

**Registered number: 07369704**



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

**GOVERNORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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**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 2018**

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**Members**

Wallace Ascham  
Guy Bradshaw  
John Clarke (appointed 28/06/18)  
Ray Fish (appointed 26/09/18)  
Rebecca Flaxman (appointed 26/09/18)  
Paul Kenmir (appointed 25/07/18)  
John Parker  
Richard Wright (resigned 04/10/18)

**Governors**

Wallace Ascham, Chair of Governors (to 26/09/18)	Foundation
Rebecca Flaxman (appointed 08/03/18)	Parent
- Chair of Governors (appointed 26/09/18)	
Guy Bradshaw, Vice Chair of Governors	Corpus Christi
Russel Ellicott, Headmaster & Accounting Officer	
Warwick Ainsworth-Parker	Foundation
Nikki Clark (resigned 31/12/17)	Foundation
Anne Dickinson (resigned 30/11/18)	Staff
Jenny Dye (appointed 08/03/17)	Parent
Ray Fish	Parent
Robert Gue (resigned 31/08/18)	Foundation
Will Head	Staff
John Henry (resigned 31/12/17)	Foundation
Carolyn Horrocks (resigned 20/09/18)	Parent
Graeme May (appointed 09/10/17)	Foundation
Dr Helen Moore	Corpus Christi
Shirley Park (resigned 30/11/18)	Staff
Rob Morton (appointed 01/12/18)	Staff
Catherine Smith (appointed 01/12/18)	Staff

**Company Secretary** Stephen Locke

**Senior Leadership Team (SLT)**

Russel Ellicott, Head Master  
Andrew Jones, Deputy Head, Pastoral Care, SENDCo & Safeguarding  
Rachel Thorpe, Deputy Head, Academic Strategy, Teaching School Lead,  
Trevor Allinson, Assistant Head, Post 16 Lead  
Anthony Henley, Assistant Head, Data & Reporting  
Stephen Locke, Bursar

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 2018**

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**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 2018**

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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 2018. 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 currently has 7 members. Two are appointed by the Pate's Grammar School Foundation (Guy Bradshaw and John Clarke), two are original signatories (Wallace Ascham and John Parker), one has been appointed by fellow members (Paul Kenmir) and the Chair (Rebecca Flaxman) and Vice-Chair (Ray Fish) of Governors are members ex-officio.

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 2018**

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**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 (we currently have five vacancies). Six (three) are appointed by the Pate's Grammar School Foundation, three (one) by Corpus Christi College, Oxford, four (one) 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.

## **ORGANISATIONAL STRUCTURE**

The Full Governing Body (FGB) provides the strategic leadership of the School, and has a vital role to play in ensuring that every student gets the best possible education. It has 3 core functions:

- to ensure clarity of vision, ethos and strategic direction;
- to appoint the Head Teacher and hold him/her to account for the educational performance of the School and its students; 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 Grammar School 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 6 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
- Education
- Finance & Facilities
- People

The terms of reference for each committee are 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 6 weeks ahead of 31 January of one year, giving serious consideration to any comments and objections received, before adopting admissions arrangements for September of the following year (i.e. giving at least 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 2018**

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**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 student 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 School'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 in 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 the 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 the 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.
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**GOVERNORS' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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## **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 a variety of policies under the following headings:

- Communications and Information
- Personnel Issues
- Family Friendly Leave Entitlements
- Holiday and Sickness Absence
- Health and Safety at Work
- Anti-Corruption and Anti-Bribery Policy

The Committee is responsible for ensuring the Staff Handbook properly supports Governors' aspirations 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 & 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.

**GOVERNORS' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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**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 10 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 27 of the accounts).

**TRADE UNION FACILITIES TIME**

The School does not have any relevant costs.

**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 2018 are detailed in the School Development Plan (SDP) for 2017/18. These targets all sit beneath three key strands:

1. Embracing Challenge
2. Supporting Each Other
3. 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 2018 exams.

### **A Level**

- The number of A\* grades sits at 29.6% (30.6% in 2017) and the figure for A\*-A is 70.1% (68.4% in 2017).
- This year 91.2% of grades were A\*-B, compared with 89.6% last year. This is the main measure used nationally, so a fabulous result. The '90% Club' is reserved for the most highly academic state and Independent schools. We should always be seeking membership of this elite group and will be the only state school in the South West to achieve this.
- Our top academic students have done fabulously well with 30 gaining 3 or more A\* grades, or equivalent, with 25 achieving ALL A\* grades.

### **GCSE**

- Last year we were delighted to report a dramatic increase in the number of top grades, the number of A\* grades (or equivalent) being 59.5% in 2017, compared with 54.6% in 2016. For this measure we include A\* grades and grades 8 and 9 on the new system. This year we have seen our students achieve something remarkable: the number of A\* grades has rocketed to 68.4% - easily the best results in the history of the School.
- Grade 9 – the new "super A\*" grade is awarded to the top students in the country and, incredibly, 45.3% of the grades achieved by Pate's students were a '9'. This is a stunning outcome.
- The number of students who have 5+A\* grades is 76.8%, up from 73.2% in 2017 and 64.2% in 2016 – again a record for Pate's.
- 54.4% of students achieved 8+A\* grades – the previous highest number being 43.1% in 2014.
- 6 students gained "perfect" grades (all 9 and A\*) and 4 of these were straight 9s. 30 students achieved at least eight 9 or A\* grades, 17 achieved at least eight 9s.

This set of results was always likely to be interesting, given that we have just moved through a (hopefully) once in a generation set of changes to the GCSE / A Level curriculum and their assessment. The staff and students have worked extremely hard and we are delighted that the students have done as we expected.

**GOVERNORS' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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**Admissions:** We have filled our 150 student places in Year 7 and have 217 students in Year 12. Early impressions have been very positive, with the vast majority of students settling in quickly. The induction sessions were very well received. The additional students now give us a population of 1100, obviously the largest we have ever been. The number of applications for places in Year 7 and Year 12 continues to increase and is testament to the excellent education we offer.

**Campus:** We are pleased to report that the Condition Improvement Fund (CIF) project for 2017/18 relating to the replacement of the windows on the 'field side' of the School was completed successfully over the summer recess, both to time and budget.

The c£3m Expansion project, providing a new Sixth Form block and library as well as some extensive refurbishment in the School is now well advanced. Following a detailed tender exercise the successful contractor – EG Carter – was appointed in the autumn term and work started on site in January 2018. The project continues to run to budget and, despite one week being lost on the programme over the winter, we remain optimistic that handover of the new building will take place mid-December 2018, allowing time for the 'decant' of staff and students before the Christmas break and then a further phase of the refurbishment works will start in earnest in January 2019.

**Finance:** Looking ahead, we have welcomed the news of additional funding filtering through for our students in years 7 to 11 from September 2018. Sadly, the facts that schools face increased costs, which outstrip these additional funds, and that there is no additional funding for our Sixth Form students, are readily omitted. It also puts into stark reality the ridiculous nature of the funding distribution over the last few years. It is worth bearing in mind that until quite recently we received £5000 per Sixth Form student and now we receive just £4000. The additional funding doesn't even make up for that catastrophic loss, let alone help make up the shortfalls elsewhere.

The next few years will continue to be challenging. We have just heard of the significant (43%) increase to the Teachers' Pension Employers contributions which will take effect from next year and we understand that the LA, because of the huge pressures on the High Needs budget, may not be able to meet the next phase of the National Funding Formula payments. However, our financial and strategic approaches remain sound and we believe that we have the correct mechanisms in place to ensure Pate's remains one of the top schools in the country for the foreseeable future.

We remain hugely grateful for the kind and generous support of the Pate's Grammar School Foundation which has increased the level of revenue funding to £300,000 per annum for this year and the next two years (subject to approval); this will make a significant difference. Clearly, we will continue to monitor the financial situation very carefully, making savings where possible and continuing to explore income 'opportunities', all the while ensuring that the student experience and outcomes are in no way diminished.

**GOVERNORS' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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**Teaching, Learning and the Faculty System:** The Teaching & Learning plan for 2017/2018 has built and developed on the work of the previous year; assessment in particular has remained a key and core area of focus as our 'golden target'. Our plan has been structured around the School's new 2020 vision and our revised Pate's Learning Framework.

The plan for the year has incorporated 6 key areas:

- Appropriate Challenge For All (SEND, Quality First Teaching/Stretch and Challenge For All)
- Risk Taking in the Classroom
- Developing Cognitive Skills
- Assessment
- Sharing Good Practice
- Asking the Question 'How Do We Know'?

Our work on Cognitive Skills has been particularly effective; we have introduced a new 'Pate's Learning Toolkit', inspired by the work of High Performance Learning. 'Sharing Good Practice' has also now become the 'norm', and our work looking at students with English as an additional language has started to change how we plan for all students in our care.

The Faculty system (now in its second year) has continued to go from strength to strength. Empowered Middle Leaders are adding to leadership capacity across the School and are increasingly pivotal in driving forward both strategic and operational elements relating to the academic side of the School.

**Curriculum:** We are now the whole way through the staggered reforms for both GCSE and A-level. This has been a challenging period for departments, all of whom have done a wonderful job of creating new resources and curriculum plans. Robust internal exams in Year 12 have replaced AS-levels, with 2018 being the first year in which none of the latter will be sat.

It is now clear that the reduction from 5 to 4 options at GCSE has not adversely affected take-up in some of the nationally endangered subjects, and with expansion working its way up the School there should be even greater opportunities for recruitment. All subjects have now commenced or completed new specifications in GCSE. Everyone bar DT and Business will report their results on the 9-1 grade scale this year.

We continue to ask 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 persist with this model for pedagogical reasons, although we have included the option of dropping a subject at Easter of Year 12 if the student is absolutely certain of his or her choices and/or struggling pastorally. The EPQ remains a popular option for students wishing to undertake a rigorous independent research project. This qualification is becoming increasingly popular with universities and we remain indebted to Jackie Reid and Camilla Collier for their work in this area.

Enrichment opportunities for Years 7 – 11 have also continued to evolve, with Year 9s now having benefited from the Tuesday Afternoon Enrichment Programme (TPM) for the past year. Emma Adams Morgan continues to deliver leadership of PDC (our Personal Development Curriculum). This year she has worked closely with Ruth Lucas to make best use of the new UNIFROG Careers and Higher Education Platform in which the School has invested. 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.

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**GOVERNORS' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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**Staff Development and Training:** At Pate's we continue to believe passionately in the investment in the professional development of our staff, regardless of their job role, career stage or areas of expertise and interest. For teaching staff we see this professional development as a personalised learning journey with the theoretical possibility of moving from Schools Direct trainee to Headship and beyond, via any number of different routes. Professional Development isn't however only a journey for those who aspire to leadership, equally (and perhaps even more) important are pathways for those who are committed to developing their skills in the classroom, to exploring a role in our pastoral system, in teacher training or in CPD facilitation and school to school

In 2017/18, for ease of identification, training offered to staff was broken down into three clear areas:

**Whole School INSET:** This was the training that was offered to all teaching staff over our 5 INSET days and 4 twilight Sessions. Sessions have focused on topics such as Assessment, Linear Exams, Sharepoint, EAL, Challenge for All, Work Scrutiny and Resilience. Middle Leaders have again been instrumental in the delivery of these sessions, ensuring that the training has met the bespoke needs of each department.

**Pate's Learning Journey CPD:** This refers to the additional training and development opportunities that have been offered to staff by Pate's, Odyssey Teaching School Alliance and our Partners (in addition to the above) e.g. NQT, RQT and leadership programmes.

**Other External and Exam Board Training:** As in previous years, all staff have been invited and encouraged to attend other external training and moderation. This was of ongoing importance in 2017/18 due to the significant curriculum changes that staff have faced.

**Pastoral Care:** The Y7-Y13 Pastoral system at Pate's continues to grow from its current position of strength. We continue to educate students academically, pastorally and socially about the risks of being a teenager in our society.

**GOVERNORS' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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**Student Welfare:** As is the trend with young adults now, we continue our progress against the tide of mental health issues currently faced by the School. We have recently had Oxford University in to conduct their initial data collection samples for the MYRIAD project. Later this month they will carry out the randomisation and then let us know if we are in the 'live' or 'control' group. If we are in the live group we will have significant resources given to us to support the development of mindfulness at school. Once we have the decision from MYRIAD we are planning a fortnight similar to the one we ran last year. This year we would like to shift the focus slightly to build the students resilience and have a failure fortnight. One where students could have a go at something different, challenge themselves and not worry about the outcome but enjoy the learning process.

We have now developed a reading list and stock in the library we are calling 'shelf help'. Library staff have put together a display to promote this in late January. The idea that came from the Reading Agency, has already had success in other areas of the country, and gives a reading list quality assured mental health information and advice for our young people and staff.

Our provision for students facing mental health issues continues to be strong as evidenced by our high and stable attendance figures. Facilities like the Hub allow students to continue to access mainstream education in circumstances that would otherwise have compounded their anxiety and distress. The Hub has recently received very positive feedback in both staff and student surveys and continues to grow in its importance in the School. All external agencies we work with have also been complimentary about the work that Susan Jones carries out with our more vulnerable students.

Through the School Personal Development Curriculum (PDC) we continue to grow our education of young people on pastoral issues they face. This year we have had a focus on building positive relationships. We have worked with all students on the features of a positive relationship and what a healthy partnership looks like. We have taken the opportunity to branch off and cover issues such as bullying, consent and exploitation from the perspective that a controlling relationship is unhealthy. We have discussed and considered the features of unhealthy relationships and what the students should be alert to for themselves but also their friend, and what they should do if they spot any of these signs. With this thought process we have increased the profile of our external support agencies by moving the helpline numbers to more private locations, the back of the toilet doors! We did this on the advice of lower school feedback as to where they would feel most comfortable to take the time to note down advice line numbers.

**Pupil Premium:** We continue to provide our Pupil Premium (PP) students with the best possible guidance, care and opportunities at school. Each Head of Year meets with their Pupil Premium students on a half-termly basis and this year we have allocated our PP budget to provide students with 'Quality First Teaching' where needed, taking the opportunity to intervene with students on a one-to-one basis.

**GOVERNORS' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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**Student Support:** We have grown our support for students who have long term medical issues. We now have dedicated staff who can cover a number of subjects expertly to support those who have missed considerable chunks of teaching. With input in the sciences, maths and the social sciences we have successfully reintegrated a number of students back into our community. The success of this has grown to using these members of staff to support students at risk of not achieving their potential at GCSE or A-level. Early indications show this will positively impact on outcomes. This scheme demonstrates an increased interaction between the pastoral and academic arms of the School, allowing 360° care for our students.

We now do more work with students with identified special education needs to support them in their social and emotional development. We have been trialling using the 'talkabout' series which examines scenarios through discussion and helps SEND students empathise with other people's point of view and emotions. The sessions have been very successful to date and it is something we would like to continue with in the future.

**Odyssey Teaching School:** This has been the fifth year of Pate's leading the Odyssey Teaching School Alliance and our work has continued to go from strength to strength. More than 30 different schools have engaged with our work over the course of the year, impacting on well over 15,000 students. 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, 14 trainee teachers have now successfully completed their training year with us, a number are (as in previous years) employed at Pate's and our partner schools. We have over 20 trainees who have started the programme this September. 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.

Our main area of focus in 2017/2018, has however been our delivery of the nationally accredited NPQ Leadership qualifications. In March 2017 Odyssey Teaching School Alliance submitted a 25 000 + word bid to become the accredited licence holder for these Programmes in Gloucestershire. In July 2017 we were delighted to receive confirmation of our accreditation – one of only 44 organisations able to offer these qualifications nationally and one of only 34 able to offer NPQH (National Professional Qualification for Headship). This was an important and significant step forward for our Teaching School, and equally importantly means that for the first time in several years it is now possible to train to be a Head Teacher in Gloucestershire. We are accredited to provide three courses – NPQML (Middle Leadership), NPQSL (Senior Leadership) and NPQH (Headship). Each course lasts 12 months in duration and requires the submission of one or two assessment projects, these are moderated nationally. We have significantly exceeded our target recruitment numbers – 65 delegates are currently registered on a course. Feedback from the programme has been exceptionally positive, with no category on the evaluation forms ever averaging less than 9 out of 10. The majority of the work (e.g. programme writing and facilitation) is being undertaken by Pate's staff, however by working in partnership with Adfecto and Sir Thomas Rich's TSA we have been able to identify additional capacity and expertise. The delivery of these programmes has brought in additional revenue for both Pate's and the Teaching School Alliance.



**GOVERNORS' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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**FUNDRAISING**

The ongoing revenue pressures have given us no real alternative but to continue with our very successful revenue fundraising appeal, Making Ends Meet. Also during this period, the new Sixth Form and library block project being built as a result of our successful CIF bid 17/18 has required additional fundraising to equip and furnish the new facility; these items are not funded by CIF. Our Making Ends Meet target for 17/18 was to raise £150,000; we raised over £180,000 by the end of year. Our new build fundraising target is to raise £200,000; at the time of writing the new build appeal had raised over £148,000.

Our fundraising work is carried out by our own staff in the Development Office. This office is staffed by three part-time personnel (FTE 1.8), reporting to the Bursar.

We seek the support of our parent and alumni community with an honest, transparent, and factual appeal. We provide regular progress updates throughout the School year. Stewardship of our donor community, (by means of emails and letters) is extremely important and the Head Master and the Bursar become involved in this stewardship by making thank you phone calls to some of our donors.

All funds raised go towards the stated appeal.

We have an anti-money laundering policy which involves more rigorous checks of donations in excess of £2500. Personal data is handled in accordance with our privacy policies and the Data Protection Act 2018. We voluntarily comply with the fundraising regulator's code of practice and are members of the Institute of Development Professionals in Education (IDPE). We have not received any fundraising complaints during this period.

Parents and alumni are not pressured in any way to donate towards the appeal. We operate soft asks, by presentations, videos, emails or brochures, and do not target individuals to seek gifts. We do not target non- donors to seek their support. We make no differentiation between those who donate and those who don't

The Development Office reports to the Finance & Facilities sub-committee of the governing body each term and annually shares the development office plan and the fundraising plan. Presentations are given reporting on initiatives and progress. Governors take an active interest in the Development Office.

The Development Office team works with, readily supports and closely monitors the School's very creative and resourceful Parents' Association (PA) who fundraise towards the same goals as the School. School development staff attend every PA meeting and PA event and the PA committee seek approval for all new initiatives. Our Parents' Association continue to be a vital part of the School community, not only in terms of funds raised (which is incredibly important to us) but also in terms of the service they provide. We are indebted to them.

We are so very grateful to the parent, alumni and wider community and our fabulous Parents' Association that have supported our appeals, with such a positive response.

**GOVERNORS' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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**PLANS FOR THE FUTURE**

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's role as Chair of the Grammar School Heads' Association in 2017/18 provided the opportunity to help shape policy nationally and to ensure that Pate's remains a school noted for its prescience and foresight.

Social mobility is always quoted in relation to Grammar Schools and we are keen that Pate's Grammar School is more proactive in advancing the aspirations of those from deprived backgrounds. During 2017/18 we employed a member of staff 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 students 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 students become more rounded thinkers.

**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 the financial year 2017/18 using a small amount of reserves (£62k) to cover the shortfall.

The surplus for the period from revenue funds (being unrestricted and restricted funds as shown on page 30) is an improved position against budget. Before the FRS102 pension adjustment, actuarial gain and transfer to the restricted fixed asset fund the surplus was £61,112 (2017: deficit £13,906). The balance carried forward within unrestricted and restricted funds at 31 August 2018 is £676,609 (2017: £590,467). Please see Note 17 for full details of these funds together with movements on restricted fixed assets and endowment funds.

**GOVERNORS' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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**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 from September 2018 will hopefully provide some stability in this area.

Income is based on student 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 in Note 17 of the financial statements. The value of the free reserves was £467,337 (2017: £419,672). 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 the previous 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 2018 market value £1,447,072). The Charity Commission approved this request and this money will be used to support both revenue and capital streams over the next 4 years.

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.

**GOVERNORS' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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We identified during the period that the key risk facing us was revenue funding. The long awaited National Funding Formula (NFF) will impact from September 2018, and although this will provide some additional money, we will continue to face cost pressures going forward. 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 5 December 2018 and signed on its behalf by:



.....  
Rebecca Flaxman, Chair of Governors

**GOVERNANCE STATEMENT**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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**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 (Chair of Governors)	5	5
Guy Bradshaw (Vice-Chair of Governors)	4	5
Russel Ellicott (Head Master)	3	5
Warwick Ainsworth-Parker	4	5
Nikki Clark	1	3
Anne Dickinson	5	5
Jenny Dye	2	2
Ray Fish	4	5
Rebecca Flaxman	2	2
Robert Gue	4	5
Will Head	5	5
John Henry	1	3
Carolyn Horrocks	5	5
Graeme May	2	3
Dr Helen Moore	2	5
Shirley Park	5	5

**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 2018**

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**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
Robert Gue (Chair of Committee)	4	4
Russel Ellicott (Head Master & Accounting Officer)	3	4
Wallace Ascham	3	4
Warwick Ainsworth-Parker	2	4
Ray Fish	4	4
Shirley Park	4	4

**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 2018**

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**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 2018 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 2018 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 Foundation Governor, and latterly during the period Ray Fish, 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 2018**

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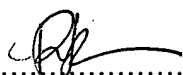
**REVIEW OF EFFECTIVENESS**

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 5 December 2018 and signed on their behalf by:



.....  
Rebecca Flaxman, Chair of Governors



.....  
Russel Ellicott, Accounting Officer



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

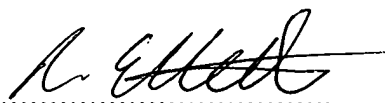
**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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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: 5 December 2018

**GOVERNORS' RESPONSIBILITIES STATEMENT**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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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:

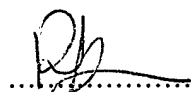
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting 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 5 December 2018 and signed on its behalf by:



.....  
Rebecca Flaxman, Chair of Governors

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PATE'S GRAMMAR SCHOOL  
FOR THE YEAR ENDED 31 AUGUST 2018**

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**Opinion**

We have audited the financial statements of Pate's Grammar School for the year ended 31 August 2018 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.

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 2018, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education and Skills Funding Agency.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the academy 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.

**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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PATE'S GRAMMAR SCHOOL  
FOR THE YEAR ENDED 31 AUGUST 2018**

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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.

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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PATE'S GRAMMAR SCHOOL  
FOR THE YEAR ENDED 31 AUGUST 2018**

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**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.

**Use of our report**

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.

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

Date 10 December 2018

**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 2018**

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

**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 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

**APPROACH**

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

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

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

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

**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 2018**

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In this regard, we have carried out the following:

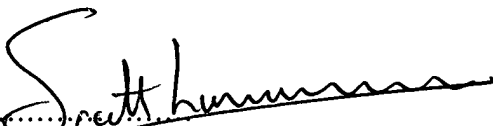
- specific testing of a sample of items of income and expenditure to ensure appropriately applied for the purposes intended;
- specific testing of a sample of system controls relevant to the above items;
- a general review of relevant correspondence with the ESFA regarding Academy governance matters 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.

**USE OF OUR REPORT**

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.

**CONCLUSION**

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

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

Date 10 December 2018

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

**STATEMENT OF FINANCIAL ACTIVITIES**  
**(Incorporating Income and Expenditure Account)**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

	Notes	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Endowment funds 2018 £	Total funds 2018 £	Total funds 2017 £
<b>INCOME AND ENDOWMENTS FROM:</b>							
Donations and capital grants	3	182,258	-	1,684,245	-	1,866,503	731,215
<b>Charitable activities:</b>							
Funding for the School's educational operations	4	367,886	5,944,617	-	-	6,312,503	6,124,593
Other trading activities	5	37,163	-	-	-	37,163	33,799
Investment income	6	78,065	-	-	37,048	115,113	38,406
<b>TOTAL</b>		<b>665,372</b>	<b>5,944,617</b>	<b>1,684,245</b>	<b>37,048</b>	<b>8,331,282</b>	<b>6,928,013</b>
<b>EXPENDITURE FROM:</b>							
Raising funds	7	56,634	-	-	-	56,634	44,708
<b>Charitable activities:</b>							
School's educational operations	7	390,329	6,271,914	923,380	-	7,585,623	7,396,188
<b>TOTAL</b>		<b>446,963</b>	<b>6,271,914</b>	<b>923,380</b>	<b>-</b>	<b>7,642,257</b>	<b>7,440,896</b>
<b>NET INCOME/(EXPENDITURE) C/F</b>		<b>218,409</b>	<b>(327,297)</b>	<b>760,865</b>	<b>37,048</b>	<b>689,025</b>	<b>(512,883)</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 2018**

	Notes	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Endowment funds 2018 £	Total funds 2018 £	Total funds 2017 £
<b>NET INCOME/(EXPENDITURE) B/F</b>		218,409	(327,297)	760,865	37,048	689,025	(512,883)
Transfers between funds	17	(170,744)	195,774	12,018	(37,048)	-	-
<b>NET INCOME /(EXPENDITURE) FOR THE YEAR</b>		47,665	(131,523)	772,883	-	689,025	(512,883)
Revaluation of investment	13	-	-	-	103,677	103,677	56,828
Actuarial gains/(losses) on defined benefit pension schemes	26	-	323,000	-	-	323,000	295,000
<b>NET MOVEMENT IN FUNDS</b>		47,665	191,477	772,883	103,677	1,115,702	(161,055)
<b>RECONCILIATION OF FUNDS</b>							
Total funds brought forward		419,672	(1,103,205)	28,839,116	1,343,395	29,498,978	29,660,033
<b>Total funds carried forward</b>		<b>467,337</b>	<b>(911,728)</b>	<b>29,611,999</b>	<b>1,447,072</b>	<b>30,614,680</b>	<b>29,498,978</b>

All activities relate to continuing operations.

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

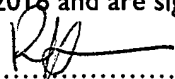
The notes on pages 34 to 58 form part of these financial statements.

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

**BALANCE SHEET**  
**AS AT 31 AUGUST 2018**

	Note	£	2018 £	2017 £
<b>FIXED ASSETS</b>				
Tangible assets	12	29,611,999		28,839,116
Investments	13	1,447,073		1,343,395
<b>CURRENT ASSETS</b>				
Stocks	14	1,311		1,816
Debtors	15	390,024		292,873
Cash at bank and in hand		1,159,980		1,012,152
		<u>1,551,315</u>		<u>1,306,841</u>
<b>LIABILITIES</b>				
Creditors: Amounts falling due within one year	16	(874,707)		(716,374)
<b>NET CURRENT ASSETS</b>			676,608	590,467
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>31,735,680</u>	<u>30,772,978</u>
Defined benefit pension scheme liability	26	(1,121,000)		(1,274,000)
<b>TOTAL NET ASSETS</b>			<u><u>30,614,680</u></u>	<u><u>29,498,978</u></u>
<b>FUNDS OF THE ACADEMY</b>				
Endowment Funds	17	1,447,072		1,343,395
Restricted funds:				
Restricted funds	17	209,272		170,795
Restricted fixed asset funds	17	29,611,999		28,839,116
		<u>29,821,271</u>		<u>29,009,911</u>
Restricted funds excluding pension liability		(1,121,000)		(1,274,000)
Pension reserve				
Total restricted funds	17		28,700,271	27,735,911
Unrestricted income funds	17		467,337	419,672
<b>TOTAL FUNDS</b>			<u><u>30,614,680</u></u>	<u><u>29,498,978</u></u>

The financial statements were approved by the Governors, and authorised for issue, on 5 December 2018 and are signed on their behalf, by:

.....Rebecca Flaxman, Chair of Governors

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

**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

	<b>Note</b>	<b>2018 £</b>	<b>2017 £</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net cash (used in)/provided by operating activities	21	44,734	(82,500)
Cash flows from investing activities	22	103,094	(4,145)
		<hr/>	<hr/>
<b>CHANGE IN CASH AND CASH EQUIVALENTS IN THE REPORTING PERIOD</b>		147,828	(86,645)
		<hr/>	<hr/>
Cash and cash equivalents at 1 September 2017		1,012,152	1,098,797
		<hr/>	<hr/>
<b>CASH AND CASH EQUIVALENTS AT 31 AUGUST 2018</b>	23	1,159,980	1,012,152
		<hr/> <hr/>	<hr/> <hr/>

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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**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 2017 to 2018 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.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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

The values 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 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 2018**

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**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% - 50%
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 2018**

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**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 2018**

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**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 2018**

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**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 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

**2 GENERAL ANNUAL GRANT (GAG)**

Under the funding agreement with the Secretary of State the School was subject to limits at 31 August 2018 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 2018.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2018**

**3 DONATIONS AND CAPITAL GRANTS**

	Unrestricted funds	Restricted Fixed Asset funds	Total funds	Total funds
	2018	2018	2018	2017
	£	£	£	£
Capital grants	-	1,553,357	1,553,357	522,225
Other donations	182,258	130,888	313,146	208,990
	<u>182,258</u>	<u>1,684,245</u>	<u>1,866,503</u>	<u>731,215</u>
2017 Total	<u>208,990</u>	<u>522,225</u>	<u>731,215</u>	

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

	Unrestricted funds	Restricted funds	Total funds	Total funds
	2018	2018	2018	2017
	£	£	£	£
<b>DfE/ESFA grants</b>				
General Annual Grant (GAG)	-	4,743,736	4,743,736	4,771,186
Other DfE/ESFA grants	-	62,231	62,231	87,170
	<u>-</u>	<u>4,805,967</u>	<u>4,805,967</u>	<u>4,858,356</u>
<b>Other government grants</b>				
Local authority grants	-	33,853	33,853	24,621
	<u>-</u>	<u>4,839,820</u>	<u>4,839,820</u>	<u>4,882,977</u>
<b>Other income</b>				
Catering income	265,970	-	265,970	279,792
Pate Foundation income	-	300,000	300,000	162,632
Teaching schools income	-	115,341	115,341	50,222
School trips income	-	566,219	566,219	552,497
Other income	101,916	123,237	225,153	196,473
	<u>367,886</u>	<u>1,104,797</u>	<u>1,472,683</u>	<u>1,241,616</u>
	<u>367,886</u>	<u>5,944,617</u>	<u>6,312,503</u>	<u>6,124,593</u>
2017 Total	<u>389,867</u>	<u>5,734,726</u>	<u>6,124,593</u>	

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2018**

**5 OTHER TRADING ACTIVITIES**

	Unrestricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Hire of facilities	37,163	37,163	33,799
2017 Total	33,799	33,799	

**6 INVESTMENT INCOME**

	Unrestricted funds 2018 £	Endowment funds 2018 £	Total funds 2018 £	Total funds 2017 £
Short term deposits	3,135	-	3,135	1,388
Investments	-	37,048	37,048	37,018
Income from subsidiary	74,930	-	74,930	-
	78,065	37,048	115,113	38,406
2017 Total	1,388	37,018	38,406	

**7 EXPENDITURE**

	Staff costs 2018 £	Premises 2018 £	Other 2018 £	Total 2018 £	Total 2017 £
Expenditure on raising funds					
- Direct Costs	53,066	-	3,568	56,634	44,708
Educational operations					
- Direct Costs (note 8)	3,802,760	-	1,095,713	4,898,473	4,775,942
Educational operations					
- Support Costs (note 8)	913,912	459,966	1,313,272	2,687,150	2,620,246
	4,769,738	459,966	2,412,553	7,642,257	7,440,896

Expenditure on raising funds in 2017 was £44,708 all of which was unrestricted funds. Expenditure on Educational operations in 2017 was £7,396,188 of which £393,828 was unrestricted funds £6,082,140 was restricted funds and £920,220 was restricted fixed asset funds.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2018**

**7 EXPENDITURE (continued)**

Net income/(expenditure) for the period includes:

	2018 £	2017 £
Depreciation of tangible fixed assets:		
- owned by the charity	923,380	920,220
Operating leases – non property	24,334	30,641
Fees paid to auditor for:		
- Audit	10,500	9,850
- Advice	350	-
	<u>          </u>	<u>          </u>

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

	Total funds 2018 £	Total funds 2017 £
<b>DIRECT COSTS</b>		
Teaching and educational support staff costs	3,802,760	3,718,028
Educational supplies and services	900,572	850,568
Examination fees	121,710	131,524
Staff development	17,836	16,245
Other direct costs	55,595	59,577
	<u>          </u>	<u>          </u>
	4,898,473	4,775,942
<b>SUPPORT COSTS</b>		
Support staff costs	743,912	668,875
Depreciation	923,380	920,220
Pension costs (FRS102 adjustment)	170,000	138,000
Maintenance of premises and equipment	128,770	172,573
Cleaning	124,521	117,137
Rent and rates	70,012	72,282
Heat and light	113,311	111,809
Insurance	23,352	29,371
Security and transport	16,108	15,534
Catering and vending machines	196,974	203,577
Bank interest and charges	389	203
Computer expenses	62,020	61,523
Other support costs	83,334	81,171
Governance costs	31,067	27,971
	<u>          </u>	<u>          </u>
	2,687,150	2,620,246
	<u>          </u>	<u>          </u>
	7,585,623	7,396,188
	<u>          </u>	<u>          </u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2018**

**9 STAFF**

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

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Wages and salaries	3,587,735	3,446,715
Social security costs	337,121	323,235
Operating costs of defined benefit pension schemes	655,802	629,694
Supply teacher costs	8,172	6,968
	<hr/>	<hr/>
Total	4,588,830	4,406,612
	<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>2018</b>	<b>2017</b>
	<b>No.</b>	<b>No.</b>
Teachers	62	63
Administration and support	37	33

Included within the categories of Teachers and Administration and support are 6 (2017: 6) 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>2018</b>	<b>2017</b>
	<b>No.</b>	<b>No.</b>
£60,000 - £70,000	2	1
£70,000 - £80,000	1	1
£90,000 - £100,000	-	1
£110,000 - £120,000	1	-

Three (2017: 2) employees participated in the Teachers' Pension Scheme.

	<b>2018</b>	<b>2017</b>
	<b>No.</b>	<b>No.</b>
£10,000 - £15,000	2	1
£15,000 - £20,000	1	1

The other employee participated in the Local Government Pension Scheme: employer's pension contributions amount to £20,595 (2017: £18,471).

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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**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 £615,559 (2017: £566,267).

**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>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Russel Ellicott	130,000-135,000	115,000-120,000
Edward Derbyshire	-	25,000-30,000
William Head	35,000-40,000	10,000-15,000
Shirley Park	30,000-35,000	25,000-30,000
Anne Dickinson	20,000-25,000	20,000-25,000

During the year, no Governors received any reimbursement of expenses incurred in their role as Governor (2017: £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 (2017: £10,000,000) 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 2018**

**12 TANGIBLE FIXED ASSETS**

	Long leasehold property & improvements £	Assets under construction £	Motor vehicles £	Fixtures & fittings £	Computer equipment £	Total £
<b>Cost</b>						
1 September 2017	32,249,658	169,957	21,519	1,614,801	456,006	34,511,941
Additions	13,819	1,514,550	3,500	51,030	113,364	1,696,263
Disposals	-	-	-	-	-	-
<b>At 31 August 2018</b>	<b>32,263,477</b>	<b>1,684,507</b>	<b>25,019</b>	<b>1,665,831</b>	<b>569,370</b>	<b>36,208,204</b>
<b>Depreciation</b>						
1 September 2017	4,291,085	-	21,519	1,002,108	358,113	5,672,825
Charge for the year	706,031	-	1,750	154,788	60,811	923,380
Disposals	-	-	-	-	-	-
<b>At 31 August 2018</b>	<b>4,997,116</b>	<b>-</b>	<b>23,269</b>	<b>1,156,896</b>	<b>418,924</b>	<b>6,596,205</b>
<b>Net book value</b>						
<b>At 31 August 2018</b>	<b>27,266,361</b>	<b>1,684,507</b>	<b>1,750</b>	<b>508,935</b>	<b>150,446</b>	<b>29,611,999</b>
<b>At 31 August 2017</b>	<b>27,958,573</b>	<b>169,957</b>	<b>-</b>	<b>612,693</b>	<b>97,893</b>	<b>28,839,116</b>

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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2018**

**13 INVESTMENTS**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Fixed asset investments	1,447,072	1,343,395
Investment in subsidiary	1	-
	<u>1,447,073</u>	<u>1,343,395</u>
<b>Valuation of fixed asset investments</b>	<b>£</b>	
At 1 September 2017	1,343,395	
Change in value during the year	103,677	
	<u>1,447,072</u>	
At 31 August 2018	<u>1,447,072</u>	

**Details of subsidiary**

On 18 September 2017, Pate's Grammar School Trading Company Limited was incorporated and Pate's Grammar School holds 100% of the £1 share capital.

The principal activity of the company is to develop the link with the Hailiang Education Group, seeking to secure a surplus which can then be transferred to Pate's Grammar School. The relevant details regarding the operation of the Trading Company are contained within the formal 'Standing Orders' document.

The profit of Pate's Grammar School Trading Company Limited for the period ending 31 August 2018 was £74,930 which was donated to Pate's Grammar School. At the year end £44,930 was owed to Pate's and the aggregate amount of capital and reserves at the end of the period was £1.

Consolidated accounts for Pate's Grammar School have not been prepared as the investment is not deemed to be material.

**14 STOCKS**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Uniforms	1,311	1,816
	<u>1,311</u>	<u>1,816</u>

**15 DEBTORS**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Trade debtors	6,230	2,032
Amounts owed by subsidiary	44,930	-
Other debtors	178,170	94,866
Prepayments and accrued income	160,694	195,975
	<u>390,024</u>	<u>292,873</u>



**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Trade creditors	98,452	269,244
Other taxation and social security	78,974	80,150
Other creditors	91,136	88,695
Accruals and deferred income	606,145	278,285
	<hr/>	<hr/>
	874,707	716,374
	<hr/>	<hr/>
	<b>£</b>	
<b>Deferred Income</b>		
Deferred income at 1 September 2017	220,493	
Resources deferred during the year	265,966	
Amounts released from previous years	(220,493)	
	<hr/>	
Deferred income at 31 August 2018	265,966	
	<hr/>	

**Deferred Income**

Grant income of £136,410 received during the period ended 31 August 2018 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 £122,794 and other income of £6,762.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

**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>	1,343,395	37,048	-	(37,048)	103,677	1,447,072
<b>Restricted funds</b>						
General Annual Grant (GAG)	-	4,743,736	(4,979,112)	235,376	-	-
Other DfE/ESFA Grants	97	61,592	(63,381)	1,692	-	-
Teaching schools	112,502	149,833	(110,251)	-	-	152,084
Tatam legacy	56,501	-	-	-	-	56,501
Pate's Foundation	-	300,000	(300,000)	-	-	-
Other income	1,695	19,539	(20,547)	-	-	687
School Fund Account	-	546,680	(538,689)	(7,991)	-	-
Educational services	-	123,237	(89,934)	(33,303)	-	-
Pension reserve	(1,274,000)	-	(170,000)	-	323,000	(1,121,000)
	(1,103,205)	5,944,617	(6,271,914)	195,774	323,000	(911,728)
<b>Restricted fixed asset funds</b>						
DfE/ESFA Capital Grants	2,017,122	1,553,357	(148,216)	-	-	3,422,263
Predecessor School Surplus	42,454	-	(11,177)	-	-	31,277
Capital donations on conversion	25,210,564	-	(668,623)	-	-	24,541,941
Pate's Grammar School Foundation	1,297,726	-	(31,320)	-	-	1,266,406
Capital expenditure from unrestricted funds	236,731	-	(41,636)	12,018	-	207,113
Other donations	34,519	130,888	(22,408)	-	-	142,999
	28,839,116	1,684,245	(923,380)	12,018	-	29,611,999
<b>Total restricted funds</b>	27,735,911	7,628,862	(7,195,294)	207,792	323,000	28,700,271
<b>Unrestricted funds</b>	419,672	665,372	(446,963)	(170,744)	-	467,337
<b>Total of funds</b>	29,498,978	8,331,282	(7,642,257)	-	426,677	30,614,680

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

**17 STATEMENT OF FUNDS (continued)**  
**Comparatives at 31 August 2017**

	<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>	27,923,999	6,256,951	(7,002,360)	262,321	295,000	27,735,911
<b>Unrestricted funds</b>	449,467	634,044	(438,536)	(225,303)	-	419,672
<b>Total of funds</b>	29,660,033	6,928,013	(7,440,896)	-	351,828	29,498,978

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2018**

**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 2018. Note 2 confirms the limit was not exceeded.

**18 ANALYSIS OF NET ASSETS BETWEEN FUNDS**

Fund balances at 31 August 2018 are represented by:

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Endowment funds 2018 £	Total funds 2018 £	Total funds 2017 £
Investments	-	1	-	1,447,072	1,447,073	1,343,395
Tangible fixed assets	-	-	29,611,999	-	29,611,999	28,839,116
Current assets	467,337	1,083,978	-	-	1,551,315	1,306,842
Creditors due within one year	-	(874,707)	-	-	(874,707)	(716,375)
Provisions for liabilities and charges	-	(1,121,000)	-	-	(1,121,000)	(1,274,000)
	467,337	(911,728)	29,611,999	1,447,072	30,614,680	29,498,978

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2018**

**19 CAPITAL COMMITMENTS**

At 31 August 2018 the School had capital commitments contracted for, but not provided in the financial statements, of £1,207,732 for completion of the Sixth Form project (2017: £Nil).

**20 FINANCIAL COMMITMENTS**

**Operating leases**

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

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
<b>Other</b>		
Expiring within one year	26,045	27,591
Expiring within two and five years inclusive	44,707	67,285
	<u>70,752</u>	<u>94,876</u>

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

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	689,025	(512,883)
Adjusted for:		
Depreciation (note 12)	923,380	920,220
Capital grants from DfE and other capital income	(1,684,245)	(522,225)
Interest receivable (note 6)	(115,113)	(38,406)
Defined benefit pension scheme cost less contributions payable (note 26)	137,000	108,000
Defined benefit pension scheme finance cost (note 26)	33,000	30,000
(Increase)/decrease in stocks	505	(709)
(Increase) in debtors	(97,151)	(91,596)
Increase in creditors	158,333	25,099
	<u>44,734</u>	<u>(82,500)</u>
<b>Net cash (used in) / provided by operating activities</b>		

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2018**

**22 CASH FLOWS FROM INVESTING ACTIVITIES**

	2018 £	2017 £
Interest and rents from investments	115,113	38,406
Purchase of investments	(1)	-
Purchase of tangible fixed assets	(1,696,263)	(564,776)
Capital grants from DfE/ESFA and other capital income	1,684,245	522,225
	<hr/>	<hr/>
<b>Net cash used in investing activities</b>	<b>103,094</b>	<b>(4,145)</b>
	<hr/>	<hr/>

**23**

**ANALYSIS OF CASH AND CASH EQUIVALENTS**

	At 31 August 2018 £	At 31 August 2017 £
Cash in hand and at bank	709,980	412,152
Notice deposits (less than 3 months)	450,000	600,000
	<hr/>	<hr/>
<b>Total cash and cash equivalents</b>	<b>1,159,980</b>	<b>1,012,152</b>
	<hr/>	<hr/>

**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 2018**

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**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 £53,013 (TPS) and £22,796 (LGPS) were payable to the schemes at 31 August 2018 (2017: £54,573 (TPS) and £20,474 (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)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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**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%.

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 £428,536 (2017: £415,846).

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 2018 was £282,629 (2017: £266,080), of which employer's contributions totalled £227,266 (2017: £213,848) and employees' contributions totalled £55,363 (2017: £52,232). The contribution rates for future years are 27.9% for the year to 31 March 2019 and 28.0% for the year to 31 March 2020 for the employer and depending on salary banding will vary between 5.5% and 12.5% for employees.

The employer's contribution rate includes an additional 5.6% for the year to 31 March 2019 and 5.7% for the year to 31 March 2020 above the normal funding level in order to eliminate the deficit on the scheme over the next 16 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 2018**

**26 PENSION COMMITMENTS (continued)**

<b>Principal actuarial assumptions</b>	<b>At 31 August 2018</b>	<b>At 31 August 2017</b>
Discount rate for scheme liabilities	2.8%	2.5%
Rate of increase in salaries	2.7%	2.7%
Rate of increase for pensions in payment / inflation	2.4%	2.4%
Commutation of pensions to lump sums pre-April 2008 service	35.0%	35.0%
Commutation of pensions to lump sums post-April 2008 service	68.0%	68.0%

**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 2018</b>		
0.5% decrease in Real Discount Rate	12%	440,000
0.5% increase in the Salary Increase Rate	2%	58,000
0.5% increase in the Pension Increase Rate	11%	378,000
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>2018</b>	<b>2017</b>
Retiring today		
Males	22.4	22.4
Females	24.6	24.6
Retiring in 20 years		
Males	24.0	24.0
Females	26.4	26.4

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2018**

**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 2018 £	Fair value at 31 August 2017 £
Equities	1,680,000	1,486,000
Government Bonds	511,000	392,000
Property	195,000	144,000
Cash/liquidity	49,000	41,000
	<hr/>	<hr/>
Total market value of assets	2,435,000	2,063,000
Present value of scheme liabilities: Funded	(3,556,000)	(3,337,000)
	<hr/>	<hr/>
(Deficit) in the scheme	(1,121,000)	(1,274,000)
	<hr/> <hr/>	<hr/> <hr/>

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

	2018 £	2017 £
Current service cost (net of employee contributions)	(365,000)	(321,000)
	<hr/>	<hr/>
<b>Analysis of pension finance costs</b>		
Return on scheme assets	55,000	33,000
Interest on obligation	(88,000)	(63,000)
	<hr/>	<hr/>
<b>Pension finance costs</b>	(33,000)	(30,000)
	<hr/> <hr/>	<hr/> <hr/>

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

	2018 £	2017 £
<b>At 1 September</b>	3,337,000	2,986,000
Current service cost	365,000	321,000
Interest cost	88,000	63,000
Employee contributions	55,000	52,000
Actuarial Gains /Losses	(258,000)	(62,000)
Estimated Benefits paid	(31,000)	(23,000)
	<hr/>	<hr/>
<b>At 31 August</b>	3,556,000	3,337,000
	<hr/> <hr/>	<hr/> <hr/>

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

**26 PENSION COMMITMENTS (continued)**

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

	2018 £	2017 £
<b>At 1 September</b>	2,063,000	1,555,000
Interest income	55,000	33,000
Return on plan assets	65,000	233,000
Employer contributions	228,000	213,000
Employee contributions	55,000	52,000
Estimated Benefits paid	(31,000)	(23,000)
	<hr/>	<hr/>
<b>At 31 August</b>	2,435,000	2,063,000
	<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.

During the year the spouses of three governors (Guy Bradshaw, Rob Gue, Will Head) were employed by the school as support staff and teachers. They were employed under standard employment contracts and were paid a total gross remuneration, including pension contributions, of £58,017 (2017: £54,825).

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 £300,000 (2017: £162,632). The School repaid the Foundation £1,819 in 2017 in respect of utility charges borne by the Foundation covering the period after it had taken over responsibility for the building.

Pate's Grammar School Trading Company Limited is a related party as Pate's Grammar School holds 100% of the £1 share capital. As detailed in Note 13, the profit for the period ending 31 August 2018 of £74,930 was donated to Pate's Grammar School.

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

**28 TEACHING SCHOOL TRADING ACCOUNT**

	<b>2018</b>	<b>2018</b>	<b>2017</b>	<b>2017</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Income</b>				
Direct income	34,492		59,000	
Other income	115,341		50,222	
	<hr/>		<hr/>	
<b>Total income</b>		<b>149,833</b>		<b>109,222</b>
<b>Expenditure</b>				
Direct costs				
- Direct staff costs	(44,808)		(40,571)	
- Other direct costs	(39,398)		(36,185)	
	<hr/>		<hr/>	
<b>Total direct costs</b>		<b>(84,206)</b>		<b>(76,756)</b>
Other costs				
- Technology costs	(1,351)		(864)	
- Other support costs	(23,794)		(15,273)	
- Governance costs	(900)		(450)	
	<hr/>		<hr/>	
<b>Total other costs</b>		<b>(26,045)</b>		<b>(16,587)</b>
		<hr/>		<hr/>
<b>Total expenditure</b>		<b>(110,251)</b>		<b>(93,343)</b>
Transfers between funds		-		-
		<hr/>		<hr/>
<b>Surplus from all sources</b>		<b>39,582</b>		<b>15,879</b>
Balance at 1 September 2017		112,502		96,623
Balance at 31 August 2018		152,084		112,502
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