

Spalding Grammar School

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 August 2019

Spalding Grammar School

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Spalding Grammar School

Reference and Administrative Details

| | |
|---|--|
| Governors and Trustees (Directors) | Mr K Bean Mr P Callow Mr A C Cunnington Mr C S Delaney Mr H T Drury (resigned 12 November 2018) Mr A Faulkner Mrs D Haslam Mrs S A L Hoult Mrs S Y Ely Mr A J Holdsworth (resigned 13 May 2019) Mr E J Rees Mr M Tang (resigned 10 September 2018) Mrs J Lutton Mrs J M Mayne Mr M Findall |
| Head Teacher | Mr S M Wilkinson |
| Senior Team | Mr S M Wilkinson, Headteacher Mrs S P Ingram, Deputy Head Mr R W Smith, Assistant Head Mrs A Harrison Wild, Director of Resources Mr D M Endersbee, Assistant Head Mr A G Brooks, Assistant Head |
| Registered Office | Spalding Grammar School Priory Lane Spalding Lincolnshire PE11 2XH |
| Company Registration Number | 08357352 |
| Auditors | Bulley Davey Limited 1-4 London Road Spalding Lincolnshire PE11 2TA |
| Bankers | Natwest Bank 501 Silbury Boulevard Milton Keynes MK9 3ER |
| Solicitors | Maples Solicitors LLP 23 New Road Spalding Lincolnshire PE11 1DH |

Spalding Grammar School

Governors' Report for the Year Ended 31 August 2019

The Governors present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2019. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

Structure, governance and management

Constitution

The Academy Trust is a company limited by guarantee and is an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the School Trust. The company registration number is 08357352.

The Governors act as the trustees for the charitable activities of Spalding Grammar School and are also the directors of the charitable company for the purposes of company law.

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

Principal activities

The principal activity of the charitable company is education or provision of teaching and learning. The principal activity is encapsulated by provision of first class teaching staff, ably supported by other staff to ensure that all students get the best chance to succeed at all stages of their schooling.

Members' liability

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

Governors' indemnities

The School through its Articles has indemnified its Governors to the fullest extent permissible by law. During the period the School also purchased and maintained liability insurance for its Governors.

Method of recruitment and appointment or election of Governors

Governors are appointed under the rules contained within the memorandum and articles of association. The appointments are made by the trustees who delegate powers to the Senior Team.

The membership of the Governing Body is in accordance with the structure contained within its memorandum and articles of association. Governors have a breadth of skills which are beneficial to the Governing Body as a whole.

Committees have been established that meet regularly to ensure the requirements are being met. Committees include separate Finance and Audit Committees. The Finance Committee meets at least 3 times per annum.

Further Sub-Committees have been formed to ensure compliance with the School Development Plan in the areas of Staff Development, Achievement and Recruitment.

All members of the Governing Body are to be directors of the School.

Policies and procedures adopted for the induction and training of Governors

The School was incorporated on 11 January 2013 and commenced operations on 1 February 2013. Access to external Governor training has been provided and operating procedures have been delivered to all members of the Governing Body. All Governors are assigned to a Sub-Committee, reporting to the whole Governing Body. Where Governors have a relevant professional skill, the School seeks to use that skill within a particular Sub-Committee. Within the School, the Governors can access the policies and procedures via the Clerk to Governors. Governors are invited to attend whole school events and where appropriate, staff training and information sessions.

Spalding Grammar School

Governors' Report for the Year Ended 31 August 2019 (continued)

Organisational structure

The organisational structure consists of a Governor level and the Senior Team. The structure is designed to enable all of these personnel to be involved whilst also devolving responsibility appropriately.

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

The Senior Team, during the period, consisted of the Headteacher, one Deputy Head, three Assistant Heads and a Director of Resources, with all changes to the structure being shown on page 1 of the financial statements, who are responsible for communicating and implementing the School's strategies.

The Headteacher and Senior Team are responsible for the day to day running of the organisation, oversee the teaching staff and teams of administration and operational support. The structure and operation of the trust follows the guidelines set out in the academies handbook issued by the Department for Education.

The School accesses external agencies to ensure a broader provision of education and learning. The agencies include careers and guidance services.

Trade union facility time

The total number of employees who were relevant union officials during the period was 1. The total percentage of time spent as facility time by these representatives was 0% and therefore the cost of facility time as a percentage of total pay bill was 0%.

Connected organisations, including related party relationships

Spalding Grammar School operates as a sole entity and is not part of a wider network or federation. The School does not have a sponsor.

Objectives and activities

Objects and aims

The object of the charity 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 offering a broad curriculum.

Objectives, strategies and activities

The School's principle aim is to ensure that all students have every opportunity to attain their potential - intellectually, socially and personally. The cornerstone of our approach is the strength of the relationships between governors, staff, pupils and parents throughout our community. The friendly and orderly atmosphere combines with a stimulating academic environment to develop the qualities which lead to successful examination results, satisfying personal relationships, the correct blend of individual strengths and co-operation with others, as well as the confidence to face the challenges of the wider world. The School is conscious of the need for continuous improvement of standards.

Public benefit

The School provides educational services to predominantly children from the South Holland district who have met the entry requirements by reaching the standard score of 220 in the 11+ examination to qualify in the top 25% of the ability range in Lincolnshire. The Governors confirm that they have complied with the duty in Section 4 of the Charities Act 2006 to have due regard to the public benefit guidance provided by the Charity Commission.

Spalding Grammar School

Governors' Report for the Year Ended 31 August 2019 (continued)

Strategic Report

Achievements and performance

A Level:

Congratulations to the students and staff for another year of fantastic results at the Grammar School. This year sees 67% of grades at the equivalent of A*-B, with nearly one in five of those grades awarded at the highest levels of A* or Distinction 1/2. In addition to excellent overall grades, our students continue to perform well against their ambitious progress targets.

There were many exceptional performances across the subjects. The Sciences, an area in which the School continues to excel, saw 27 students achieving top grades. Mathematics performed extremely well in its new Cambridge Pre-U course, with over 40% of candidates achieving the top Distinction 1/2 grades (the equivalent of an A*). Law, Business and Psychology saw their strongest ever performances; Geography saw students achieving on average half a grade higher than in any previous year. Engineering results were extraordinary, with all six students achieving the highest grade of D*D*. The vast majority of students now go on to the university of their choice with three taking up places at Oxford or Cambridge colleges and many more going on to top Russell Group universities.

2019 GCSE Results:

These figures are provisional and will be confirmed when the DFE publish national data in late 2019

| | |
|---|-----|
| Proportion of all grades 7 to 9 (A/A*) | 33% |
| Progress 8 score | 0.0 |
| Attainment 8 score | 60 |
| Pupils who have achieved grade 5 or better in English and Mathematics | 79% |
| Pupils who have achieved grade 4 or better in English and Mathematics | 93% |
| English Baccalaureate - Average Points Score | 5.6 |
| Pupils entering the English Baccalaureate | 75% |

Key non-financial performance indicators

The School has been fully staffed during the period to 31 August 2019. The curriculum has met the standards expected. Staffing costs are the Schools main expense and the value of the staff is demonstrated throughout the examination results as well as the level of enrichment and commitment demonstrated throughout the School.

In all of the expenditure, the Director of Resources, Finance Team, Senior Team and Governors seek best value and question financial decisions made.

The Audit Committee has undertaken reviews of internal systems and controls during the year and have not identified any significant issues to be reported to the Governors.

Going concern

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

Spalding Grammar School

Governors' Report for the Year Ended 31 August 2019 (continued)

Strategic Report

Financial review

The majority of the School's income derives from central funding via the Education and Skills Funding Agency. The School also receives further monies via Local Authority for special education needs and pupil premium. In addition, the School raises funds by professional expertise in accessing grants, negotiating contracts and utilisation of the current facilities.

During the period ended 31 August 2019 the operating expenditure (excluding depreciation) as an Academy of £5.08 million was covered by Education and Skills Funding Agency grants and other incoming resources. The excess of expenditure over income, excluding pension liabilities and depreciation, was £0.22 million.

Net current assets at the period end were £1.05 million. The assets were used exclusively for providing education and the associated support services to the learners of the School.

There is a declared deficit on the defined benefit pension scheme, Local Government Pension Scheme for associated staff. Whilst the value is significant, the Governors do not believe that the liability represents a material risk because the liability has been agreed with the Director of Resources to be spread over a twenty year period and will be planned into subsequent accounts. Payment have been agreed and are in place.

Reserves policy

The Trust holds funds of £15.4m. Of this sum £0.8m are restricted revenue funds, £16.3m relates to the value of fixed assets and as such, would be available only by the disposal of tangible fixed assets.

It is the Trust's aim to keep the reserves so there is substantially more than one month's salary cost of hand in cash form at any point. A cash forecast is provided, cash is monitored on a daily basis and money is invested on deposit where appropriate.

Investment policy

The governors took the decision to invest £0.5m as part of a longer term strategy in order to realise the best return. The decision was taken after substantial financial advice and any returns will be utilised to benefit the Academy.

£54k of investment interest was drawn down in the year.

Spalding Grammar School

Governors' Report for the Year Ended 31 August 2019 (continued)

Strategic Report

Principal risks and uncertainties

Financial and risk management objectives and policies

The majority of the School's income is obtained from the Department for Education via the Education and Skills Funding Agency in the form of recurrent grants; the use of which is restricted to particular purpose by the Objects of the Trust and also the Academies Financial Handbook. The grants received during the period ended 31 August 2019 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

Risk management

The Governors have assessed the major risks to which the School is exposed, in particular those relating to the specific teaching, provision of facilities and finances. The Governors have implemented a number of systems to assess the risks that the School faces (e.g. health and safety and school trips) and in relation to the control of finance. The Governors have implemented systems such as auditing of the finance area to demonstrate control and to minimise risk.

Risks to the School fall into three categories;

1. Financial - Income to the School is always forecast prudently and expenditure plans are approved by the whole Governing Body. The Headteacher is accountable to the Governors for restricting expenditure within the set budget. Numbers for Year 7 entry have increased to 152, which is 2 students over the PAN (150) and it is promising that we are highly likely to be at PAN (150) for 2020/21 entry.
2. Performance - A huge decline in results would damage the reputation of the School and would impact the recruitment and retention of students with a subsequent loss of income. The Headmaster is accountable to the Governing Body for academic results.
3. Health & Safety - A range of risk assessments have been written. The assessments are reviewed annually. A health & safety lead has been established within the site team.

Spalding Grammar School

Governors' Report for the Year Ended 31 August 2019 (continued)

Employment of disabled persons

The School is of old construct and purpose built ramps have been put in place to ensure access and egress. The buildings comply with current legislation. There are adequate amounts of lifts and disabled toilet facilities. The School supports special educational needs and does this through training, career development and provision of qualified support personnel.

The Governors recognise that equal opportunities are an integral part of good practice in the workplace. The School aims for the highest standards in opportunity for all and ensures that the working environment allows the contribution needs of all to be understood, known and valued.

Auditor

In so far as the Governors are aware:

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

Reappointment of auditor

The auditors Bulley Davey Limited are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Approved by order of the members on 4/12/2019 and signed on its behalf by:



Mr A Faulkner
Governor and trustee

Spalding Grammar School

Governance Statement

Scope of responsibility

As Governors, we acknowledge we have overall responsibility for ensuring that Spalding Grammar 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 Mr SM Wilkinson, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Spalding Grammar School and the Secretary of State for Education. They are also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Governors' Report and in the Statement of Governors' Responsibilities. The Governing Body has formally met 9 times during the year. Attendance during the year at meetings of the Governing Body was as follows:

| Trustee | Meetings attended | Out of a possible |
|-------------------|-------------------|-------------------|
| Mr K Bean | 8 | 9 |
| Mr P Callow | 9 | 9 |
| Mr A C Cunnington | 8 | 9 |
| Mr C S Delaney | 7 | 9 |
| Mr H T Drury | 0 | 3 |
| Mrs S Y Ely | 8 | 9 |
| Mr A Faulkner | 9 | 9 |
| Mr M Findall | 9 | 9 |
| Mrs D Haslam | 8 | 9 |
| Mr A J Holdsworth | 2 | 7 |
| Mrs S A L Hoult | 9 | 9 |
| Mrs J Lutton | 9 | 9 |
| Mrs J M Mayne | 8 | 9 |
| Mr E J Rees | 8 | 9 |
| Mr S M Wilkinson | 8 | 9 |

Governance reviews

The board of trustees review and respond to any third party review of governance requirements. The board of trustees are aware of their responsibility to consider laws and regulations, finance systems and controls and also community responsibility. There have been no formal requests in the current year for a governance review. The board are aware of the requirement to ensure work of the governing body is effective.

The Resources Committee is a sub-committee of the main Governing Body. Its purpose is to discuss and review any financial, building or other such matters arising. Attendance at meetings during the year was as follows:

Spalding Grammar School

Governance Statement (continued)

| Trustee | Meetings attended | Out of a possible |
|-------------------|-------------------|-------------------|
| Mr A C Cunnington | 3 | 4 |
| Mr P Callow | 4 | 4 |
| Mr H T Drury | 0 | 1 |
| Mr M Findall | 3 | 4 |
| Mrs D Haslam | 4 | 4 |
| Mr E J Rees | 3 | 4 |

Review of value for money

As accounting officer the head teacher has responsibility for ensuring that the Academy Trust delivers good value in the use of public resources. The Accounting Officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

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

During the year, the School has refurbished some of the corridors and classrooms, including the upgrade of lighting to LED in the Sports Hall and Health and Safety works. The School always looks to provide the most energy efficient way to provide heating and lighting in all of its Site Team renovations. Over the Summer, the Site Team carried out its most complex refurbishment of a Biology Lab, which also included the creation of a smaller separate teaching room. The majority of work was carried out by our in house Site Team, which saved the School at least £20k on Contractors fees.

During the Financial Year, the Government gave Schools a small amount of windfall income for 'Little Extras', as part of the Government Spending Review. The £53k allowed the School to carry out a much needed upgrade to laptops and contribute towards IT infrastructure and much needed dining tables for the Atrium.

The Payroll contract was not renewed with the same supplier and is now provided by HR Solutions, saving £1.45 per payslip.

Whilst the School has a 5 year rolling repairs and maintenance programme, this is regularly re-prioritised with Health & Safety works so that we can continue to operate within existing budgets. In the summer of 2020, the Site Team will be installing LED lighting and Infra red heating in the PE A Level Classroom, as part of the re-prioritised repairs schedule.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Spalding Grammar School for the year ended 31 August 2019 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 ongoing process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the year ending 31 August 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Resource Committee.

Spalding Grammar School

Governance Statement (continued)

The risk and control framework

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

The Governing Body has considered the need for a specific internal audit function and has decided to delegate the role to an Audit Committee.

The role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. The Audit Committee reports to the Governing Body on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities.

There were no material control or other issues reported to date.

Review of effectiveness

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

- the work of the Principal Finance Officer;
- the work of the external auditor;
- the financial management and governance self assessment process;
- the work of the Accounting Officer and Principal Finance Officer within the School Trust who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the Governing Body on 4/12/19 and signed on its behalf by:



Mr S M Wilkinson
Head Teacher



Mr A Faulkner
Governor and trustee


Spalding Grammar School

Statement on Regularity, Propriety and Compliance

As Accounting Officer of Spalding Grammar School I have considered my responsibility to notify the academy trust Governing Body and the Education and Skills Funding Agency of material irregularity, impropriety and non-compliance with ESFA 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 2019.

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



Mr SM Wilkinson
Accounting Officer

Date: 04/12/19

Spalding Grammar School

Statement of Governors' Responsibilities

The Governors (who are 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 Academies: Accounts Direction 2018 to 2019 issued by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Governors to prepare financial statements for each financial year. Under company law the Governors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Governors are required to:

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and 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 ESFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the Board on 4/12/2019 and signed on its behalf by:



Mr A Faulkner
Governor and trustee

Spalding Grammar School

Independent Auditor's Report on the Financial Statements to the Members of Spalding Grammar School

Opinion

We have audited the financial statements of Spalding Grammar School (the 'Academy') for the year ended 31 August 2019, which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, Balance Sheet, Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy trust's affairs at 31 August 2019 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 requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and Academies: Accounts Direction 2018 to 2019 issued by the Education and Skills Funding Agency.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information (covers the Reference and Administrative Details, the Governors' Report and Strategic Report and the Governance Statement)

The Governors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Spalding Grammar School

Independent Auditor's Report on the Financial Statements to the Members of Spalding Grammar School (continued)

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of Governors

As explained more fully in the Statement of Governors' Responsibilities [set out on page 12], the Governors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Governors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Governors are responsible for assessing the Academy's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Governors either intend to liquidate the Academy or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Academy's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Governors.
- Conclude on the appropriateness of the Governors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Academy's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Academy to cease to continue as a going concern.

Spalding Grammar School

Independent Auditor's Report on the Financial Statements to the Members of Spalding Grammar School (continued)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Academy to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Academy audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

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



Peter R Wright (Senior Statutory Auditor)

For and on behalf of Bulley Davey Limited, Statutory Auditor

1-4 London Road
Spalding
Lincolnshire
PE11 2TA

Date: 4th December 2019

Spalding Grammar School

Independent Reporting Accountant's Report on Regularity to Spalding Grammar School and the Education and Skills Funding Agency

In accordance with the terms of our engagement letter dated 2 October 2018 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies' Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Spalding Grammar School during the period 1 September 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of the Governing Body's accounting officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of the Governing Body's funding agreement with the Secretary of State for Education dated 30 January 2013 and the Academies Financial Handbook extant from 1 September 2012, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies' Accounts Direction 2018 to 2019. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year from 1 September 2018 to 31 August 2019 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies' Accounts Direction 2018 to 2019 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

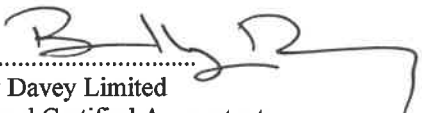
The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity.

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

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the academy trust's income and expenditure. The work undertaken to draw to our conclusion includes a review of the design and implementation of the Academy's internal controls and review processes on regularity, supported by detailed tests on samples of costs incurred by the academy and specific transactions identified from our review.

Conclusion

In the course of our work nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year from 1 September 2018 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.


Bulley Davey Limited
Chartered Certified Accountants

1-4 London Road
Spalding
Lincolnshire
PE11 2TA

Date: 4th December 2019

Spalding Grammar School

Statement of Financial Activities for the Year Ended 31 August 2019 (including Income and Expenditure Account)

| | Note | Unrestricted Funds £ | Restricted General Funds £ | Restricted Fixed Asset Funds £ | 2018/19 Total £ | 2017/18 Total £ |
|---|------|----------------------------|-------------------------------------|---|-----------------------|-----------------------|
| Income and endowments from: | | | | | | |
| Voluntary income | | | | | | |
| Donations and capital grants | 2 | - | 20,826 | - | 20,826 | 240,481 |
| <i>Charitable activities:</i> | | | | | | |
| Funding for the Academy trust's educational operations | 3 | - | 4,249,390 | - | 4,249,390 | 4,310,819 |
| Other trading activities | 4 | 22,819 | 306,299 | - | 329,118 | 325,554 |
| Investments | 5 | 1,771 | 5,282 | - | 7,053 | 20,366 |
| School fund income | 6 | - | 249,017 | - | 249,017 | 361,323 |
| Total | | 24,590 | 4,830,814 | - | 4,855,404 | 5,258,543 |
| Expenditure on: | | | | | | |
| Raising funds | 7 | - | 48,034 | - | 48,034 | 51,774 |
| <i>Charitable activities:</i> | | | | | | |
| Academy trust educational operations | 8 | - | 4,691,650 | 240,591 | 4,932,241 | 5,105,831 |
| School fund expenditure | 8 | - | 337,482 | - | 337,482 | 353,071 |
| Total | | - | 5,077,166 | 240,591 | 5,317,757 | 5,510,676 |
| Net income/(expenditure) | | 24,590 | (246,352) | (240,591) | (462,353) | (252,133) |
| Transfers between funds | | - | (115,879) | 115,879 | - | - |
| Other recognised gains and losses | | | | | | |
| Actuarial gains/(losses) on defined benefit pension schemes | 25 | - | (73,000) | - | (73,000) | 102,000 |
| Other gains/(losses) attributable to pension valuation | | - | (631,000) | - | (631,000) | 245,000 |
| Net movement in funds/(deficit) | | 24,590 | (1,066,231) | (124,712) | (1,166,353) | 94,867 |
| Reconciliation of funds | | | | | | |
| Total funds/(deficit) brought forward at 1 September 2018 | | 172,978 | (19,547) | 16,440,886 | 16,594,317 | 16,499,450 |
| Total funds/(deficit) carried forward at 31 August 2019 | | 197,568 | (1,085,778) | 16,316,174 | 15,427,964 | 16,594,317 |

Spalding Grammar School
(Registration number: 08357352)
Balance Sheet as at 31 August 2019

| | Note | 2019 £ | 2018 £ |
|---|------|--------------------|--------------------|
| Fixed assets | | | |
| Tangible assets | 12 | 16,316,075 | 16,440,787 |
| Investments | 13 | - | 100 |
| | | <u>16,316,075</u> | <u>16,440,887</u> |
| Current assets | | | |
| Debtors | 14 | 127,350 | 190,012 |
| Investments | | 510,042 | 558,759 |
| Cash at bank and in hand | | <u>671,422</u> | <u>922,467</u> |
| | | 1,308,814 | 1,671,238 |
| Creditors: Amounts falling due within one year | 15 | <u>(262,550)</u> | <u>(289,683)</u> |
| Net current assets | | <u>1,046,264</u> | <u>1,381,555</u> |
| Total assets less current liabilities | | 17,362,339 | 17,822,442 |
| Creditors: Amounts falling due after more than one year | 16 | <u>(39,375)</u> | <u>(48,125)</u> |
| Net assets excluding pension liability | | 17,322,964 | 17,774,317 |
| Pension scheme liability | 25 | <u>(1,895,000)</u> | <u>(1,180,000)</u> |
| Net assets including pension liability | | <u>15,427,964</u> | <u>16,594,317</u> |
| Funds of the Academy: | | | |
| Restricted funds | | | |
| Restricted general fund | | 798,222 | 1,160,453 |
| Restricted fixed asset fund | | 16,316,174 | 16,440,887 |
| Restricted pension fund | | <u>(1,884,000)</u> | <u>(1,180,000)</u> |
| | | 15,230,396 | 16,421,340 |
| Unrestricted funds | | | |
| Unrestricted general fund | | <u>197,568</u> | <u>172,977</u> |
| Total funds | | <u>15,427,964</u> | <u>16,594,317</u> |

Spalding Grammar School

(Registration number: 08357352)

Balance Sheet as at 31 August 2019 (continued)

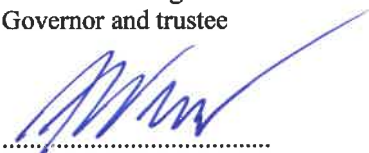
The financial statements on pages 17 to 42 were approved by the Governors, and authorised for issue on 4/12/19 and signed on their behalf by:



.....
Mr K Bean
Governor and trustee



.....
Mr A C Cunningham
Governor and trustee



.....
Mr A Faulkner
Governor and trustee

Spalding Grammar School

Statement of Cash Flows for the Year Ended 31 August 2019

| | Note | 2019 £ | 2018 £ |
|---|-------------|-------------------|-------------------|
| Net cash outflow from operating activities | 20 | (137,036) | (355,951) |
| Returns on investments and servicing of finance | 21 | 1,769 | 349 |
| Capital expenditure and financial investment | 22 | <u>(115,778)</u> | <u>(71,353)</u> |
| Decrease in cash in the year | 23 | <u>(251,045)</u> | <u>(426,955)</u> |

Spalding Grammar School

Notes to the Financial Statements for the Year Ended 31 August 2019

1 Accounting policies

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

Basis of preparation

The financial statements of the Academy Trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Spalding Grammar School meets the definition of a public benefit entity under FRS 102.

Going concern

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

Income

All incoming resources are recognised when the academy trust has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

Grants

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the Statement of Financial Activities in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

Capital grants are recognised in full when there is an unconditional entitlement to the grant. Unspent amounts of capital grants are reflected in the balance sheet in the restricted fixed asset fund. Capital grants are spent on capital projects in line with the terms and conditions of the grant. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

Sponsorship income

Sponsorship income provided to the Academy Trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

Donations

Donations are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable and the amount can be reliably measured.

Spalding Grammar School

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

1 Accounting policies (continued)

Other income

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the academy trust has provided the goods or services.

Donated goods, facilities and services

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

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

Transfer on conversion

Where assets and liabilities are received by the academy trust on conversion to an academy, the transferred assets are measured at fair value and recognised in the balance sheet at the point when the risks and rewards of ownership pass to the academy trust. An equal amount of income is recognised as transfer on conversion within Donations and capital grant income to the net assets received.

Transfer of existing academies into the trust

Where assets and liabilities are received on the transfer of an existing academy into the academy trust, the transferred net assets are measured at fair value and recognised in the balance sheet at the point when the risks and rewards of ownership pass to the academy trust. An equal amount of income is recognised for the transfer of an existing academy into the academy trust within Donations and capital grant income to the net assets acquired.

Donated fixed assets

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

Expenditure

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

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

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

Spalding Grammar School

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

1 Accounting policies (continued)

Charitable activities

These are costs incurred on the academy trust's educational operations, including support costs and costs relating to the governance of the academy trust apportioned to charitable activities.

Tangible fixed assets

Assets costing £1,500 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 there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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.

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

| Asset class | Depreciation method and rate |
|-------------------------|-------------------------------------|
| Furniture and equipment | 20% straight line |
| Computer equipment | 33% straight line |
| Land and buildings | Straight line over 125 years |
| Motor vehicles | 25% straight line |
| Integral features | Straight line over 10/20 years |

Liabilities

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

Provisions

Provisions are recognised when the academy trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

Leased assets

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

Spalding Grammar School

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

1 Accounting policies (continued)

Investments

The Academy's shareholding in the wholly owned subsidiary, is included in the balance sheet at the cost of the share capital owned less any impairment. There is no readily available market value and the cost of valuation exceeds the benefit derived.

The subsidiary was dissolved during the current financial year, therefore no investments carried forward.

Investments

The academy trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the academy trust and their measurement basis are as follows:

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 14. Prepayments are not financial instruments. Amounts due to subsidiaries are held at face value less any impairment.

Investments - investment is held at fair value

Cash at bank - is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 15 and 16. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to subsidiaries are held at face value less any impairment.

Taxation

The academy trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

Accordingly, the academy trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Spalding Grammar School

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

1 Accounting policies (continued)

Pension benefits

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

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

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

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

Fund accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by funders where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder/donor and include grants from the Department for Education.

Critical accounting estimates and areas of judgement

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

Spalding Grammar School

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

1 Accounting policies (continued)

Critical accounting estimates and assumptions

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

The only true estimates made by the Academy Trust are mostly in relation to depreciation rates which are consistent with expectations of asset life. All other assumptions such as prepayments and accruals are based off of reasonable fact and information obtained.

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 26, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Spalding Grammar School

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

2 Donations and capital grants

| | Restricted funds £ | Total 2019 £ | Total 2018 £ |
|-------------------------------|--------------------------|--------------------|--------------------|
| Other voluntary income | | | |
| Donations and capital grants | <u>20,826</u> | <u>20,826</u> | <u>240,481</u> |

The total donations and capital grants was £20,826 (2018 - £240,481) of which £20,826 (2018 - £11,570) was restricted and £Nil (2018 - £228,911) was restricted fixed assets.

3 Funding for Academy's educational operations

| | Restricted funds £ | Total 2019 £ | Total 2018 £ |
|---|--------------------------|--------------------|--------------------|
| DfE/ESFA revenue grants | | | |
| General Annual Grant | 3,995,585 | 3,995,585 | 4,107,468 |
| Other DfE Income | <u>256,506</u> | <u>256,506</u> | <u>183,455</u> |
| | 4,252,091 | 4,252,091 | 4,290,923 |
| Non-government grants and other income | | | |
| Local Authority Grants | <u>800</u> | <u>800</u> | <u>600</u> |
| Total grants | <u>4,252,891</u> | <u>4,252,891</u> | <u>4,291,523</u> |

The total funding income was £4,252,891 (2018 - £4,291,523) of which £4,252,891 (2018 - £4,291,523) was restricted.

Spalding Grammar School

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

4 Other trading activities

| | Unrestricted funds £ | Restricted funds £ | Total 2019 £ | Total 2018 £ |
|------------------------------|----------------------------|--------------------------|--------------------|--------------------|
| Hire of facilities | 22,819 | - | 22,819 | 42,403 |
| Catering income | - | 197,879 | 197,879 | 175,989 |
| School shop sales | - | 4,546 | 4,546 | 3,469 |
| Recharges and reimbursements | - | 68,950 | 68,950 | 75,589 |
| Other sales | - | 34,924 | 34,924 | 28,104 |
| | <u>22,819</u> | <u>306,299</u> | <u>329,118</u> | <u>325,554</u> |

The total income from other trading activities was £329,118 (2018 - £325,554) of which £22,819 (2018 - £42,403) was unrestricted and £306,299 (2018 - £283,151) was restricted general.

5 Investment income

| | Unrestricted funds £ | Restricted funds £ | Total 2019 £ | Total 2018 £ |
|-----------------------------------|----------------------------|--------------------------|--------------------|--------------------|
| Short term deposits | 1,771 | - | 1,771 | 348 |
| Gain on current asset investments | - | 5,282 | 5,282 | 20,018 |
| | <u>1,771</u> | <u>5,282</u> | <u>7,053</u> | <u>20,366</u> |

The total investment income was £7,053 (2018 - £20,366) of which £1,771 (2018 - £348) was unrestricted and £5,282 (2018 - £20,018) was restricted.

6 Other charitable activities

| | Restricted funds £ | Total 2019 £ | Total 2018 £ |
|--------------------|--------------------------|--------------------|--------------------|
| School fund income | <u>249,017</u> | <u>249,017</u> | <u>361,323</u> |

The total school fund income was £249,017 (2018 - £361,323) of which £249,017 (2018 - £361,323) was restricted.

Spalding Grammar School

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

7 Expenditure

| | Staff costs £ | Premises £ | Other costs £ | Total 2019 £ | Total 2018 £ |
|---|------------------|----------------|------------------|--------------------|--------------------|
| Expenditure on raising funds - direct costs | - | - | 48,034 | 48,034 | 51,774 |
| Academy's educational operations | | | | | |
| Direct costs | 2,873,407 | - | 293,424 | 3,166,831 | 3,257,642 |
| Allocated support costs | <u>1,073,838</u> | <u>466,325</u> | <u>225,247</u> | <u>1,765,410</u> | <u>1,848,189</u> |
| | 3,947,245 | 466,325 | 518,671 | 4,932,241 | 5,105,831 |
| School fund expenditure | | | | | |
| Allocated support costs | <u>-</u> | <u>-</u> | <u>337,482</u> | <u>337,482</u> | <u>353,071</u> |
| | <u>3,947,245</u> | <u>466,325</u> | <u>904,187</u> | <u>5,317,757</u> | <u>5,510,676</u> |

Net incoming/outgoing resources for the year include:

| | 31 August 2019 £ | 31 August 2018 £ |
|---------------------------------|------------------------|------------------------|
| Fees payable to auditor - audit | 3,500 | 3,500 |
| - non-audit services | <u>4,000</u> | <u>5,000</u> |

The total resources expended was £5,317,757 (2018 - £5,510,676) of which £5,077,166 (2018 - £5,269,984) was restricted and £240,591 (2018 - £240,692) was restricted fixed assets.

Spalding Grammar School

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

8 Charitable activities

| | Restricted funds £ | Restricted fixed asset funds £ | Total 2019 £ | Total 2018 £ |
|--|---|---|-----------------------------|-----------------------------|
| Direct costs | | | | |
| Teaching and educational support staff costs | 2,873,407 | - | 2,873,407 | 2,945,271 |
| Educational supplies | 73,587 | - | 73,587 | 76,879 |
| Examination fees | 113,809 | - | 113,809 | 107,436 |
| Staff development | 12,903 | - | 12,903 | 14,192 |
| Educational consultancy | 2,175 | - | 2,175 | 2,870 |
| Other direct costs | 90,950 | - | 90,950 | 110,994 |
| | <u>3,166,831</u> | <u>-</u> | <u>3,166,831</u> | <u>3,257,642</u> |
| Allocated support costs | | | | |
| Support staff costs | 1,062,838 | - | 1,062,838 | 981,217 |
| Movement attributable to pension deficit valuation | 11,000 | - | 11,000 | 172,000 |
| Depreciation | - | 240,591 | 240,591 | 240,692 |
| Maintenance of premises and equipment | 75,058 | - | 75,058 | 69,785 |
| Cleaning | 10,576 | - | 10,576 | 9,109 |
| Rent, rates and utilities | 104,760 | - | 104,760 | 98,236 |
| Insurance | 35,340 | - | 35,340 | 37,056 |
| Recruitment and support | 13,683 | - | 13,683 | 13,651 |
| Security and transport | 13,770 | - | 13,770 | 12,153 |
| Catering | 102,290 | - | 102,290 | 89,625 |
| Bank interest and charges | 1,913 | - | 1,913 | 2,214 |
| Professional fees | 279 | - | 279 | 440 |
| Other support costs | 422,144 | - | 422,144 | 466,582 |
| Governance costs | 8,650 | - | 8,650 | 8,500 |
| | <u>1,862,301</u> | <u>240,591</u> | <u>2,102,892</u> | <u>2,201,260</u> |
| | <u>5,029,132</u> | <u>240,591</u> | <u>5,269,723</u> | <u>5,458,902</u> |
| | Educational operations £ | School fund £ | Total 2019 £ | Total 2018 £ |
| Analysis of support costs | | | | |
| Support staff costs | 1,073,838 | - | 1,073,838 | 1,153,217 |
| Depreciation | 240,591 | - | 240,591 | 240,692 |
| Premises costs | 225,734 | - | 225,734 | 214,186 |
| Other support costs | 216,597 | 337,482 | 554,079 | 584,665 |
| Governance costs | 8,650 | - | 8,650 | 8,500 |
| Total support costs | <u>1,765,410</u> | <u>337,482</u> | <u>2,102,892</u> | <u>2,201,260</u> |

Spalding Grammar School

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

8 Charitable activities (continued)

The total charitable activities expenditure in the year was £5,269,723 (2018 - £5,458,902). Of this direct costs totalled £3,166,831 (2018 - £3,257,642) of which £3,166,831 (2018 - £3,257,642) was restricted. Allocated support costs were £2,102,892 (2018 - £2,201,260) of which £1,862,301 (2018 - £1,960,568) was restricted and £240,591 (2018 - £240,692) was restricted fixed assets.

9 Staff

| | 2019 £ | 2018 £ |
|--|------------------|------------------|
| Staff costs during the year were: | | |
| Wages and salaries | 3,016,443 | 3,065,505 |
| Social security costs | 289,131 | 302,434 |
| Pension costs | 501,305 | 519,756 |
| Supply teacher costs | 129,366 | 38,791 |
| Movement attributable to pension deficit valuation | 11,000 | 172,000 |
| | <u>3,947,245</u> | <u>4,098,486</u> |

Staff numbers

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

| | 2018/19 No | 2017/18 No |
|------------------------------|---------------|---------------|
| Charitable Activities | | |
| Teachers | 53 | 57 |
| Administration and support | 52 | 52 |
| Management | 6 | 6 |
| | <u>111</u> | <u>115</u> |

Spalding Grammar School

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

9 Staff (continued)

Higher paid staff

The number of employees whose emoluments exceeded £60,000 was:

| | 2019 No | 2018 No |
|-------------------|------------|------------|
| £60,001 - £70,000 | 1 | 1 |
| £70,001 - £80,000 | 1 | 1 |

The key management personnel of the Academy Trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust was £524,540 (2018: £501,016).

10 Related party transactions - trustees' remuneration and expenses

The Principal and staff trustees only receive remuneration in respect of services they provide undertaking the roles of Principal and staff and not in respect of their services as trustees. Other trustees did not receive any payments from the Academy trust in respect of their services as trustees. The value of trustees' remuneration was as follows:

Mr S M Wilkinson (Headteacher and Governor):

Remuneration: £75,000 - £80,000 (2018 - £70,000 - £75,000)

Employer's pension contributions: £10,000 - £15,000 (2018 - £10,000 - £15,000)

Mrs D Haslam (Staff Governor):

Remuneration: £30,000 - £35,000 (2018 - £30,000 - £35,000)

Employer's pension contributions: £5,000 - £10,000 (2018 - £5,000 - £10,000)

Mrs J M Mayne (Staff Governor):

Remuneration: £20,000 - £25,000 (2018 - £15,000 - £20,000)

Employer's pension contributions: £0 - £5,000 (2018 - £0 - £5,000)

Mrs J Lutton (Staff Governor):

Remuneration: £45,000 - £50,000 (2018 - £45,000 - £50,000)

Employer's pension contributions: £5,000 - £10,000 (2018 - £5,000 - £10,000)

11 Trustees' and officers' insurance

In accordance with normal commercial practice the Academy has purchased insurance to protect Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2018 was included within the insurance policy for the whole school and the cost relating to this element is estimated to be £500 (2018 - £500).

The cost of this insurance is included in the total insurance cost.

Spalding Grammar School

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

12 Tangible fixed assets

| | Land and buildings £ | Furniture and equipment £ | Motor vehicles £ | Computer equipment £ | Integral features £ | Total £ |
|-----------------------|----------------------------|---------------------------------|------------------------|----------------------------|---------------------------|------------|
| Cost | | | | | | |
| At 1 September 2018 | 16,650,000 | 366,964 | 53,700 | 232,347 | 546,298 | 17,849,309 |
| Additions | - | 24,477 | - | 91,401 | - | 115,878 |
| At 31 August 2019 | 16,650,000 | 391,441 | 53,700 | 323,748 | 546,298 | 17,965,187 |
| Depreciation | | | | | | |
| At 1 September 2018 | 743,700 | 339,767 | 40,476 | 188,698 | 95,880 | 1,408,521 |
| Charge for the year | 133,200 | 18,841 | 6,613 | 54,622 | 27,315 | 240,591 |
| At 31 August 2019 | 876,900 | 358,608 | 47,089 | 243,320 | 123,195 | 1,649,112 |
| Net book value | | | | | | |
| At 31 August 2019 | 15,773,100 | 32,833 | 6,611 | 80,428 | 423,103 | 16,316,075 |
| At 31 August 2018 | 15,906,300 | 27,197 | 13,224 | 43,649 | 450,418 | 16,440,788 |

Spalding Grammar School

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

13 Investments

| | Investment £ |
|-----------------------|-----------------|
| Fair value | |
| At 1 September 2018 | 100 |
| Disposals | <u>(100)</u> |
| At 31 August 2019 | - |
| Provision | |
| At 31 August 2019 | <u>-</u> |
| Net book value | |
| At 31 August 2019 | <u>-</u> |

The Academy owned 100% of the ordinary shares of Spalding Grammar Managed Services Limited, a company incorporated in England and Wales. The principal activity of the company was the provision of managed services. Spalding Grammar Managed Services Limited was dissolved on 18 June 2019 and investment written off.

14 Debtors

| | 2019 £ | 2018 £ |
|-----------------|----------------|----------------|
| Trade debtors | 10,384 | 33,697 |
| Prepayments | 62,722 | 86,492 |
| VAT recoverable | <u>54,244</u> | <u>69,823</u> |
| | <u>127,350</u> | <u>190,012</u> |

15 Creditors: amounts falling due within one year

| | 2019 £ | 2018 £ |
|------------------------------------|----------------|----------------|
| Trade creditors | 46,811 | 64,961 |
| Other taxation and social security | 137,762 | 149,901 |
| Other creditors | 45,017 | 11,478 |
| Accruals | <u>32,960</u> | <u>63,343</u> |
| | <u>262,550</u> | <u>289,683</u> |

Spalding Grammar School

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

16 Creditors: amounts falling due after one year

| | 2019 £ | 2018 £ |
|-----------------------|-----------|-----------|
| Other creditor - loan | 39,375 | 48,125 |

The loan is to be repaid via repayments every six months of £4,375 which started in the 16/17 academic year. There is no interest charged on this loan.

17 Funds

| | Balance at 1 September 2018 £ | Incoming resources £ | Resources expended £ | Gains, losses and transfers £ | Balance at 31 August 2019 £ |
|-------------------------------------|--|----------------------------|----------------------------|-------------------------------------|-----------------------------------|
| Restricted general funds | | | | | |
| Restricted General Fund | 1,160,453 | 4,825,533 | (5,071,886) | (115,879) | 798,221 |
| Restricted fixed asset funds | | | | | |
| Restricted Fixed Asset Fund | 16,440,887 | - | (240,591) | 115,879 | 16,316,175 |
| Restricted pension funds | | | | | |
| Restricted Pension Fund | (1,180,000) | - | - | (704,000) | (1,884,000) |
| Total restricted funds | 16,421,340 | 4,825,533 | (5,312,477) | (704,000) | 15,230,396 |
| Unrestricted funds | | | | | |
| Unrestricted general funds | 172,977 | 24,592 | - | - | 197,569 |
| Total funds | 16,594,317 | 4,850,125 | (5,312,477) | (704,000) | 15,427,965 |

Comparative information in respect of the preceding period is as follows:

| | Balance at 1 September 2017 £ | Incoming resources £ | Resources expended £ | Gains, losses and transfers £ | Balance at 31 August 2018 £ |
|-------------------------------------|--|----------------------------|----------------------------|-------------------------------------|-----------------------------------|
| Restricted general funds | | | | | |
| Restricted General Fund | 1,342,909 | 5,215,794 | (5,097,986) | (300,264) | 1,160,453 |
| Restricted fixed asset funds | | | | | |
| Restricted Fixed Asset Fund | 16,381,315 | - | (240,692) | 300,264 | 16,440,887 |
| Restricted pension funds | | | | | |
| Restricted Pension Fund | (1,355,000) | - | (172,000) | 347,000 | (1,180,000) |
| Total restricted funds | 16,369,224 | 5,215,794 | (5,510,678) | 347,000 | 16,421,340 |
| Unrestricted funds | | | | | |
| Unrestricted general funds | 130,225 | 42,752 | - | - | 172,977 |
| Total funds | 16,499,449 | 5,258,546 | (5,510,678) | 347,000 | 16,594,317 |

Spalding Grammar School

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

17 Funds (continued)

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

The restricted general fund relates to all income and expenditure related to providing the provision of educational services to children in the local area.

Restricted fixed asset funds represent monies received in respect of and spent on fixed assets. This includes assets inherited on conversion. The total resources expended within this fund include the depreciation charge for the year. The transfers figure is the amount of other funds used to acquire fixed assets.

The pension reserve arises from the actuarial measurement of the Trust's share of the Local Government Pension Scheme deficit. This deficit is recorded as a provision. The actuarial cost of employing staff during the year is initially reflected in the normal running costs of the Trust in the restricted pension fund. The amount included in resources expended represents the pension cost for the year charged to income and expenditure that arises from actuarial calculations of service cost rather than employer contributions paid, and amounts to £256,000. Actuarial gains and losses that arise from changes in assumptions by the actuary or wider influences are shown in the restricted pension fund, the movement this year being a net £692,000 actuarial decrease in the net pension fund deficit.

18 Analysis of net assets between funds

Fund balances at 31 August 2019 are represented by:

| | Unrestricted funds £ | Restricted general funds £ | Restricted fixed asset funds £ | Total funds £ |
|--------------------------|----------------------------|----------------------------------|---|-------------------|
| Tangible fixed assets | - | - | 16,316,074 | 16,316,074 |
| Current assets | 197,568 | 1,111,247 | - | 1,308,815 |
| Current liabilities | - | (262,550) | - | (262,550) |
| Creditors over 1 year | - | (39,375) | - | (39,375) |
| Pension scheme liability | - | (1,895,000) | - | (1,895,000) |
| Total net assets | <u>197,568</u> | <u>(1,085,678)</u> | <u>16,316,074</u> | <u>15,427,964</u> |

Comparative information in respect of the preceding period is as follows:

| | Unrestricted funds £ | Restricted general funds £ | Restricted fixed asset funds £ | Total funds £ |
|--------------------------|----------------------------|----------------------------------|---|-------------------|
| Tangible fixed assets | - | - | 16,440,786 | 16,440,786 |
| Investments | - | - | 100 | 100 |
| Current assets | 172,978 | 1,498,259 | - | 1,671,237 |
| Current liabilities | - | (289,681) | - | (289,681) |
| Creditors over 1 year | - | (48,125) | - | (48,125) |
| Pension scheme liability | - | (1,180,000) | - | (1,180,000) |
| Total net assets | <u>172,978</u> | <u>(19,547)</u> | <u>16,440,886</u> | <u>16,594,317</u> |

Spalding Grammar School

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

19 Financial commitments

Operating leases

At 31 August 2019 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

| | 2019 £ | 2018 £ |
|--|---------------|---------------|
| Amounts due within one year | 11,480 | 11,480 |
| Amounts due between one and five years | 15,684 | 26,141 |
| | <u>27,164</u> | <u>37,621</u> |

During the year the amount of operating leases recognised as an expense in the financial statements was £11,480 (2018 - £40,779).

20 Reconciliation of net expenditure to net cash inflow/(outflow) from operating activities

| | 2019 £ | 2018 £ |
|--|------------------|------------------|
| Net expenditure | (462,353) | (252,133) |
| Depreciation | 240,591 | 240,692 |
| Donated capital and capital grants | - | (228,911) |
| Interest receivable | (1,771) | (348) |
| Withdrawal from prudential investment | 54,000 | - |
| (Gain)/loss on current asset investments | (5,282) | (20,018) |
| Movement attributable to pension valuation | 11,000 | 172,000 |
| Decrease/(increase) in debtors | 62,660 | (73,328) |
| Decrease in creditors | <u>(35,881)</u> | <u>(193,904)</u> |
| Net cash outflow from operating activities | <u>(137,036)</u> | <u>(355,950)</u> |

Spalding Grammar School

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

21 Returns on investments and servicing of finance

| | 2019 £ | 2018 £ |
|--|--------------|------------|
| Interest received | 1,769 | 349 |
| Net cash inflow from returns on investments and servicing of finance | <u>1,769</u> | <u>349</u> |

22 Cash flows from investing activities

| | 2019 £ | 2018 £ |
|--|------------------|-----------------|
| Purchase of tangible fixed assets | (115,878) | (300,264) |
| Sale of investments | 100 | - |
| Capital funding received from sponsors and others | - | 228,911 |
| Net cash outflow from capital expenditure and financial investment | <u>(115,778)</u> | <u>(71,353)</u> |

23 Analysis of cash and cash equivalents

| | At 1 September 2018 £ | Cash flows £ | At 31 August 2019 £ |
|--------------------------|--------------------------------|------------------|---------------------------|
| Cash at bank and in hand | <u>922,467</u> | <u>(251,045)</u> | <u>671,422</u> |

24 Members' liability

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

25 Pension and similar obligations

The Academy'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. Both are defined benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

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

Teachers' Pension Scheme

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

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

Spalding Grammar School

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

25 Pension and similar obligations (continued)

Valuation of the Teachers' Pension Scheme

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

The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%))
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

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

The employer's pension costs paid to TPS in the period amounted to £373,087 (2018: £380,658).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

Under the definitions set out in FRS 102, the TPS is an unfunded multi-employer pension scheme. The academy trust 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.

Spalding Grammar School

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

25 Pension and similar obligations (continued)

Local government pension scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £196,000 (2018 - £207,000), of which employer's contributions totalled £156,000 (2018 - £163,000) and employees' contributions totalled £40,000 (2018 - £44,000).

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

Principal actuarial assumptions

| | At 31 August 2019 % | At 31 August 2018 % |
|--|---------------------------|---------------------------|
| Rate of increase in salaries | 2.70 | 2.80 |
| Rate of increase for pensions in payment/inflation | 2.30 | 2.40 |
| Discount rate for scheme liabilities | <u>1.80</u> | <u>2.80</u> |

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

| | At 31 August 2019 | At 31 August 2018 |
|------------------------------|----------------------|----------------------|
| Retiring today | | |
| Males retiring today | 21.20 | 22.10 |
| Females retiring today | 23.50 | 24.40 |
| Retiring in 20 years | | |
| Males retiring in 20 years | 22.50 | 24.10 |
| Females retiring in 20 years | <u>25.20</u> | <u>26.60</u> |

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

| | At 31 August 2019 £ | At 31 August 2018 £ |
|------------------------------|---------------------------|---------------------------|
| Equities | 1,779,010 | 1,556,360 |
| Other bonds | 389,920 | 319,800 |
| Property | 243,700 | 234,520 |
| Cash and other liquid assets | <u>24,370</u> | <u>21,320</u> |
| Total market value of assets | <u>2,437,000</u> | <u>2,132,000</u> |
| Surplus in the scheme | <u>2,437,000</u> | <u>2,132,000</u> |

The actual return on scheme assets was £135,000 (2018 - £149,000).

Spalding Grammar School

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

25 Pension and similar obligations (continued)

Amounts recognised in the statement of financial activities

| | 2019 £ | 2018 £ |
|------------------------|----------------|----------------|
| Current service cost | 256,000 | 299,000 |
| Past service cost | 23,000 | - |
| Total operating charge | <u>279,000</u> | <u>299,000</u> |

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

| | 2019 £ | 2018 £ |
|--------------------------|------------------|------------------|
| At 1 September | 3,312,000 | 3,152,000 |
| Current service cost | 256,000 | 299,000 |
| Interest cost | 96,000 | 83,000 |
| Employee contributions | 40,000 | 44,000 |
| Actuarial losses/(gains) | 631,000 | (245,000) |
| Benefits paid | <u>(26,000)</u> | <u>(21,000)</u> |
| At 31 August | <u>4,309,000</u> | <u>3,312,000</u> |

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

| | 2019 £ | 2018 £ |
|------------------------|------------------|------------------|
| At 1 September | 2,132,000 | 1,797,000 |
| Interest income | 62,000 | 47,000 |
| Actuarial gains | 73,000 | 102,000 |
| Employer contributions | 156,000 | 163,000 |
| Employee contributions | 40,000 | 44,000 |
| Benefits paid | <u>(26,000)</u> | <u>(21,000)</u> |
| At 31 August | <u>2,437,000</u> | <u>2,132,000</u> |

Spalding Grammar School

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

26 Related party transactions

Owing to the nature of the Academy's operations and the composition of the board of trustees being drawn from local organisations, transactions may take place with organisations in which the trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy's financial regulations and normal procurement procedures.

Expenditure related party transactions

During the year the academy made the following related party transactions:

Ark ICT

(Director (Governor) in common - Mr P Callow)

During the year, Ark ICT provided services to Spalding Grammar School totalling £93,673 (2018 - £37,181).

In entering into the transaction the academy trust has complied with the requirements of the Academies Financial Handbook 2018.

At the balance sheet date the amount due from Ark ICT was £3,374 (2018 - £8,615).

Mr A Wild

(Husband of Director or Resources)

During the year, Mr A Wild provided services to Spalding Grammar School totalling £525 (2018 - £2,600).

In entering into the transaction the academy trust has complied with the requirements of the Academies Financial Handbook 2018.

At the balance sheet date the amount due to Mr A Wild was £Nil (2018 - £Nil).