

Caistor Grammar School
(A Company Limited by Guarantee)
Annual Report and Financial Statements
Year ended 31 August 2018

Company Registration Number:
07330058 (England and Wales)



Caistor Grammar School

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Reference and Administrative Details

Governors	J Colley (Chair) L Jackson (Vice Chair) A Hopkins (Headmaster) A Bray (Resigned 16 th January 2018) K Brown M Christie A Clark (Staff Governor – resigned 28 th November 2018) S Davey M Ewing (Staff Governor – Appointed 5 th July 2018) C Hewis F Jex D Jolly (Appointed 17 th November 2017) A Langford (Resigned 16 th April 2018) E Marris (Staff Governor - Resigned 5 th March 2018) D Marshall (Resigned 19 th November 2018) A McLaren Rev Canon I Robinson D Routledge (Appointed 2 nd February 2018) S Stenton D Wilton (Staff Governor - Appointed 1 st September 2017)
All Governors are Members	
Company Secretary	C Mosey
Senior Leadership Team:	
<ul style="list-style-type: none">• Headmaster• Deputy Headteacher• Assistant Headteacher• Assistant Headteacher• Assistant Headteacher• Senior Teacher – Designated Safeguarding Lead• Finance Manager	A Hopkins S Buck C Sunter T McTernan M Croft A Clark (Appointed 1 st June 2018) C Mosey
Company Name	Caistor Grammar School
Registered Office	Caistor Grammar School Church Street Caistor Market Rasen Lincolnshire LN7 6QJ
Company Registration Number	07330058 (England and Wales)
Independent Auditor	Streets Audit LLP Tower House Lucy Tower Street Lincoln LN1 1XW
Bankers	Lloyds plc High Street Lincoln Branch PO Box 1000 BX1 1LT

Caistor Grammar School

Governors' Report

The Governors present their annual report together with the financial statements and auditor's report of the charitable company for the year to 31 August 2018. The annual report serves the purposes of both a Governors' report, and a directors' report under company law.

The trust operates a selective Academy for pupils aged 11 to 19 serving a catchment area of 6.5 miles in Caistor, Lincolnshire. It had a roll of 682 in the school census on 4th October 2018.

Structure, Governance and Management

Constitution

The Academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Academy trust. The Governors of Caistor Grammar School are also the directors of the charitable company for the purposes of company law.

Details of the Governors who served during the year are included in the Reference and Administrative Details on page 3.

Members' Liability

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

Governors' Indemnities

The Academy is a member of the ESFA Risk Protection Arrangement ('RPA') which includes both Governors' liability (with a limit of £10,000,000 for any one loss in any one membership year) and professional indemnity cover (which is unlimited).

Method of Recruitment and Appointment or Election of Governors

Foundation and Co-Opted Governors are subject to retirement by rotation but are eligible for re-election at the meeting at which they retire. Parent Governors, Teacher Governors and Staff Governors are elected by a ballot of their respective constituencies. Governors retire after four years in office, except the Headmaster who is ex-officio.

Policies and Procedures Adopted for the Induction and Training of Governors

The training and induction provided for new Governors will depend on their existing experience. Where necessary induction provides training on charity and educational legal and financial matters. All new Governors are given a tour of the Academy and the chance to meet with staff and students. All Governors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Governors.

Organisational Structure

The Academy opened on 1 December 2010. The structure consists of three levels: the Governors, the Senior Leadership Team and various teaching and non-teaching staff managing their sections. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

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

The Senior Leadership Team consists of the Headmaster, the Deputy Headteacher and three Assistant Headteachers. A Senior Teacher also attends Senior Leadership Team weekly meetings. These managers control the Academy at an executive level implementing the policies laid down by the Governors and reporting

Caistor Grammar School

Governors' Report (continued)

Structure, Governance and Management (continued)

Organisational Structure (continued)

back to them. The Headmaster, as Accounting Officer, or Finance Manager is responsible for the authorisation of spending within agreed budgets and the appointment of staff, although the appointment boards for teaching staff always contain one Governor. Some spending control is devolved to Heads of Departments, Sections and particular areas of responsibility.

Arrangements for setting pay and remuneration of key management personnel

In line with the underlying principle of charity law no Governor receives remuneration for their role as Governor. The only Governors to receive remuneration are those Governors who are also employed by the Academy as teaching or non-teaching staff, the remuneration for which does not reflect any role as a Governor. At the time of recruitment and appointment of a post within the school consideration is given to the appropriate level of remuneration, to ensure that it is commensurate with the post requirements and job description and will attract the desirable calibre of applicants. Payscale for the Senior Leadership Team are set using the national pay spines for leadership group in England and Wales, included in the School Teacher's Pay and Conditions Document for the relevant year, issued by the School Teachers' Review Body and adopted by Parliament, and the Academy's Pay Policy which is updated annually and is approved by the Governing Body. The appropriate payscale for the Senior Leadership Team, is set by the Pay Committee in consultation with the Governing Body, and is clearly explained in the Pay Policy. The payscale range of the Headmaster has been approved by the whole Governing Body. The Academy's pay committee meets annually to discuss and decide on any proposed changes to the paypoint of any and all members of staff, including the Senior Leadership Team.

Trade Union Facility Time

For the year ended 31st March 2018 there were no reportable time or costs in respect of Trade Union Facility Time in accordance with the Trade Union (Facility Time Publication Requirements) Regulations 2017.

Related Parties and other Connected Charities and Organisations

Related party transactions as described in note 24 took place in the period of account.

The school is connected to two charities; the Friends of Caistor Grammar School (charity number 1069393) and the Caistor Grammar School Foundation (charity number 527604). The Friends of Caistor Grammar School is the working name for the Caistor Grammar School Parent Teacher Association. The Friends of Caistor Grammar School supports school activities by fundraising and assisting in various school functions. The Caistor Grammar School Foundation owns the Academy land and buildings and leases it to the Academy on a 125 year lease at a peppercorn rent. It also provides bursaries for pupils of Caistor Grammar School.

Objectives and Activities

Objects and Aims

As detailed in the Academy Trust's articles of association, the Trust's object is specifically restricted to the advancement 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 and balanced curriculum.

Objectives, Strategies and Activities

The principal object and activity of the trust is the operation of Caistor Grammar School to advance for the public benefit education for students between the ages of 11 and 19 who have qualified for a place by passing our entrance exam at 11-15, or reaching our post-16 entry criteria.

We have referred to the Charity Commission's guidance on public benefit when reviewing our aims and objectives, and in planning our future activities. In particular the Governors consider how planned activities will contribute to the aims and objectives they have set.

The aims and objectives of the Academy are set out in the Academy's Development Plan. Our Development plan is a three year plan running from 1st September 2017 to 31st August 2020. The main objectives of the Academy for 2017-20 year:

Caistor Grammar School

Governors' Report (continued)

Objectives and Activities (continued)

Objectives, Strategies and Activities (continued)

We have identified the following main priorities for the years 2017 to 2020, in order to achieve our vision, to be best we can be – Ever to Excel:

1. Modernise working processes across the School to improve efficiency and effectiveness
2. Sustaining outstanding teaching and learning.
3. Supporting and enabling all of our students to achieve their full potential.
4. Further develop the School's assessment systems to establish an evidence-led culture for improvements in teaching and learning.
5. Managing the transition to a national funding formula, while seeking to ensure efficiencies wherever possible without hindering teaching and learning.

Our internal review of the 2017/18 Academic Year supports that we have substantially implemented these objectives.

Public Benefit

The Governors are satisfied that the Academy has complied with its requirement for the public benefit of education. This can be demonstrated by the continued excellent public examination results achieved by the students of the Academy.

Strategic Report

Achievements and Performance

The Academy's main strategy is encompassed in its mission statement:

We seek to use lively minds, to work hard, to develop all our talents and to grow by sharing.

To this end the activities provided include: a wide ranging focus on improving teaching and learning standards where possible; a large number of activities designed to widen our students' understanding through sport, music and drama; we run a very active House system which organises many events; we run a large number of trips and international visits to promote our students' understanding of the world. We work diligently at developing links with and helping our local community.

Caistor Grammar School is a school and it therefore has the aspirations and objectives which you might expect to see in any such institution. We are also a selective school and high academic achievement is an important objective every year. In 2018 our results were very strong. We achieved a good set of A level results and extremely positive GCSE results. We were the top school in Lincolnshire for GCSE and fourth for A level. Students achieved 57.2% 9-7 (including A*/A for Tech.) at GCSE and 67.5% A*/B at A level. Attendance continues to be the best in the county. We outperformed many schools in Lincolnshire, but also many independent schools nationally. The school continues to grow in terms of attracting applicants for the entrance exam: 287 took the test this September for 100 places in Year 7. Sixth Form recruitment remains strong, with c.25% of students joining us from other schools.

All Governors are not just Company Directors but also Members, Trustees, Foundation Governors and Company Directors, and there are no other people who have the responsibility for the running of the school. They take each and every area of responsibility very seriously and continue to be determined to ensure that they discharge their responsibilities with distinction as well as ensuring that the School remains successful in its financial operations, just as it is in other areas of its activity. The School is a single Academy trust.

As these accounts come to a close, in September 2018, Mr John Colley is just commencing his seventh year as our Chair of Governors. Mr Chris Hewis has completed his second year as Chair of the Finance Committee. Recently, there has been a period of some change in the Governing Body but we believe that we have gained some experience in the area of health and safety. Our Clerk to the Governors is Mrs Deborah Craddock. Mrs Claire Mosey is in her sixth year as Finance Manager.

Caistor Grammar School

Governors' Report (continued)

Strategic Report (continued)

Achievements and Performance (continued)

Mr Alistair Hopkins who became Headmaster on 1st January 2017, has completed a full academic year in the post. The School was awarded The Sunday Times Parent Power Secondary State School of the Year (East Midlands) in November 2017 and came first in Lincolnshire in the Trinity Mirror's Real School's Guide in June 2018.

The 2017/18 academic and financial year at Caistor Grammar School has been one of continued success. The School's production of "Beauty and the Beast" was another highly accomplished School musical. The inter-house music and drama competitions were also highlights of the year. The Autumn and Summer concerts demonstrated the exceptionally impressive musical life of the School. We continue to grant a number of trips both within this country to support our curriculum and more widely. These include trips to Germany, France, Ypres in Belgium for our World War 1 Battlefields trip, residential Outdoor Pursuits trips to Derbyshire for students in Year 9 and 10 and to the Lake District for students in Year 7. Our Duke of Edinburgh's Award scheme continues to be very popular and very successful, involving large numbers of students in Years 10 and above. A new, discreet Duke of Edinburgh Award's manager was appointed in 2018. An outreach coordinator was also appointed to develop links and possible partnerships with local businesses.

We believe that Caistor Grammar School provides an excellent platform to help our students grow as people and good citizens. We are exceptionally proud of the destinations of our students on leaving school and the range of choices that are open to them. They are increasingly ambitious and their high expectations are rewarded, as a result of their hard work and the excellence of our teaching. The School is running in excellent spirits and is already making significant strides in bringing about even better achievements in the year to come.

Key Performance Indicators

The Governors use the following measures to assess the success of the Academy Trust:

Non-Financial:

- Examination results measured against targets set at the beginning of each academic year
- Progress made against the School Development Plan
- Written reports submitted by the Headmaster to the Governing Body

Financial:

- Liquidity of the Academy as evidenced by net current assets of 814,000 and a current ratio of 2.654:1. This indicates the Academy's ability to meet its short term obligations, expressed as a ratio of current assets to current liabilities.
- Positive net cashflow before capital and project expenditure
- Comparison of actual results to agreed budgets and a consideration of reserve levels.

The Three Year School Development Plan, which is updated each year at the start of the Autumn Term, in conjunction with the Mission Statement and School Aims, underpins the management, departmental and pastoral planning. All these elements are monitored and reviewed by the Governing Body who take a particular interest in the external examination results of the school during the Autumn Term.

Going Concern

After making appropriate enquiries, the board of Governors has a reasonable expectation that the Academy trust has adequate resources to continue in operational existence for the foreseeable future. For this reason 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.

Financial Review

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

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Governors' Report (continued)

Financial Review (continued)

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

During the year ended 31 August 2018, total expenditure of £3,868,000 was covered by recurrent grant funding from the ESFA together with incoming resources and funds brought forward. The excess of expenditure over income for the period (excluding restricted fixed asset funds) before transfers between funds and actuarial gains was £56,000, was due to a £110,000 net service cost adjustment arising from the Local Government Pension Scheme fund actuarial valuation. The fund transfers relates to funds transferred into fixed assets of £2,000 for the purchase of a piano, and contributions of £53,000 and £9,000 from reserves as match funding for successful CIF grant projects for upgrades to the school's fire protection and site security respectively, as approved by the Full Governing Body during the current and previous year.

At 31 August 2018 the net book value of fixed assets was £6,666,000 and movements in tangible fixed assets are shown in note 11 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

As at 31 August 2018 the FRS102 pension deficit amounted to £304,000. The Governors have noted, the significant reduction in this deficit in the current and previous years. The Governors have also noted that the pension scheme fund is in deficit, but have been reassured by successive auditors that the amount is merely a theoretical figure which will not crystallise, whilst the school continues to function or the company continues to trade and we remain part of the pension scheme.

Reserves Policy

The amount of total funds at 31 August 2018 was £7,176,000 (2017: £6,736,000), of which £6,666,000 (2017: £6,342,000) can only be realised by disposing of tangible fixed assets. The balance on restricted general funds (excluding pension reserve) plus the balance on unrestricted funds at 31 August 2018 is a net surplus of £709,000 (2017: £716,000).

The amount of total of free reserves (total unrestricted funds) at 31 August 2018 was £411,000 (2017: £336,000). This approximates to one months aggregated expenditure, which is considered an appropriate level of free reserves by the Governors, in the current economic climate.

The Governors review the reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. They are committed to maintaining a reserve which is at least sufficient to allow the Academy to cope with any projected deficits for the next two financial years if possible, whilst in a way which is consistent with the school being run to meet all aspects of this service. Three and Five year projections are provided to the Governing Body and regularly updated for changes in assumptions and any other relevant information. The Governors are also mindful of the potential financial uncertainty and turbulence which could be result from the Governments introduction of a National Funding Formula, which is now planned for 2020, in addition to increases in national teaching and non-teaching staff paycales and the employers contribution rate to the Teachers' Pensions Scheme.

Funds in Deficit

The Academy's support staff are entitled to membership of the Local Government Pension Scheme. The Academy's share of the Scheme's assets has been assessed by the Scheme's Actuary (FRS102 valuation) as at 31 August 2018 to be less than its liabilities in the Scheme, and consequently the Academy Balance Sheet shows a net liability of £304,000, compared with a net liability of £404,000 on 1 September 2017.

Investment Policy

The Academy's Article of Association give the Academy trust the power to deposit or invest any funds of the Academy Trust not immediately required for the furtherance of its objects (investing only after obtaining such

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Governors' Report (continued)

Principal Risks and Uncertainties(continued)

advice from a financial expert as the Governors consider necessary and having regard to the suitability of the investments and the need for diversification).

The Finance Manager liaises closely with Lloyds Bank to ensure the best available rate of return on our reserve. Amounts can be placed on notice for periods of six weeks to three months at a level that the school deems will maintain sufficient operating liquidity. During the year funds have regularly been placed on deposit over a variety of periods of time resulting in bank interest earned of £2,000.

Principal Risks and Uncertainties

The Governors believe that the principal risk and uncertainty for the future lies with the proposed changes to several areas of the Academy's funding, including changes to Sixth Form funding and the continuing reductions in grant levels from the Government which will have direct impact on the funds we receive.

However, they are already planning strategically to minimise the impact of these changes on the activities of the Academy.

Risk Management

The risk register is maintained by the Academy Trust and is reviewed annually by the Finance Committee and more frequently where necessary. The risk register identifies the key risks, the likelihood of those risk occurring, their potential impact on the Academy Trust and the actions being taken to reduce and mitigate the risks. Risks are prioritised using the consistent scoring system.

The Governors have assessed the major risks to which the Academy is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Academy, and its finances.

The Governors have implemented a number of systems to assess risks that the school faces, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school trips) and in relation to the control of finance. They have introduced systems, including operational procedures (e.g. vetting of new staff and visitors, supervision of school grounds) and internal financial controls (see below) in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover. The Academy has an effective system of internal financial controls.

Fundraising

When considered appropriate, from time to time the Governors may seek to raise funds. The principles and guidance set out in the Charity Commission publication "Charity fundraising: a guide to trustee duties (CC20)" are followed and define the trust's approach to fundraising. The trust does not work with or have oversight of any commercial participators of professional fundraisers.

Students often seek to raise funds for other causes than the Trust, and the name of the cause is always made clear. Funds raised in this way are clearly marked as such when entered on the accounting software used by the trust to ensure that these amounts are then paid over to the intended recipients. A key annual event at the school is the annual whole school walk, held in July, which raises funds for Wateraid. The trust is pleased to report that it received no complaints as a result of any fundraising activity in the year ended 31st August 2018.

Any requests for funds, such as an annual request for donations to the school fund, are clearly described as being purely voluntary in all communications to ensure protection of the public, including vulnerable people from any undue pressure to donate.

The trust has created a new internal post within the school from 1st September 2018, of Outreach Co-Ordinator to investigate potential ways to raise funds.

Plans for Future Periods

The Governors have a Three Year Development Plan for the years 2017 to 2020 and are committed to planning strategically in terms of developing our curriculum, our personnel, our facilities and improving our results in all ways in so far as this is possible.

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Governors' Report (continued)

Plans for Future Periods (continued)

The main priorities for the following years 2017 to 2020 are to:

1. Modernise working processes across the School to improve efficiency and effectiveness
2. Sustaining outstanding teaching and learning
3. Supporting and enabling all of our students to achieve their full potential
4. Further develop the School's assessment systems to establish an evidence-led culture for improvements in teaching and learning
5. Managing the transition to a national funding formula, while seeking to ensure efficiencies wherever possible without hindering teaching and learning.

Funds Held as Custodian Trustee on Behalf of Others

There are no funds held as Custodian Trustee on behalf of others.

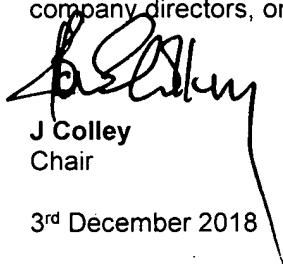
Auditor

Insofar as the Governors are aware:

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

Streets Audit LLP has indicated its willingness to continue in office.

Governors' report, incorporating a strategic report, was approved by order of the board of Governors, as the company directors, on 3rd December 2018 and signed on the board's behalf by:



J Colley
Chair

3rd December 2018

Caistor Grammar School

Governance Statement

Scope of Responsibility

As Governors we acknowledge we have overall responsibility for ensuring that Caistor 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 board of Governors has delegated the day-to-day responsibility to the Headmaster, 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 Caistor Grammar School and the Secretary of State for Education. They are also responsible for reporting to the board of Governors any material weaknesses or breakdowns in internal control.

Governance

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

Governor	Meetings attended	Out of a possible
J Colley (Chair)	5	6
L Jackson (Vice Chair)	6	6
A Hopkins	6	6
A Bray	2	3
K Brown	4	6
M Christie	6	6
A Clark	3	6
S Davey	6	6
M Ewing	1	1
C Hewis	5	6
F Jex	4	6
A Langford	2	4
E Marris	2	3
D Marshall	3	6
A McLaren	3	6
I Robinson	6	6
D Routledge	3	3
S Stenton	6	6
D Wilton	6	6

The Governors held their usual six meetings of the Full Governing Body for the year. The Governing Body use a Governor Link Scheme to keep in close contact with academic progress in the School department by department. Governors also attend Parents' Evenings and other major school events to keep in close informal contact with parents. The Headmaster makes himself as accessible as possible to parents both during the working week and by having interviews with up to one third of the parental age group at every Parents' Evening. The Governing Body has reviewed its own performance and is determined to continue to operate in an outstanding manner in keeping with the excellence of the school in other areas.

The finance committee is a sub-committee of the main Governing Body, and whose remit also includes the function of an audit committee (which has separate terms of reference). Its purpose is to monitor and review expenditure on a regular basis, including capital projects; to consider a draft budget based on priorities in the school development plan to present to the Full Governing Body, to establish and monitor procedures for sound budgetary control, to respond to any issues arising from the audit of the Academy's account, and to recommend the appointment of auditors to the Full Governing Body.

Caistor Grammar School

Governance Statement (continued)

Attendance at Finance Committee meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
C Hewis (Chair)	6	6
M Christie	6	6
J Colley	4	6
S Davey	5	6
A Hopkins	6	6
D Marshall	6	6
I Robinson	5	6
D Routledge	2	3
Also in attendance at Accounts Approval meeting in November 2017		
K Brown (Responsible Officer)	1	1

Review of Value for Money

As Accounting Officer the Headmaster 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 Governors where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the Academy trust has delivered improved value for money during the year by:

Improving Educational Results

The School Development Plan details the educational targets each year for the Academy, and provides the framework for the annual budget, setting out how resources need to be allocated to achieve the School's main priorities, and thus provide good value for money. The Annual Whole School Review is carried out each Autumn Term to assess the past year's performance and to set future priorities.

In 2018 our results were outstanding. We were the top school in Lincolnshire for GCSE and fourth for A level. Students achieved 57.2% 9-7 (including A*/A for Tech.) at GCSE and 67.5% A*/B at A level. Attendance continues to be the best in the county. We have outperformed not only other schools in Lincolnshire, but also many leading independent schools. Company Directors (Governors) are, however, vigorous in ensuring that any shortfall in performance in any section of the school is addressed and remedied.

Financial Governance and Oversight

Our system of financial governance includes regular monitoring by the Governing Body and the Accounting Officer. Members of the Finance Committee receive monthly management accounts and updates, which are then reviewed, discussed, and challenged, where appropriate, at the Finance Committee meetings. Governors who are not members of the Finance Committee also receive management account information on a quarterly basis.

The Finance Committee, which has taken on the functions of an Audit Committee, is informed by the Responsible Officer on a regular basis. The Responsible Officer is a qualified Chartered Accountant. She is also a Governor, but does not sit on the Finance Committee.

Better Purchasing and a Cost Efficiency Culture

The School has a well-established purchasing policy for goods and services, to ensure the best value for money from all purchases. Regular comparisons are made online for goods to ensure the best value is achieved. In addition, the necessity to incur an item of expenditure is assessed, even for regular long standing items of expenditure, to ensure the need still exists.

Caistor Grammar School

Governance Statement (continued)

Review of Value for Money (continued)

Better Purchasing and a Cost Efficiency Culture (continued)

In order to get close to achieving a balanced budget in future years the School has sought to imbed a culture of cost efficiency across the entire school to include all areas of expenditure, across all departments in the school.

We have a clear Tender Policy for the purchasing of goods or services costing over £5,000. Decisions for purchases between £5,000 and £25,000 are reported back to the Finance Committee, whereas purchases over £25,000 must receive prior approval by the Finance Committee.

During the year we have continued to seek savings in expenditure wherever possible. The cashless (biometric) system introduced into the dining hall in June 2017 has enabled greater management data to control expenditure in the catering cost centre, and reduce time spent in processing cash (such as check counting cash and numerous journeys to the bank to deposit cash). In addition, in September 2017 the school is moved towards becoming a cashless school with the introduction of online payments, accessible through a new Caistor Grammar School app, which is now the main communication method to parents. This has delivered cost savings on the administration of payments and reprographic costs associated with parental communications. The majority of payments from parents is now received online, with very few instances of cash or cheque payments.

Reviewing Controls and Managing Risks

The Schools Risk Register is reviewed and updated on an annual basis by the Governing Body. The financial procedures manual sets out the internal controls in place to mitigate financial risk and ensure that there is sufficient segregation of duties within the Finance Department.

Budget holders are given regular updates of their budget, to ensure that spend is kept within budget. Budget holders are also given advance warning of any potential future cuts to their budgets so that they may plan their future expenditure accordingly.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Caistor Grammar School for the year ended 31 August 2018 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of Governors has reviewed the key risks to which the Academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of Governors is of the view that there is a formal on-going process for identifying, evaluating and managing the Academy trust's significant risks that has been in place for the year ending 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of Governors.

Caistor Grammar School

Governance Statement (continued)

The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of Governors
- regular reviews by the 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 board of Governors has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However the Governors have appointed Mrs Kate Brown, a Governor, to carry out a programme of internal checks and to act as Responsible Officer since 10th October 2012. The RO's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. The checks carried out in the current period included testing and review of the following areas; bank reconciliations, purchase invoices authorisations and procurement, management accounts process, related party transactions, staff expense forms, fixed asset additions, parentmail online payments, cashless catering, VAT returns and the recording and collection of income.

Three times a year the RO reports to the Governing Body on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities, via the Finance Committee and then to the Full Governing Body. There were no issues for the Governing Body to act on as a result of the internal review work.

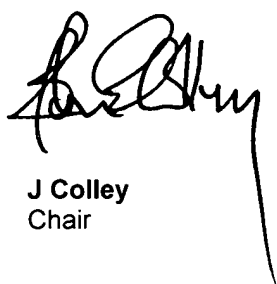
Review of Effectiveness

As Accounting Officer the Headmaster 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 Responsible Officer
- the work of the external auditor
- the work of the executive managers within the Academy trust who have responsibility for the development and maintenance of the internal control framework

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

Approved by order of the members of the board of Governors on 3rd December 2018 and signed on its behalf by:



J Colley
Chair



A Hopkins
Accounting Officer

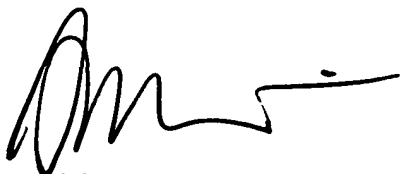
Caistor Grammar School

Statement of Regularity, Propriety and Compliance

As Accounting Officer of Caistor Grammar School I have considered my responsibility to notify the Academy trust board of Governors and the Education & 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 for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

I confirm that I and the Academy trust board of Governors are able to identify any material irregular or improper use of all funds by the Academy trust, or material non-compliance with the terms and conditions of funding under the Academy trust's funding agreement and the Academies Financial Handbook 2017.

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



A Hopkins

Accounting Officer

3rd December 2018

Caistor Grammar School

Statement of Governors' Responsibilities

The Governors (who act as trustees of Caistor Grammar School and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Governors' Report and the financial statements in accordance with the Annual Accounts Direction published by the Education & Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the 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:

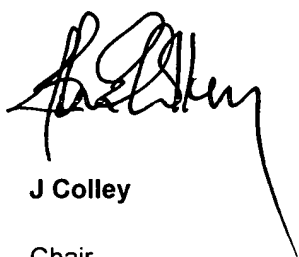
- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018
- make judgments and accounting estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business

The 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 of Governors on 3rd December 2018 and signed on its behalf by:



J Colley
Chair

Caistor Grammar School

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

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF CAISTOR GRAMMAR SCHOOL

OPINION

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

In our opinion the financial statements:

- give a true and fair view of the state of the academy's affairs as at 31 August 2018 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education 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 United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

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

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

OTHER INFORMATION

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

Caistor Grammar School

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

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.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

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

•

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

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

RESPONSIBILITIES OF TRUSTEES

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

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

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.

Caistor Grammar School

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

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

USE OF OUR REPORT

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



Robert Anderson (Senior statutory auditor)

for and on behalf of

Streets Audit LLP

Tower House
Lucy Tower Street
Lincoln
Lincs
LN1 1XW

Date: 14/12/18

Caistor Grammar School

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

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO CAISTOR GRAMMAR SCHOOL AND THE EDUCATION AND SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter dated 19 July 2018 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Caistor Grammar School during the year 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

RESPECTIVE RESPONSIBILITIES OF CAISTOR GRAMMAR SCHOOL'S ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT

The Accounting Officer is responsible, under the requirements of Caistor Grammar School's funding agreement with the Secretary of State for Education dated 1 April 2013, and the Academies Financial Handbook extant from 1 September 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2017 to 2018. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

APPROACH

We conducted our engagement in accordance with the Academies Accounts Direction 2017 to 2018 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

Our audit work involved:

- a review of the Academy systems and controls and confirmation of their operation and effectiveness during the year;

Caistor Grammar School

Independent Reporting Accountant's Assurance Report on Regularity to Caistor Grammar School and the Education and Skills Funding Agency (continued)

- a detailed review of purchase transactions confirming the purpose, value for money and that appropriate tendering / quotation procedures had been followed in line with the Academy finance policy; and
- a review of the Internal Audit reports.

CONCLUSION

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Robert Anderson 

Streets Audit LLP

Tower House
Lucy Tower Street
Lincoln
Lincs
LN1 1XW

Date: 14/12/11

Caistor Grammar School

Statement of Financial Activities

for the year ended 31 August 2018

(including Income and Expenditure Account)

	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2018 £000	Total Restated 2017 £000
Income and endowments from:						
Donations and capital grants	2	6	126	386	518	599
Charitable activities:						
Funding for the Academy trust's educational operations	3	304	3,154	-	3,458	3,338
Other trading activities	4	120	-	-	120	140
Investments	5	2	-	-	2	2
Total		432	3,280	386	4,098	4,079
Expenditure on:						
Raising funds	6	78	126	-	204	284
Charitable activities:						
Academy trust educational operations	7	279	3,282	103	3,664	3,682
Other		-	-	-	-	-
Total		357	3,408	103	3,868	3,966
Net income / (expenditure)		75	(128)	283	230	113
Transfers between funds	15	-	(64)	64	-	-
Other recognised gains / (losses):						
Actuarial (losses) / gains on defined benefit pension schemes	15,23	-	210	-	210	429
Net movement in funds		75	18	347	440	542
Reconciliation of funds						
Total funds brought forward		336	(24)	6,424	6,736	6,194
Total funds carried forward		411	(6)	6,771	7,176	6,736

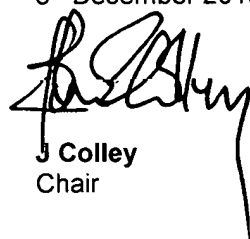
Caistor Grammar School

Balance Sheet as at 31 August 2018

Company Number 07330058

	Notes	2018 £000	2018 £000	2017 £000	2017 £000
Fixed assets					
Tangible assets	11		6,666		6,342
Current assets					
Stock	12	6		7	
Debtors	13	158		158	
Cash at bank and in hand		1,142		1,033	
		<u>1,306</u>		<u>1,198</u>	
Liabilities					
Creditors: Amounts falling due within one year	14	(492)		(400)	
Net current assets			<u>814</u>		<u>798</u>
Net assets excluding pension liability			<u>7,480</u>		<u>7,140</u>
Defined benefit pension scheme liability	23		(304)		(404)
Total net assets			<u>7,176</u>		<u>6,736</u>
Funds of the Academy trust:					
Restricted funds					
. Fixed asset fund	15	6,771		6,424	
. Restricted income fund	15	298		380	
. Pension reserve	15	(304)		(404)	
Total restricted funds			<u>6,765</u>		<u>6,400</u>
Unrestricted income funds	15		<u>411</u>		<u>336</u>
Total funds			<u>7,176</u>		<u>6,736</u>

The financial statements on pages 22 to 43 were approved by the Governors and authorised for issue on 3rd December 2018 and are signed on their behalf by


J Colley
Chair

Caistor Grammar School

Statement of Cash Flows

for the year ended 31 August 2018

	Notes	2018 £000	2017 £000
Cash flows from operating activities			
Net cash provided by (used in) operating activities	19	148	(65)
Cash flows from investing activities	20	(39)	154
Cash flows from financing activities		-	-
Change in cash and cash equivalents in the reporting period		109	89
Cash and cash equivalents at 1 September 2017		1,033	944
Cash and cash equivalents at 31 August 2018	21	1,142	1,033

Caistor Grammar School

Notes to the Financial Statements for the year ended 31 August 2018

1 Statement of 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 FRS102, have been prepared under the historical cost convention in accordance with the Financial reporting Standard Applicable in the UK and Republic of Ireland (FRS102), 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 (FRS102) (Charities SORP((FRS1102))), the Academies Accounts Direction 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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

Going Concern

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

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.

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 recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

- **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.

Caistor Grammar School

Notes to the Financial Statements for the year ended 31 August 2018 (continued)

1 Statement of accounting policies (continued)

Income (continued)

- **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.

Expenditure

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

- **Expenditure on Raising Funds**

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.

- **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.

All resources expended are inclusive of irrecoverable VAT.

Tangible Fixed Assets

Equipment costing £500 or more, and building improvements costing £10,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

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

- | | |
|------------------------------------|--|
| • Building improvements | 50 years |
| • Long leasehold buildings | Over the life of the lease – 125 years |
| • Fixtures, fittings and equipment | 7 years |
| • Computer hardware | 5 years |

Caistor Grammar School

Notes to the Financial Statements for the year ended 31 August 2018 (continued)

1 Statement of accounting policies (continued)

Tangible Fixed Assets (continued)

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.

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.

Financial Instruments

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 13. Prepayments are not financial instruments.

Cash as 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 14. 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.

Stock

Stationery and office supplies, catering stock, and repair and maintenance supplies are valued at the lower of cost or net realisable value.

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.

Caistor Grammar School

Notes to the Financial Statements for the year ended 31 August 2018 (continued)

1 Statement of accounting policies (continued)

Taxation (continued)

Accordingly, the Academy trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by part 11, chapter 3 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.

Pensions Benefits

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

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 note 23, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

Fund Accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by 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 Education & Skills Funding Agency.

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.

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.

Caistor Grammar School

Notes to the Financial Statements for the year ended 31 August 2018 (continued)

1 Statement of accounting policies (continued)

Pensions Benefits (continued)

Tangible fixed assets are recognised at cost or valuation, less accumulated depreciation and any impairments. Depreciation takes place over the estimated useful life, down to the assessed residual value. The carrying amount of the Academy's fixed assets is tested as soon as changed conditions show that a need for impairment has arisen.

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 23, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2 Donations and capital grants

	Unrestricted Funds	Restricted Funds	Restricted Fixed Asset Funds	Total 2018	Restated Total 2017
	£000	£000	£000	£000	£000
Capital grants	-		386	386	436
Other donations	6	126		132	163
	<u>6</u>	<u>126</u>	<u>386</u>	<u>518</u>	<u>599</u>
2017 Total	<u>9</u>	<u>154</u>	<u>436</u>	<u>599</u>	

3 Funding for the Academy Trust's educational operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2018 £000	Total 2017 £000
DfE / ESFA grants				
. General Annual Grant (GAG)	-	3,083	3,083	3,037
. Other DfE/ESFA grants	-	44	44	42
	<u>-</u>	<u>3,127</u>	<u>3,127</u>	<u>3,079</u>
Other Government grants				
. Local authority grants	-	2	2	2
. Special educational projects	-	25	25	29
	<u>-</u>	<u>27</u>	<u>27</u>	<u>31</u>
Other income from the Academy trust's educational operations	304	-	304	228
	<u>304</u>	<u>3,154</u>	<u>3,458</u>	<u>3,338</u>
2017 Total	<u>228</u>	<u>3,110</u>	<u>3,338</u>	

Caistor Grammar School

Notes to the Financial Statements for the year ended 31 August 2018 (continued)

4 Other trading activities

	Unrestricted Funds £000	Restricted Funds £000	Total 2018 £000	Total 2017 £000
Hire of facilities	4	-	4	18
Other	116	-	116	122
	<u>120</u>	<u>-</u>	<u>120</u>	<u>140</u>
2017 Total	<u>140</u>	<u>-</u>	<u>140</u>	

5 Investment income

	Unrestricted Funds £000	Restricted Funds £000	Total 2018 £000	Total 2017 £000
Short term deposits	2	-	2	2
	<u>2</u>	<u>-</u>	<u>2</u>	<u>2</u>
2017 Total	<u>2</u>	<u>-</u>	<u>2</u>	<u>3</u>

6 Expenditure

	Staff Costs £000	Non Pay Expenditure		Total 2018 £000	Total 2017 £000
		Premises £000	Other £000		
Expenditure on raising funds:					
. Direct costs	50	-	152	202	284
. Allocated support costs	-	-	2	2	-
Academy's educational operations:					
. Direct costs	2,323	-	324	2,647	2,604
. Allocated support costs	384	198	435	1,017	1,078
	<u>2,757</u>	<u>198</u>	<u>913</u>	<u>3,868</u>	<u>3,966</u>
2017 Total	<u>2,740</u>	<u>359</u>	<u>867</u>	<u>3,966</u>	

	2018 £000	2017 £000
Net income/(expenditure) for the period includes:		
Operating lease rentals	5	5
Depreciation	103	95
Loss on disposal of fixed assets	-	1
Fees payable to auditor for:		
- audit	6	6
- other services	<u>1</u>	<u>1</u>

Caistor Grammar School

Notes to the Financial Statements for the year ended 31 August 2018 (continued)

7 Charitable activities

	Educational operations	Total 2018	Total 2017
	£000	£000	£000
Direct Costs			
Teaching and educational support staff costs	2,323	2,323	2,293
Depreciation	103	103	95
Loss on disposal of fixed assets	-	-	1
Educational supplies	133	133	124
Examination Fees	75	75	76
Staff Development	8	8	12
Other direct costs	5	5	3
	2,647	2,647	2,604

Analysis of support costs

	Educational operations	Total 2018	Total 2017
	£000	£000	£000
Support staff costs	326	326	319
CIF Grant expenditure	3	3	142
Maintenance of premises and equipment	87	87	109
Cleaning	13	13	16
Light, heat and power	55	55	50
Rent, rates and water	23	23	26
Insurance	17	17	16
Security and transport	8	8	9
Catering	183	183	159
Pension Finance (income)/costs	110	110	91
Other support costs	89	89	83
Trip Expenditure	96	96	51
Auditors' remuneration	7	7	7
Total support costs	1,017	1,017	1,078
	3,664	3,664	3,682

8 Staff

a. Staff costs

Staff costs during the period were:

	Total 2018	Total 2017
	£000	£000
Wages and salaries	2,201	2,173
Social security costs	209	205
Operating costs of defined benefit pension schemes	347	344
	2,757	2,722
Supply staff costs	-	18
Staff restructuring costs	-	-
	2,757	2,740

Caistor Grammar School

Notes to the Financial Statements for the year ended 31 August 2018 (continued)

8 Staff costs (continued)

b. Staff numbers

The average number of persons employed by the Academy during the period was as follows:

	2018 No.	2017 No.
Teachers	38	37
Administration and support	25	24
Management	1	1
	64	62

c. Higher paid staff

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	2018 No.	2017 No.
£80,001 - £90,000	1	-

d. Key management personnel

The key management personnel of the Academy trust comprise the Governors and the senior management team as listed on page 3. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy trust was £530,000 (2017: £562,000).

9 Related Party Transactions – Governors' remuneration and expenses

One or more Governors has been paid remuneration or has received other benefits from an employment with the Academy trust. The principal and other staff Governors only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment.

The value of Governors' remuneration and other benefits was as follows:

A Hopkins (Headmaster – appointed 1st January 2017):

Remuneration £85,000- £90,000 (2017: £55,000-£60,000)

Employer's pension contributions paid £10,000 - £15,000 (2017: £5,000-£10,000)

R Hale (Headmaster – retired 31st December 2016):

Remuneration £nil (2017: £30,000 - £35,000)

Employer's pension contributions paid £nil (2017: £5,000 - £10,000)

A Clark (staff governor – appointed 1st January 2017):

Remuneration £35,000 - £40,000 (2017: £30,000-£35,000)

Employer's pension contributions paid £5,000 - £10,000 (2017: £5,000-£10,000)

M Croft (staff governor – resigned 31st December 2016):

Remuneration £nil (2017: £15,000-£20,000)

Employer's pension contributions paid £nil (2017: £0,000 - £5,000)

Caistor Grammar School

Notes to the Financial Statements for the year ended 31 August 2018 (continued)

9 Related Party Transactions – Governors' remuneration and expenses (continued)

C Frost (staff governor – resigned 31st August 2017):

Remuneration £nil (2017: £45,000 - £50,000)

Employer's pension contributions paid £nil (2017: £5,000 - £10,000)

E Marris (staff governor – resigned 5th March 2018):

Remuneration £5,000 - £10,000 (2017: £10,000 - £15,000)

Employer's pension contributions paid £0,000 - £5,000 (2017: £0,000 - £5,000)

M Ewing (staff governor – appointed 5th July 2018):

Remuneration £0,000 - £5,000 (2017: £nil)

Employer's pension contributions paid £0,000 - £5,000 (2017: £nil)

During the period ended 31 August 2018, travel and subsistence expenses totalling £nil were reimbursed or paid directly to Governors (2017: £nil).

10 Governors 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 £10,000,000 on any one claim and the cost for the period ended 31 August 2018 was included in the ESFA Risk Protection Arrangement. The cost of this insurance is included in the total insurance cost.

11 Tangible fixed assets

	Restated Freehold Land and Buildings £000	Restated Leasehold Land and Buildings £000	Restated Furniture and Equipment £000	Restated Computer Equipment £000	Assets under constructi- on £000	Total £000
Cost						
At 1 September 2017	47	6,542	135	125	-	6,849
Additions	-	167	30	-	230	427
Disposals	-	-	-	-	-	-
At 31 August 2018	47	6,709	165	125	230	7,276
Depreciation						
At 1 September 2017	-	371	51	85	-	507
Charged in year	-	72	19	12	-	103
On Disposals	-	-	-	-	-	-
At 31 August 2018	-	443	70	97	-	610
Net book values						
At 31 August 2017	47	6,171	84	40	-	6,342
At 31 August 2018	47	6,266	95	28	230	6,666

In the prior year financial statements freehold and leasehold land and buildings were stated as a combined amount, and furniture and equipment and computer equipment were stated as a combined amount. There

Caistor Grammar School

Notes to the Financial Statements for the year ended 31 August 2018 (continued)

11 Tangible fixed assets (continued)

is no change to the total net book values.

On 14 January 2011 The Governors of Caistor Grammar School transferred a freehold interest in land to the Academy for £nil consideration. This land is included in tangible fixed assets at a valuation of £47,000. On 31 October 2011 the Trustees of Caistor Grammar School Foundation granted a lease with effect from 1 December 2010 of all the land and buildings to the Academy. The lease has a term of 125 years at a peppercorn rent. This was subsequently valued at £5,453,000 by professional valuers and is included in tangible fixed assets.

12 Stock

	2018 £000	2017 £000
Stationery and office supplies	2	3
Catering supplies	2	2
Repair and maintenance supplies	2	2
	<u>6</u>	<u>7</u>

13 Debtors

	2018 £000	2017 £000
Trade debtors	5	2
VAT recoverable	67	69
Amounts owed by funding body	7	8
Prepayments and accrued income	79	79
	<u>158</u>	<u>158</u>

14 Creditors: amounts falling due within one year

	2018 £000	2017 £000
Trade creditors	268	116
Other taxation and social security	53	53
Amounts owed to funding body	18	18
Other creditors	45	44
Accruals and deferred income	108	169
	<u>492</u>	<u>400</u>

	2018 £000	2017 £000
Deferred income		
Deferred income at 1 September 2017	99	76
Released from previous years	84	99
Resources deferred in the year	(99)	(76)
Deferred Income at 31 August 2018	<u>84</u>	<u>99</u>

At the balance sheet date the Academy trust was holding funds received in advance but where expenditure can only take place in a future accounting period.

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Notes to the Financial Statements for the year ended 31 August 2018 (continued)

15 Funds

	Balance at 1 September 2017 £000	Income £000	Expenditure £000	Gains, losses and transfers £000	Balance at 31 August 2018 £000
Restricted general funds					
General Annual Grant (GAG)	312	3,083	(3,111)	(67)	217
Pupil Premium	28	44	(30)	-	42
Other ESFA grants (CIF)	-	-	(3)	3	-
Other government grants	15	27	(28)	-	14
Other funding	25	126	(126)	-	25
Pension reserve	(404)	-	(110)	210	(304)
	(24)	3,280	(3,408)	146	(6)
Restricted fixed asset funds					
Transfer on conversion	5,543	-	-	-	5,543
Devolved Formula Capital Grant	154	16	-	-	170
Other ESFA Capital Grants	446	370	-	62	878
Capital expenditure from GAG	640	-	-	2	642
Capital expenditure from residual LEA funds	148	-	-	-	148
Capital expenditure from misc. LEA funds	-	-	-	-	-
Depreciation	(507)	-	(103)	-	(610)
	6,424	386	(103)	64	6,771
Total restricted funds	6,400	3,666	(3,511)	210	6,765
Total unrestricted funds	336	432	(357)	-	411
Total funds	6,736	4,098	(3,868)	210	7,176

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

	Balance at 1 September 2016 £000	Income £000	Expenditure £000	Gains, losses and transfers £000	Balance at 31 August 2017 £000
Restricted general funds					
General Annual Grant (GAG)	424	3,037	(3,087)	(62)	312
Pupil Premium	8	42	(22)	-	28
Other ESFA grants (CIF)	-	-	(142)	142	-
Other government grants	18	31	(34)	-	15
Other funding	-	154	(129)	-	25
Pension reserve	(742)	-	(91)	429	(404)
	(292)	3,264	(3,505)	509	(24)

Caistor Grammar School

Notes to the Financial Statements for the year ended 31 August 2018 (continued)

15 Funds (continued)

	Balance at 1 September 2016 £000	Income £000	Expenditure £000	Gains, losses and transfers £000	Balance at 31 August 2017 £000
Restricted fixed asset funds					
Transfer on conversion	5,543	-	-	-	5,543
Devolved Formula Capital Grant	138	16	-	-	154
Other ESFA Capital Grants	158	420	-	(132)	446
Capital expenditure from GAG	588	-	-	52	640
Capital expenditure from residual LEA funds	151	-	(3)	-	148
Capital expenditure from misc. LEA funds	43	-	(43)	-	-
Depreciation	(457)	-	(50)	-	(507)
	6,164	436	(96)	(80)	6,424
Total restricted funds	5,872	3,700	(3,601)	429	6,400
Total unrestricted funds	322	379	(365)	-	336
Total funds	6,194	4,079	(3,966)	429	6,736

A current year 12 months and prior year 12 months combined position is as follows:

	Balance at 1 September 2016 £000	Income £000	Expenditure £000	Gains, losses and transfers £000	Balance at 31 August 2018 £000
Restricted general funds					
General Annual Grant (GAG)	424	6,120	(6,198)	(129)	217
Pupil Premium	8	86	(52)	-	42
Other ESFA grants (CIF)	-	-	(145)	145	-
Other government grants	18	58	(62)	-	14
Other funding	-	280	(255)	-	25
Pension reserve	(742)	-	(201)	639	(304)
	(292)	6,544	(6,913)	655	(6)

	Balance at 1 September 2016 £000	Income £000	Expenditure £000	Gains, losses and transfers £000	Balance at 31 August 2018 £000
Restricted fixed asset funds					
Transfer on conversion	5,543	-	-	-	5,543
Devolved Formula Capital Grant	138	32	-	-	170
Other ESFA Capital Grants	158	790	-	(70)	878
Capital expenditure from GAG	588	-	-	54	642

Caistor Grammar School

Notes to the Financial Statements for the year ended 31 August 2018 (continued)

15 Funds (continued)

Capital expenditure from residual LEA funds	151	-	(3)	-	148
Capital expenditure from misc. LEA funds	43	-	(43)	-	-
Depreciation	(457)	-	(153)	-	(610)
	6,164	822	(199)	655	6,771
Total restricted funds	5,872	7,366	(7,112)	639	6,765
Total unrestricted funds	322	811	(722)	-	411
Total funds	6,194	8,176	(7,836)	639	7,176

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

The trust is carrying a net surplus of £298,000 on restricted general funds (excluding pension reserve) plus unrestricted funds of £411,000, giving a total of £709,000 excluding the pension and fixed asset reserves.

Fund transfers are in respect of funds transferred into fixed assets reserve as match funding for ESFA CIF funding for refurbishment of the dining hall and a fire protection upgrade project.

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

The Restricted Pension Fund relates to the deficit on the Local Government Pension Scheme.

The Restricted Fixed Asset Fund represents fixed assets funded by capital grants and assets transferred on conversion to an Academy.

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

The Academy's support staff are entitled to membership of the Local Government Pension Scheme. The Academy's share of the Scheme's assets has been assessed by the Scheme's Actuary (FRS102 valuation) as at 31 August 2018 to be less than its liabilities in the Scheme, and consequently the Academy Balance Sheet shows a net liability of £304,000, compared with a net liability of £404,000 at 1 September 2017. As the scheme is currently in deficit the Academy has entered into an agreement with the trustees to make additional contributions of £1,000 per annum in addition to normal funding levels. These additional contributions have been agreed for the three years ending 31st March 2020, after which the scheme will be revalued and future contribution levels agreed.

Caistor Grammar School

Notes to the Financial Statements for the year ended 31 August 2018 (continued)

16 Analysis of net assets between funds

Fund Balance at 31 August 2018 are represented by:

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Funds £000
Tangible fixed assets	-	-	6,666	6,666
Current assets	411	790	105	1,306
Current liabilities	-	(492)	-	(492)
Pension scheme liability	-	(304)	-	(304)
Total net assets	411	(6)	6,771	7,176

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

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Funds 2017 £000
Tangible fixed assets	-	-	6,342	6,342
Current assets	336	780	82	1,198
Current liabilities	-	(400)	-	(400)
Pension scheme liability	-	(404)	-	(404)
Total net assets	336	(24)	6,424	6,736

17 Capital commitments

	2018 £000	2017 £000
Contracted for, but not provided in the financial statements	74	201

Capital commitments contracted for in 2018 but not provided in the financial statements relate to refurbishment of the dining hall (funded by an ESFA Conditions Improvement Fund from the Healthy Pupils Capital Fund Grant of £236,000 and £40,000 from the Academy reserves) which commenced during August 2018 but was not completed as at 31st August 2018. The project was completed during September 2018.

Capital commitments contracted for in 2017 but not provided in the financial statements relate to a fire protection upgrade project (funded by an ESFA Conditions Improvement Fund Grant of £379,000 and £40,000 from the Academy reserves) which commenced during July 2017 but was not completed as at 31st August 2017.

Caistor Grammar School

Notes to the Financial Statements for the year ended 31 August 2018 (continued)

18 Commitments under operating leases

Operating leases

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

	2018 £000	2017 £000
Amounts due within one year	5	4
Amounts due between one and five years	2	11
Amounts due after five years	-	-
	<u>7</u>	<u>15</u>

19 Reconciliation of net income/(expenditure) to net cash flow from operating activities

	2018 £000	2017 £000
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	230	113
Adjusted for:		
Depreciation [note 11]	103	95
Loss on disposal of fixed assets	-	1
Capital grants from DfE and other capital income	(386)	(436)
Interest receivable [note 5]	(2)	(2)
Defined benefit pension scheme cost less contributions payable [note 23]	98	76
Defined benefit pension scheme finance cost [note 23]	12	15
(Increase)/decrease in stocks	1	2
(Increase)/decrease in debtors	-	(51)
Increase/(decrease) in creditors	92	122
Net cash provided by / (used in) Operating Activities	<u>148</u>	<u>(65)</u>

20 Cash flows from investing activities

	2018 £000	2017 £000
Dividends, interest and rents from investments	2	2
Purchase of tangible fixed assets	(427)	(284)
Capital grants from DfE/ESFA	386	436
Net cash provided by / (used in) investing activities	<u>(39)</u>	<u>154</u>

21 Analysis of cash and cash equivalents

	At 31 August 2018 £000	At 31 August 2017 £000
Cash in hand and at bank	1,142	1,033
Total cash and cash equivalents	<u>1,142</u>	<u>1,033</u>

Caistor Grammar School

Notes to the Financial Statements for the year ended 31 August 2018 (continued)

22 Members liability

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/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.

23 Pension and similar obligations

The Academy trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by the West Yorkshire Pension Fund. Both are multi-employer defined benefit schemes.

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

Contributions amounting to £45,000 were payable to the schemes at 31 August 2018 (2017: £44,000) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

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

Caistor Grammar School

Notes to the Financial Statements for the year ended 31 August 2018 (continued)

23 Pension and similar obligations (continued)

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 £283,000 (2017: £276,000)

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 a multi-employer pension scheme. The trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The trust has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £87,000 (2017: £90,000), of which employer's contributions totalled £65,000 (2017: £69,000) and employees' contributions totalled £22,000 (2017: £21,000). The agreed contribution rates for the future years are 5.5% to 6.8% per cent for employees and 18.7% per cent for employers.

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

As the scheme is currently in deficit the Academy has entered into an agreement with the trustees to make additional contributions of £1,000 per annum in addition to normal funding levels. These additional contributions have been agreed for the three years ending 31st March 2020, after which the scheme will be revalued and future contribution levels agreed.

Principal actuarial assumptions	At 31 August 2018	At 31 August 2017
Rate of increase in salaries	2.8%	2.8%
Rate of increase for pensions in payment/inflation	2.4%	2.4%
Discount rate for scheme liabilities	2.8%	2.5%
Inflation assumption (CPI)	2.4%	2.4%
Commutation of pensions to lump sums	50% (for pre-April 2008 service) 75%(for post-April 2008 service)	50% (for pre-April 2008 service) 75%(for post-April 2008 service)

Caistor Grammar School

Notes to the Financial Statements for the year ended 31 August 2018 (continued)

23 Pension and similar obligations (continued)

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

	At 31 August 2018	At 31 August 2017
<i>Retiring today</i>		
Males	22.1	22.1
Females	24.4	24.4
<i>Retiring in 20 years</i>		
Males	24.1	24.1
Females	26.6	26.6

Sensitivity Analysis

	At 31 August 2018 £'000	At 31 August 2017 £'000
Discount rate +0.1%	43	41
Discount rate -0.1%	43	41
Mortality assumption – 1 year increase	78	75
Mortality assumption – 1 year decrease	78	75
CPI rate +0.1%	38	35
CPI rate -0.1%	38	35

The Academy trust's share of the assets in the scheme were:

	Fair value at 31 August 2018 £000	Fair value at 31 August 2017 £000
Equity instruments	1,198	1,143
Debt instruments	246	176
Property	181	132
Cash	16	15
Total market value of assets	1,641	1,466

The actual return on scheme assets was £118,000 (2017: £142,000)

Amount recognised in the statement of financial activities

	2018 £000	2017 £000
Current service cost (net of employee contributions)	163	145
Interest income	(37)	(26)
Interest cost	49	41
Total operating charge	175	160

Caistor Grammar School

Notes to the Financial Statements for the year ended 31 August 2018 (continued)

23 Pension and similar obligations (continued)

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

	2018 £000	2017 £000
At 1 September	1,890	2,002
Current service cost	163	145
Interest cost	49	41
Employee contributions	22	22
Actuarial (gain)/loss	(129)	(313)
Benefits paid	(30)	(27)
At 31 August	1,945	1,870

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

	2018 £000	2017 £000
At 1 September	1,466	1,260
Interest income	37	26
Actuarial gain/(loss)	81	116
Employee contributions	22	22
Employer contributions	65	69
Benefits paid	(30)	(27)
At 31 August	1,641	1,466

The estimated value of employer contributions for the year ended 31 August 2019 is £72,000.

24 Related party transactions

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

No related party transactions took place in the period of account, other than certain Governors' remuneration and expenses already disclosed in note 9.

25 Agency arrangements

The Academy Trust administers the disbursement of the new discretionary learner support for learners, 16-19 Bursary Funds, on behalf of the ESFA. In the year it received £7,199 and disbursed £6,842, and had an amount held in other creditors at the start of the year of £250, with therefore an amount of £610 repayable by the Academy Trust at the 31 August 2018 is included in other creditors. The Academy Trust retained a beneficial interest in individual transactions such that £nil has been recognised in income and expenditure in the statement of financial activities.