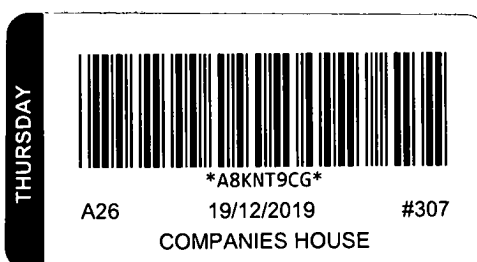


Chatham & Clarendon Grammar School
(A company limited by guarantee)

Annual Report and Financial Statements

For the year ended 31 August 2019



Chatham & Clarendon Grammar School
(A company limited by guarantee)

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Reference and Administrative Details of the Academy trust, its trustees and Advisers
for the year ended 31 August 2019

Members	Mr. R.A. Bath Mr. D.D. Harris Mrs. J. King Mr. J. Waker
Trustees	Mr. R.A. Bath, Chair of Trustees Mr. S. Wren, Chair of Finance & Resources ¹ Mr. D.D. Harris, Responsible Officer ² Mr. D. Gullick (resigned 11/12/2018) ¹ Mr. W. Hammond (resigned 11/12/2018) Mrs. R. Hewett, Staff Trustee (resigned 28/08/2019) Mr M Hutchings ¹ Mrs. J. King ² Mrs. D. Liddicoat, Headteacher ¹ Ms. C. Tonkin Jukes, Staff Trustee Mr A Milne ¹ (appointed 11/12/2018) Mrs L Duffy (appointed 11/12/2018) Ms S-J Benfield, Staff Trustee (appointed 21/05/2019) Ms. R. Travers Mr. J. Waker ¹ ¹ members of the Finance and Resources Committee ² members of the Audit Committee
Company registered number	07455452
Company name	Chatham & Clarendon Grammar School
Principal and registered office	Chatham Street Ramsgate Kent. CT11 7PS
Company secretary	Mr. C. Freeman
Chief executive officer	Mrs. D.J. Liddicoat
Senior management team	Mrs. D. Liddicoat, Headteacher Mr. C. McFarlane, Deputy Headteacher - Upper School (resigned 31 December 2018) Mr. C. Goodwin, Deputy Headteacher - Lower School C. Bowman, Assistant Headteacher Mrs. K. Parkins, Deputy Headteacher – Upper School (appointed 1 June 2019) Mr Craig Lewis Head of CCVI (appointed 1 September 2018) Mr. C. Freeman, Business Manager
Independent auditors	UHY Kent LLP t/a UHY Hacker Young Chartered Accountants, Registered Auditors Thames House, Roman Square Sittingbourne, Kent ME10 4BJ
Bankers	Lloyds Bank plc 3 Queen Street Ramsgate Kent. CT11 7PS
Solicitors	Furley Page LLP 39 St Margaret's Street Canterbury Kent. CT1 2TX

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Trustees' Report for the year ended 31 August 2019

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

INTRODUCTION

Chatham House & Clarendon House Grammar Schools formally merged on 1st September 2013 having been federated since 2009. Drawing on the long history of academic excellence at both schools and utilising our traditional buildings, we have embraced a contemporary outlook to teaching and learning: with Key Stage 3 retaining single sex classes and Key Stage 4 a combination of both single and mixed sex teaching.

The foundations of our success remain rooted in the traditional values and ethos of both schools:-

- **Community:** Our belief that everyone in the school is equally valued and has a part to play in the school and wider community's success;
- **Creativity:** Students are encouraged to learn by taking risks and trying out new things;
- **Growth:** All students aspire to make the most of the opportunities offered to them in order to become fully rounded individuals;
- **Success:** Staff and students aspire to be outstanding in everything we do.

Our school operates as an academy trust for students aged 11 to 19 serving a catchment area between the towns of Whitstable, Herne Bay and the district of Thanet. It has a student capacity of 1,550 and had a roll of 1,452 in the school census on January 15th 2019.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The academy trust (hereafter referred to as "the School") was incorporated on 30 November 2010 as a company limited by guarantee and an exempt charity. The School's memorandum and articles of association are its primary governing documents.

The trustees of Chatham & Clarendon Grammar School are also the directors of the School for the purposes of company law.

Details of the trustees who served throughout the year, except as noted, are included in the Reference and Administrative Details on page one.

As from 1 September 2013 the School changed its name and status from "The Chatham & Clarendon Grammar School Federation" to Chatham & Clarendon Grammar School, following the merger of the two individual schools into one combined school.

Members' liability

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

Trustees' indemnities

The School maintains trustees' and officers' liability insurance which gives appropriate cover for any legal action brought against its Trustees. The School has also granted indemnities to each of its trustees and other officers to the extent permitted by law. Qualifying third party indemnity provisions (as defined by section 234 of the Companies Act 2006) were in force during the year and remain in force, in relation to certain losses and liabilities which the trustees or other officers may incur to third parties in the course of acting as trustees or officers of the School.

Details of the insurance cover are provided in note 13 to the financial statements.

Method of recruitment and appointment or election of trustees

The School has determined that there will be 16 trustees (directors) on the Board in the following categories:

- Five trustees appointed by members;
- Four staff trustees consisting of the Headteacher, plus three staff trustees who are elected by the staff at the school. Employees of the School must not exceed one third of the total number of trustees;
- Four parent trustees who shall be elected by the parents/carers of registered students at the school. The elected parent trustee must be a parent/carer of a registered student at the school at the time when he or she is elected; and

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- Three trustees co-opted by the Board of trustees.

A trustee's term of office is four years; this does not apply to the Headteacher.

The trustees shall each school year, at their first meeting in that year, elect a chairman and a vice-chairman from among their number. A trustee who is employed by the School shall not be eligible for election as chairman or vice-chairman.

The trustees who were in office at 31 August 2019 and served throughout the year, except where shown, are listed on page one.

At the end of August 2019, there were three Co-opted Governor vacancies and one staff Governor vacancy on the Board.

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 on charity and educational legal and financial matters. All new trustees will be given a tour of the schools and the chance to meet with staff and students. All trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as trustees. As there are normally only two or three new trustees a year, induction tends to be undertaken informally and is tailored specifically to the individual.

Organisation structure

The management structure consists of three levels: trustees, the Senior Management Team (SMT) and Pastoral/Curriculum Managers. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

Trustees are responsible for setting general policy, adopting an annual plan and budget, monitoring the School by the use of budgets and making major decisions about the direction of the School, capital expenditure and senior staff appointments. They do this through their structure which consists of four committees: the Curriculum and Welfare Committee; the Audit Committee; the Pay Committee and the Finance & Resources Committee. The trustees, the members and the committees met every term (except Audit – twice and Pay – twice) during the 2018/2019 academic year.

The Senior Management Team are the Headteacher, two Deputy Headteachers, Head of 6th form, two Assistant Headteachers and the Business Manager. These managers control the School at an executive level implementing the policies laid down by the trustees and reporting back to them. As a group, the Senior Management Team are responsible for the authorisation of spending within agreed budgets and the appointment of staff, though appointment boards for posts in the Management Team always contain a trustee. Some spending control is devolved to members of the Management Team, with limits above which a Senior Manager must countersign. Mr Moody, the Head of the 6th Form, retired on 31 August 2018 and was replaced by Mr Lowis. Mr Callum MacFarlane resigned on December 31st 2018 as Deputy Headteacher and was replaced by Mrs Kate Parkins on June 1st 2019. Mr Tom Richford was appointed Assistant Headteacher from September 1st 2019.

Arrangements for setting pay and remuneration of key management personnel

The key management personnel of the School comprise the trustees and senior leadership team as disclosed on page 1.

The remuneration policy, setting the terms and conditions for the key management personnel, was developed and approved by the board of trustees, after taking advice from the Headteacher and following guidance from the relevant professional pay review bodies. Naturally the Headteacher was not involved in setting their own remuneration.

Only staff trustees, including the Headteacher, are remunerated and these individuals only receive remuneration in respect of their roles within school (as per their contracts of employment), and not in respect of their role as trustees. Specific disclosures concerning staff trustees' remuneration is included in note 12.

The day to day management of the remuneration policy is delegated to the Headteacher and monitored by the finance and resources committee. All details for setting pay and remuneration of key management personnel are set out in the pay policy and appraisal policy which are reviewed annually by the board of trustees.

Remuneration of key management personnel is set at an individual level, and where possible the trustees have taken external professional advice which includes benchmarking, market trends and advice on structuring of incentives. Senior management salaries are linked to pay spines, helping trustees conclude that each individual is remunerated at an appropriate level. As such salaries are linked to factors such as length of service and experience. Total remuneration packages include employer pension contribution at specific approved rates.

The board always bear in mind the charitable status of the School and in recognition of the fact the School receives funding under a funding agreement with the Secretary of State for Education. It ensures the remuneration paid to senior management personnel never exceeds a reasonable amount and that it provides value for money to the trust. The performance of senior management personnel is reviewed on a regular basis to ensure continuing value for money.

Total remuneration paid to senior management personnel is set out in note 11.

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Trustees' Report for the year ended 31 August 2019

Relevant trade union officials and time

During the year the School did not have any employees who were relevant union officials and so no time and none of the total pay bill was spent on facility time.

Connected organisations, including related parties

There is a Parent/Teacher Association, called the Friends of Chatham & Clarendon Grammar School, charity registration no. 283471, and commonly known as Friends of CCGS

The school is also a founder member of BRESIC (Broadstairs and Ramsgate Ethos School Improvement Company) a collaborative partnership with five church schools whose main aim is to share good practice in teaching and learning and achieve economies of scale in procuring goods and services.

OBJECTIVES AND ACTIVITIES

Objects and aims

The principal object and activity of the School is to provide high quality education for students of different abilities between the ages of 11 and 19. A more detailed summary is provided in the school prospectus (and on the website).

In accordance with the articles of association the School has adopted a "Scheme of Government" (Funding Agreement) approved by the Secretary of State for Education and Skills. The Scheme of Government specifies, amongst other things, the basis for admitting students to the School, the catchment area from which the students are drawn, and that the curriculum should comply with the substance of the national curriculum.

Objectives, strategies and activities

The main objectives of the School during the year ended 31 August 2019 are summarised below:

- to ensure that every student enjoys the same high quality education in terms of resourcing, tuition and care;
- to raise the standard of educational achievement of all students;
- to improve the effectiveness of the School by keeping the curriculum and organisational structure under continual review;
- to provide value for money for the funds expended;
- to comply with all appropriate statutory and curriculum requirements;
- to maintain close links with primary schools, industry and commerce; and
- to conduct the School's business in accordance with the highest standards of integrity, probity and openness.

The School's main strategy is encompassed in its mission statement which is: '***Our school strives for excellence in everything we do to fulfil the potential of all students***'. Our school exists to identify and develop the full potential of each student, to equip them with the skills and the qualifications they need to achieve their ambition, whatever that may be. We have a very strong track record of examination success at GCSE and Advanced Level. A high proportion of our students go on to Higher Education, usually securing places at their first choice university. A fuller explanation of our key values and purposes is set out in the School prospectus which is on the School's website but is also available as a hard copy on request. To this end the activities provided include:

- tuition and learning opportunities for all students to attain appropriate academic qualifications;
- training opportunities for all staff, and especially teaching staff;
- secondments and placements of students with industrial and commercial partners;
- a programme of sporting and after school leisure activities for all students;
- a wide selection of after school clubs to allow students to explore science, mathematics, technology and engineering in a practical and project oriented way;
- a careers advisory service to help students obtain employment or move on to higher education; and
- co-operation and sharing good practice with other local schools.

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Public benefit

In setting our objectives and planning our activities the trustees have given careful consideration to the Charity Commission's general guidance on public benefit. The trustees believe that the School's educational object and aims are demonstrably to the public benefit.

Amongst the benefits brought to the wider community by the School are:

- Use of the Astro turf at Chatham House;
- Use of the halls by local community groups;
- Inviting primary school pupils to special events such as science days;
- Sixth formers visit local primary schools with mentoring schemes, literacy and numeracy support;
- Sixth form assistance in charity shops;
- Sixth form support in libraries;
- Sports coaching;
- Help with local youth organisations.

Equal opportunities

The trustees recognise that equal opportunities should be an integral part of good practice within the workplace. The School aims to establish equal opportunity in all areas of its activities including creating a working environment in which the contribution and needs of all people are fully valued.

Disabled persons

Lifts and disabled toilets are installed in the CCVI centre and Beresford Road Science Block. Chatham House has stair lifts on its main staircase. The policy of the School is to support recruitment and retention of students and employees with disabilities. The School does this by making reasonable adjustment to the physical environment where possible, by making support resources available and through training and career development.

The School makes reasonable adjustments to ensure they are able to admit students with varying levels of disabilities within the constraints of the buildings and other resources available to it.

STRATEGIC REPORT

Achievements and performance

Total students in the year ended 31st August 2019 numbered 993 pre 16 and 454 16-19 (1,447 in total).

On May 16th 2018 the school had its second OFSTED Inspection since it was amalgamated. The outcome of the inspection, which was graded overall as GOOD, is quoted from their report:

- 1) 'This school continues to be good'.
- 2) 'The leadership team has maintained a good quality of education in the school since the last inspection. Your determination to provide high-quality care and to foster the school's values of community, creativity, growth and success has created a caring and welcoming school where pupils and students share leaders' high aspirations.'
- 3) 'Determined actions, such as providing training for teachers on improving questioning and on teaching new examination courses, have led to improvements in the outcomes of current pupils, particularly boys.'
- 4) 'You have made sure that your plans for school improvement focus on improving pupils' progress, and governors have monitored these plans'.
- 5) 'Pupils and sixth-form students are very positive about their committed teachers. Pupils and students value their teachers' expertise and subject knowledge. They explained that their teachers 'go the extra mile' in supporting them.'
- 6) 'Pupils and students feel motivated in their learning, being inspired by the wide range of options open to them in the next stage of their education. Many students are successful at gaining places at university, and for several successful applicants they are the first member of their family to attend higher education.'
- 7) 'The vast majority of parents support you and your staff. They recognise that the school provides a safe and caring environment. One parent, who responded to Ofsted's online questionnaire wrote, 'I have been extremely impressed by the pastoral care at this school.'
- 8) 'Your pupils benefit from excellent relationships with staff. These are built upon mutual respect and a strong work ethic.'
- 9) 'Pupils behave extremely well.'
- 10) 'Safeguarding is effective.'

Examination results for 2018/19 were again outstanding.

This year saw 91.4% of our students achieving 5+ A*-C (grade 9 to grade 4) including Maths and English (95.4% for the previous year). 42% of all grades were A* to B – grade 9-7 (38% last year) and 23% were classed as A*-A (grades 9 and 8).

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Achievements and performance - continued

At 'A' level the overall pass rate was 95.2% and 43% of these were the higher grades A*-B (99.1% and 57% respectively last year). The Average point score per entry was 34.7 equivalent to a C+. A full report of the public exam results and destinations of the sixth form leavers will be published on the website.

To ensure that standards are continually raised the School operates a programme of observation of lessons; is visited regularly by inspectors and school improvement partners; undertakes a comparison of results from entry to Key Stage 3 to GCSE and from GCSE to A-level to assess the added value. The School also participates in national programmes looking at added value through the key stages.

The School monitors the destination of its leavers, the vast majority of our students' progress to higher education attending some of the top universities in the country and Europe.

Most students in Year 10 were able to participate in a week's work experience and in Year 12 and 13 all students had the opportunity to participate in one afternoon each week of sport activities or work experience.

The School plays an active part in the local community including sporting activities, fund-raising for charities and much more. It offers a broad and balanced curriculum for Year 7 to Year 11. The Sixth Form offers over 30 Level 3 courses (A levels and vocational courses). The School has an outstanding record of assisting students into higher education and for some years has had no 'NEETS'. The established House system, supported by sixth form prefects, regularly donate money to a range of local and national charities. (Full details are published in the School newsletters and also on the website).

Staff achievements: The School has strong links with local higher education teacher-training establishments. Inset funds are made available to support a thorough CPD programme. A member of staff is employed to provide careers advice, organise a work experience programme and provide support for students going to university. The school also offers students the opportunity to train as teachers of EFL and to learn sign language in order to be able to communicate with the deaf and hard of hearing.

Going concern

After making appropriate enquiries, the board of trustees has a reasonable expectation that the School has adequate resources to continue in operational existence for the foreseeable future. The board of trustees and staff are committed to save further costs and increase funds through fund raising activities in order to boost revenue reserves for the 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 at Note 1.2 within the statement of accounts.

Key financial performance indicators

Student numbers at key stage 3 have increased year on year over the last three years and it is hoped that we will continue to recruit up to 200 students into year 7 in future years. The school will continue to maintain its provision for students, thereby potentially increasing education funding through growth.

Staff costs to income at the end of the period was a ratio of 78.4%, compared to 83.1% in 2018. This figure has decreased due to the change in the levels of income and staff costs remaining relatively static.

FINANCIAL REVIEW

Most of the academy trust's recurrent income is obtained from the ESFA in the form of grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the year ended 31 August 2019 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities ("SoFA"). Core grant income has been supplemented by capital funding and various other self-generated income streams.

Total income for the year was £7.4m, an increase on £6.7m in the previous year. Around £515k of this increase was as a result of additional core General Annual Grant (GAG) funding following a rise in pupil numbers and the per pupil rate. The DfE also introduced the Teacher Pay Grant during the year and the funding received of £69k contributed to a rise in other DfE/ESGA grants.

There were also smaller increases in other income streams and, notably, a rise in capital income following the DfE decision to award all schools a one-off additional capital grant in 2018-19.

The incoming resources for the year have not been sufficient to cover total resources expended of £8.3m (2018: £8.1m) resulting in net expenditure for the year of £856k (2018: £1.4m), as shown on the SoFA. The overall net movement in funds, after actuarial movements on the Local Government defined benefit pension scheme ("LGPS"), was a reduction of £1.5m (2018: £742k). It is important to note that this overall movement in funds does not reflect the meaningful operational result and includes movements that do not relate to day-to-day running of the academy.

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Financial review – continued

Excluding movements on tangible fixed assets, the LGPS defined benefit pension liability and revenue to capital transfers the trust's operational surplus on revenue funds for the year was £166k (2018: a deficit of £334k), as reconciled from the SoFA below:

		2019 (£000s)	2018 (£000s)
Overall net movement in funds for the year per SoFA		(1,475)	(743)
<u>Add:</u>			
Decrease / (increase) attributable to fixed asset fund	See A	720	825
LGPS actuarial (gain)/loss	See B	619	(693)
LGPS service and interest costs	See B	297	276
Total movement in year on revenue funds		161	(335)
Revenue to capital transfers		5	1
Operational surplus /(deficit) on revenue funds		166	(334)

(A) The movement on restricted fixed asset funds comprises capital grant income received during the year less depreciation charged on capitalised assets purchased from such funds, notably the school buildings. Since these do not relate to day-to-day operational matters the movement on fixed asset funds is excluded from the operational result.

(B) The Balance Sheet carries the trust's share of the deficit on the Local Government Pension Scheme. A detailed report has been prepared by an actuary detailing the movement in the deficit during the year. The movement is in two parts: (1) the actuarial gain relates to movement linked to the assumptions made by the actuary, (2) other movements comprising (i) net interest costs (ii) current service costs - the value of benefits accrued by members over the accounting period less contributions paid and (iii) past service costs for additional benefits granted during the year. Again since the LGPS movement do not relate to operational matters these have been excluded from the operational result. The significant increase in the LGPS liability during 2018-19 relates to a number of issues which are described in note 2 to the financial statements explaining critical accounting estimates and judgements.

At 31 August 2019, the net book value of fixed assets was £30m and movements in tangible fixed assets are shown in note 14 to the financial statements. During the year the assets were used almost exclusively for providing education and the associated support services to the pupils of the trust's academies, the only exceptions to this being limited letting of the premises to local community groups.

Financial position

The Trust held fund balances at 31 August 2019 of £26.8m (2018: £28.3m). These funds comprised restricted fixed asset funds of £30m (2018: £30.7m), and revenue income funds of £64k (2018: £96k cumulative deficit) together with the pension fund reserve.

The pension reserve deficit of £3.3m (2018: £2.3m) is the only fund in deficit. This deficit does not mean that an immediate liability crystallises; it results in a cash flow effect for the Trust in the form of possible future increases in pension contributions, which, if required, will be met from the budgeted annual income. There is therefore no direct impact on the free reserves of the academy trust because of recognising the deficit. The accounting deficit has no direct effect on the employer contribution rate paid by the school, which is determined using longer-term funding assumptions. Employer contributions are reviewed every three years in consultation with the scheme's administrators, and employer contributions due by the Trust have been fixed until 1 April 2020.

Reserves policy

The trustees review the reserve levels of the School annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The trustees have determined that the appropriate level of free cash should be equivalent to four weeks expenditure, approximately £500,000. The reason for this is to provide sufficient working revenue to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. It is the School's aim to increase and maintain reserves up to this level within the next four years.

Financial and risk management objectives and policies

The School does not use complex financial instruments. It manages its activities using cash and various items such as trade debtors and trade creditors that arise directly from its operations.

The main risk arising from the trust's financial activities is liquidity risk. (The School manages its cash resources, including sufficient working capital, so that its bank ledger balance is available to the finance team for monitoring at all times and is always taken into account when making payments).

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Trustees' Report for the year ended 31 August 2019

Principal risks and uncertainties

The trustees have considered the major risks to which the School is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the School and its finances. The trustees have implemented a number of systems to assess risks that the school faces, especially in the operational areas (e.g. in relation to teaching, health and safety, buildings and school trips) and in relation to the control of finance. They have introduced systems, including operational procedures (e.g. vetting of new staff and visitors, supervision of school grounds) and internal financial controls (see below) in order to minimise risk.

Where significant financial risk still remains they have ensured they have adequate insurance cover. The School maintains a Risk Register which is reviewed regularly by the trustees and senior management. The School also has an effective system of internal financial controls and this is explained in more detail in the following statement. The major risks are:

- failure to successfully recruit and retain students;
- lack of financial reserves for 2018/19
- changes to Government policy on Education Funding;
- changes to Education priorities by the Government;
- loss of a key member of the Senior Leadership Team;
- impact of an uncontrollable event, e.g. fire or flood;
- major injury or a Health & Safety issue or environmental incident; and
- changes to Pension policy or funding for the TPS and LGPS.

Fundraising

In accordance with the provisions of the Charities (Protection and Social Investment) Act 2016, the school is required to report upon its fundraising activities during the year.

Trustees approved a fundraising strategy in 2015 and identified an action plan with an objective to raise £50,000 per annum. Many of the initiatives identified within the plan were suggested by students and for students to carry out.

Key activities this year included entertaining foreign students from China and Thailand which raised £13,000; parental contributions raising £24,000, and individual fund raising activities held by the students for chosen House charities.

The school regularly provides information about fund raising through its termly newsletters and on the website.

PLANS FOR FUTURE PERIODS

The School's plans for the future in both the medium and long term are included in the School Improvement Plan, which is reviewed regularly. Key plans include:

- **Attainment & Achievement:** Examination results – Positive Value added scores for all GCSE and A level subjects. 58% of entries at GCSE to be grade 7, 8 or 9 with 25% being at grades 8 or 9. For A level results - 25% of entries to be A* or A grade and 55% A* to B grade. Academic Standards: Improve student outcomes and increase the proportion of students' who progress to higher education.
- **Teaching & Learning.** All teaching staff to have at least one lesson observation per year and at least one follow up activity to support their professional development.
- **Student focus:** Focused tracking of student groups (particularly Pupil Premium, FSM, SEN, Girls and Boys Upper ability); challenge weeks to stretch all students via probing questioning and activity planning.
- **Curriculum Change and assessment:** Consolidate new schemes of work in KS3, KS4 and KS5. Consolidate new assessment procedures in KS3, KS4. Embed creativity opportunities; maintain the rollout of EPQ for all at KS5.
- **Business focus:** maximising the marketing of the school and pupil success and extracurricular activities through media platforms; maintaining outreach/inreach programmes across all departments; control and manage finances in a period of sustained funding restrictions.
- **Finance & Personnel:**
 - i) Monitor Academy budget ensuring sound operational surplus/contingency; explore options for operational economies & savings within budget lines and of income generation; maximise opportunities presented by wider association of academies/other partner schools for economies of scale, benchmarked Value for Money purchases of goods & services; improving the management of financial processes within school;

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ii) Monitor & promote student recruitment; review & adjust teaching group sizes, staffing budget & timetable deployments to ensure viable cost-effective arrangements which will maintain a balanced budget; review and where necessary modify staffing structures to maintain sustainable leadership & management.

- The Learning Environment:

- i) Implement and monitor (minor works) changes to the buildings which support the operations of the main school sites, ensuring that these are completed on time, to the required standard and within the assigned budget. As/when further financial resources become available (i.e. from successful bids to the DfE's CIF Fund), to develop and implement additional elements of this plan.
- ii) Disposal of the "Red House" site to fund further improvements.
- iii) Disposal of Newington Fields to fund further improvements.
- iv) Improve Science, Technology and Mathematics resources with the view to building a new STEM building at Chatham House (lower school site).
- v) Improve Physical Education and sports resources with the view to building a new Sports Centre and Multi-use games Area (MUGA) at Chatham House (lower school site)
- vi) Improve the learning environment for students and staff to work in with specific reference to the heating of classrooms (installation of new heating systems and controls).

DISCLOSURE OF INFORMATION TO AUDITORS

In so far as the trustees are aware, there is no relevant information (as defined by Section 418 of the Companies Act 2006) of which the School's auditors are unaware, and each trustee has taken all the steps that they ought to have taken as a trustee in order to make them aware of any audit information and to establish that the School's auditors are aware of that information.

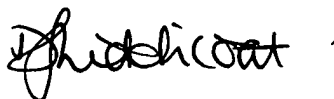
AUDITORS

The auditors, UHY Hacker Young, have indicated their willingness to remain in office, and the audit process will be reviewed in detail and re-appointment of the auditors will be considered following the forthcoming Annual General Meeting.

This report, incorporating the Strategic report, was approved by order of the board of trustees, as the company directors, and signed on the board's behalf by:



Mr. R.A. Bath
Chair of Trustees



Mrs. D. Liddicoat
Accounting Officer

Date: 10 December 2019

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Governance Statement

Scope of Responsibility

As trustees, we acknowledge we have overall responsibility for ensuring that Chatham & Clarendon 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 the Headteacher, 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 Chatham & Clarendon Grammar School and the Secretary of State for Education. They 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 trustees' responsibilities statement. The board of trustees has formally met 6 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

<u>Trustee</u>	<u>Meetings attended</u>	<u>Out of a possible</u>
Mr. R.A. Bath, Chair of Trustees	5	6
Mr. S. Wren, Chair of Finance & Resources	5	6
Mr. D.D. Harris, Responsible Officer	4	6
Ms S J Benfield, Staff Trustee	2	2
Mrs L. Duffy	3	4
Mr. D. Gullick	1	1
Mr. W. Hammond	1	1
Mrs. R. Hewett, Staff Trustee	5	6
Mr. M. Hutchings	4	6
Mrs. J. King	6	6
Mrs. D. Liddicoat, Headteacher	6	6
Mr A.Milne	4	4
Ms. C. Tonkin Jukes, Staff Trustee	5	6
Ms. R. Travers	4	6
Mr. J. Waker	6	6

There have been the following changes on the Governing Body: Mr David Gullick and Mr Bill Hammond (Parent Governors), left in December. Mr A Milne and Mrs L Duffy were appointed Parent Governors accordingly. – Mrs Rosemary Hewitt, a staff Governor left in August -her position remains unfilled. Ms SJ Benfield was appointed Staff Governor in May. There are three vacancies for co-opted trustees and one staff governor vacancy as at the end of 2018/19.

The Finance and Resources Committee is a sub-committee of the main board of trustees. Its purpose is to monitor and guide financial activity of the School and to ensure resources are properly used.

Attendance at meetings in the year was as follows:

<u>Trustee</u>	<u>Meetings attended</u>	<u>Out of a possible</u>
Mrs. D. Liddicoat, Headteacher	6	6
Mr. S. Wren, Chair of Finance & Resources	5	6
Mr. D. Gullick	2	2
Mr R. Bath	4	5
Mrs L. Duffy	1	4
Mr M Hutchings	2	5
Mr A Milne	2	4
Mr. J. Waker	6	6

Chatham & Clarendon Grammar School
(A company limited by guarantee)

Governance Statement

The audit committee is a further sub-committee of the main board of trustees. Its purpose is to maintain an oversight of the School's governance, risk management, internal control and value for money framework. It will report its findings regularly to the board of Trustees and the Accounting Officer as a critical element of the School's annual reporting requirements.

The Audit Committee has no executive powers or operational responsibilities/duties. Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mrs. J. King	2	2
Mr. D.D. Harris	2	2
Mr R. Bath	1	1
Mrs R. Travers	1	1

Review of Value for money

As Accounting Officer, the Headteacher has responsibility for ensuring that the School 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 School'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 appropriate.

The Accounting Officer for the School has delivered improved value for money during the year by:

- Taken the Catering provision in house creating a potential saving of £18,000 per annum

The savings from the above will help improve the level of curriculum resources within the school.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of School policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Chatham & Clarendon Grammar School for the year 1 September 2018 to 31 August 2019 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 School 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 ongoing process for identifying, evaluating and managing the School's significant risks, which has been in place for the year 1 September 2018 to 31 August 2019 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 School's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes:

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

Chatham & Clarendon Grammar School
(A company limited by guarantee)

Governance Statement

The board of trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the trustees have appointed Mr. D. Harris, a trustee, as Responsible Officer (RO).

The RO's role includes giving advice on financial matters and performing a range of checks on the School's financial systems. On a quarterly basis, the RO reports to the board of trustees on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

The School confirms that the Responsible Officer function has been fully delivered in line with the ESFA's requirements. The appointee has delivered their schedule of work as planned during the year and no significant issues have arisen. Remedial action has been taken to deal with any minor points and recommendations.

In accordance with the new GDPR requirements which came into force in May 2018, the school has appointed J Dawes as its Data Protection Officer.

Review of Effectiveness

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

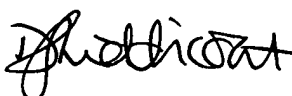
- the work of the Responsible Officer;
- the work of the external auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the School who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the board of trustees on and signed on their behalf, by:



Mr. R.A. Bath
Chair of Trustees



Mrs. D. Liddicoat
Accounting Officer

Date: 10 December 2019

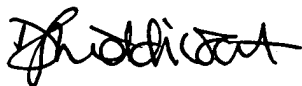
Chatham & Clarendon Grammar School
(A company limited by guarantee)

Statement on Regularity, Propriety and Compliance

As accounting officer of Chatham & Clarendon Grammar School I have considered my responsibility to notify the academy trust board of trustees 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 2018.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of all funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2018.

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 trustees and ESFA.



Mrs. D. Liddicoat
Accounting Officer

Date: 10 December 2019

Chatham & Clarendon Grammar School
(A company limited by guarantee)

Statement of trustees' responsibilities
For the year ended 31 August 2019

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

Company law requires the 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 of the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 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 trustees and signed on its behalf by:



Mr. R. A. Bath
Chair of Trustees

Date: 10 December 2019

Independent Auditors' Report on the financial statements to the Members of Chatham & Clarendon Grammar School

Opinion

We have audited the financial statements of Chatham & Clarendon Grammar School (the 'academy trust') for the year ended 31 August 2019 which comprise the Statement of Financial Activities, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the academy trust's affairs as at 31 August 2019 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' 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 United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Auditors' report thereon. Other information includes the Reference and administrative details, the Trustees' report including the Strategic report, and the Governance statement. 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.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Independent Auditors' Report on the financial statements to the Members of Chatham & Clarendon Grammar School
(continued)

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

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

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

Auditors' 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 Auditors' 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: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' report.

Use of our report

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



Allan Hickie BSc FCA (Senior statutory auditor)
for and on behalf of
UHY Kent LLP

Chartered Accountants & Registered Auditors
Thames House, Roman Square
Sittingbourne
Kent. ME10 4BJ

Date: 16 December 2019

Chatham & Clarendon Grammar School
(A company limited by guarantee)

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

In accordance with the terms of our engagement letter dated 25 September 2014 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Chatham & Clarendon Grammar School during the year 1 September 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Chatham & Clarendon Grammar School and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Chatham & Clarendon 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 Chatham & Clarendon Grammar School and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Chatham & Clarendon Grammar School's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Chatham & Clarendon Grammar School's funding agreement with the Secretary of State for Education dated 17 December 2010 and the Academies Financial Handbook, extant from 1 September 2018, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

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

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

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

We conducted our work in accordance with Technical Release TECH 08/12 AAF issued by the Institute of Chartered Accountants in England and Wales. In accordance with that Technical Release we have carried out the procedures we consider necessary to be able to report on whether anything has come to our attention which suggests that in all material respects expenditure disbursed and income received have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them. Other than those procedures undertaken for the purposes of our audit of the financial statements of Chatham & Clarendon Grammar School for the year ended 31 August 2019 which provide evidence on regularity, our work was limited to only those additional procedures necessary to provide limited assurance.

The work undertaken to draw to our conclusion included:

- an assessment of the risk of material irregularity and impropriety across all of the academy trust's activities;
- further testing and review of the areas identified through the risk assessment including enquiry, identification of control processes and examination of supporting evidence across all areas identified as well as additional verification work where considered necessary; and
- consideration of evidence obtained through the work detailed above and the work completed as part of our financial statements audit in order to support the regularity conclusion.

Chatham & Clarendon Grammar School
(A company limited by guarantee)

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

Conclusion

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



UHY Kent LLP

Chartered Accountants & Registered Auditors
Thames House, Roman Square
Sittingbourne
Kent. ME10 4BJ

Date: 16 December 2019

Chatham & Clarendon Grammar School
(A company limited by guarantee)

Statement of financial activities (incorporating income and expenditure account)
For the year ended 31 August 2019

	Note	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £	Total funds 2018 £
Income from:						
Donations and capital grants	3	61,833	-	109,151	170,984	143,214
Charitable activities	4	445,061	6,741,075	-	7,186,136	6,473,339
Other trading activities	5	55,202	201	-	55,403	44,147
Investments	6	279	-	-	279	1,294
Total income		562,375	6,741,276	109,151	7,412,802	6,661,994
Expenditure on:						
Charitable activities	8	385,457	7,049,560	834,060	8,269,077	8,098,215
Total expenditure		385,457	7,049,560	834,060	8,269,077	8,098,215
Net gains on investments		-	-	-	-	413
Net income/(expenditure)		176,918	(308,284)	(724,909)	(856,275)	(1,435,808)
Transfers between funds	18	(150,183)	144,911	5,272	-	-
Net movement in funds before other recognised gains/(losses)		26,735	(163,373)	(719,637)	(856,275)	(1,435,808)
Other recognised gains/(losses):						
Actuarial losses on defined benefit pension schemes	24	-	(619,000)	-	(619,000)	693,000
Net movement in funds		26,735	(782,373)	(719,637)	(1,475,275)	(742,808)
Reconciliation of funds:						
Total funds brought forward		-	(2,429,870)	30,726,449	28,296,579	29,039,387
Net movement in funds		26,735	(782,373)	(719,637)	(1,475,275)	(742,808)
Total funds carried forward	18	26,735	(3,212,243)	30,006,812	26,821,304	28,296,579

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

The notes on pages 22 to 43 form part of these financial statements.

Chatham & Clarendon Grammar School
(A company limited by guarantee)
Registered number: 07455452

Balance sheet
As at 31 August 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	14	30,006,812	30,726,449
Investments	15	25,202	25,202
		<u>30,032,014</u>	<u>30,751,651</u>
Current assets			
Debtors	16	260,547	198,251
Cash at bank and in hand		146,737	47,480
		<u>407,284</u>	<u>245,731</u>
Creditors: amounts falling due within one year	17	(367,994)	(366,803)
Net current assets / liabilities		<u>39,290</u>	<u>(121,072)</u>
Total assets less current liabilities		<u>30,071,304</u>	<u>30,630,579</u>
Defined benefit pension scheme liability	24	(3,250,000)	(2,334,000)
Total net assets		<u><u>26,821,304</u></u>	<u><u>28,296,579</u></u>
Funds of the academy trust			
Restricted funds:			
Fixed asset funds	18	30,006,812	30,726,449
Restricted income funds	18	37,757	(95,870)
		<u>30,044,569</u>	<u>30,630,579</u>
Restricted funds excluding pension asset	18	30,044,569	30,630,579
Pension reserve	18	(3,250,000)	(2,334,000)
Total restricted funds	18	<u>26,794,569</u>	<u>28,296,579</u>
Unrestricted income funds	18	26,735	-
Total funds		<u><u>26,821,304</u></u>	<u><u>28,296,579</u></u>

The financial statements on pages 19 to 43 were approved by the trustees, and authorised for issue on and are signed on their behalf, by:



Mr. R.A. Bath
Chair of Trustees

Mrs. D. Liddicoat
Trustee and Accounting Officer

Date: 10 December 2019

The notes on pages 22 to 43 form part of these financial statements.

Chatham & Clarendon Grammar School
(A company limited by guarantee)

Statement of cash flows
For the year ended 31 August 2019

	Note	2019 £	2018 £
Cash flows from operating activities			
Net cash provided by/(used in) operating activities	20	111,174	(391,711)
Cash flows from investing activities	22	(5,000)	806
Cash flows from financing activities	21	(6,917)	(6,918)
		<hr/>	<hr/>
Change in cash and cash equivalents in the year		99,257	(397,823)
Cash and cash equivalents at the beginning of the year		47,480	445,303
Cash and cash equivalents at the end of the year	23	<hr/> <hr/> 146,737	<hr/> <hr/> 47,480

The notes on pages 22 to 43 form part of these financial statements

Notes to the financial statements
For the year ended 31 August 2019

1. Accounting policies

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

1.1 Basis of preparation of financial statements

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

1.2 Going concern

The trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the academy trust 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.

The in-year surplus on operational revenue funds for 2018-19 has returned the trust to a surplus cumulative position on these funds. At 31 August 2019 the balance on revenue income funds stood at £64,492. Whilst this total remains considerably short of the level of free reserves the trustees have determined the trust would ideally hold, it means that, alongside the budget prediction of a further surplus for 2019-20, the trustees are confident that the going concern basis is appropriate.

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 year for which it is receivable and any abatement in respect of the year 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.

• **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.

• **Other income**

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

Notes to the financial statements
For the year ended 31 August 2019

1. Accounting policies (continued)

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.

• **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

1.5 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 Part 11, chapter 3 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

1.6 Tangible fixed assets

Assets costing £2,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

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

Depreciation is provided on the following bases:

Freehold property	- 2%
Furniture and equipment	- 25%
Computer equipment	- 33.33%
Motor vehicles	- 25%

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.

1.7 Investments

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the Balance sheet date, unless the value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and presented as 'Gains/(Losses) on investments' in the Statement of financial activities.

Notes to the financial statements
For the year ended 31 August 2019

1. Accounting policies (continued)

1.8 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

1.9 Cash at bank and in hand

Cash at bank and in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.10 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.

1.11 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 bases are as follows:

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 16. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 17. 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.

1.12 Operating leases

Rentals paid under operating leases are charged to the Statement of financial activities on a straight line basis over the lease term.

Notes to the financial statements
For the year ended 31 August 2019

1. Accounting policies (continued)

1.13 Pensions

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

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

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

1.14 Agency arrangements

The academy trust acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The funds received and paid and any balances held are disclosed in note 28.

1.15 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 the funders where the asset acquired or created is held for a specific purpose.

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

Investment income, gains and losses are allocated to the appropriate fund.

Notes to the financial statements
For the year ended 31 August 2019

2. Critical accounting estimates and areas of judgment

Estimates and judgments 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 24, 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 2019. 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.

For 2018-19 there has been some specific issues which have impacted on the actuarial assumptions and closing pension scheme liability of all LGPS employers:

(1) The "McCloud/Sargeant judgement". This relates to legal rulings regarding age discrimination arising from public sector pension scheme transitional arrangements. Actuarial evidence suggested that the impact of making an allowance for this judgement would be material, and so the academy trust asked the actuary to make an allowance in the figures.

In order to quantify the constructive obligation the actuary has made calculations using an approximate approach. One critical assumption under this method is that salaries will increase at least CPI plus 1.5%. Further, the approximate approach does not take into account the specific age profile of the employer's pension scheme members.

The impact of McCloud/Sargeant has been to increase the constructive obligation at 31 August 2019 by £71k. This is reflected as a past service cost, within staff costs, and detailed in note 24.

There will also be an increase in the cost of benefits from 1 September 2019.

(2) Guaranteed Minimum Pension (GMP). GMP is a portion of pension that was accrued by individuals who were contracted out of the State Second Pension between 6 April 1978 and 6 April 1997. In October 2018 the High Court ruled in the Lloyds Bank case that equalisation for the effect of unequal GMPs between genders is required. As a result of an on-going debate on how this impacts on public service pension schemes, there has been national debate about the point at which a past service cost is triggered. Briefing notes provided by the actuary have indicated that a 'trigger event' is yet to occur for the LGPS and so no allowance has been made for GMP in the LGPS liability included within these financial statements. It is, in any case, considered likely that any impact would be immaterial.

(3) Discount rates. There has been a change in financial assumptions over the period, including the discount rate. The discount rate has been reduced significantly which has resulted in a less positive balance sheet position than if the discount rate at the start of the period had been used. The impact comes through as part of the actuarial movement shown on Statement of Financial Activities.

(4) Mortality assumptions. Details of the changes in mortality assumptions are shown in note 24. The actuary calculations use a model prepared by the Continuous Mortality Investigation (CMI) which is updated on an annual basis, incorporating the latest mortality data in the national population. This year the mortality assumptions use an updated CMI model which now anticipates a significant reduction in projected life expectancies. The lower life expectancy assumptions result in a more positive balance sheet position than if the mortality rates at the start of the period had been used, and the impact comes through as part of the actuarial movement shown on Statement of Financial Activities.

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For the year ended 31 August 2019

3. Income from donations and capital grants

	Unrestricted funds 2019 £	Restricted fixed asset fund 2019 £	Total funds 2019 £	Total funds 2018 £
Donations	61,833	-	61,833	113,142
Capital grants	-	109,151	109,151	30,072
Total 2019	61,833	109,151	170,984	143,214
<i>Analysis of 2018 total by fund</i>	<i>113,142</i>	<i>30,072</i>	<i>143,214</i>	

4. Funding for the academy trust's academy's educational operations

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
DfE/ESFA grants				
General Annual Grant (GAG)	-	6,426,374	6,426,374	5,910,695
Other DfE/ESFA grants	-	287,399	287,399	188,155
	-	6,713,773	6,713,773	6,098,850
Other government grants				
Local authority grants	-	21,966	21,966	14,635
	-	21,966	21,966	14,635
Other funding				
School trips	285,130	-	285,130	294,606
Catering	149,038	-	149,038	16,606
Other	10,893	5,336	16,229	48,642
	445,061	5,336	450,397	359,854
Total 2019	445,061	6,741,075	7,186,136	6,473,339
<i>Analysis of 2018 total by fund</i>	<i>339,534</i>	<i>6,133,805</i>	<i>6,473,339</i>	

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5. Income from other trading activities

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Lettings	32,139	-	32,139	16,862
Insurance claims	2,610	-	2,610	8,045
Sale of goods and services	15,807	-	15,807	19,182
Other	4,646	201	4,847	58
	<u>55,202</u>	<u>201</u>	<u>55,403</u>	<u>44,147</u>
<i>Total of 2018 total by fund</i>	<u>43,507</u>	<u>640</u>	<u>44,147</u>	

6. Investment income

	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Bank interest	279	279	1,294

In 2018, the total income from investments related to the unrestricted fund.

7. Expenditure

	Staff Costs 2019 £	Premises 2019 £	Other 2019 £	Total 2019 £	Total 2018 £
Academy's educational operations:					
Direct costs	4,772,018	679,555	755,721	6,207,294	6,273,622
Allocated support costs	1,257,058	436,702	368,023	2,061,783	1,824,593
	<u>6,029,076</u>	<u>1,116,257</u>	<u>1,123,744</u>	<u>8,269,077</u>	<u>8,098,215</u>
<i>Analysis of 2018 total</i>	<u>5,802,268</u>	<u>1,105,211</u>	<u>1,190,736</u>	<u>8,098,215</u>	

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8. Analysis of expenditure on charitable activities

Summary by fund type

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Academy's educational operations	385,457	7,883,620	8,269,077	8,098,215
<i>Analysis of 2018 total</i>	409,397	7,688,818	8,098,215	

9. Analysis of expenditure by activities

	Direct costs 2019 £	Support costs 2019 £	Total funds 2019 £	Total funds 2018 £
Academy's educational operations	6,207,294	2,061,783	8,269,077	8,098,215
<i>Analysis of 2018 total</i>	6,273,622	1,824,593	8,098,215	

Analysis of support costs

	Total funds 2019 £	Total funds 2018 £
Staff costs	1,257,058	1,089,445
Depreciation	41,393	42,819
Premises costs	395,309	384,574
Technology costs	76,913	70,543
Other support costs	281,277	226,835
Governance costs	9,833	10,377
	2,061,783	1,824,593

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Notes to the financial statements
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10. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2019	2018
	£	£
Operating lease rentals	65,104	89,847
Depreciation of tangible fixed assets	827,866	856,360
Fees paid to auditors for:		
- audit	8,410	8,130
- other services	1,925	2,900
	<u> </u>	<u> </u>

11. Staff costs

a. Staff costs

Staff costs during the year were as follows:

	2019	2018
	£	£
Wages and salaries	4,557,670	4,402,380
Social security costs	431,000	401,381
Pension costs	1,030,086	985,048
	<u>6,018,756</u>	<u>5,788,809</u>
Agency staff costs	5,189	13,459
Staff restructuring costs	5,131	-
	<u>6,029,076</u>	<u>5,802,268</u>

Staff restructuring costs comprise:

	2019	2018
	£	£
Redundancy payments	5,131	-
	<u>5,131</u>	<u>-</u>

Notes to the financial statements
For the year ended 31 August 2019

11. Staff costs (continued)

b. Staff numbers

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

	2019 No.	2018 No.
Teachers	87	84
Administration and support	93	84
Management	6	7
	<u>186</u>	<u>175</u>

The average headcount expressed as full-time equivalents was:

	2019 No.	2018 No.
Teachers	75	73
Administration and support	53	51
Management	6	7
	<u>134</u>	<u>131</u>

c. Higher paid staff

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

	2019 No.	2018 No.
In the band £60,001 - £70,000	3	1
In the band £70,001 - £80,000	-	1
In the band £80,001 - £90,000	1	1
	<u>4</u>	<u>2</u>

d. Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team. 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 £636,311 (2018 - £687,109).

Notes to the financial statements
For the year ended 31 August 2019

12. 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 Headteacher and other staff trustees only receive remuneration in respect of services they provide undertaking their roles under their contracts of employment. The value of trustees' remuneration and other benefits was as follows:

		2019	2018
		£	£
Mrs. D. Liddicoat, Headteacher	Remuneration	85,000 - 90,000	85,000 - 90,000
	Pension contributions paid	10,000 - 15,000	10,000 - 15,000
Ms. C. Tonkin Jukes	Remuneration	35,000 - 40,000	35,000 - 40,000
	Pension contributions paid	5,000 - 10,000	5,000 - 10,000
Mrs. R. Hewett	Remuneration	25,000 - 30,000	20,000 - 25,000
	Pension contributions paid	5,000 - 10,000	0 - 5,000
Mrs. S. Benfield	Remuneration	40,000 - 45,000	-
	Pension contributions paid	5,000 - 10,000	-

During the year ended 31 August 2019, expenses totalling £45 were reimbursed or paid directly to 1 trustee (2018 - £NIL to no trustees). The reimbursement was in relation to travel expenses.

13. Trustees' and Officers' insurance

The academy trust has opted into the Department of Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business, and provides cover up to £10,000,000. It is not possible to quantify the trustees and officers indemnity element from the overall cost of the RPA scheme membership.

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Notes to the financial statements
For the year ended 31 August 2019

14. Tangible fixed assets

	Freehold property £	Furniture and equipment £	Computer equipment £	Motor vehicles £	Total £
Cost or valuation					
At 1 September 2018	35,760,117	597,420	764,485	21,570	37,143,592
Additions	48,461	24,738	41,223	-	114,422
Disposals	-	-	(232,186)	-	(232,186)
At 31 August 2019	35,808,578	622,158	573,522	21,570	37,025,828
Depreciation					
At 1 September 2018	5,206,976	481,869	711,560	16,738	6,417,143
Charge for the year	715,321	67,799	40,602	4,143	827,865
On disposals	-	-	(225,992)	-	(225,992)
At 31 August 2019	5,922,297	549,668	526,170	20,881	7,019,016
Net book value					
At 31 August 2019	29,886,281	72,490	47,352	689	30,006,812
At 31 August 2018	30,553,141	115,551	52,925	4,832	30,726,449

15. Fixed asset investments

	Listed investments £
Cost or valuation	
At 1 September 2018	25,202
At 31 August 2019	25,202
Net book value	
At 31 August 2019	25,202
At 31 August 2018	25,202

Listed investments are managed funds held in the UK.

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Notes to the financial statements
For the year ended 31 August 2019

16. Debtors

	2019	<i>2018</i>
	£	<i>£</i>
VAT repayable	48,704	18,538
Other debtors	60,551	45,429
Prepayments and accrued income	151,292	134,284
	<u>260,547</u>	<u>198,251</u>

17. Creditors: Amounts falling due within one year

	2019	<i>2018</i>
	£	<i>£</i>
Other loans	-	6,917
Trade creditors	12,396	1,726
Other taxation and social security	107,237	104,786
Other creditors	56,960	41,457
Accruals and deferred income	191,401	211,917
	<u>367,994</u>	<u>366,803</u>

	2019	<i>2018</i>
	£	<i>£</i>
Deferred income at 1 September 2018	122,001	110,437
Resources deferred during the year	154,762	122,001
Amounts released from previous periods	(122,001)	(110,437)
	<u>154,762</u>	<u>122,001</u>

Deferred income included above relates to rates grant income relation to 2019/20 and income collected from pupils in advance of trips taking place during 2019/20.

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18. Statement of funds

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
Unrestricted funds						
General fund	-	562,375	(385,457)	(150,183)	-	26,735
Restricted general funds						
General Annual Grant (GAG)	(115,363)	6,426,575	(6,456,123)	144,911	-	-
Other DfE/ESFA grants	-	287,400	(287,400)	-	-	-
Other government grants	-	21,966	(5,646)	-	-	16,320
Other restricted income	19,493	5,335	(3,391)	-	-	21,437
Pension reserve	(2,334,000)	-	(297,000)	-	(619,000)	(3,250,000)
	<u>(2,429,870)</u>	<u>6,741,276</u>	<u>(7,049,560)</u>	<u>144,911</u>	<u>(619,000)</u>	<u>(3,212,243)</u>
Restricted fixed asset funds						
Fixed assets	30,726,449	-	(834,060)	114,423	-	30,006,812
DfE/ESFA capital grants	-	109,151	-	(109,151)	-	-
	<u>30,726,449</u>	<u>109,151</u>	<u>(834,060)</u>	<u>5,272</u>	<u>-</u>	<u>30,006,812</u>
Total Restricted funds	<u>28,296,579</u>	<u>6,850,427</u>	<u>(7,883,620)</u>	<u>150,183</u>	<u>(619,000)</u>	<u>26,794,569</u>
Total funds	<u>28,296,579</u>	<u>7,412,802</u>	<u>(8,269,077)</u>	<u>-</u>	<u>(619,000)</u>	<u>26,821,304</u>

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

General Annual Grants ("GAG") must be used for the normal running costs of the school. The £145k transfer figure relates to a transfer from the general unrestricted fund to leave a £nil carry forward position on this fund.

The other DfE/ESFA grants fund is used to track grants proved by the DfE and related bodies, and includes Pupil Premium. The pupil grants have been used to enhance the learning of disadvantaged pupils by subsidising school trips, purchasing uniform, and providing staffing for learning and support at GCSE.

The other government grants fund is used to track grants provided by government departments other than the DfE/ESFA and includes grants received from Kent County Council and Headstart.

The other restricted balance relates to the Combined Cadet Force at the school, plus other grants received for specific purposes in relation to a Science, Technology, Engineering and Mathematics ("STEAM") project and from Plymouth Marine Laboratories.

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18. Statement of funds (continued)

The pension reserve relates to the school's share of the deficit of the Local Government Pension Scheme overseen by the Local Authority.

The restricted fixed asset funds are carried forward to meet the specific costs of fixed asset projects and to cover the depreciation charges that will be required on these projects going forward and the current fixed assets held. The net purchases into the restricted fixed asset fund relates to capital purchases made from revenue income funds.

Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG it could carry forward at 31 August 2019.

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

	<i>Balance at 1 September 2017 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers in/out £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 August 2018 £</i>
Unrestricted funds						
General fund	232,994	497,477	(374,419)	(356,465)	413	-
Restricted general funds						
General Annual Grant (GAG)	-	5,910,695	(6,381,622)	355,564	-	(115,363)
Other DfE/ESFA grants	-	188,155	(188,155)	-	-	-
Other government grants	-	11,947	(11,947)	-	-	-
Other restricted income	5,557	23,648	(9,712)	-	-	19,493
Pension reserve	(2,751,000)	-	(276,000)	-	693,000	(2,334,000)
	<u>(2,745,443)</u>	<u>6,134,445</u>	<u>(6,867,436)</u>	<u>355,564</u>	<u>693,000</u>	<u>(2,429,870)</u>
Restricted fixed asset funds						
Fixed assets	31,551,836	-	(856,360)	30,973	-	30,726,449
DfE/ESFA capital grants	-	30,072	-	(30,072)	-	-
	<u>31,551,836</u>	<u>30,072</u>	<u>(856,360)</u>	<u>901</u>	<u>-</u>	<u>30,726,449</u>
Total Restricted funds	<u>28,806,393</u>	<u>6,164,517</u>	<u>(7,723,796)</u>	<u>356,465</u>	<u>693,000</u>	<u>28,296,579</u>
Total funds	<u>29,039,387</u>	<u>6,661,994</u>	<u>(8,098,215)</u>	<u>-</u>	<u>693,413</u>	<u>28,296,579</u>

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19. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £
Tangible fixed assets	-	-	30,006,812	30,006,812
Fixed asset investments	-	25,202	-	25,202
Current assets	26,735	380,549	-	407,284
Creditors due within one year	-	(367,994)	-	(367,994)
Provisions for liabilities and charges	-	(3,250,000)	-	(3,250,000)
Total	26,735	(3,212,243)	30,006,812	26,821,304

Analysis of net assets between funds - prior year

	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	30,726,449	30,726,449
Fixed asset investments	25,202	-	25,202
Current assets	245,731	-	245,731
Creditors due within one year	(366,803)	-	(366,803)
Provisions for liabilities and charges	(2,334,000)	-	(2,334,000)
Total	(2,429,870)	30,726,449	28,296,579

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20. Reconciliation of net expenditure to net cash flow from operating activities

	2019	2018
	£	£
Net expenditure for the year (as per Statement of financial activities)	(856,275)	(1,435,808)
Adjustments for:		
Depreciation	827,866	856,360
Capital grants from DfE and other capital income	(109,151)	(30,072)
Gains on investments	-	(413)
Interest receivable	(271)	(1,294)
Defined benefit pension scheme cost less contributions payable	239,000	207,000
Defined benefit pension scheme finance cost	58,000	69,000
(Increase)/decrease in debtors	(62,296)	30,757
Increase/(decrease) in creditors	8,107	(87,241)
Loss on disposal of fixed assets	6,194	-
Net cash provided by/(used in) operating activities	111,174	(391,711)

21. Cash flows from financing activities

	2019	2018
	£	£
Repayments of borrowing	(6,917)	(6,918)
Net cash used in financing activities	(6,917)	(6,918)

22. Cash flows from investing activities

	2019	2018
	£	£
Dividends, interest and rents from investments	271	1,294
Purchase of tangible fixed assets	(114,422)	(30,973)
Capital grants from DfE Group	109,151	30,072
Gain on investments	-	413
Net cash (used in)/provided by investing activities	(5,000)	806

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For the year ended 31 August 2019

23. Analysis of cash and cash equivalents

	2019	<i>2018</i>
	£	£
Cash in hand	146,737	47,480
Total cash and cash equivalents	<u>146,737</u>	<u>47,480</u>

24. Pension commitments

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

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

Contributions amounting to £22,000 were payable to the schemes at 31 August 2019 (*2018 - £23,000*) and are included within creditors.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS or scheme) is a statutory, unfunded, defined benefit occupational scheme, governed by the Teachers' Pensions Regulations 2010 (as amended), and the Teachers' Pension Scheme Regulations 2014 (as amended). These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and Public Service Pensions Act (2013) and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – contributions from members, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Acts.

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Valuation of the Teachers' Pension Scheme

The latest valuation of the Teachers' Pension Scheme has now taken place, in line with directions issued by HM Treasury and using membership data as at 31 March 2016. As a result of this valuation TPS employers will pay an increased contribution rate of 23.68% from September 2019 (this includes the administration levy of 0.08%). The timing of the implementation is to align its introduction with employers' budget planning cycles. Until then, employers will pay the current rate of 16.48%.

Notes to the financial statements
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24. Pension commitments (continued)

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

The employer's pension costs paid to TPS in the year amounted to £521,000 (2018 - £517,000).

A copy of the valuation report and supporting documentation is on the [Teachers' Pensions website](#).

Under the definitions set out in FRS 102, the TPS is 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.

Scheme Changes

The arrangements for a reformed Teachers' Pension Scheme, in line with the recommendations made by Lord Hutton, in particular the introduction of a Career Average Revalued Earnings (CARE) scheme, were implemented from 1 April 2015.

In December 2018, the Court of Appeal held that transitional protection provisions contained in the reformed judicial and firefighter pension schemes, introduced as part of public service pension reforms in 2015, gave rise to direct age discrimination and were therefore unlawful. The Supreme Court, in a decision made in June 2019, have rejected the Government's application for permission to appeal the Court of Appeal's ruling. The case will now be referred to an Employment Tribunal for a decision regarding the remedy which will need to be offered to those members of the two schemes who were subject of the age discrimination.

HM Treasury are clear that the ruling has implications for the other public service schemes, including the Teachers' Pension Scheme. Those implications are currently being considered and any impact on scheme costs is expected to be looked at within the next scheme valuation, which is currently scheduled to be based on April 2020 data and implemented in April 2023.

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £298,000 (2018 - £271,000), of which employer's contributions totalled £235,000 (2018 - £213,000) and employees' contributions totalled £ 63,000 (2018 - £58,000). The agreed contribution rates for future years are 20 per cent for employers and 5.5-12.5 per cent 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.

Principal actuarial assumptions

	2019	2018
	%	%
Rate of increase in salaries	3.7	3.80
Rate of increase for pensions in payment/inflation	2.2	2.30
Discount rate for scheme liabilities	1.85	2.65

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

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24. Pension commitments (continued)

	2019	2018
	Years	Years
Retiring today		
Males	22.1	23.1
Females	24.0	25.2
Retiring in 20 years		
Males	23.7	25.3
Females	25.8	27.5

Sensitivity analysis

	2019	2018
	£000	£000
Discount rate +0.1%	159	130
Discount rate -0.1%	(163)	(133)
Mortality assumption - 1 year increase	(263)	(203)
Mortality assumption - 1 year decrease	254	196

The academy trust's share of the assets in the scheme was:

	At 31 August	At 31 August
	2019	2018
	£	£
Equities	2,581,000	2,344,000
Gilts	27,000	26,000
Corporate bonds	342,000	305,000
Property	442,000	425,000
Cash and other liquid assets	101,000	105,000
Investment funds	294,000	233,000
Total market value of assets	3,787,000	3,438,000

The actual return on scheme assets was £160,000 (2018 - £141,000).

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24. Pension commitments (continued)

The amounts recognised in the Statement of financial activities are as follows:

	2019	2018
	£	£
Current service cost	(401,000)	(419,000)
Past service cost	(71,000)	-
Interest income	94,000	83,000
Interest cost	(152,000)	(152,000)
Administrative expenses	(2,000)	(1,000)
Total amount recognised in the Statement of financial activities	(532,000)	(489,000)

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

	2019	2018
	£	£
At 1 September	5,772,000	5,825,000
Current service cost	401,000	419,000
Interest cost	152,000	152,000
Employee contributions	63,000	58,000
Actuarial losses/(gains)	685,000	(635,000)
Benefits paid	(107,000)	(47,000)
Past service costs	71,000	-
At 31 August	7,037,000	5,772,000

Changes in the fair value of the academy trust's share of scheme assets were as follows:

	2019	2018
	£	£
At 1 September	3,438,000	3,074,000
Interest income	94,000	83,000
Actuarial gains	66,000	58,000
Employer contributions	235,000	213,000
Employee contributions	63,000	58,000
Benefits paid	(107,000)	(47,000)
Administrative expenses	(2,000)	(1,000)
At 31 August	3,787,000	3,438,000

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25. Operating lease commitments

At 31 August 2019 the academy trust had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Not later than 1 year	59,390	43,823
Later than 1 year and not later than 5 years	91,427	137,204
	<u>150,817</u>	<u>181,027</u>

26. Members' liability

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

27. Related party transactions

Owing to the nature of the academy trust's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which a trustee has 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 following related party transactions took place in the financial period:

Expenditure Related Party Transactions:

During the year, Mr. L. Jones provided photography services to the school for £60. Mr. L. Jones is the partner of Mrs. D. Liddicoat's (Accounting Officer) daughter.

During the year, Mr. P. King provided fire safety advice to the school free of charge. Mr. P. King is the spouse of Mrs. J. King (trustee).

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

28. Agency arrangements

The academy trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2019 the trust received £51,314 (2018 - £48,914) and disbursed £36,950 (2018 - £32,070) from the fund. An amount of £31,208 (2018 - £16,844) is included in other creditors relating to undistributed funds that is repayable to ESFA if not expended in the following year.

29. Controlling party

The trust is run by the senior management team on a day to day basis. Strategic decisions are made by the trustees. There is no ultimate controlling party.