

Company Registration No. 07406122 (England and Wales)

DARTFORD GRAMMAR SCHOOL
(A COMPANY LIMITED BY GUARANTEE)

TRUSTEES' REPORT AND AUDITED ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2018

THURSDAY



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29/11/2018 #187
COMPANIES HOUSE

DARTFORD GRAMMAR SCHOOL

CONTENTS

	Page
Reference and administrative details	1 - 2
Trustees' report	3 - 9
Governance statement	10 - 13
Statement on regularity, propriety and compliance	14
Statement of Trustees' responsibilities	15
Independent auditor's report on the accounts	16 - 18
Independent reporting accountant's report on regularity	19 - 20
Statement of financial activities	21 - 22
Balance sheet	23
Cash flow statement	24
Notes to the accounts	25 - 47

DARTFORD GRAMMAR SCHOOL

REFERENCE AND ADMINISTRATIVE DETAILS

Trustees

M C Jacobs (Chair of Trustees) *
W J Oakes (Headmaster & Accounting Officer) *
N Booker (Staff Trustee)
W Carey *
D Eastley
M Henwood
A Hughes
D Lawrence *
D Turner *
M Johnson
W Fernandez
S Golding (Responsible Officer)
G Amas-Sullivan (Resigned 08/10/18)
Y Radev (Resigned 08/10/18)
R Tibbott (Chair of the Resources Team)

* members of the Resources Team

Members

M C Jacobs
W J Oakes
D Eastley
W Carey

Senior management team

- Headmaster and Accounting Officer
- Deputy Head
- Deputy Head
- Deputy Head
- Business Manager

W J Oakes
S Harrington
M Kingham
B Stephenson
N Booker

Company Secretary

J Roblett

Company registration number

07406122 (England and Wales)

Registered office

Dartford Grammar School
West Hill
Dartford
Kent
DA1 2HW
United Kingdom

Independent auditor

Baxter & Co
Lynwood House
Crofton Road
Orpington
Kent
BR6 8QE

DARTFORD GRAMMAR SCHOOL

REFERENCE AND ADMINISTRATIVE DETAILS

Bankers

Barclays Bank PLC
24 Lowfield Street
Dartford
Kent
DA1 1HD

HSBC Bank PLC
38 High Street
Dartford
Kent
DA1 1DG

DARTFORD GRAMMAR SCHOOL

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2018

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

The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the charitable company's Memorandum and Articles of Association, the Companies Act 2006, the Statement of Recommended Practice 2015, "Accounting and Reporting by Charities", and the Academies' Accounts Direction 2017/18 issued by the ESFA.

The principal activity of the company is the operation of a state-funded Academy, Dartford Grammar School, providing a state education to boys of selective ability between the ages of 11 to 16, and to boys/girls aged 16 to 18. There is an emphasis on Science and Languages, and the school follows the International Baccalaureate Diploma programme in Key Stage 5. It had a pupil roll of 1483 in the school census in January 2018.

Structure, governance and management

Constitution

The Academy Trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Academy trust. The charitable company is known as Dartford Grammar School.

The Trustees of Dartford Grammar School are also the Directors of the charitable company for the purposes of company law and they are the Governors of the Academy.

Details of the Trustees who served during the year are included in the Reference and Administrative Details included at the front of these accounts.

Members' liability

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

Trustees' Indemnities

The academy has not provided any indemnities to third parties during the year on behalf of any Trustee.

Method of recruitment and appointment or election of Trustees

In accordance with the articles, the Trustees of the charitable company are the Governors. They are appointed as follows:

Headmaster

Foundation Governors (max 5)

- appointed by the Foundation (Old Dartfordians' Association and the Parish of Dartford)

Staff Governors (max 2)

- appointed by staff election and ballot

Local Authority Governor (max 1)

- appointed by Kent County Council

Parent Governors (max 2)

- appointed by parental election and ballot

Co-opted Governors (max 2)

- appointed by the Governing Body

Community Governors (max 2)

- appointed by the Members of Dartford Grammar School Limited

In respect of those appointed by the Governors, when a vacancy arises, the Governors seek to make an appointment that would maximise the relevant skills and experience on the board as a whole.

DARTFORD GRAMMAR SCHOOL

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2018

Policies and procedures adopted for the induction and training of Trustees

The training and induction provided for new Trustees will depend on their existing experience. Where necessary, induction will provide training in charity, educational, legal and financial matters. All Trustees are provided with the information needed (including policies, minutes, budgets, etc) to undertake their role as Trustees.

Organisational structure

The Board of Trustees, the majority of whom are non-executive, comprises those persons appointed under the Articles of Association. The full board meets at least three times a year and has two committees:

- Resources Team.
- Curriculum Committee.

The Resources Team also fulfils the functions of an Audit Committee.

Both committees are formally constituted with terms of reference and comprise appropriately qualified and experienced members, and also each meet three times per year.

Trustees delegate specific responsibilities to its committees, the activities of which are reported to and discussed at full Governing Body Meetings.

Day to day management of the company is undertaken by the Headmaster, supported by the Senior Management Team.

The Headmaster is the Accounting Officer and the Business Manager is the Principal Finance Officer.

Arrangements for setting pay and remuneration of key management personnel

The senior management team (SMT) are the key management personnel of the trust. Trustees are also senior management although they receive no pay or other remuneration in respect of their role as trustees. Where staff trustees are in place, they receive remuneration for their role as staff and their pay is determined in the same way as applicable to all other staff. Further details of remuneration paid to staff who are trustees is set out within the notes to the accounts.

The pay of the Head is set annually by the Pay Committee, having regards to performance against objectives set the previous year. Pay of other SMT members is also set by the Pay Committee again having regard to performance against previously agreed objectives and the recommendations made by the Head.

Trade Union Facility Time

Relevant union officials

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
0	0

Percentage of time spent on facility time

Percentage of time	Number of Employees
0%	0
1% - 50%	0
51% - 99%	0
100%	0

DARTFORD GRAMMAR SCHOOL

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2018

Percentage of pay bill spent on facility time

Total Cost of facility time	£0
Total Pay bill	£5,797k
Percentage of the total pay bill spent on facility time	0%

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours.	0%
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Related Parties and other Connected Charities and Organisations

The Academy is connected to the following organisations by way of Governors holding positions as follows:

Dartford Arts Centre t/a The Mick Jagger Centre for the Performing Arts:

- J Buckle (Director) (Left 29th June 2018)
- N Booker (Director)

Dartford Sports Centre t/a Becket Sports Centre:

- C Jacobs (Director)
- W J Oakes (Director)
- N Booker (Company Secretary)

Dartfordians Association:

- WJ Oakes (President)
- D Wright (Chair)
- D Gillivan (Vice Chair)
- D Eastley (Trustee)
- N Booker (Treasurer)
- J Buckle (Trustee)
-

Objectives and activities

Objects and aims

The principal object of the company is the advancement of education in the United Kingdom. It achieves this object principally through the operation of Dartford Grammar School, the aim being to provide the highest possible standard of education and pastoral care, maximising the life-chances of its students.

Objectives, strategies and activities

The main objectives for the 2017-2018 year were;

To successfully manage the Mandarin and Japanese Excellence programmes and to develop a carefully costed outreach support programme.

To establish a commercial link with an employer based in China and Japan.

To market and manage the extra capacity available in the MJC

To manage the introduction of a new Curriculum Plan for Key Stage 4.

To further develop school connections through the Artsmark and Dartford Music School initiatives.

To complete a comprehensive audit of site Health and Safety issues and produce a school asset register.

To complete the restructuring of the SEND Department to improve provision efficiency.

To further review the existing appraisal, pay progression and capability procedure for the next cycle.

To develop the school as a Teaching School and ITT hub (Alumni connections).

To introduce the Extended Essay World Studies option and a vibrant 'target 45' group.

To develop additional IB subject support groups and cluster based PD training programmes.

To manage the new sixth form centre building expansion project.

To improve the facilities and capacity of the Pavilion.

DARTFORD GRAMMAR SCHOOL

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2018

Public benefit

In setting the objectives and planning the associated activities, Trustees have given careful consideration to the Charity Commission's general guidance on public benefit.

Strategic report

Achievements and performance

The company has enjoyed a very successful year, with the successful completion of the new Sixth Form Centre. This development was completed in May 2018 and could accommodate up to 800 sixth form students.

At GCSE the following national benchmarking data shows: Attainment 8 as 73.3 (65th in the country); Progress 8 as 0.93 (77th in the country) and Ebacc APS as 7.26 (43rd in the country).

In Year 13, 317 students sat the International Baccalaureate (IB) Diploma examination, the largest number of students in any one centre in the AEM region and for this school. There was a 100% pass rate and the average point score of 36.2 (the 2nd highest ever achieved from the largest ever cohort) and an average QCA score of 216. Over 90% of students achieved a place at their first or second choice university (72% at a Russell Group university), 90% of grades were A*, A or B or IB equivalent, 5 students achieved the maximum score of 45 points and further 6 students achieved 44 points. All 11 students are within the top 1% globally.

Both sets of external examination results (Key Stage 4 and 5) are excellent with particular pleasure gained from the amount of progress students make between the ages of 11 and 16 and the remarkable number of top scorers at the age of 18.

Extra-curricular activities continued to play a big part in school life with significant achievements at local and national level in drama and music as well as county and national successes in sport.

Key financial performance indicators

- Operating Surplus

In general the Schools expenditure should not exceed the income received in year.

- Solvency

The School should maintain sufficient working capital to ensure that all short term debts can be met. It is the Schools policy to ensure a Solvency ratio of at least 2:1. As at 31 August 2018 this ratio was 3.1:1 (2017: 6.3:1).

- Staff Costs (excl movement in LGPS deficit) as a % of Total Grant Income

Staff Costs are set at a level that can be maintained despite uncertainty regarding future funding streams. 84% of grant income was spent on staffing in the year just ended (2017: 86%).

Other key performance indicators

The school continues to be oversubscribed has more than 1100 eligible applications for year 7 entry for 180 places. The school is able to accommodate the number of students keen to undertake the prestigious and rigorously academic international baccalaureate diploma and the Governing Body has recently determined to expand the sixth form roll to take advantage of the new facilities. There has been a steady increase in IB diploma average point scores at DGS in the last 9 years even though global comparisons show no grade inflation and have in fact fallen in for the last 3 years since 2015.

Going concern

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

DARTFORD GRAMMAR SCHOOL

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2018

Financial review

We receive our income from a number of different sources. The majority of our income comes from central government via the Education and Skills Funding Agency whom provide us with grant, based largely on our student numbers to cover our staffing and other general running costs (General Annual Grant -GAG). The ESFA may provide us with additional grants which are earmarked for specific purposes (such as Pupil Premium which must be used to raise the attainment of disadvantaged pupils). These appear in the accounts as DfE/ESFA grants. Where we receive grant or other funding from the Local Authority (such as where we undertake responsibilities on their behalf in respect of our students) this appears in the accounts as other government grants. Such income is collectively referred to as "Restricted Funds". Other income is received from parents (for example as contributions to trip or other costs) and from third parties (for example from our bank for interest on our account balances or from others who are charged for their use of our facilities). Such other income may be restricted or unrestricted, depending on whether it comes to us with conditions as to its use or whether it is available for spending at the discretion of the trustees.

We hold funds in two broad categories, funds which are available for spending and other funds which are not available for spending.

Spendable funds are in turn sub-categorised between those which are available for spending at the discretion of trustees ("Unrestricted Funds") and those which are subject to condition or restriction, ("Restricted Funds").

Funds not available for spending include the book value of fixed assets such as land, buildings and equipment. These have a value and are therefore included as assets in the accounts but clearly, we cannot spend this value. In common with all academies and Local Authorities, our share of the Local Government Pension Scheme deficit must also be reflected in our accounts and as this is not a conventional liability, it does not need to be deducted from spendable funds. We meet our obligations in respect of the LGPS by paying over pension contributions due as calculated by the scheme's actuaries.

The following balances held were held at 31 August;

Fund	Category	2018 £'000	2017 £'000
GAG	Restricted General Funds	171	37
Other DfE/ESFA Grants	Restricted General Funds	47	45
Other Income	Restricted General Funds	<u>509</u>	<u>349</u>
Sub-total General Restricted Funds		727	431
Unspent Capital Grants	Restricted Fixed Asset Fund	67	2,222
Other Income	Unrestricted General Fund	500	272
	Sub-Total	1,294	2,925
	Spendable Funds		
Net Book Value of Fixed Assets (net of related KCC loan)	Restricted Fixed Asset Fund	14,158	12,257
Share of LGPS Deficit	Restricted Pension Reserve	(1,582)	(1,796)
	Total	<u>13,870</u>	<u>13,386</u>
	All Funds		

During the year under review, there was a surplus of £336k on general restricted funds, a surplus of £259k on unrestricted funds and after LGPS valuation adjustments, depreciation and capital income and expenditure, an overall surplus of £6k.

Reserves policy

The schools reserves are currently committed towards its building development programme retention and to ensure a minimum 2% free reserves is held.

DARTFORD GRAMMAR SCHOOL

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2018

Investment policy and powers

There are no investments held beyond cash deposits retained with the major UK clearing banks. Speculative investments are not permitted.

Principal risks and uncertainties

The Trustees have assessed the major risks to which the company is exposed, in particular those relating to academic performance/finances/child welfare. The Governors have implemented a number of systems to assess risks that the company faces, and have developed policies and procedures to mitigate those risks. Where significant financial risk still remains they have ensured they have adequate insurance cover. The company has an effective system of internal financial controls and this is explained in more detail in the Governance Statement.

The risk management process has been codified in a risk register implemented by the Senior Management Team and overseen by Trustees.

The principal financial risk faced by the company is that ongoing pressure on funding results in a risk that deficits may be experienced. The budgeting and reporting process, including scrutiny by the Governors of actual financial performance, mitigates the risk.

As the nature of the financial instruments dealt with by the company is relatively simple (bank balances, debtors and "trade" creditors), Governors consider the associated risk in this area to be minimal.

The risk resulting from the company's share of the LGPS deficit is managed by following the advice of the scheme's actuaries, specifically as regards the level of contributions payable, ensuring that annual budgets are drawn up to reflect the actuary's advice.

Financial and risk management objectives and policies

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

Our fundraising practices

The trust and individual academies within it organise fundraising events and appeals and co-ordinate the activities of our supporters both in the academies and in the wider community on behalf of the trust.

The trust does not use professional fundraisers or involve commercial participators.

There have been no complaints about fundraising activity this year.

The trust complies with the Fundraising Regulator's Code of Fundraising Practice)

All fundraising is undertaken by the trust in a manner that seeks to ensure that it is not unreasonably intrusive or persistent. Contact is made through email, academy newsletters, our websites and via students. All fundraising material contains clear instructions on how a person can be removed from mailing lists.

DARTFORD GRAMMAR SCHOOL

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2018

Plans for future periods

- To establish further successful commercial link(s) with industry to support our leading edge work in Japanese and Mandarin.
- To prepare and cost a sustainable 'Excellence Programme' for Mandarin and Japanese.
- To create a coherent and vibrant Dartfordians Alumni Association.
- To map and revise the 'vertical' PHSE provision to implement changes relating to:
Careers Education Advice and Information Guidance (CEAIG);
Relationship and Sex Education (RSE);
Incorporation of British Values into our international curriculum.
- To provide further staff training in Emotional Health and Wellbeing (Staff and Students).
- To complete a thorough review of staff workloads and our approach to sustainable and meaningful assessment and homework structures.
- To produce a coherent and multi-faceted Teacher Recruitment and Retention strategy through the use of advertising, marketing and further contact with a greater range of HEIs.
- To extend the opening hours of the school site until 6.30pm on Mondays to allow staff more school based planning time.
- To ensure full compliance to the new General Data Protection Regulations.
- To encourage more, and support existing, IB Diploma examiner work across subject groups.
- To produce a strategic (and fully costed) 5 year maintenance plan.
- To provide greater coherence to the educational zoning of the school.
- To complete a draft 'inspection' of the school. October 2018.

Funds held as custodian trustee on behalf of others

No funds are held as custodian trustee on behalf of others.

Auditor

In so far as the Trustees are aware:

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

The Trustees' Report, incorporating a Strategic Report, approved by order of the Board of Trustees, as the company Directors, on 09 November 2018 and signed on the Board's behalf by:



M C Jacobs
Chair of Trustees

DARTFORD GRAMMAR SCHOOL

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2018

Scope of responsibility

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

The Board of Trustees has delegated the day-to-day responsibility to W J Oakes, the Headmaster, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Dartford Grammar School and the Secretary of State for Education. The accounting Officer are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has formally met 4 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustees	Meetings attended	Out of possible
G Amas-Sullivan	1	4
M C Jacobs (Chair of Trustees)	4	4
W J Oakes (Headmaster & Accounting Officer)	4	4
N Booker (Staff Trustee)	4	4
W Carey	2	4
D Eastley	4	4
W Fernandez	3	4
S Golding (Responsible Officer)	4	4
M Henwood	3	4
A Hughes	4	4
D Lawrence (Vice Chair)	4	4
D Turner	1	4
M Johnson	2	4
J Roblett (Clerk)	4	4
Y Radev	1	4
R Tibbott (Chair of Resources Team)	4	4

Governance reviews:

A review of governance was carried out at the same time as these membership changes. Terms of Reference for the full governing body and each of the 2 teams were updated. An external review of governance is not planned for this year.

The Resources Team is a sub-committee of the main board of governors.

Governors have been involved in the commencement of the new Sixth Form Centre building project and have been kept up to date with the progress of the project.

A key function of the Governing Body is to oversee financial performance and strategy of the school, making sure financial resources are carefully managed.

DARTFORD GRAMMAR SCHOOL

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2018

Attendance at Resource Team meetings during the year was as follows:

Governors	Meetings attended	Out of possible
R Tibbott (Chair of Committee)	3	3
W J Oakes	3	3
W Fernandez	1	3
S Golding	3	3
M C Jacobs	3	3
M Johnson	1	3
D Lawrence	1	3
D Turner	3	3
N Booker	3	3
J Roblett	3	3
W Carey	1	3

Review of Value for Money

As accounting officer the Headmaster has responsibility for ensuring that the academy trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

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

Improving educational results. Resources are directed where they are most needed in meeting educational requirements such as; the development of a new national MFL hub, the new reformed GCSE, IB subject reviews requiring the careful targeting of resources for subjects and key subject areas, and monitoring the needs of all students ensuring appropriate and relevant support is provided. Pupil Premium is targeted at individual students and those on the SEND register. Scrutinising the annual performance of staff through an evidenced based appraisal and offering appropriate training and development. This has resulted in excellent external exam results with a Progress 8 total increased to 0.93 at GCSE level and an average IB Diploma point score of 36.2 (Global average is < 30.0).

Financial Governance and Oversight – The Governing Body and the Resources Team meet at least 3 times per year. The Responsible Officer, Chair of Finance and the external auditors support the work of the Governing body. The systems of financial control include segregation of duties, production of annual budget and cash flow reporting, identification and management of risks. Improved benchmarking for services and supplies against local schools. Best value is applied when purchasing a range of supplies. We are still members of the Crescent Purchasing Consortium (CPC).

The school actively promotes the use of its facilities for sports and the arts via the two separate companies;

- Dartford Arts Centre t/a The Mick Jagger Centre – Hosts to over 23 community organisations, including Dartford Music School and the Red Rooster Project, together with private hires and commercial events – t/o of approximately £400k pa
- Dartford Sports Centre t/a Becketts Sports Centre – Provides gym and sports hall facilities to the local community at evenings and weekends – t/o approximately £111k pa.

A risk register is in place to manage controls and risks and is updated where appropriate and reviewed regularly by the Governing Body. Regular finance reports are prepared and progress against budgets and targets reviewed and challenged as appropriate. Insurance is reviewed annually to ensure appropriate levels of cover are in place.

DARTFORD GRAMMAR SCHOOL

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2018

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Dartford Grammar School for the period 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Board of Trustees has reviewed the key risks to which the Academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the Academy trust's significant risks that has been in place for the period 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

The risk and control framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees;
- regular reviews by the Resources Team of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks.

The Governing Body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Governors have appointed S Golding, a Governor, as Responsible Officer 'RO'. The RO's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems, following which 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.

The Responsible Officer visited three times during the year.

Checks carried out included

- October 2017 (testing of Income)
- December 2017 (testing of Purchasing and Accounting Systems)
- March 2018 (testing of Payroll Systems)

The RO has delivered their schedule of work as planned and no material controlled issues have been identified.

DARTFORD GRAMMAR SCHOOL

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2018

Review of effectiveness

As accounting officer the Headmaster has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the responsible officer (S Golding)
- the work of the external auditor; (Baxter & Co.)
- the financial management and governance self-assessment process
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the Resources Team and a plan to address weaknesses (should any be identified) and ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Trustees on 9 November 2018 and signed on its behalf by:



M C Jacobs
Chair of Trustees



W J Oakes
Headmaster & Accounting Officer

DARTFORD GRAMMAR SCHOOL

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

FOR THE YEAR ENDED 31 AUGUST 2018

As accounting officer of Dartford Grammar School I have considered my responsibility to notify the Academy Trust Board of Trust and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

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

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



W J Oakes
Headmaster & Accounting Officer

09 November 2018

DARTFORD GRAMMAR SCHOOL

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2018

The trustees (who are also the directors of Dartford Grammar School for the purposes of company law) are responsible for preparing the Trustees' report and the Financial Statements in accordance with the Annual Accounts Direction issued by the Education & Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

In preparing these Financial Statements, the Trustees are required to:

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

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

The Trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring that grants received from ESFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the Board of Trust on 09 November 2018 and signed on its behalf by:



M C Jacobs
Chair of Trustees

DARTFORD GRAMMAR SCHOOL

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DARTFORD GRAMMAR SCHOOL

FOR THE YEAR ENDED 31 AUGUST 2018

Opinion

We have audited the Financial Statements of Dartford Grammar School for the year ended 31 August 2018 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the 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, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

In our opinion the Financial Statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 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;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018.

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

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

We have nothing to report in this regard.

DARTFORD GRAMMAR SCHOOL

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DARTFORD GRAMMAR SCHOOL (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

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 including the incorporated strategic report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements; and
- the Trustees' report including the incorporated strategic report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the 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 Trustees' report, including the incorporated strategic report.

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

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

Responsibilities of Trustees

As explained more fully in the statement of Trustees' responsibilities, the Trustees 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 charitable company, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements

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

A further description of our responsibilities for the audit of the Financial Statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

DARTFORD GRAMMAR SCHOOL

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DARTFORD GRAMMAR SCHOOL (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

David John Walsh FCCA (Senior Statutory Auditor)
For and on behalf of Baxter & Co
Statutory Auditor
Chartered Certified Accountants
Lynwood House
Crofton Road
Orpington
Kent
BR6 8QE

Dated: 27 November 2018

DARTFORD GRAMMAR SCHOOL

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

FOR THE YEAR ENDED 31 AUGUST 2018

In accordance with the terms of our engagement letter dated 1 November 2012 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Dartford Grammar School during the period 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of Dartford Grammar School's accounting officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of Dartford Grammar School's funding agreement with the Secretary of State for Education dated 26 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 period 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 ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes:

- Review of payments to staff;
- Review of payments to suppliers and other third parties;
- Review of grant and other income streams;
- Review of some key financial control procedures;
- Discussions with finance staff;
- Consideration of the record maintained by the Accounting Officer of the oversight they have exercised;
- Consideration of the programme of risk review and checking of financial controls implemented by the trust in order to comply with its obligations under 2.4.9 of the Academies Financial Handbook 2017, issued by the ESFA.

DARTFORD GRAMMAR SCHOOL

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO DARTFORD GRAMMAR SCHOOL AND THE EDUCATION & SKILLS FUNDING AGENCY (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

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 period 1 September 2017 to 31 August 2018 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Baxter & Co
Independent Reporting Accountants
Chartered Certified Accountants
Lynwood House
Crofton Road
Orpington
Kent
BR6 8QE

Dated: 27 November 2018

DARTFORD GRAMMAR SCHOOL

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2018

	Notes	Unrestricted Funds £'000	Restricted funds: General £'000	Fixed asset £'000	Total 2018 £'000	Total 2017 £'000
Income and endowments from:						
Donations and capital grants	3	264	-	63	327	2,690
Charitable activities:						
- Funding for educational operations	4	-	7,966	-	7,966	7,506
- Funding for teaching school	26	-	68	-	68	99
Other trading activities	5	-	19	-	19	13
Total		<u>264</u>	<u>8,053</u>	<u>63</u>	<u>8,380</u>	<u>10,308</u>
Expenditure on:						
Charitable activities:						
- Educational operations	7	5	7,899	388	8,292	7,950
- Teaching School	26	-	82	-	82	54
Total	6	<u>5</u>	<u>7,981</u>	<u>388</u>	<u>8,374</u>	<u>8,004</u>
Net income/(expenditure)		259	72	(325)	6	2,304
Transfers between funds	17	(31)	(40)	71	-	-
Other recognised gains/(losses)						
Actuarial gains on defined benefit pension schemes	19	-	478	-	478	682
Net movement in funds		228	510	(254)	484	2,986
Reconciliation of funds						
Total funds brought forward		<u>272</u>	<u>(1,365)</u>	<u>14,479</u>	<u>13,386</u>	<u>10,400</u>
Total funds carried forward		<u>500</u>	<u>(855)</u>	<u>14,225</u>	<u>13,870</u>	<u>13,386</u>

DARTFORD GRAMMAR SCHOOL

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

FOR THE YEAR ENDED 31 AUGUST 2018

SUPPLEMENTARY NOTE: COMPARATIVE INFORMATION FOR THE YEAR ENDED 31 AUGUST 2017

	Notes	Unrestricted Funds £'000	Restricted funds: General £'000	Fixed asset £'000	Total 2017 £'000
Income and endowments from:					
Donations and capital grants	3	230	1	2,459	2,690
Charitable activities:					
- Funding for educational operations	4	-	7,506	-	7,506
- Funding for teaching school	26	-	99	-	99
Other trading activities	5	-	13	-	13
Total		<u>230</u>	<u>7,619</u>	<u>2,459</u>	<u>10,308</u>
Expenditure on:					
Charitable activities:					
- Educational operations	7	-	7,617	333	7,950
- Teaching School	26	-	54	-	54
Total	6	<u>-</u>	<u>7,671</u>	<u>333</u>	<u>8,004</u>
Net income/(expenditure)		230	(52)	2,126	2,304
Transfers between funds	17	(36)	(77)	113	-
Other recognised gains/(losses)					
Actuarial gains on defined benefit pension schemes	19	-	682	-	682
Net movement in funds		194	553	2,239	2,986
Reconciliation of funds					
Total funds brought forward		<u>78</u>	<u>(1,918)</u>	<u>12,240</u>	<u>10,400</u>
Total funds carried forward		<u>272</u>	<u>(1,365)</u>	<u>14,479</u>	<u>13,386</u>

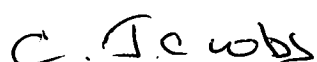
DARTFORD GRAMMAR SCHOOL

BALANCE SHEET

AS AT 31 AUGUST 2018

	Notes	2018 £'000	2017 £'000
Fixed assets			
Tangible assets	11	14,428	12,257
Current assets			
Stocks	12	7	-
Debtors	13	250	2,240
Cash at bank and in hand		1,581	1,232
		1,838	3,472
Current liabilities			
Creditors: amounts falling due within one year	14	(600)	(547)
Net current assets		1,238	2,925
Total assets less current liabilities		15,666	15,182
Creditors: amounts falling due after more than one year	15	(214)	-
Net assets excluding pension liability		15,452	15,182
Defined benefit pension scheme liability	19	(1,582)	(1,796)
Total net assets		13,870	13,386
Funds of the Academy Trust:			
Restricted funds	17		
- Fixed asset funds		14,225	14,479
- Restricted income funds		727	431
- Pension reserve		(1,582)	(1,796)
Total restricted funds		13,370	13,114
Unrestricted income funds	17	500	272
Total funds		13,870	13,386

The Financial Statements on pages 21 to 47 were approved by the Trustees and authorised for issue on 09 November 2018 and are signed on their behalf by:



M C Jacobs

Chair of Trustees

Company Number 07406122

DARTFORD GRAMMAR SCHOOL

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2018

	Notes	2018 £'000	£'000	2017 £'000	£'000
Cash flows from operating activities					
Net cash provided by/(used in) operating activities	20		2,575		(1,389)
Cash flows from investing activities					
Capital grants from DfE Group		31		2,459	
Capital funding received from sponsors and others		32		-	
Purchase of tangible fixed assets		(2,559)		(308)	
Net cash (used in)/provided by investing activities			(2,496)		2,151
Cash flows from financing activities					
Repayment of long term loan		270		(42)	
Net cash provided by/(used in) financing activities			270		(42)
Net increase in cash and cash equivalents in the reporting period			349		720
Cash and cash equivalents at beginning of the year			1,232		512
Cash and cash equivalents at end of the year			1,581		1,232

DARTFORD GRAMMAR SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

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

1.1 Basis of preparation

The Financial Statements of the Academy Trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their Financial Statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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

1.2 Going concern

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

1.3 Income

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

Grants

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

General Annual Grant is recognised in full in the statement of financial activities in the period for which it is receivable, and any abatement in respect of the period is deducted from income and recognised as a liability.

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

Sponsorship income

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

Donations

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

DARTFORD GRAMMAR SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

Other income

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

Donated goods, facilities and services

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

Donated fixed assets

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

1.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

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

Charitable activities

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

Governance costs

These include the costs attributable to the Academy Trust's compliance with constitutional and statutory requirements, including audit, strategic management, Trustees' meetings and reimbursed expenses.

DARTFORD GRAMMAR SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

1.5 Tangible fixed assets and depreciation

Assets costing £5,000 or more per item (or less if they form part of a larger purchase or project where the total cost exceeds £25,000) 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. Where there are specific conditions attached to the funding that require the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Where tangible fixed assets have been acquired / funded by other income, the fixed asset fund is also credited. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities.

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

Leasehold land & buildings	50 Years (Straight Line)
Freehold land & buildings	50 Years (Straight Line)
ICT / Computer equipment	5 Years (Straight Line)
Fixtures, fittings & equipment	10 Years (Straight Line)

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.

1.6 Liabilities

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

1.7 Leased assets

Rentals payable under operating leases are charged against income on a straight line basis over the period of the lease.

1.8 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. Prepayments are not financial instruments.

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

DARTFORD GRAMMAR SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

Financial liabilities

Trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost. 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.

1.9 Stock

Stock is valued at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less further costs to completion and disposal. Provision is made for obsolete and slow moving stock.

1.10 Taxation

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

1.11 Pensions benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. The TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions are recognised in the period to which they relate.

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

1.12 Fund accounting

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

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

DARTFORD GRAMMAR SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

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

1.13 Agency arrangements

Where the Academy Trust acts as agent in collecting and / or distributing from the ESFA or others, and subsequent disbursements are excluded from the Statement of Financial Activities as the Trust does not have control over charitable application of the funds. The funds received and paid, and any balances held are disclosed in note 25.

2 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

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 or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 19, 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.

Critical areas of judgement

In preparing these Financial Statements, the Trustees have not needed to exercise any subjective judgements that would be critical to the Academy Trust's Financial Statements.

3 Donations and capital grants

	Unrestricted funds £'000	Restricted funds £'000	Total 2018 £'000	Total 2017 £'000
Capital donations	-	32	32	-
Capital grants	-	31	31	2,459
Other donations	264	-	264	231
	<u>264</u>	<u>63</u>	<u>327</u>	<u>2,690</u>

DARTFORD GRAMMAR SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

4 Funding for the Academy Trust's educational operations

	Unrestricted funds £'000	Restricted funds £'000	Total 2018 £'000	Total 2017 £'000
DfE / ESFA grants				
General annual grant (GAG)	-	6,747	6,747	6,567
Other DfE group grants	-	154	154	86
	-	6,901	6,901	6,653
Other government grants				
Local authority grants	-	10	10	43
Other funding				
Trips and activities income	-	686	686	478
Other incoming resources	-	369	369	332
	-	1,055	1,055	810
Total funding	-	7,966	7,966	7,506

5 Other trading activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2018 £'000	Total 2017 £'000
Lettings income	-	19	19	13

6 Expenditure

	Staff costs £'000	Non Pay Expenditure Premises Other £'000 £'000		Total 2018 £'000	Total 2017 £'000
Academy's educational operations					
- Direct costs	4,986	311	1,201	6,498	6,155
- Allocated support costs	998	500	296	1,794	1,795
Teaching School					
- Direct costs	33	-	-	33	15
- Allocated support costs	-	-	49	49	39
	6,017	811	1,546	8,374	8,004

DARTFORD GRAMMAR SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

6 Expenditure

Net income/(expenditure) for the year includes:	2018 £'000	2017 £'000
Fees payable to auditor for:		
- Audit	8	9
- Other services	6	7
Operating lease rentals	33	50
Depreciation of tangible fixed assets	388	333
Net interest on defined benefit pension liability	44	46
	<u> </u>	<u> </u>

7 Charitable activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2018 £'000	Total 2017 £'000
Direct costs				
Educational operations	5	6,493	6,498	6,155
Teaching School	-	33	33	15
Support costs				
Educational operations	-	1,794	1,794	1,795
Teaching School	-	49	49	39
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	5	8,369	8,374	8,004
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

DARTFORD GRAMMAR SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

7 Charitable activities

Analysis of costs	Teaching school £'000	Educational operations £'000	Total 2018 £'000	Total 2017 £'000
Direct costs				
Teaching and educational support staff costs	33	4,986	5,019	4,924
Staff development	-	21	21	11
Depreciation	-	311	311	266
Technology costs	-	87	87	85
Educational supplies and services	-	173	173	160
Examination fees	-	261	261	223
Educational consultancy	-	5	5	10
Other direct costs	-	654	654	491
	<u>33</u>	<u>6,498</u>	<u>6,531</u>	<u>6,170</u>
Support costs				
Support staff costs	-	778	778	803
Defined benefit pension scheme - staff costs (FRS102 adjustment)	-	220	220	249
Depreciation	-	77	77	67
Maintenance of premises and equipment	-	147	147	137
Cleaning	-	20	20	16
Energy costs	-	146	146	143
Rent, rates and other occupancy costs	-	63	63	60
Insurance	-	47	47	44
Catering	-	29	29	26
Defined benefit pension scheme - finance costs (FRS102 adjustment)	-	44	44	46
Other support costs	49	182	231	211
Governance costs	-	41	41	32
	<u>49</u>	<u>1,794</u>	<u>1,843</u>	<u>1,834</u>

8 Staff

Staff costs

Staff costs during the year were:

	2018 £'000	2017 £'000
Wages and salaries	4,654	4,584
Social security costs	410	409
Pension costs	733	734
Defined benefit pension scheme - staff costs (FRS102 adjustment)	220	249
Total staff expenditure	<u>6,017</u>	<u>5,976</u>

DARTFORD GRAMMAR SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

8 Staff

Staff numbers

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

	2018 Number	2017 Number
Teachers	85	83
Administration and support	106	111
Management	9	8
	<u>200</u>	<u>202</u>

The number of persons employed, expressed as a full time equivalent, was as follows:

	2018 Number	2017 Number
Teachers	81	79
Administration and support	55	57
Management	9	8
	<u>145</u>	<u>144</u>

Higher paid staff

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

	2018 Number	2017 Number
£60,000 - £70,000	3	4
£70,001 - £80,000	1	-
£110,001 - £120,000	1	1
	<u>5</u>	<u>5</u>

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 and employer national insurance contributions) received by key management personnel for their services to the Academy Trust was £510,912.

DARTFORD GRAMMAR SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

9 Trustees' remuneration and expenses

One or more Trustees has been paid remuneration or has received other benefits from an employment with the Academy Trust. The Headmaster and other Staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Headmaster and staff members under their contracts of employment, and not in respect of their services as Trustees. Other Trustees did not receive any payments, other than expenses, from the Academy Trust in respect of their role as Trustees.

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

W J Oakes (Headmaster):

- Remuneration : £115,000 - £120,000 (2017: £110,000 - £115,000)
- Employer's pension contributions : £15,000 - £20,000 (2017: £15,000 - £20,000)

N Booker (Staff Trustee):

- Remuneration : £45,000 - £50,000 (2017: £45,000 - £50,000)
- Employer's pension contributions : £0 - £5,000 (2017: £5,000 - £10,000)

Y Radev (Staff Trustee)

- Remuneration : £35,000 - £40,000 (2017: £30,000 - £35,000)
- Employer's pension contributions : £nil (2017: £nil)

R Tibbott (Staff Trustee)

- Remuneration : £5,000 - £10,000 (2017: £5,000 - £10,000)
- Employer's pension contributions : £0 - £5,000 (2017: £0 - £5,000)

During the year, travel and subsistence payments totalling £312 (2017: £115) were reimbursed or paid directly to 4 Trustees (2017: 2 Trustees) in respect of expenses incurred in performing their duties of employment.

Other related party transactions involving the Trustees are set out within the related parties note.

10 Trustees and officers insurance

In accordance with normal commercial practice, the Academy Trust has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy Trust business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the year ended 31 August 2018 was £227 (2017: £173). The cost of this insurance is included in the total insurance cost.

DARTFORD GRAMMAR SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

11 Tangible fixed assets

	Leasehold land & buildings £'000	Freehold land & buildings £'000	ICT / Computer equipment £'000	Fixtures, fittings & equipment £'000	Total £'000
Cost					
At 1 September 2017	13,221	526	71	141	13,959
Additions	2,559	-	-	-	2,559
At 31 August 2018	15,780	526	71	141	16,518
Depreciation					
At 1 September 2017	1,492	92	41	77	1,702
Charge for the year	347	13	14	14	388
At 31 August 2018	1,839	105	55	91	2,090
Net book value					
At 31 August 2018	13,941	421	16	50	14,428
At 31 August 2017	11,729	434	30	64	12,257

The Academy occupies the leasehold buildings at a peppercorn rent under the terms of a 125 year lease that commenced on 01 December 2010. The landlords are three of the trustees of a separately registered charitable trust, "Dartford Grammar School" (charity number 307836), who act in this matter on behalf of the registered charity. The Academy occupies the playing fields and sports pavilion on a freehold basis.

12 Stocks	2018 £'000	2017 £'000
School uniform	7	-
13 Debtors	2018 £'000	2017 £'000
VAT recoverable	12	33
Other debtors	70	80
Prepayments and accrued income	168	2,127
	250	2,240

DARTFORD GRAMMAR SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

14	Creditors: amounts falling due within one year	2018	2017
		£'000	£'000
	Loans	56	-
	Trade creditors	-	1
	Other taxation and social security	111	109
	Accruals and deferred income	433	437
		<u>600</u>	<u>547</u>
15	Creditors: amounts falling due after more than one year	2018	2017
		£'000	£'000
	Loans	<u>214</u>	<u>-</u>
	Analysis of loans		
	Wholly repayable within five years	270	-
	Less: included in current liabilities	<u>(56)</u>	<u>-</u>
	Amounts included above	<u>214</u>	<u>-</u>
	Loan maturity		
	Debt due in one year or less	56	-
	Due in more than one year but not more than two years	56	-
	Due in more than two years but not more than five years	<u>158</u>	<u>-</u>
		<u>270</u>	<u>-</u>

During 2017-18 the Academy received a loan of £270k as part of the CIF award for works on the 6th form centre. Repayments on this loan started in September 2018 and the total balance is expected to be repaid within 5 years.

DARTFORD GRAMMAR SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

16	Deferred income	2018	2017
		£'000	£'000
	Deferred income is included within:		
	Creditors due within one year	325	297
		<u> </u>	<u> </u>
	Deferred income at 1 September 2017	297	84
	Released from previous years	(297)	(84)
	Resources deferred in the year	325	297
		<u> </u>	<u> </u>
	Deferred income at 31 August 2018	325	297
		<u> </u>	<u> </u>

The balance of deferred income represents income collected in advance for trips and activities that had not yet taken place at 31 August 2018 of £169k (2017: £236k), the balance of 16-19 bursary funding of £26k (2017: £13k) and NCTL funding of £130k (2017: £48k) unspent at 31 August 2018.

DARTFORD GRAMMAR SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

17 Funds

	Balance at 1 September 2017 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2018 £'000
Restricted general funds					
General Annual Grant (GAG)	37	6,747	(6,613)	-	171
Other DfE / ESFA grants	-	87	(71)	-	16
Pupil Premium	-	67	(67)	-	-
Other government grants	-	10	(10)	-	-
Teaching School	45	68	(82)	-	31
Other restricted funds	349	1,074	(874)	(40)	509
Pension reserve	(1,796)	-	(264)	478	(1,582)
	<u>(1,365)</u>	<u>8,053</u>	<u>(7,981)</u>	<u>438</u>	<u>(855)</u>
Restricted fixed asset funds					
Transfer on conversion	5,308	-	(165)	-	5,143
DfE group capital grants	7,610	31	(173)	-	7,468
Capital expenditure from GAG and other funds	1,561	-	(49)	71	1,583
Private sector capital sponsorship	-	32	(1)	-	31
	<u>14,479</u>	<u>63</u>	<u>(388)</u>	<u>71</u>	<u>14,225</u>
Total restricted funds	<u>13,114</u>	<u>8,116</u>	<u>(8,369)</u>	<u>509</u>	<u>13,370</u>
Unrestricted funds					
General funds	<u>272</u>	<u>264</u>	<u>(5)</u>	<u>(31)</u>	<u>500</u>
Total funds	<u>13,386</u>	<u>8,380</u>	<u>(8,374)</u>	<u>478</u>	<u>13,870</u>

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

The Restricted General Funds are used to fund the general operating costs of the Academy.

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

The Restricted LGPS Fund represents the Academy's share of the LGPS Pension Fund deficit.

The Restricted Fixed Asset Fund represents the net book value of fixed assets £14,428k (2017: £12,257k), plus the unspent element of Capital funds £67k (2017: £2,222k), less the balance on an inherited government capital loan £270k (2017: £nil) used to fund building works. When assets are purchased the fund is increased and depreciation charges reduce the fund.

Unrestricted Funds represent balances held at period end that can be applied at the discretion of the Governors, to support any of the Academy's charitable purposes.

DARTFORD GRAMMAR SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

17 Funds

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

	Balance at 1 September 2016 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2017 £'000
Restricted general funds					
General Annual Grant (GAG)	-	6,567	(6,487)	(43)	37
Other DfE / ESFA grants	-	35	(35)	-	-
Pupil Premium	-	51	(51)	-	-
Other government grants	-	43	(43)	-	-
Teaching School	-	99	(54)	-	45
Other restricted funds	265	824	(706)	(34)	349
Pension reserve	(2,183)	-	(295)	682	(1,796)
	<u>(1,918)</u>	<u>7,619</u>	<u>(7,671)</u>	<u>605</u>	<u>(1,365)</u>
Restricted fixed asset funds					
Transfer on conversion	5,430	-	(165)	43	5,308
DfE group capital grants	5,272	2,459	(121)	-	7,610
Capital expenditure from GAG and other funds	1,538	-	(47)	70	1,561
	<u>12,240</u>	<u>2,459</u>	<u>(333)</u>	<u>113</u>	<u>14,479</u>
Total restricted funds	<u>10,322</u>	<u>10,078</u>	<u>(8,004)</u>	<u>718</u>	<u>13,114</u>
Unrestricted funds					
General funds	<u>78</u>	<u>230</u>	<u>-</u>	<u>(36)</u>	<u>272</u>
Total funds	<u>10,400</u>	<u>10,308</u>	<u>(8,004)</u>	<u>682</u>	<u>13,386</u>

DARTFORD GRAMMAR SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

17 Funds

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

	Balance at 1 September 2016 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2018 £'000
Restricted general funds					
General Annual Grant (GAG)	-	13,314	(13,100)	(43)	171
Other DfE / ESFA grants	-	122	(106)	-	16
Pupil Premium	-	118	(118)	-	-
Other government grants	-	53	(53)	-	-
Teaching School	-	167	(136)	-	31
Other restricted funds	265	1,898	(1,580)	(74)	509
Pension reserve	(2,183)	-	(559)	1,160	(1,582)
	<u>(1,918)</u>	<u>15,672</u>	<u>(15,652)</u>	<u>1,043</u>	<u>(855)</u>
Restricted fixed asset funds					
Transfer on conversion	5,430	-	(330)	43	5,143
DfE group capital grants	5,272	2,490	(294)	-	7,468
Capital expenditure from GAG and other funds	1,538	-	(96)	141	1,583
Private sector capital sponsorship	-	32	(1)	-	31
	<u>12,240</u>	<u>2,522</u>	<u>(721)</u>	<u>184</u>	<u>14,225</u>
Total restricted funds	<u>10,322</u>	<u>18,194</u>	<u>(16,373)</u>	<u>1,227</u>	<u>13,370</u>
Unrestricted funds					
General funds	<u>78</u>	<u>494</u>	<u>(5)</u>	<u>(67)</u>	<u>500</u>
Total funds	<u>10,400</u>	<u>18,688</u>	<u>(16,378)</u>	<u>1,160</u>	<u>13,870</u>

DARTFORD GRAMMAR SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

18 Analysis of net assets between funds

	Unrestricted Funds £'000	Restricted funds: General £'000	Fixed asset £'000	Total Funds £'000
Fund balances at 31 August 2018 are represented by:				
Tangible fixed assets	-	-	14,428	14,428
Current assets	500	1,271	67	1,838
Creditors falling due within one year	-	(544)	(56)	(600)
Creditors falling due after one year	-	-	(214)	(214)
Defined benefit pension liability	-	(1,582)	-	(1,582)
Total net assets	500	(855)	14,225	13,870

	Unrestricted Funds £'000	Restricted funds: General £'000	Fixed asset £'000	Total Funds £'000
Fund balances at 31 August 2017 are represented by:				
Tangible fixed assets	-	-	12,257	12,257
Current assets	272	978	2,222	3,472
Creditors falling due within one year	-	(547)	-	(547)
Defined benefit pension liability	-	(1,796)	-	(1,796)
Total net assets	272	(1,365)	14,479	13,386

19 Pension and similar obligations

The Academy Trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Kent 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 that of the LGPS related to the period ended 31 March 2016.

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

Teachers' Pension Scheme

Introduction

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

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

DARTFORD GRAMMAR SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

19 Pension and similar obligations

Valuation of the Teachers' Pension Scheme

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

The key elements of the valuation and subsequent consultation are:

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

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 the TPS in the period amounted to £538k (2017: £526k).

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

Under the definitions set out in FRS 102, the TPS is an unfunded multi-employer pension scheme. The Academy Trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Academy Trust has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined-benefit pension scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 20.0% for employers and 5.5% to 12.5% for employees.

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.

Total contributions made	2018 £'000	2017 £'000
Employer's contributions	195	206
Employees' contributions	58	62
Total contributions	253	268

DARTFORD GRAMMAR SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

19 Pension and similar obligations

Principal actuarial assumptions	2018 %	2017 %
Rate of increase in salaries	3.80	4.2
Rate of increase for pensions in payment/inflation	2.30	2.7
Discount rate for scheme liabilities	2.65	2.6
RPI increases	3.30	3.6
CPI increases	2.30	2.7

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

	2018 Years	2017 Years
Retiring today		
- Males	23.1	23.0
- Females	25.2	25.1
Retiring in 20 years		
- Males	25.3	25.2
- Females	27.5	27.4

Scheme liabilities would have been affected by changes in assumptions as follows:

	2018 £'000	2017 £'000
Discount rate + 0.1%	4,357	4,238
Discount rate - 0.1%	4,539	4,414
Mortality assumption + 1 year	4,593	4,466
Mortality assumption - 1 year	4,306	4,188
Pension rate + 0.1%	4,530	4,401
Pension rate - 0.1%	4,366	4,250
Salary rate + 0.1%	4,456	4,338
Salary rate - 0.1%	4,438	4,312

Defined benefit pension scheme net liability

Scheme assets	2,865	2,529
Scheme obligations	(4,447)	(4,325)
Net liability	(1,582)	(1,796)

DARTFORD GRAMMAR SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

19 Pension and similar obligations

The Academy Trust's share of the assets in the scheme	2018 Fair value £'000	2017 Fair value £'000
Equities	1,953	1,780
Bonds	254	244
Gilts	22	18
Property	354	310
Other assets	282	177
Total market value of assets	<u>2,865</u>	<u>2,529</u>

The actual return on scheme assets was £117,000 (2017: £294,000).

Amount recognised in the Statement of Financial Activities	2018 £'000	2017 £'000
Current service cost	415	455
Interest income	(69)	(46)
Interest cost	113	92
Total operating charge	<u>459</u>	<u>501</u>

Changes in the present value of defined benefit obligations	2018 £'000
At 1 September 2017	4,325
Current service cost	414
Interest cost	113
Employee contributions	58
Actuarial gain	(430)
Benefits paid	(33)
At 31 August 2018	<u>4,447</u>

DARTFORD GRAMMAR SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

19 Pension and similar obligations

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

	2018 £'000
At 1 September 2017	2,529
Interest income	68
Actuarial gain	48
Employer contributions	195
Employee contributions	58
Benefits paid	(33)
At 31 August 2018	2,865

20 Reconciliation of net income to net cash flow from operating activities

	2018 £'000	2017 £'000
Net income for the reporting period (as per the Statement of Financial Activities)	6	2,304
Adjusted for:		
Capital grants from DfE/ESFA and other capital income	(63)	(2,459)
Defined benefit pension costs less contributions payable	220	249
Defined benefit pension net finance cost	44	46
Depreciation of tangible fixed assets	388	333
(Increase) in stocks	(7)	-
Decrease/(increase) in debtors	1,990	(2,082)
(Decrease)/increase in creditors	(3)	220
Net cash provided by/(used in) operating activities	2,575	(1,389)

21 Commitments under operating leases

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

	2018 £'000	2017 £'000
Amounts due within one year	33	50
Amounts due in two and five years	99	150
	<u>132</u>	<u>200</u>

DARTFORD GRAMMAR SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

22 Capital commitments

	2018 £'000	2017 £'000
Expenditure contracted for but not provided in the Financial Statements	67	2,462

At 31 August 2018 the Academy was committed to the new 6th Form Centre project. The total expected costs of the project are £2,817k, with £2,750k being incurred as at 31 August 2018. Anticipated future costs to complete the project are £67k, being the retention payable to the main contractor.

23 Related party transactions

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

The Academy occupies the leasehold buildings at a peppercorn rent under the terms of a 125 year lease that commenced on 01 December 2010. The landlords are three of the trustees of a separately registered charitable trust, "Dartford Grammar School" (charity number 307836), who act in this matter on behalf of the registered charity. The unincorporated registered charitable trust (which bears the same name as the incorporated, exempt charitable company) is a related party by virtue of all of its trustees also being Governors (trustees) of the charitable company. No premium was payable in the lease and no balances were outstanding at the period end.

A donation of £70,000 (2017: £80,000) was receivable in the period from Dartford Sports Centre (trading as the Becket Sport Centre), a company incorporated in the U.K (England and Wales), company number 04417789. The balance outstanding at the end of the year was £70,000 (2017: £80,000), and is included in debtors. This is a related party because both of its directors are Governors (trustees) of the charitable company.

Dartford Arts Centre (trading as the Mick Jagger Centre), a company incorporated in the U.K (England and Wales), company number 03958793 is also a related party by virtue of one of the Governors and a member of the Academy management being a Trustee. The academy recovers staff and other costs incurred on behalf of the Arts Centre via a monthly invoice. Total charges in the year amounted to £237,251 (2017: £215,717) and payments made of £740. The balance due to the charitable company at 31 August 2018 was £Nil (2017: £17,374).

IB Schools and Colleges Association, is also a related party by virtue of one of the Governors being the Chief Executive. Payments made in the year were £3,030 and income received of £12. No balances were outstanding at year end.

H Oakes, who is related to W J Oakes, the Headmaster, is employed by the academy trust as a teacher. H Oakes' appointment was made in open competition and W J Oakes was not involved in the decision making process regarding appointment. H Oakes is paid within normal pay scale for her role and receives no special treatment as a result of her relation to the Headmaster.

In entering into the transactions above the Academy Trust has complied with the requirements of the Academies Financial Handbook 2017.

DARTFORD GRAMMAR SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

24 Members' liability

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

25 Agency arrangements

The Academy Trust distributes 16-19 bursary funds to students as an agent for the ESFA. In the accounting period ending 31 August 2018 the Trust had unspent funds brought forward of £13k, received £32k (2017: £29k) and disbursed £17k (2017: £25k) and from the fund and retained £2k of the funds received for administration expenditure. Unspent balances of £26k (2017: £13k) are included within creditors: amounts falling due within one year.

The Academy Trust distributes NCTL funds to Academies as an agent for the ESFA. In the accounting period ending 31 August 2018 the Trust had unspent funds brought forward of £48k, received £175k (2017: £135k) and disbursed £93k (2017: £87) from the fund. Unspent balances of £130k (2017: £48k) are included within creditors: amounts falling due within one year.

26 Teaching School trading account	2018		2017	
	£'000	£'000	£'000	£'000
Direct income				
Teaching school grant		56		99
Other income		12		-
		<u>68</u>		<u>99</u>
Direct costs				
Direct staff costs	<u>33</u>		<u>15</u>	
Other costs				
Other support costs	<u>49</u>		<u>39</u>	
Total expenditure		<u>(82)</u>		<u>(54)</u>
Surplus/(deficit) from all sources		(14)		45
Teaching School balances at 1 September 2017		<u>45</u>		<u>-</u>
Teaching School balances at 31 August 2018		<u>31</u>		<u>45</u>