

Registered number: 07369704



**PATE'S GRAMMAR SCHOOL**  
(A Company Limited by Guarantee)

**GOVERNORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

WEDNESDAY



\*A6L7S0G0\*

13/12/2017

#241

A16

COMPANIES HOUSE

**CONTENTS**

---

	Page
Reference and Administrative Details of the Academy, its Governors and Advisers	1-2
Governors' Report	3-15
Governance Statement	16-19
Statement on Regularity, Propriety and Compliance	20
Governors' Responsibilities Statement	21
Independent Auditors' Report	22-24
Independent Reporting Accountant's Assurance Report on Regularity	25-26
Statement of Financial Activities incorporating Income & Expenditure Account	27-28
Balance Sheet	29
Cash Flow Statement	30
Notes to the Financial Statements, incorporating:	
Statement of Accounting Policies	31-36
Other Notes to the Financial Statements	37-52

**PATE'S GRAMMAR SCHOOL**  
**(A Company Limited by Guarantee)**

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE SCHOOL, ITS GOVERNORS AND ADVISORS FOR THE YEAR ENDED 31 AUGUST 2017**

---

**Members**

Wallace Ascham  
Guy Bradshaw  
John Parker (resigned 6/5/17)  
Richard Wright

**Governors**

Wallace Ascham, Chair of Governors, Foundation  
Guy Bradshaw, Corpus Christi, Vice Chair of Governors, Foundation, Chair of Education Committee  
Russel Ellicott, Headmaster & Accounting Officer  
Warwick Ainsworth-Parker, Parent  
Nikki Clark, Foundation  
Edward Derbyshire, Staff (resigned 28/3/17)  
Anne Dickinson, Staff  
Dr Alison Donnell, Corpus (resigned 5/7/17)  
Ray Fish, Parent (appointed 28/3/17)  
Robert Gue, Parent, Chair of Finance & Facilities Committee (from 28/3/17)  
Responsible Officer  
Will Head, Staff (appointed 12/5/17)  
John Henry, Foundation, Chair of People Committee, Chair of Admissions Review Group  
Carolyn Horrocks, Parent (appointed 28/3/17)  
Dr Helen Moore, Corpus Christi  
Shirley Park, Staff  
John Parker, Foundation (resigned 6/5/17)  
David Waters, Foundation, Chair of Finance & Facilities Committee (resigned 13/3/17)  
Nancy Western, Foundation (resigned 4/7/17)

**Associate Governors**

Memoona Ahmed (Resigned 31/08/17)  
Ben North (Resigned 31/8/17)

**Company Secretary**

Stephen Locke

**Senior Leadership Team (SLT)**

Russel Ellicott, Head Master  
Andrew Jones, Deputy Head, Pastoral Care, Intervention, Safeguarding  
Trevor Allinson, Assistant Head, Post 16 Provision, IAG / UCAS, Curriculum  
Anthony Henley, Assistant Head, Data & Reporting, Accountability Measures  
Rachel Thorpe, Assistant Head, Academic Strategy, Teaching School Lead, Standards, School Self-Evaluation, Staff Development  
Stephen Locke, Bursar, School Effectiveness

The SLT directs the School at an executive level, implementing the policies laid down by the Governors and reporting back to them. They are responsible for the day-to-day operation of the School. The SLT is deemed to be the Key Management Personnel of the School.

**PATE'S GRAMMAR SCHOOL**  
**(A Company Limited by Guarantee)**

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE SCHOOL, ITS GOVERNORS AND ADVISORS FOR THE YEAR ENDED 31 AUGUST 2017**

---

**Company Name** Pate's Grammar School

**Registered Office** Princess Elizabeth Way  
Cheltenham  
Gloucestershire  
GL51 0HG

**Company Registration Number** 07369704

**Statutory Auditor** Hazlewoods LLP  
Windsor House  
Bayshill Road  
Cheltenham  
Gloucestershire  
GL50 3AT

**Bankers** Barclays Bank Plc  
128 High Street  
Cheltenham  
Gloucestershire  
GL50 1EL

**Solicitors** Harrison Clark Rickerbys LLP  
Ellenborough House  
Wellington Street  
Cheltenham  
Gloucestershire  
GL50 1YD

**GOVERNORS' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

---

The Governors (who act as trustees of Pate's Grammar School and are also directors of the charitable company for the purposes of the company law) present their Annual Report together with the audited financial statements of Pate's Grammar School (the School) for the year ended 31 August 2017. The Governors confirm that the Annual Report and financial statements of the School comply with the current statutory requirements, the requirements of the School's governing document and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005. The Annual Report serves the purposes of both a Trustees' Report, and a Directors' Report under company law.

## **STRUCTURE, GOVERNANCE AND MANAGEMENT**

### **CONSTITUTION**

Pate's Grammar School is a company limited by guarantee and an exempt charity. It was incorporated on 8 September 2010 and commenced trading on 1 December 2010. The School's Memorandum and Articles of Association, together with the Funding Agreement are the primary governing documents of the School. As a school, the company generally refers to itself as a School rather than a company, to its Directors as Governors and to the Principal as the Head Master.

Details of the Governors who have served during the year are listed within the reference and administrative details of the School.

### **MEMBERS' LIABILITY**

The School has 4 members (3 from 6/5/2017). Two are appointed by the Pate's Grammar School Foundation, and the Chairman and Vice-Chairman of the Governors are members ex-officio. The members during the period were:

Wallace Ascham – Chairman, Guy Bradshaw – Vice-Chairman, John Parker (resigned 6/5/2017) and Richard Wright – both appointed by Pate's Grammar School Foundation. Each member undertakes to contribute to the assets of the School 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**

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

### **PRINCIPAL ACTIVITIES**

The principal activity is the provision of public benefit education by maintaining, managing and developing a selective Secondary School offering a broad and balanced curriculum.

**GOVERNORS' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

---

**SIGNIFICANT CONTRACTS**

The School entered into a Funding Agreement to provide educational services with selective admission as part of the state provision of education from 1 December 2010. The School commenced operations on this date. The agreement is for an indefinite period, subject to seven years' notice by either party. There is no indication that it will be terminated other than as a restructuring of state education.

The School occupies the school buildings under a 125 year lease from the Pate's Grammar School Foundation at a peppercorn rent. The School is also one of the beneficiaries of the Pate's Grammar School Foundation, an educational charity. The lease can be terminated by the Pate's Grammar School Foundation if the School ceases to have selective admission arrangements.

If the School ceases to be part of the state sector, the Pate's Grammar School Foundation will have a liability to pay an amount to the public sector to recognise the value of the capital funds invested in the school buildings by the state. Alternatively, the Secretary of State can direct the transfer of the land and buildings to the state on paying the Pate's Grammar School Foundation compensation for the value it has invested in the buildings.

The playing fields, now owned by the School, were transferred to the School for no consideration when the Funding Agreement above was signed. The School must obtain the Secretary of State's permission for any disposal of the fields. On ceasing to be a state school, the School would have to transfer the playing fields or any funds derived from their sale to the state without compensation.

**METHOD OF RECRUITMENT AND APPOINTMENT OF GOVERNORS**

The Governing body consists of seventeen Governors. Six are appointed by the Pate's Grammar School Foundation, three by Corpus Christi College, Oxford, four are elected by parents of current students, two are elected by Teachers, one is elected by Support Staff and the Head Master is a Governor ex-officio.

**POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF GOVERNORS**

Governors undertake training as appropriate to their work at the school. New Governors are provided with an induction programme and training as appropriate for their skills and experience, specifically:

- They meet separately with the Chair of Governors and Head Master, where they receive a briefing on important aspects of the School including, its history, its governing documentation and its associated bodies and its future plans.
- They are required to sign a confidentiality agreement and to register their business interests. They are registered as directors at Companies House.
- They also receive a DBS clearance application form, copy of the School Development Plan, minutes of all recent Committee and full Governor meetings, list of all Governor contact details and list of members of the various sub-committees, as well as a calendar of meetings for the rest of the academic year.

**GOVERNORS' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

---

**ORGANISATIONAL STRUCTURE**

The Full Governing Body (FGB) provides the strategic leadership of the School, and has a vital role to play in making sure every pupil gets the best possible education.

It has 3 core functions:

- to ensure clarity of vision, ethos and strategic direction;
- to appoint the Head Master and hold him/her to account for the educational performance of the school and its pupils; and
- to oversee the financial performance of the school and make sure its money is well spent.

As an Academy, the Pate's FGB also has some additional functions and responsibilities:

- to act as its own Admissions Authority;
- to employ staff;
- to own/manage land and buildings on behalf of the Secretary of State and the Pate's Foundation;
- to ensure revenue funding and any capital funds delegated by the Secretary of State (via the Education and Skills Funding Agency) are used only for agreed and specified educational purposes;
- to fulfil risk management and reporting obligations as an exempt charity, as set out by the Charity Commission.

These additional functions and responsibilities, and guidance on the constitution and operation of the Academy FGB, are set out in the Memorandum and Articles of Association of Pate's Grammar School. The FGB will typically meet 5 times per year.

The Governing Body is structured into several sub-committees all of which report back to the full Governing Body:

Admissions Review Group (ARG);  
Education;  
Finance & Facilities (F&F);  
People.

The terms of reference for each committee is agreed at the first committee meeting of each academic year. Specifically:

**Admissions Review Group (ARG)**

The ARG's main role is to review and recommend any changes to the admissions policy necessary to deliver the School's goals within a changing educational landscape, and to ensure that the School meets its legal obligations to consult on any changes. This involves managing revisions to the policy in time to submit it for public review for 8 weeks ahead of 28 February of one year, giving serious consideration to any comments and objections received, before adopting to govern admissions arrangements for September of the following year (i.e. giving 18 months' notice of any changes).

Any particularly wide ranging or contentious issues will be considered first by the ARG, who will recommend a course of action to the FGB for their final decision.

---

**GOVERNORS' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

---

**Education**

The Education Committee is accountable to the FGB for monitoring of student outcomes and identifying performance shortfalls and levers. It will consider specifically:

- data on pupil attainment and progress;
- curriculum delivery and breadth;
- extra-curricular provision;
- progress in delivering Teaching and Learning objectives in the School Development Plan, including how national changes in curriculum and assessment are being tracked, prepared for and responded to; and
- progress and implications for Pate's of sponsorship of the Odyssey Teaching Schools Alliance

The Committee will work with and support the Head Master in ensuring that educational provision:

- meets the Academy's agreed objective to deliver a broad and balanced curriculum 11-18;
- enables social, moral, spiritual, cultural development of students, and promotes British values;
- supports the physical and mental development and well-being (resilience) of all students, to prepare them for the opportunities, responsibilities and challenges of adult life; and
- promotes and celebrates the academic achievement and progress of all students

**Finance & Facilities (F&F)**

The F&F Committee is accountable to the FGB for oversight of 3 specific areas of activity:

- financial management and control;
- health and safety; and
- premises development and capital investment.

The Committee's primary role is to ensure statutory accounting procedures and financial reporting requirements are met and that the School remains solvent. This is done by:

- assisting the Head Master and Bursar in setting an annual budget and financial strategy, for review and adoption by FGB;
  - monitoring expenditure against plans, particularly to ensure funding is used to meet only those purposes for which it is delegated;
  - maintaining a system of financial delegation and authority, and reporting to Governors on any non-compliance with delegation limits;
  - determining and reporting on the financial implications of any strategic decision made by the FGB or any of its sub-committees;
  - establishing/testing effectiveness of financial management systems and accounts procedures;
  - establishing robust systems of internal control and risk management, verified via checks by the Responsible Officer and independent professional auditors and approved by FGB;
  - establishing and keeping under review the policy on Charging (and Remission) for school activities and the use of school premises; and
  - examining and reporting to the FGB on preparation and publication of the Annual Accounts
-



**GOVERNORS' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

---

## **People**

The People Committee is accountable to the FGB for setting, approving and monitoring the effectiveness of policies relating to:

- Pate's Grammar School as an employer

Staff terms and conditions of service are defined in the Staff Handbook, setting out policies on:

- Recruitment and promotion
- Job weighting and remuneration
- Performance management and appraisal (Performance Development) standards
- Performance Related Pay arrangements
- Equal Opportunities
- Employee Relations
- Professional development (CPD)
- Conduct and Discipline

The Committee is responsible for ensuring the Staff Handbook properly supports Governors' aspiration that the School should be a good employer, and for advising the FGB of the implications of any changes in employment law for staff contractual terms.

It will review proposals for the overall staffing provision of the School (including affordability, based on guidance from the Finance and Facilities Committee) and any changes to the leadership and management structure, offering clear recommendations to the FGB for review and adoption.

The Chair of the People Committee, working with the Chair of Governors, will also take responsibility for recruitment and performance management of the Head Teacher.

The committee is also responsible for:

- Student conduct and discipline
- Exclusions
- Special Educational Needs and Disability (SEND) Provision
- Child Protection and Safeguarding
- Admissions, via ARG

There are minutes of delegations of responsibility identifying which decisions are made by Full Governors, by Committee, by a convened sub group or by the Head Master.

Members of the Senior Leadership Team (SLT) are ex-officio members of all Governor Committees and attend meetings of the FGB as appropriate.

The Head Master is a member of each Governor Committee. The responsibilities of each member of the Senior Leadership Team are laid out on a proforma grid that is formally reviewed annually and during the year as appropriate.

## **ARRANGEMENTS FOR SETTING PAY AND REMUNERATION OF KEY MANAGEMENT PERSONNEL**

The Trustees consider the Board of Governors and the Senior Leadership Team (SLT) comprise the key management personnel of the School in charge of directing and controlling, running and operating the School on a day to day basis. All Governors give of their time freely and no Governor received remuneration in the year.

Details of trustees' remuneration and expenses are disclosed in note 9 to the accounts.

Remuneration for the School's SLT is reviewed annually following a formal appraisal process. The Governing Body, through the People Committee, takes decisions regarding leadership pay progression according to the relevant local and national documents, including the School Teachers Pay & Conditions Document's statutory provisions along with the School Teachers' Pay Policy's criteria for pay progression. They ensure that pay decisions can be objectively justified, are differentiated on performance, as well as considering the budgetary implications of pay decisions and consider these in the School's spending plan. The remuneration is set to ensure it is both fair but also will attract and retain staff of the appropriate calibre and experience required by the School.

## **CONNECTED ORGANISATIONS, INCLUDING RELATED PARTY RELATIONSHIPS**

There is a related party relationship with Pate's Grammar School Foundation due to common members of the governing boards (further details are provided in Note 28 of the accounts).

## **OBJECTS AND AIMS**

To advance for the public benefit education in the United Kingdom, in particular by establishing, maintaining, carrying on, managing and developing a selective school offering a broad and balanced curriculum, providing an outstanding education for students between the ages of 11 and 18.

The main objectives (specific targets) of Pate's Grammar School during the year ended 31 August 2017 are detailed in the School Development Plan (SDP) for 2016/17. These targets all sit beneath three key strands:

1. Inspiring and Challenging Learners
2. Providing Support and Promoting Aspiration
3. Broadening Horizons and Shaping the Future

## **PUBLIC BENEFIT**

The provision of outstanding education at Pate's Grammar School is for public benefit. The Governors have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission in exercising their powers or duties.

## **ACHIEVEMENTS AND PERFORMANCE**

### **Educational performance**

There were once again many excellent results for Pate's students in the summer 2017 exams. At 'A' level we are very pleased that overall the students have done as we expected. Currently, pre-remarks, the number of A\* grades sits at 30.6% and the figure for A\*-A is 68.4%. These are slightly down on last year but are in line with our predictions; this cohort was slightly weaker than previously so the value added is expected to hold up well. Currently 25 students have gained a place at Oxbridge. This number is well down on last year, but was expected. At the top end the students have done fabulously well with 18 gaining A\*, or equivalent, in all their subjects.

At GCSE there were also a number of statistics to celebrate. The number of A\*/A grades was 85%, similar to last year but with a marked increase in the number of A\*s – 59.5% this year compared with 54.6% in 2016. This is the highest proportion of top grades we have ever seen at Pate's. The number of students who have 5+A\* grades is 73.2%, up from 64.2% in 2016 – again a record for Pate's. The Science Department did incredibly well this year - Biology 90 A\* grades from 120 students, Chemistry 103 A\*s and Physics 100 A\*s. Maths students have been well prepared for the new GCSE and 52 of this year group have attained the '9' grade – the new "super A\*".

**Campus:** We are pleased to report that the 2 Condition Improvement Fund (CIF) projects from the 2016/17 round have been completed successfully – both on time and to budget. The electrical upgrade (£131k) was finished in the summer holidays (2016) and the refurbishment of the Outdoor Education building (£180k) was completed in January 2017. The latter project is particularly welcome as we now have two generously sized classrooms, a large office, new toilet facilities and a completely refurbished entrance hall.

Further, we are delighted to report that our two bids for the 2017/18 CIF round have again been successful. The 'condition' project (£168k) will replace all the windows on the 'field side' of the school, this work was carried out over the summer (2017) holidays – to time and budget. The second project was a speculative bid run under the 'Expansion' arm. It will provide a 3 storey Sixth Form learning centre and library at the front of school (linked to the Tatam block) and will enable the creation of c10 good sized rooms in the space that will be vacated. This project will ensure that we have sufficient space for our expanding student numbers as we move forward. We have been awarded £2.93m for these works and the current programme shows the works being completed in March 2019.

**Admissions:** We continue to be a very popular choice for students at both Year 7 and Year 12.

Governors had previously agreed that with effect from September 2016 we would expand our Year 7 intake by 30 students (1 form); this will be rolled out over a 5-year period to give an additional 150 students in year groups 7-11 by 2020. We are pleased to report that the transition to these increased numbers and the move to a 5 House system has gone smoothly.

In the Sixth form, we have continued with our decision to hold our numbers at c450. We believe that this provides the right balance across the school both from a pastoral and academic angle.

**GOVERNORS' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

---

**Finance:** We continue to remain under considerable financial pressure. Central Government funding continues to fall, the protections have now all been stripped away and the long awaited National Funding Formula (NFF) appears not to be providing the expected boost in Funding that we were anticipating. Giving very careful consideration to all these factors, Governors have concluded that in the medium term (3-5 years) they would set the following as a target:

*Pate's to function in a similar manner as current – continuing to offer a broad range of curricular and extra-curricular activities and opportunities, striving for exam excellence, and providing all the necessary support mechanisms both pastoral and academic.*

Further, Governors agreed a series of strategies to enable the above:

- To continue with revenue fundraising to provide £100k - £150k per annum.
- To use c£50k of reserves per year over the next 4 years.
- To make an application to the Charity Commission to draw down on the Biffen Trust – bid for £500k over 4 years (this was successful)
- To enter into a 3-year agreement with the Pate's Foundation for specific and appropriate amounts of revenue support per annum.

Following on from the last point, we are hugely grateful for the kind and generous support of the Foundation to increase the level of revenue funding to £300,000 per annum for the next three years.

**Curriculum Change:** We are now two thirds of the way through the staggered reforms for both GCSE and A-level. These are taking place over the period 2015-2017 and some of the new courses are now reaching the conclusion of their first iteration. At AS-level only Maths and Politics remain, so we have been careful to place emphasis on the importance of robust internal exams to provide contextual data for university applications.

In addition to now asking students to select their GCSE options in Year 9, as reported last year, we have also streamlined the option count to four subjects at five periods per fortnight. Each option subject was previously allocated four periods per fortnight so we are optimistic that this move will allow students to focus on a more realistic number of subjects and achieve better outcomes. It is anticipated that the expansion of the school will mitigate against any perceived threat to take-up in some of the nationally endangered subjects. All subjects bar Electronics and Business have now commenced new specifications in GCSE. Maths and English will report their first results on the new 9-1 grade scale this year, so it will be interesting to see how Pate's fares at the top end in relation to similar centres.

Like all schools we have faced the challenge of how to respond to post-16 reforms and, we took the decision to continue asking students to select 4 subjects in Year 12 (up to 5 if Further Maths is included), taking 3 or 4 through to completion in Year 13. We will continue this model for pedagogical reasons, although we will of course monitor things and may choose to insert the option of dropping a subject during Year 12 if the student is absolutely certain of his or her choices. The EPQ remains a popular option for students wishing to undertake a rigorous independent research project. Maths and English students sit AS-levels for the final time this summer, after which Pate's will become a school which does not offer AS, in keeping with an increasingly large number of schools nationwide.

**GOVERNORS' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

---

Enrichment opportunities for Years 7 – 11 have also continued to evolve, with Year 9s now also benefiting from the Tuesday Afternoon Enrichment Programme (TPM). Our PDC (Personal Development Curriculum) programme has continued to flourish, this year we have successfully introduced a more comprehensive careers programme at KS3. Flexible Learning Days have allowed us to continue to provide a range of alternative learning opportunities for students, focusing on skills such as teamwork and providing opportunities to work with members of the local community.

**Teaching & Learning:** The Teaching & Learning plan for 2016/2017 has built and developed on the work of the previous year, assessment in particular has remained a key and core area of focus. September 16 saw the introduction of a new Faculty System and Academic Board, a group of Middle Leaders who have increasingly driven Teaching & Learning forward across the school.

The plan for the year has been based on two key concepts:

1. Four key focus areas:
  - a. World Class Curriculum and Learning
  - b. 'How do we know?'
  - c. Support and Challenge for All
  - d. Celebration and Sharing Good practice
2. Nine key school systems and processes communicating and working ever more effectively together.

To facilitate the above plan a number of structural changes have been made.

- The Faculty structure has been redesigned and a new Academic Board that meets fortnightly has been formed.
- A new Academic Calendar is helping to co-ordinate the different school systems and processes.
- A new system has ensured that Performance Development targets have linked even more closely to the School Development Plan and Departmental Development Plans.
- Improved communication systems between the academic and pastoral teams have been introduced.
- A new 'bite size' Curriculum Achievement Plan has been devised.
- Departments now take it in turns to attend SLT and Governor meetings to talk about their priorities, strengths and the challenges that they face.
- Each Faculty has taken on responsibility for 'Sharing Good Practice' each half term.

Feedback from staff across the school, including Heads of Department, Heads of Faculty and Heads of Year has been very positive, lesson observations and work scrutiny show that we continue to make strong progress in this area.

**Pastoral Care:** The Y7-Y13 Pastoral system at Pate's continues to grow from its current position of strength. In line with national trends, the mental health of the young people in our care continues to be a primary concern.

We have built a very robust system of support through the school, enabling us (like every other school) to deal with the increasing number of students suffering from the pressures facing all young people. Students are supported by well-trained pastoral support staff and we have excellent links with outside agencies enabling us to refer students who need extra help there and then.

---

**GOVERNORS' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

---

We have strong links with 'Teens in Crisis', providing access to a male and a female counsellor, both of whom have close links with pastoral staff. We have introduced our new facility 'the Hub', a safe space to which students facing medical and mental health problems can withdraw. It has a work focused atmosphere, where students can employ self-help tactics or receive some support from staff before returning to lessons. As a result of the Hub, attendance for our vulnerable students has improved.

Through the school Personal Development Curriculum (PDC) we continue to grow our education of young people on pastoral issues they face. We now engage with them in dialogue over issues such as consent, British values, exploitation, extremism and personal safety. We talk with them about the signs and symptoms of them putting themselves at risk and also that their friends could also be being exploited by others. Pate's has an excellent reputation for high-level pastoral care.

**Odyssey Teaching School:** This has been the fourth year of Pate's leading the Odyssey Teaching School Alliance and our work has continued to go from strength to strength. 25+ different schools have engaged with our work over the course of the year, impacting on well over 12,000 pupils. As an alliance, we have been the largest provider of school to school support in the region, working with one secondary school, two primary schools and a pupil referral unit. We have also continued to work to co-ordinate the work of all Teaching Schools across Gloucestershire. System Leadership has continued to develop as the direction of travel and as a school we have benefitted greatly from being at the leading edge of these developments.

As the third largest provider of Initial Teacher Training in the county, fifteen trainee teachers are now successfully approaching the end of their training year with us, many are going to be employed at Pate's and our partner schools from September. Twelve trainees have signed up to start the programme in September 2017 and we envisage this number reaching over sixteen by the start of the academic year. Regular 'Teacher Taster Days' and work experience placements have meant that we have pleasingly been able to buck the national and regional trend of falling teacher trainee recruitment.

A key area of strength has once again been our leadership development courses with approximately thirty staff registered on the nationally accredited NPQML and SL programmes. Two new additions to this provision this academic year have been an 'Aspirant Senior Leader Course' focusing on the senior leadership interview process and also a new national Grammar School Headship Course, run in conjunction with the Grammar School Heads Association. Both have proved highly popular and successful. In March, Odyssey submitted a 21,500 word bid to the DfE to formally deliver the NPQML, NPQSL and NPQH leadership qualifications both regionally across Gloucestershire and nationally in partnership with the Grammar School Head's Association for the coming three year licence period. We are delighted to report that this bid has been successful and this will undoubtedly affirm our place at the heart of educational leadership training in Gloucestershire, and will complete our full accredited journey from Trainee Teacher to Headship within the alliance.

## **PLANS FOR THE FUTURE**

During the early part of the academic year Governors agreed not to take forward the concept of becoming a Multi Academy Trust (MAT). The consultation process had been concluded over the summer 2016 term and the Governors 'MAT Implementation team (MIT)', after a lengthy process, concluded that the formation of a Pate's led MAT is 'not currently in the best interests of the pupils of Pate's Grammar School'. Therefore, the recommendation was that the project be cancelled with immediate effect – this was confirmed by the Full Governing Body on 15 November 2016.

**GOVERNORS' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

---

This continues to be an uncertain time in education and we have worked hard this year to further the place of Pate's in the regional and national community. We have forged links with more local schools than ever before: sharing resources, offering development opportunities for staff and providing placements for our students to support children in less advantaged circumstances. The Odyssey Teaching School is the leading collaboration of its type in the region and ensures we are best placed to build on this success. The Head Master is Chair of the Grammar School Heads' Association and this provides an opportunity to help shape policy nationally.

Social Mobility is always quoted in relation to Grammar Schools and we are keen that Pate's is more proactive in advancing the aspirations of those from deprived backgrounds. We have employed a teacher to be our Primary Liaison Lead, working with local Primary schools to consider the needs of students from Year 2 upwards. Our aim is to provide a programme that challenges pupils that are more able to help raise their attainment. They may decide a Grammar School is the right place for them, in which case we can help with this transition, but ultimately, we are seeking to see the pupils become more rounded thinkers.

During the summer, SLT and Governors agreed our 2020 vision document under the three key headings: Embracing Challenge, Supporting Each Other, and Shaping the Future. This will inform our School Development Plans as we move forward and challenge ourselves to become truly 'world class'.

## **GOING CONCERN**

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

## **KEY FINANCIAL PERFORMANCE INDICATORS**

The key financial performance indicator is the net revenue for the year compared to budget. The School normally plans to run a balanced budget each financial period unless there are operational reasons for increasing this timescale. There have been significant financial changes to state education funding over recent years and this has created weighty challenges. Governors had originally set a deficit budget for this financial year, using a small amount of reserves (£34k) to cover the shortfall.

The deficit for the period from revenue funds (being unrestricted and restricted funds as shown on page 28) is in line with budget. Before the FRS102 pension adjustment, actuarial gain and transfer to the restricted fixed asset fund the deficit was £13,906 (2016: surplus £133,253). The balance carried forward within unrestricted and restricted funds at 31 August 2017 is £590,467 (2016: £609,906). Please see Note 17 (page 44) for full details of these funds together with movements on restricted fixed assets and endowment funds.

**GOVERNORS' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

---

**PRINCIPAL RISKS AND UNCERTAINTIES**

Funding is currently not guaranteed for more than one year in advance and there continues to be considerable uncertainty regarding future funding levels – the introduction of the National Funding Formula has now been delayed until September 2018.

Income is based on pupil numbers. At present the school is oversubscribed, but if this changed there might be a time lag before the cost base could be adjusted.

At various points in the year the School held substantial cash balances with clearing banks.

Many of the staff are members of defined benefit pension schemes which might lead to unexpected costs if the actuarial assumptions prove optimistic.

These risks are monitored and controlled as part of the Risk Management Strategy described below.

**RESERVES & INVESTMENT POLICY**

The funds of the School are detailed at note 18 of the financial statements. The value of the free reserves was £419,672 (2016: £449,467). The Governing Body has examined the requirement for free reserves, i.e. those income funds that are freely available for general purposes and are not invested in tangible fixed assets, designated for specific purposes or otherwise committed. The Governors have agreed that the school should aim to hold between £250,000 and £450,000 in free reserves to be able to meet unplanned expenditures, most likely in relation to urgent repairs and / or the maintenance of the School. In summary, the Governors require the operation of a tight cash flow management system at all times to ensure that the School holds sufficient cash to meet any outstanding liabilities.

During this period Governors approached the Biffen Trustee with a formal bid to request that they approach the Charity Commission to draw down £500,000 over a 4 year period of the Biffen Investment (31 August 2017 market value - £1,343,395). The Trustee, after carefully considering all aspects of the Bid, passed a resolution, in light of the current financial situation, to make an application to draw down £500,000 from the fund over the next 4 years so that Pate's Grammar School can continue to honour Biffen's wish to promote and encourage education at the school. This application was successful.

The only fund in deficit was in respect of the pension fund and annual contributions are set at a level which it is intended will eliminate the deficit over 20 years from 1 April 2014.

**RISK MANAGEMENT**

Risk management is a central part of any organisation's strategic management. It is the process whereby organisations methodically address the risks attached to their activities with the goal of achieving sustained benefit within each activity and across the range of all activities. The focus of good risk management is the identification and treatment of these risks. Its objective is to add maximum sustainable value to all the activities of the organisation.

We identified during the period that the key risk facing us was revenue funding. As stated earlier in the report Education funding continue to fall, the long awaited National Funding Formula (NFF) has



**GOVERNORS' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

---

been further delayed, plus does not appear to provide the expected boost that we were anticipating. However, as also detailed earlier in the report, strategies (and most importantly funding) are now in place to ensure relative stability for the next 3 years at least. We will, of course, continue to monitor this area very closely and ensure that the relevant and appropriate mechanisms are in place to safeguard the student outcomes, opportunities, support strategies and experiences.

The objectives for managing risk across the School are:

- To comply with risk management best practice;
- To ensure risks facing the School are identified and appropriately documented;
- To provide assurance to Governors that risks are being adequately controlled, or identify areas for improvement;
- To ensure action is taken appropriately in relation to accepting, mitigating, transferring and avoiding risks.

The Senior Leadership Team (SLT) has overall responsibility for risk management. The Bursar has lead responsibility for risk management processes and the School-wide Risk Register. This responsibility includes:

- Monitoring the performance of risk management processes;
- Ensuring that appropriate controls are in place to manage identified risks;
- Preparation of periodic reports to the Full Governing Body (FGB) and Governor Committees as appropriate.

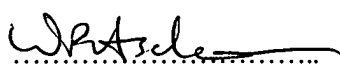
The Risk Register is formally reviewed each term by the Bursar and presented to either the FGB or individual committees as appropriate. A Risk Management Plan is submitted to the Finance & Facilities (F&F) Committee annually in the autumn term. The Risk Management Plan is monitored by the F&F Committee and forms part of that Committee's report to Full Governors.

## **DISCLOSURE OF INFORMATION TO AUDITORS**

Each of the persons who are Governors at the time when this Governors' Report is approved has confirmed that:

- So far as that Governor is aware, there is no relevant audit information of which the charitable company's auditors are unaware, and
- That Governor has taken all the steps that ought to have been taken as a Governor in order to be aware of any information needed by the charitable company's auditors in connection with preparing their report and to establish that the charitable company's auditors are aware of that information.

This report was approved by order of the members of the Governing Body on 06 December 2017 and signed on its behalf by:

  
Wallace Ascham, Chairman

**GOVERNANCE STATEMENT**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

---

**SCOPE OF RESPONSIBILITY**

As Governors, we acknowledge that we have overall responsibility for ensuring that Pate's Grammar School has an effective and appropriate system of control, financial and otherwise. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Governing Body has delegated the day-to-day responsibility to the Head Master, 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 Pate's Grammar School and the Secretary of State for Education. The Head Master is also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

**GOVERNANCE**

The information on governance here supplements that described in the Governors' Report and in the Governors' Responsibilities Statement. The Full Governing Body has formally met 5 times during the year. Attendance during the year at meetings of the Full Governing Body was as follows:

Governor	Meetings attended	Out of a possible
Wallace Ascham (Chairman)	5	5
Guy Bradshaw (Vice Chairman)	4	5
Russel Ellicott (Head Master)	4	5
Warwick Ainsworth-Parker	4	5
Nikki Clark	3	5
Edward Derbyshire	1	3
Anne Dickinson	5	5
Dr Alison Donnell	3	5
Ray Fish	1	1
Robert Gue	5	5
Will Head	0	1
John Henry	5	5
Carolyn Horrocks	1	1
Dr Helen Moore	2	5
Shirley Park	5	5
John Parker	4	4
David Waters	3	3
Nancy Western	4	4

**GOVERNANCE REVIEWS**

The Governing Body regularly audits the range of skills it needs and, when required, appoints new Governors with experience and expertise in relevant fields. On-going reviews of our structures and approach ensure that we have a comprehensive and coherent set of governance / administrative organisational processes which: enable the Full Governing Body to understand and fulfil formal and statutory requirements more effectively; create a clearer focus on the School Development Plan; and is flexible enough to respond to future governance needs as they arise. In addition, Governors undertake specific training as required.

---

**GOVERNANCE STATEMENT**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

---

During the spring and summer of 2017 Governors formally launched a 'self-review' process. This work will lead to a proposal around three main objectives:

- To create a balanced skills and people profile for an effective FGB;
- To engage meaningfully with the SLT on the school's future direction;
- To establish a culture of self-reflection, continuous development and mentoring to help us work in the most effective way and in a way which is enjoyable.

This proposal, and related action plan, has now formally been approved and will be rolled out during 2017/18.

**FINANCE & FACILITIES (F&F) COMMITTEE**

The F&F Committee is a sub-committee of the main Governing Body. Its purpose is, amongst others, to:

- Establish and maintain proper financial management arrangements, accounting procedures and a sound system of internal controls.
- To assist the Head Master in developing a financial budget and ensure that statutory financial reporting requirements are complied with.
- To monitor actual expenditure against plans and taking necessary action to ensure that the School remains solvent at all times.
- To approve and recommend for acceptance the Annual Budget and financial strategy.

Attendance at the main meetings in the year of this committee was as follows:

Governor	Meetings attended	Out of a possible
David Waters (Chair of Committee until 20/3/17)	2	2
Russel Ellicott (Head Master & Accounting Officer)	2	3
Wallace Ascham	2	3
Warwick Ainsworth-Parker	3	3
Robert Gue (Chair of Committee wef 28/3/17, RO)	3	3
John Henry	2	3
Shirley Park	3	3
John Parker	2	3
Nancy Western	3	3

**VALUE FOR MONEY STATEMENT**

We acknowledge that we are responsible and accountable for ensuring that the school delivers good value in the use of public resources. We are aware of the guide to academy value for money statements published by the Education and Skills Funding Agency and understand that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received. In summary, we are committed to:

- Improving educational results
- Financial Governance and oversight
- Ensuring the operation of the Academy demonstrates good value for money and efficient use of resources
- Maximising income generation
- Reviewing controls and managing risks

**GOVERNANCE STATEMENT**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

---

**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 Pate's Grammar School policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Pate's Grammar School for the year ended 31 August 2017 and up to the date of approval of the annual report and financial statements.

**CAPACITY TO HANDLE RISK**

The Governing Body has reviewed the key risk to which Pate's Grammar School is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governing Body is of the view that there is a formal ongoing process for identifying, evaluating and managing the School's significant risks that has been in place for the year ending 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Governing Body.

**THE RISK AND CONTROL FRAMEWORK**

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

- Comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Governing Body;
- Regular reviews by the Finance & Facilities Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programme;
- Setting targets to measure financial and other performance;
- Clearly defined purchasing (asset purchase or capital investment) guidelines;
- Delegation of authority and segregation of duties; and
- Identification and management of risks.

The Governing Body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Governors have appointed Rob Gue, a Parent Governor, as Responsible Officer (RO).

The RO's role includes giving advice on financial matters and performing a range of checks on the School's financial systems. 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.

We confirm that the RO function has delivered the schedule of work as planned. There have been no material control issues arising from the RO reports thus far.

**GOVERNANCE STATEMENT**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

---


**REVIEW OF EFFECTIVENESS**

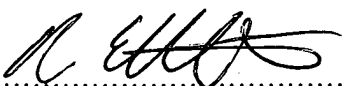
As Accounting Officer, the Head Master has responsibility for reviewing the effectiveness of the systems of internal control. During the year in question the review has been informed by:

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

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

Approved by order of the members of the Governing Body on 06 December 2017 and signed on their behalf by:

  
.....  
Wallace Ascham, Chairman

  
.....  
Russel Ellicott, Accounting Officer

**PATE'S GRAMMAR SCHOOL**  
**(A Company Limited by Guarantee)**

**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

---

As Accounting Officer of Pate's Grammar School I have considered my responsibility to notify the School Governing Body and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the School and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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

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



Russel Ellicott  
Accounting Officer

Date: 06 December 2017

**GOVERNORS' RESPONSIBILITIES STATEMENT**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

---

The Governors (who act as trustees for charitable activities of Pate's Grammar School and are also the directors of the School 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 and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Governors to prepare financial statements for each financial year. Under company law the Governors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the School 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 of the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the School will continue in business.

The Governors are responsible for keeping adequate accounting records that are sufficient to show and explain the School's transactions and disclose with reasonable accuracy at any time the financial position of the School 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 School 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 School applies financial and other controls, which conform to the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the 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 School's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by order of the members of the Governing Body on 06 December 2017 and signed on its behalf by:

  
Wallace Ascham, Chairman

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PATE'S GRAMMAR SCHOOL  
FOR THE YEAR ENDED 31 AUGUST 2017**

---

**Opinion**

We have audited the financial statements of Pate's Grammar School for the year ended 31 August 2017 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including 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 2016 to 2017 issued by the Education and Skills Funding Agency.

This report is made solely to the academy trust'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 trust'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 trust and the academy trust's members as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the academy trust's affairs as at 31 August 2017, 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 2016 to 2017 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 trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

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

- the 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 trust'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.



**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PATE'S GRAMMAR SCHOOL  
FOR THE YEAR ENDED 31 AUGUST 2017**

---

**Other information**

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

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

We have nothing to report in this regard.

**Opinions 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 (incorporating the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

In the light of our knowledge and understanding of the academy trust and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' 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 directors' 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 trustees' responsibilities statement, the trustees (who are also the directors of the academy trust 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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PATE'S GRAMMAR SCHOOL  
FOR THE YEAR ENDED 31 AUGUST 2017**

---

In preparing the financial statements, the trustees are responsible for assessing the academy trust'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 trust or to cease operations, or have no realistic alternative but to do so.

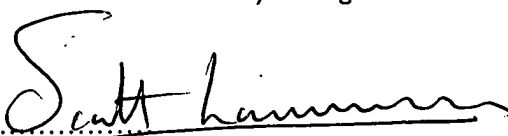
**Auditor's responsibilities for the audit of the financial statements**

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

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

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

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

  
.....  
Scott Lawrence FCA DChA (Senior Statutory Auditor)  
For and on behalf of Hazlewoods LLP, Statutory Auditor  
Cheltenham

Date..... 7/12/17

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY  
TO PATE'S GRAMMAR SCHOOL AND THE EDUCATION AND SKILLS FUNDING AGENCY  
FOR THE YEAR ENDED 31 AUGUST 2017**

---

In accordance with the terms of our engagement letter dated 5 October 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017 we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Pate's Grammar School during the year 1 September 2016 to 31 August 2017 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 Pate's 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 Pate's 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 Pate's Grammar School and the ESFA, for our work, for this report, or for the conclusion we have formed.

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

The accounting officer is responsible, under the requirements of Pate's Grammar School's funding agreement with the Secretary of State for Education date 29 November 2010, and the Academies Financial Handbook extant from 1 September 2016, 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 2016 to 2017. 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 2016 to 31 August 2017 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 2016 to 2017 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.

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY  
TO PATE'S GRAMMAR SCHOOL AND THE EDUCATION AND SKILLS FUNDING AGENCY  
FOR THE YEAR ENDED 31 AUGUST 2017**

---

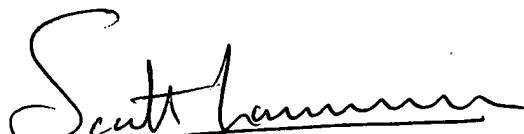
Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the School's income and expenditure.

In this regard, we have carried out the following:

- specific testing of a sample of items of income and expenditure to ensure appropriately applied for the purposes intended;
- specific testing of a sample of system controls relevant to the above items;
- a general review of relevant correspondence with the ESFA regarding Academy governance matters during the period since conversion; and
- a general review and discussion of the Academy's internal processes for establishing and maintaining systems of control and documentation regarding these matters.

**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 2016 to 31 August 2017 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

  
.....  
Scott Lawrence FCA DChA (Senior Statutory Auditor)  
For and on behalf of Hazlewoods LLP, Statutory Auditor  
Cheltenham

Date..... 7/12/17

**PATE'S GRAMMAR SCHOOL**  
**(A Company Limited by Guarantee)**

**STATEMENT OF FINANCIAL ACTIVITIES**  
**(Incorporating Income and Expenditure Account)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

	Notes	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Endowment funds 2017 £	Total funds 2017 £	Total funds 2016 £
<b>INCOME AND ENDOWMENTS FROM:</b>							
Donations and capital grants	3	208,990	-	522,225	-	731,215	327,191
<b>Charitable activities:</b>							
Funding for the School's educational operations	4	389,867	5,734,726	-	-	6,124,593	6,011,145
Other trading activities	5	33,799	-	-	-	33,799	29,647
Investment income	6	1,388	-	-	37,018	38,406	27,546
<b>TOTAL</b>		<b>634,044</b>	<b>5,734,726</b>	<b>522,225</b>	<b>37,018</b>	<b>6,928,013</b>	<b>6,395,529</b>
<b>EXPENDITURE FROM:</b>							
Raising funds	7	44,708	-	-	-	44,708	41,071
<b>Charitable activities:</b>							
School's educational operations	7	393,828	6,082,140	920,220	-	7,396,188	7,012,245
<b>TOTAL</b>		<b>438,536</b>	<b>6,082,140</b>	<b>920,220</b>	<b>-</b>	<b>7,440,896</b>	<b>7,053,316</b>
<b>NET INCOME/(EXPENDITURE) C/F</b>		<b>195,508</b>	<b>(347,414)</b>	<b>(397,995)</b>	<b>37,018</b>	<b>(512,883)</b>	<b>(657,787)</b>

**PATE'S GRAMMAR SCHOOL**  
**(A Company Limited by Guarantee)**

**STATEMENT OF FINANCIAL ACTIVITIES**  
**(Incorporating Income and Expenditure Account)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

	Notes	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Endowment funds 2017 £	Total funds 2017 £	Total funds 2016 £
<b>NET INCOME/(EXPENDITURE) B/F</b>		195,508	(347,414)	(397,995)	37,018	(512,883)	(657,787)
Transfers between funds	17	(225,303)	219,770	42,551	(37,018)	-	-
<b>NET INCOME /(EXPENDITURE) FOR THE YEAR</b>		(29,795)	(127,644)	(355,444)	-	(512,883)	(657,787)
Revaluation of investment	13	-	-	-	56,828	56,828	197,271
Actuarial gains/( losses) on defined benefit pension schemes	26	-	295,000	-	-	295,000	(341,000)
<b>NET MOVEMENT IN FUNDS</b>		(29,795)	167,356	(355,444)	56,828	(161,055)	(801,516)
<b>RECONCILIATION OF FUNDS</b>							
Total funds brought forward		449,467	(1,270,561)	29,194,560	1,286,567	29,660,033	30,461,549
<b>Total funds carried forward</b>		<b>419,672</b>	<b>(1,103,205)</b>	<b>28,839,116</b>	<b>1,343,395</b>	<b>29,498,978</b>	<b>29,660,033</b>

All activities relate to continuing operations.

The Statement of Financial Activities includes all gains and losses recognised in the year.

The notes on pages 31 to 52 form part of these financial statements.

**PATE'S GRAMMAR SCHOOL**  
(A Company Limited by Guarantee)

**BALANCE SHEET**  
**AS AT 31 AUGUST 2017**

	Note	£	2017 £	£	2016 £
<b>FIXED ASSETS</b>					
Tangible assets	12		28,839,116		29,194,560
Investments	13		1,343,395		1,286,567
<b>CURRENT ASSETS</b>					
Stocks	14	1,816		1,108	
Debtors	15	292,873		201,276	
Cash at bank and in hand		1,012,152		1,098,797	
			<u>1,306,841</u>	<u>1,301,181</u>	
<b>LIABILITIES</b>					
Creditors: Amounts falling due within one year	16	(716,374)		(691,275)	
<b>NET CURRENT ASSETS</b>					
			590,467		609,906
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>					
			<u>30,772,978</u>	<u>31,091,033</u>	
Defined benefit pension scheme liability	26		(1,274,000)		(1,431,000)
<b>TOTAL NET ASSETS</b>					
			<u><u>29,498,978</u></u>	<u><u>29,660,033</u></u>	
<b>FUNDS OF THE ACADEMY</b>					
Endowment Funds	17		1,343,395		1,286,567
Restricted funds:					
Restricted funds	17	170,795		160,439	
Restricted fixed asset funds	17	28,839,116		29,194,560	
			<u></u>	<u></u>	
Restricted funds excluding pension liability		29,009,911		29,354,999	
Pension reserve		(1,274,000)		(1,431,000)	
			<u></u>	<u></u>	
Total restricted funds	17		27,735,911		27,923,999
Unrestricted income funds	17		419,672		449,467
<b>TOTAL FUNDS</b>					
			<u><u>29,498,978</u></u>	<u><u>29,660,033</u></u>	

The financial statements were approved by the Governors, and authorised for issue, on 06 December 2017 and are signed on their behalf, by:

 Wallace Ascham, Chairman

**PATE'S GRAMMAR SCHOOL**  
**(A Company Limited by Guarantee)**

**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

	<b>Note</b>	<b>2017</b> <b>£</b>	<b>2016</b> <b>£</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net cash (used in)/provided by operating activities	21	(82,500)	327,219
Cash flows from investing activities	22	(4,145)	(1,097,944)
		<hr/>	<hr/>
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b> <b>IN THE REPORTING PERIOD</b>		(86,645)	(770,725)
Cash and cash equivalents at 1 September 2016		<hr/>	<hr/>
<b>CASH AND CASH EQUIVALENTS</b> <b>AT 31 AUGUST 2017</b>		1,098,797	1,869,522
	23	<hr/>	<hr/>
		<hr/>	<hr/>



**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

---

**I 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 of Financial Statements**

The financial statements of the School, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (Charities SORP (FRS 102)), the Academies Accounts Direction 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006. Pate's 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 School to continue as a going concern. The Governors make this assessment in respect of a period of one year from the date of approval of the financial statements. On review, taking into account the current financial position, future projections, the continuing high demand for places, and a detailed analysis of the Risk Register, the Governors have concluded that they are to adopt the going concern basis in preparing the annual financial statements.

**Income**

All income is included in the Statement of Financial Activities when the School has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

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

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund. Capital grants are recognised when receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

Sponsorship income provided to the School which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable, where there is certainty of receipt and it is measurable.

The value of donated services and gifts in kind provided to the School are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the School can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of Financial Activities, except where

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

---

**I STATEMENT OF ACCOUNTING POLICIES (continued)**

the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the School's policies.

Donations are recognised on a receivable basis where there is certainty of receipt and the amount can be reliably measured. Other income, including the hire of facilities, is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

**Expenditure**

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

**Expenditure on Raising Funds:** This includes all expenditure incurred by the School to raise funds for its charitable purposes and includes costs of all fundraising activities events and other charitable trading.

**Charitable Activities:** These are costs incurred on the School's educational operations, including support costs and costs relating to the governance of the School apportioned to charitable activities.

All resources expended are inclusive of irrecoverable VAT.

**Freehold and Leasehold Land and Buildings**

The School owns the school playing fields and leases the school buildings from the Pate's Grammar School Foundation. The lease is for 125 years at a peppercorn rent. Although there are break clauses in the lease, there are no current indications that circumstances will arise such that they can be exercised by the Pate's Grammar School Foundation. Accordingly as the School is entitled to the risk and rewards of ownership, their value has been included in the School's balance sheet. This is consistent with the treatment adopted in the accounts of Pate's Grammar School Foundation. The valuation basis of the Leasehold Property was an estimate of the current market value. The value of the Freehold Land for its current use is immaterial compared with the Leasehold Property and has thus been amalgamated with the Leasehold Property in these accounts. See Note 12.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

---

**I STATEMENT OF ACCOUNTING POLICIES (continued)**

**Tangible Fixed Assets and Depreciation**

All assets costing more than £1,000 are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and are carried forward in the Balance Sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the School's depreciation policy.

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the costs of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Leasehold Property	-	2% - 10%
Motor Vehicles	-	20%
Fixtures and fittings	-	10% - 20%
Computer equipment	-	20%

Motor vehicles and computer equipment transferred from the predecessor school were transferred at depreciated cost and have been depreciated over the useful life from original purchase.

Leasehold property and Fixtures and fittings transferred from the predecessor school were transferred at an estimate of depreciated replacement cost and are treated as if purchased at that date.

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.

**Leased Assets**

Rentals under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

**Investments**

Investments are valued at market value.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

---

**I STATEMENT OF ACCOUNTING POLICIES (continued)**

**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 14. Prepayments are not financial instruments. Amounts due to the charity's wholly owned subsidiary are held at face value less any impairment.

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

Financial liabilities – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 15. 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.

**Stocks**

Unsold uniforms are valued at the lower of cost or net realisable value.

**Taxation**

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

**Pension Benefits**

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the school in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 26, 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.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

---

**I STATEMENT OF ACCOUNTING POLICIES (continued)**

The LGPS is a funded scheme and the assets are held separately from those of the School in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit 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 School at the discretion of the Governors.

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by Education and Skills Funding Agency, Department for Education and Pate's Grammar School Foundation where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received and include grants from the Education and Skills Funding Agency and the Department for Education. Restricted funds also incorporate School Fund accounts and revenue donations received from Pate's Grammar School Foundation.

Endowment funds are monies from the Biffen Fund money which are invested with Newton Investment Management and held separately as a permanent endowment fund. The School benefits from the annual investment return but, under the rules of the Trust, cannot access the capital without an approach to the Biffen Trustee and subsequent (if approved) application to the Charity Commission.

**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. The Governors do not consider that they have made any critical judgements apart from those involving estimation in the preparation of the financial statements.

**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.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

---

**I STATEMENT OF ACCOUNTING POLICIES (continued)**

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 26, will impact the carrying amount of the pension liability.

Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. 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 GENERAL ANNUAL GRANT (GAG)**

Under the funding agreement with the Secretary of State the School was subject to limits at 31 August 2017 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

The School has not exceeded these limits during the year ended 31 August 2017.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**3 DONATIONS AND CAPITAL GRANTS**

	Unrestricted funds 2017 £	Restricted Fixed Asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
Capital grants	-	522,225	522,225	164,113
Other donations	208,990	-	208,990	163,078
	<u>208,990</u>	<u>522,225</u>	<u>731,215</u>	<u>327,191</u>
2016 Total	<u>163,078</u>	<u>164,113</u>	<u>327,191</u>	

**4 FUNDING FOR SCHOOL'S EDUCATIONAL OPERATIONS**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
<b>DfE/ESFA grants</b>				
General Annual Grant (GAG)	-	4,771,186	4,771,186	4,711,641
Other DfE/ESFA grants	-	87,170	87,170	219,018
	<u>-</u>	<u>4,858,356</u>	<u>4,858,356</u>	<u>4,840,659</u>
<b>Other government grants</b>				
Local authority grants	-	24,621	24,621	28,215
	<u>-</u>	<u>4,882,977</u>	<u>4,882,977</u>	<u>28,215</u>
<b>Other income</b>				
Catering income	279,792	-	279,792	263,633
Pate Foundation income	-	162,632	162,632	171,264
Teaching schools income	-	50,222	50,222	53,846
School trips income	-	552,497	552,497	465,770
Other income	110,075	86,398	196,473	187,758
	<u>389,867</u>	<u>851,749</u>	<u>1,241,616</u>	<u>1,142,271</u>
	<u>389,867</u>	<u>5,734,726</u>	<u>6,124,593</u>	<u>6,011,145</u>
2016 Total	<u>366,402</u>	<u>5,644,743</u>	<u>6,011,145</u>	

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2017**

**5 OTHER TRADING ACTIVITIES**

	Unrestricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Hire of facilities	33,799	33,799	29,647
2016 Total	29,647	29,647	

**6 INVESTMENT INCOME**

	Unrestricted funds 2017 £	Endowment funds 2017 £	Total funds 2017 £	Total funds 2016 £
Short term deposits	1,388	-	1,388	2,240
Investments	-	37,018	37,018	25,306
	1,388	37,018	38,406	27,546
2016 Total	2,240	25,306	27,546	

**7 EXPENDITURE**

	Staff costs 2017 £	Premises 2017 £	Other 2017 £	Total 2017 £	Total 2016 £
Expenditure on raising funds	41,274	-	3,434	44,708	41,071
Educational operations					
- Direct Costs (note 8)	3,718,028	-	1,057,914	4,775,942	4,561,570
Educational operations					
- Support Costs (note 8)	806,875	503,172	1,310,199	2,620,246	2,450,675
	4,566,177	503,172	2,371,547	7,440,896	7,053,316

Expenditure on raising funds in 2016 was £41,071 all of which was unrestricted funds. Expenditure on Educational operations in 2016 was £7,012,245 of which £360,061 was unrestricted funds £5,736,725 was restricted funds and £915,459 was restricted fixed asset funds.



**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**Net income/(expenditure) for the period includes:**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Depreciation of tangible fixed assets:		
- owned by the charity	920,220	914,459
Operating leases – non property	30,641	26,901
Fees paid to auditor for:		
- Audit	9,850	9,500
- Advice	-	440
	<u>          </u>	<u>          </u>

**8 CHARITABLE ACTIVITIES – ACADEMY'S EDUCATIONAL OPERATIONS**

	<b>Total funds 2017</b>	<b>Total funds 2016</b>
	<b>£</b>	<b>£</b>
<b>DIRECT COSTS</b>		
Teaching and educational support staff costs	3,718,028	3,580,311
Educational supplies and services	850,568	766,178
Examination fees	131,524	132,007
Staff development	16,245	17,043
Other direct costs	59,577	66,031
	<u>          </u>	<u>          </u>
	4,775,942	4,561,570
	<u>          </u>	<u>          </u>
<b>SUPPORT COSTS</b>		
Support staff costs	668,875	639,134
Depreciation	920,220	915,459
Pension costs (FRS102 adjustment)	138,000	65,000
Maintenance of premises and equipment	172,573	142,809
Cleaning	117,137	117,993
Rent and rates	72,282	70,445
Heat and light	111,809	102,519
Insurance	29,371	50,221
Security and transport	15,534	16,722
Catering and vending machines	203,577	189,104
Bank interest and charges	203	328
Computer expenses	61,523	42,649
Other support costs	81,171	71,249
Governance costs	27,971	27,043
	<u>          </u>	<u>          </u>
	2,620,246	2,450,675
	<u>          </u>	<u>          </u>
	7,396,188	7,012,245
	<u>          </u>	<u>          </u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2017**

**9 STAFF**

**a. Staff costs during the year were:**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Wages and salaries	3,446,715	3,356,895
Social security costs	322,301	268,415
Operating costs of defined benefit pension schemes	629,694	608,070
Supply teacher costs	6,968	5,985
Apprenticeship levy	934	-
	<hr/>	<hr/>
Total	<b>4,406,612</b>	<b>4,239,365</b>
	<hr/> <hr/>	<hr/> <hr/>

**b. Staff numbers**

The average number of persons (including Senior Leadership Team) employed by the School during the year expressed as full time equivalents was as follows:

<b>Charitable Activities</b>	<b>2017</b>	<b>2016</b>
	<b>No.</b>	<b>No.</b>
Teachers	63	66
Administration and support	33	34

Included within the categories of Teachers and Administration and support are 6 (2016: 7) members of the Senior Leadership Team who are responsible for the day to day operations of the School.

**d. Higher paid staff**

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

	<b>2017</b>	<b>2016</b>
	<b>No.</b>	<b>No.</b>
£60,000 - £70,000	1	2
£70,000 - £80,000	1	-
£90,000 - £100,000	1	1

Two (2016: 2) employees participated in the Teachers' Pension Scheme.

	<b>2017</b>	<b>2016</b>
	<b>No.</b>	<b>No.</b>
£10,000 - £15,000	1	1
£15,000 - £20,000	1	1

The other employee participated in the Local Government Pension Scheme: employer's pension contributions amount to £18,471 (2016: £17,009).

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

---

**9 STAFF (continued)**

**e. Key management personnel**

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £566,267 (2016: £516,436).

**10 GOVERNORS' REMUNERATION AND EXPENSES**

The Head Master and other staff Governors only receive remuneration in respect of services they provide undertaking the roles of the Head Master and staff, and not in respect of their services as Governors. Other Governors also did not receive any payments, from the School in respect of their role as Governors. The value of Governors' remuneration, including employer pension contributions, fell within the following bands:

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Russel Ellicott	115,000-120,000	105,000-110,000
Edward Derbyshire	25,000-30,000	25,000-30,000
William Head	10,000-15,000	-
Shirley Park	25,000-30,000	25,000-30,000
Anne Dickinson	20,000-25,000	25,000-30,000

During the year, no Governors received any reimbursement of expenses incurred in their role as Governor (2016: £Nil). Where other related party transactions involving the Governors arise these are set out in note 27.

**11 GOVERNORS' AND OFFICERS' INSURANCE**

In accordance with normal commercial practice the School has purchased cover through the Department for Education's (DfE's) Risk Protection Arrangement (RPA) – this commenced on 1 December 2016. The RPA is not an insurance scheme but is a mechanism through which the cost of risks that materialise are covered by government funds. The scheme protects Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The RPA Administrator's Limit of Liability is £10,000,000 (2016: £5,000,000) on any one claim. The cost of this cover is included in the overall RPA cost (£20 per student per year).

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2017**

**12 TANGIBLE FIXED ASSETS**

	Long leasehold property & improvements £	Motor vehicles £	Fixtures & fittings £	Computer equipment £	Total £
<b>Cost</b>					
As at 1 September 2016	31,922,876	21,519	1,597,900	411,014	33,953,309
Additions	496,739	-	16,901	51,136	564,776
Disposals	-	-	-	(6,144)	(6,144)
At 31 August 2017	32,419,615	21,519	1,614,801	456,006	34,511,941
<b>Depreciation</b>					
At 1 September 2016	3,585,630	21,519	834,248	317,352	4,758,749
Charge for the year	705,455	-	167,860	46,905	920,220
Disposals	-	-	-	(6,144)	(6,144)
At 31 August 2017	4,291,085	21,519	1,002,108	358,113	5,672,825
<b>Net book value</b>					
At 31 August 2017	28,128,530	-	612,693	97,893	28,839,116
At 31 August 2016	28,337,246	-	763,652	93,662	29,194,560

The School leases buildings from Pate's Grammar School Foundation. On conversion, the Governors considered that the cost of a formal valuation was out of proportion to the benefit to be derived and instead based their valuation on the valuation that had been assessed for insurance purposes. Due to the School buildings being specialised in nature and not traded on the open market, this valuation was also considered to be a reasonable estimate of the depreciated replacement cost for the purposes of these accounts.

**13 INVESTMENTS**

	2017 £	2016 £
Fixed asset investments	1,343,395	1,286,567
<b>Valuation</b>	£	
At 1 September 2016	1,286,567	
Change in value during the year	56,828	
At 31 August 2017	1,343,395	

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2017**

**14 STOCKS**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Uniforms	1,816	1,108
	<u>          </u>	<u>          </u>

**15 DEBTORS**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Trade debtors	2,032	22,884
Other debtors	94,866	67,520
Prepayments and accrued income	195,975	110,872
	<u>          </u>	<u>          </u>
	292,873	201,276
	<u>          </u>	<u>          </u>

**16 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Trade creditors	269,244	70,804
Other taxation and social security	80,150	77,534
Other creditors	88,695	86,543
Accruals and deferred income	278,285	456,394
	<u>          </u>	<u>          </u>
	716,374	691,275
	<u>          </u>	<u>          </u>

	<b>£</b>
<b>Deferred Income</b>	
Deferred income at 1 September 2016	413,141
Resources deferred during the year	155,797
Amounts released from previous years	(348,445)
	<u>          </u>
Deferred income at 31 August 2017	220,493
	<u>          </u>

**Deferred Income**

Grant income of £24,656 received during the period ended 31 August 2017 relating to expenditure for the future year has been deferred, as have receipts from parents in respect of trips which have not yet taken place totalling £127,603 and other income of £3,538.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**17 STATEMENT OF FUNDS**

The income funds of the School comprise the following balances of grants to be applied for specific purposes:

	<b>Brought Forward</b>	<b>Incoming resources</b>	<b>Resources Expended</b>	<b>Transfers in/out</b>	<b>Gains/ (Losses)</b>	<b>Carried Forward</b>
	£	£	£	£	£	£
<b>Endowment funds</b>	1,286,567	37,018	-	(37,018)	56,828	1,343,395
<b>Restricted funds</b>						
General Annual Grant (GAG)	-	4,771,186	(4,985,971)	214,785	-	-
Other DfE/ESFA Grants	4,021	52,791	(56,715)	-	-	97
Teaching schools	96,623	109,222	(93,343)	-	-	112,502
Tatam legacy	56,501	-	-	-	-	56,501
Pate's Foundation	-	162,632	(162,632)	-	-	-
Other income	372	7,389	(6,066)	-	-	1,695
School Fund Account	2,922	545,108	(553,015)	4,985	-	-
Educational services	-	86,398	(86,398)	-	-	-
Pension reserve	(1,431,000)	-	(138,000)	-	295,000	(1,274,000)
	(1,270,561)	5,734,726	(6,082,140)	219,770	295,000	(1,103,205)
<b>Restricted fixed asset funds</b>						
DfE/ESFA Capital Grants	1,637,558	522,225	(142,661)	-	-	2,017,122
Predecessor School Surplus	53,631	-	(11,177)	-	-	42,454
Capital donations on conversion	25,879,187	-	(668,623)	-	-	25,210,564
Pate's Grammar School Foundation	1,329,046	-	(31,320)	-	-	1,297,726
Capital expenditure from unrestricted funds	249,690	-	(55,510)	42,551	-	236,731
Other donations	45,448	-	(10,929)	-	-	34,519
	29,194,560	522,225	(920,220)	42,551	-	28,839,116
<b>Total restricted funds</b>	<b>27,923,999</b>	<b>6,256,951</b>	<b>(7,002,360)</b>	<b>262,321</b>	<b>295,000</b>	<b>27,735,911</b>
<b>Unrestricted funds</b>	<b>449,467</b>	<b>634,044</b>	<b>(438,536)</b>	<b>(225,303)</b>	<b>-</b>	<b>419,672</b>
<b>Total of funds</b>	<b>29,660,033</b>	<b>6,928,013</b>	<b>(7,440,896)</b>	<b>-</b>	<b>351,828</b>	<b>29,498,978</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**17 STATEMENT OF FUNDS (continued)**

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

The Endowment Fund relates to The Sir Rowland Harry Biffen Trust. This permanent endowment fund was originally administered by trustees of Corpus Christi College, Oxford but was moved into the control of Pate's Grammar School (The Biffen Trustee) during the year ended 31 August 2015.

The Restricted General Funds includes GAG and other grants receivable from the DfE/ESFA towards the School's educational activities. School funds held in respect of education visits and events are also included in the Restricted General Fund as is a legacy received from Mr & Mrs Tatam which is used to fund a maximum of two scholarship awards of £2,000 per annum.

The Restricted Fixed Asset Fund includes amounts receivable from the DfE/ESFA in respect of tangible fixed assets held for School use.

The Pension Reserve relates to the School's share of the deficit of the Local Government Pension Scheme overseen by the Local Authority.

Under the funding agreement with the Secretary of State, the School was subject to a limit on the amount of GAG that it could carry forward at 31 August 2017. Note 2 confirms the limit was not exceeded.

**18 ANALYSIS OF NET ASSETS BETWEEN FUNDS**

Fund balances at 31 August 2017 are represented by:

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Endowment funds 2017 £	Total funds 2017 £	Total funds 2016 £
Investments	-	-	-	1,343,395	1,343,395	1,286,567
Tangible fixed assets	-	-	28,839,116	-	28,839,116	29,194,560
Current assets	419,672	887,170	-	-	1,306,842	1,301,181
Creditors due within one year	-	(716,375)	-	-	(716,375)	(691,275)
Provisions for liabilities and charges	-	(1,274,000)	-	-	(1,274,000)	(1,431,000)
	419,672	(1,103,205)	28,839,116	1,343,395	29,498,978	29,660,033

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2017**

**19 CAPITAL COMMITMENTS**

At 31 August 2017 the School had capital commitments contracted for, but not provided in the financial statements, of £Nil (2016: £165,862).

**20 FINANCIAL COMMITMENTS**

**Operating leases**

At 31 August 2017 the total of the School's future minimum lease payments under non-cancellable operating leases was:

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
<b>Other</b>		
Expiring within one year	27,591	16,941
Expiring within two and five years inclusive	67,285	5,876
	<u>94,876</u>	<u>22,817</u>

**21 RECONCILIATION OF NET INCOME/(EXPENDITURE) TO NET CASH FLOW FROM OPERATING ACTIVITIES**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	(512,883)	(657,787)
Adjusted for:		
Depreciation (note 12)	920,220	915,459
Capital grants from DfE and other capital income	(522,225)	(164,113)
Interest receivable (note 6)	(38,406)	(27,546)
Defined benefit pension scheme cost less contributions payable (note 26)	108,000	27,000
Defined benefit pension scheme finance cost (note 26)	30,000	38,000
(Increase)/decrease in stocks	(709)	455
(Increase) in debtors	(91,596)	(62,306)
Increase in creditors	25,099	258,057
<b>Net cash (used in) / provided by operating activities</b>	<u>(82,500)</u>	<u>327,219</u>

**22 CASH FLOWS FROM INVESTING ACTIVITIES**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Interest and rents from investments	38,406	27,546
Purchase of investments	-	(1,089,296)
Purchase of tangible fixed assets	(564,776)	(200,307)
Capital grants from DfE/ESFA	522,225	164,113
<b>Net cash used in investing activities</b>	<u>(4,145)</u>	<u>(1,097,944)</u>



**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

---

**23 ANALYSIS OF CASH AND CASH EQUIVALENTS**

	<b>At 31 August 2017 £</b>	<b>At 31 August 2016 £</b>
Cash in hand and at bank	412,152	348,797
Notice deposits (less than 3 months)	600,000	750,000
<b>Total cash and cash equivalents</b>	<u>1,012,152</u>	<u>1,098,797</u>

**24 CONTINGENT LIABILITIES**

In the event, during the period of the funding agreement, of the sale or disposal by other means of any asset for which a capital grant or whatever amount was received, the School shall, if it does not reinvest the proceeds, repay to the Secretary of State the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State.

Upon termination of the funding agreement, whether as a result of the Secretary of State or the School serving notice, the School shall repay to the Secretary of State sums determined by reference to

- a) the value at that time of the School's site and premises and other assets held for the purposes of the company; and
- b) the extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the funding agreement.

If the School ceased to be a state school with selective admissions, the lease of the school buildings could be terminated without compensation to the School. If the School ceased to be a state school it would have to transfer the school playing fields in accordance with the direction of the Secretary of State without compensation. In these circumstances the land and buildings would thus be valueless. There is no current indication that either of these circumstances will arise and accordingly the land and buildings are included as an asset without any liability for these contingencies.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

---

**25 MEMBERS LIABILITY**

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

**26 PENSION COMMITMENTS**

The School's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Gloucestershire County Council. Both are multi-employer defined benefit schemes.

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

Contributions amounting to £54,573 (TPS) and £20,474 (LGPS) were payable to the schemes at 31 August 2017 (2016: £53,638 (TPS) and £20,365 (LGPS)) 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 (currently 14.1%))

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

---

**26 PENSION COMMITMENTS (continued)**

- 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%.

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £415,846 (2016: £415,128).

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 School has accounted for its contributions to the scheme as if it were a defined contribution scheme. The School has set out above the information available on the scheme.

**Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £266,080 (2016: £242,050), of which employer's contributions totalled £213,848 (2016: £192,942) and employees' contributions totalled £52,232 (2016: £74,108 including a one-off direct payment of £25,000). The contribution rates for future years are 27.7% for the year to 31.3.18, 27.9% for the year to 31.3.19 and 28.0% for the year to 31.3.20 for employer and depending on salary banding will vary between 5.5% and 12.5% for employees.

The employer's contribution rate includes an additional 5.4% for the year to 31.3.18, 5.6% for the year to 31.3.19 and 5.7% for the year to 31.3.20 above the normal funding level in order to eliminate the deficit on the scheme over the next 17 years.

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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2017**

**26 PENSION COMMITMENTS (continued)**

<b>Principal actuarial assumptions</b>	<b>At 31 August 2017</b>	<b>At 31 August 2016</b>
Discount rate for scheme liabilities	2.5%	2.0%
Rate of increase in salaries	2.7%	2.4%
Rate of increase for pensions in payment / inflation	2.4%	2.1%
Commutation of pensions to lump sums pre-April 2008 service	35.0%	50.0%
Commutation of pensions to lump sums post-April 2008 service	68.0%	75.0%

**Sensitivity analysis**

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

	<b>Approximate increase to employer liability</b>	<b>Approximate monetary amount</b>
<b>Change in assumptions at year ended 31 August 2017</b>		
0.5% decrease in Real Discount Rate	12%	403,000
0.5% increase in the Salary Increase Rate	2%	61,000
0.5% increase in the Pension Increase Rate	10%	337,000

It is estimated that a one year increase in life expectancy would increase the employer's liability by around 3%-5%.

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

	<b>2017</b>	<b>2016</b>
Retiring today		
Males	22.4	22.5
Females	24.6	24.6
Retiring in 20 years		
Males	24.0	24.4
Females	26.4	27.0

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2017**

**26 PENSION COMMITMENTS (continued)**

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

	Fair value at 31 August 2017 £	Fair value at 31 August 2016 £
Equities	1,486,000	1,057,000
Government Bonds	392,000	327,000
Property	144,000	109,000
Cash/liquidity	41,000	62,000
	<hr/>	<hr/>
Total market value of assets	2,063,000	1,555,000
Present value of scheme liabilities: Funded	(3,337,000)	(2,986,000)
	<hr/>	<hr/>
(Deficit)/surplus in the scheme	(1,274,000)	(1,431,000)
	<hr/> <hr/>	<hr/> <hr/>

**Amounts recognised in the Statement of Financial Activities**

	2017 £	2016 £
Current service cost (net of employee contributions)	(321,000)	(219,000)
	<hr/>	<hr/>
<b>Analysis of pension finance costs</b>		
Return on scheme assets	33,000	45,000
Interest on obligation	(63,000)	(83,000)
	<hr/>	<hr/>
<b>Pension finance costs</b>	(30,000)	(38,000)
	<hr/> <hr/>	<hr/> <hr/>

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

	2017 £	2016 £
<b>At 1 September</b>	2,986,000	2,112,000
Current service cost	321,000	219,000
Interest cost	63,000	83,000
Employee contributions	52,000	74,000
Actuarial Gains /Losses	(62,000)	516,000
Estimated Benefits paid	(23,000)	(18,000)
	<hr/>	<hr/>
<b>At 31 August</b>	3,337,000	2,986,000
	<hr/> <hr/>	<hr/> <hr/>

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

---

**26 PENSION COMMITMENTS (continued)**

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

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
<b>At 1 September</b>	1,555,000	1,087,000
Interest income	33,000	45,000
Return on plan assets	233,000	175,000
Employer contributions	213,000	192,000
Employee contributions	52,000	74,000
Estimated Benefits paid	(23,000)	(18,000)
	<hr/>	<hr/>
<b>At 31 August</b>	<b>2,063,000</b>	<b>1,555,000</b>
	<hr/> <hr/>	<hr/> <hr/>

**27 RELATED PARTY TRANSACTIONS**

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

Pate's Grammar School Foundation is a related party due to common members of the governing boards. During the year it provided revenue funding of £162,632 (2016: £151,000) The school repaid the Foundation the sum of £1,819 (2016: £1,948) in respect of utility charges borne by the Foundation covering the period after it had taken over responsibility for the building.

No other related party transactions took place in the period of account.