funds comprise funding provided by the EFA to support capital expenditure. It is restricted for use on capital items for the Academy's educational operations. The transfer of £373,555 between the restricted general fund and the restricted fixed asset fund increases the value of the fixed asset fund to adjust for capital income in the year being less than the capital spend on fixed assets.

16(c) Purpose of unrestricted funds

These funds are for the general use of the school.

The Gryphon School

NOTES TO THE FINANCIAL STATEMENTS *(continued)* for the year ended 31 August 2014

17	CASH FLOWS	2014 £	2013 £
a	Reconciliation of operating result to net cash inflow from operating activities		
	Operating result	15,688	19,063,054
	Interest received	(970)	(921)
	Assets transferred from Local Authority on conversion	-	(20,744,854)
	Depreciation and amortisation	560,425	533,460
	Capital grants from DfE/EFA	(423,964)	(209,565)
	Increase in stock	(5,501)	(5,400)
	Increase in debtors	(90,061)	(216,361)
	Increase in creditors	84,249	734,908
	FRS17 pension incurred on conversion	-	1,599,000
	FRS17 pension costs less contributions payable	-	93,000
	FRS17 pension finance income	-	(43,000)
	Net cash inflow from operating activities	139,866	803,321
		2014 £	2013 £
b	Returns on investments and servicing of finance		
	Interest received	970	921
	Net cash inflow from returns on investments and servicing of finance	970	921
		2014 £	2013 £
c	Capital expenditure and financial investment		
	Purchase of tangible fixed assets	(575,236)	(322,048)
	Purchase of intangible fixed assets	-	(9,950)
	Capital grants from DfE/EFA	423,964	209,565
	Net cash outflow from capital expenditure and financial investment	(151,272)	(122,433)
d	Analysis of net funds		
	Cash at bank and in hand at 1 September 2013	681,809	-
	Cash movement	(10,436)	681,809
		671,373	681,809

The Gryphon School

NOTES TO THE FINANCIAL STATEMENTS *(continued)* for the year ended 31 August 2014

18	COMMITMENTS UNDER OPERATING LEASES	2014	2013
		£	£
	At 31 August 2014 the company had annual commitments under non-cancellable operating leases as follows:		
	ICT equipment	84,366	84,366
	Minibuses	10,774	10,774
	Software	4,256	4,256
	Laser cutter	-	4,706
	Photocopiers	16,472	16,472
		<u>115,868</u>	<u>120,574</u>
	Expiring in less than one year:	-	4,706
	Expiring between two and five years:	<u>115,868</u>	<u>115,868</u>
		<u>115,868</u>	<u>120,574</u>

19	CAPITAL COMMITMENTS	2014	2013
		£	£
	Contracted for, but not provided in the financial statements	-	493,940
		<u>-</u>	<u>493,940</u>

20 LIABILITY OF MEMBERS

The Gryphon School is a company limited by guarantee. A member's contribution 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 of ceasing to be a member is limited to an amount not exceeding £10 for the debts and liabilities contracted before he or she ceases to be a member.

21 RELATED PARTY TRANSACTIONS

Owing to the nature of the Academy Trust's operations and the composition of the board of Governors being drawn from local public and private sector organisations, transactions may take place with organisations in which 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. Details of Staff Governors remuneration are provided in note 8. No other member of the Board of Governors received any remuneration during the year.

The following governors of the school are trustees of The Gryphon Foundation, which is separate from the school and a segregated charity with assets of £168,575 as at 31 March 2014 (2013: £168,941).

Mr N I Rees (Chair)	Mr P Tebbatt
Mr S Hillier (Headteacher)	Mrs N J Edwards (Deputy Head and non-governor)
Mrs A Sinnott MBE	

The objects of The Gryphon Foundation include:

The advancement of the education of pupils of The Gryphon School by providing and assisting in the provision of facilities and special benefits for education at the school. To fund prizes for the pupils at Prize Giving and Celebration of Achievement events at the school. The provision of grants, exhibitions or bursaries for the further or higher education of present or past pupils of the school up to and including the age of 25, including assistance to enable them to enter a profession, trade or calling.

The Gryphon School

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 August 2014

22 PENSIONS

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 DCC. Both are defined-benefit schemes.

The LGPS obligation relates to the employees of the Academy Trust, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to and did join the Scheme in the year. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the Academy Trust at the balance sheet date.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 2004 and of the LGPS was 31 March 2010.

TEACHERS' PENSION SCHEME

The Teachers' Pensions Scheme ("TPS") is a statutory, contributory, defined benefit scheme. The regulations under which the TPS operates are the Teachers' Pensions Regulations 2010. Retirement and other pension benefits, including annual increases payable under the Pensions (Increase) Acts are, as provided for in the Superannuation Act 1972, paid out of monies provided by Parliament. Under the unfunded TPS, teachers' contributions on a 'pay as-you-go' basis, and employers' contributions, are credited to the Exchequer under arrangements governed by the above Act.

The Teachers' Pensions Regulations require an annual account, the Teachers' Pensions Budgeting and Valuation 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 (in excess of price increases and currently set at 3.5%), 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' Pensions Scheme

Not less than every four years the Government Actuary ("GA"), using normal actuarial principles, conducts a formal actuarial review of the TPS. 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. Many of these are being discussed in the context of the design for a reformed TPS, as set out in the Proposed Final Agreement, and scheme valuations are, therefore, currently suspended.

The contribution rate paid into the TPS is assessed in two parts. First, a standard contribution rate ("SCR") is determined. This is the contribution, expressed as a percentage of the salaries of teachers in service or entering service during the year over which the contribution rate applies, which if it were paid over the entire active service of these teachers would broadly defray the cost of benefits payable in respect of that service. Secondly, a supplementary contribution is payable if, as a result of the actuarial investigation, it is found that accumulated liabilities of the Account for benefits to past and present teachers, are not fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions. The total contribution rate payable is the sum of the SCR and the supplementary contribution rate.

The last valuation of the TPS related to the period 1 April 2001 - 31 March 2004. The GA's report of October 2006 revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £166,500 million. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £163,240 million. The assumed real rate of return is 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 1.5%. The assumed gross rate of return is 6.5%.

The Gryphon School

NOTES TO THE FINANCIAL STATEMENTS *(continued)* for the year ended 31 August 2014

22 PENSIONS (continued)

Employer and employee contribution rates

As from 1 January 2007, and as part of the cost-sharing agreement between employers' and teachers' representatives, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable. The cost-sharing agreement also introduced – effective for the first time for the 2008 valuation – a 14% cap on employer contributions payable.

From 1 April 2013 to 31 March 2014, the employee contribution rate ranged between 6.4% and 8.8%, depending on a member's Full Time Equivalent salary. Further changes to the employee contribution rate will be applied in 2014/15.

The Government, however, has set out a future process for determining the employer contribution rate under the new scheme, and this process will involve a full actuarial valuation.

The pension costs paid to TPS in the year amounted to £548,153 (2013: £526,821).

Under the definitions set out in Financial Standards (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 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 and the implications for the Academy Trust in terms of the anticipated rates.

LOCAL GOVERNMENT PENSION SCHEME

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions for the year to 31 August 2014 were £356,000 of which employers contributions totalled £270,000 and employees contributions totalled £86,000. The agreed contribution rates for future years are 17.4 % for employers and between 5.5% and 7.5% for employees depending on their full time equivalent salary.

Contributions to the scheme are determined by a qualified actuary on the basis of the roll-forward approach using the Barnett Waddingham Valuation as at 31 August 2014 allowing for different financial assumptions required under FRS17.

The New Academy Valuation involved projecting future cash flows to be paid from the fund and placing a value on them. These cash flows include pensions currently being paid to members of the scheme as well as pensions (and lump sums) that may be payable in future to members of the fund or dependants. These pensions are linked to inflation and will normally be payable on retirement for the life of the member or a dependant following a members death. The projected unit method has been used to calculate service cost.

The main assumptions used by the actuary were:

	31/08/2014	31/08/2013
	%	%
Rate of increase in salaries	4.10	4.90
Rate of increase in pension payment	2.60	2.90
Discount rate	3.90	4.70
Inflation assumption (RPI)	3.40	3.70
Inflation assumption (CPI)	2.60	2.90

The Gryphon School

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 August 2014

22 PENSIONS *(continued)*

Mortality assumptions

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

	As at 31/08/2014	As at 31/08/2013
Retiring today:		
Males	22.7	20.1
Females	25.1	24.1
Retiring in 20 years:		
Males	24.9	22.1
Females	27.4	26.0

The fair value of the scheme assets and the expected rate of return, the present value of the scheme liabilities and the resulting (deficit) are:

		2014	2013
	Long-term rate of return expected %	£ 000's	£ 000's
Equities	6.9	1,118	681
Government bonds	3.0	410	220
Corporate bonds	-	-	-
Property	5.9	188	88
Cash	2.9	189	55
Alternative	6.9	147	55
Total of fair value of assets		2,052	1,099
Present value of scheme liabilities		(4,382)	(3,230)
(Deficit) in the scheme		(2,330)	(2,131)
Related deferred tax liability		-	-
Net pension (liability)		(2,330)	(2,131)

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 year. The returns on government bonds and corporate bonds are assumed to be the government bond yield and corporate bond yield respectively at the relevant date. The returns on equities and property are then assumed to be a margin above government bond yields.

The actual return on scheme assets was £155,000 (2013: £128,000).

The Gryphon School

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 August 2014

22 PENSIONS (continued)

An analysis of the movements in the deficit during the year is shown below:

	Year ended 31/08/2014 £ 000's	Period ended 31/08/2013 £ 000's
(Deficit) at beginning of the year	(2,131)	-
Transferred on conversion	-	(1,599)
Total operating charge	(332)	(273)
Total finance cost	(95)	(79)
Actuarial losses	(42)	(482)
Contributions	270	302
As at 31 August 2014	<u>(2,330)</u>	<u>(2,131)</u>

Analysis of the amount recognised in the Statement of Financial Activities:

	Year ended 31/08/2014 £ 000's	Period ended 31/08/2013 £ 000's
Current service cost	332	273
<u>Total operating charge</u>	<u>332</u>	<u>273</u>

Analysis of pension finance costs

	Year ended 31/08/2014 £ 000's	Period ended 31/08/2013 £ 000's
Interest cost	162	122
Expected return on scheme assets	(67)	(43)
<u>Pension finance costs</u>	<u>95</u>	<u>79</u>

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

	Year ended 31/08/2014 £ 000's	Period ended 31/08/2013 £ 000's
Opening Defined Benefit Obligation	3,230	2,355
Service cost	332	273
Interest cost	162	122
Actuarial (losses)/gains	583	568
Estimated benefits paid (net of transfers in)	(11)	(179)
Contributions by Scheme participants	86	91
Closing Defined Benefit Obligation	<u>4,382</u>	<u>3,230</u>

The Gryphon School

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 August 2014

22 PENSIONS (continued)

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

	Year ended 31/08/2014 £ 000's	Period ended 31/08/2013 £ 000's
Opening fair value of scheme assets	1,099	756
Expected return on Scheme assets	67	43
Actuarial gains/(losses)	541	86
Contributions by employer included unfunded	270	302
Contributions by Scheme participants	86	91
Estimated benefits paid (net of transfers in and including unfunded)	(11)	(179)
Fair value of Scheme assets at end of year	2,052	1,099

The estimated value of employer contributions for the year ended 31 August 2014 is £332,000.

This history of experience adjustments is as follows:

	Year ended 31/08/2014 £ 000's	Period ended 31/08/2013 £ 000's
Defined Benefit Obligation	(4,382)	(3,230)
Scheme assets	2,052	1,099
(Deficit)	(2,330)	(2,131)
Experience adjustments on Scheme liabilities	(273)	-
Experience adjustments on Scheme assets	541	86

The cumulative gains and losses in the table above start from 1 August 2012

The actual gains and losses for the current year are recognised in the Statement of Financial Activities. The cumulative amount of actuarial gains and losses recognised in the Statement of Financial Activities since the adoption of FRS 17 is a £524,000 loss.

23 AGENCY ARRANGEMENTS

The Academy Trust administers the disbursement of the new discretionary support for learners, 16-19 Bursary Funds, on behalf of the EFA. In the year it received £26,774 (2013: £24,875) and disbursed £27,483 (2013: £22,225). The Academy Trust retained a beneficial interest in individual transactions such that £1,339 (2013: £1,244) has been recognised in income and expenditure in the statement of financial activities. As such an amount of £nil (2013:£1,406) is repayable at the 31 August 2014 and included in other creditors.

24 DELEGATED AUTHORITIES

The School entered into operating leases which were over 3 years prior to converting to an Academy. The leases were for the hire of IT equipment, telephone system and networked photocopiers, with a total cost of £99,938 per annum. They are due to expire by September 2015.