

Registration number: 08357352

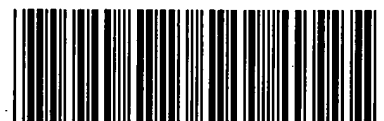
Spalding Grammar School

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 August 2016

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COMPANIES HOUSE

Spalding Grammar School

Reference and Administrative Details

Governors and Trustees (Directors)	Mr K Bean Mr PG Bell (resigned 12 October 2015) Revd J Bennett Mr J Bradley (resigned 7 September 2015) Mr P Callow (appointed 8 November 2015) Mr KC Casswell (resigned 12 October 2015) Mr B Chappell Mr T Charlton (appointed 9 November 2015) Mr AC Cunnington Mr CS Delaney (appointed 9 November 2015) Mr HT Drury (appointed 12 November 2015) Mr A Faulkner Mrs RE Fuggle (resigned 11 July 2016) Mrs D Haslam Mrs SAL Hoult Mr P Ingleby Dr P Marshall (appointed 13 October 2015) Mr RG Massey Mr N Meekins (resigned 7 September 2015) Mr M Morris Mrs J Smith Dr MSA Townsend (resigned 9 May 2016)
Company Secretary	Mr S Barton
Principal	Mr SM Wilkinson
Senior Team	Mr SM Wilkinson, Headteacher (appointed 1 September 2015) Mrs CM Lee, Assistant Head Mrs SP Ingram, Assistant Head Mr S Barton, Associate Assistant Head
Headteacher and Registered Office	Mr SM Wilkinson Spalding Grammar School Priory Lane Spalding Lincolnshire PE11 2XH
Company Registration Number	08357352

Spalding Grammar School

Reference and Administrative Details (continued)

Auditors	Bulley Davey Limited 1-4 London Road Spalding Lincolnshire PE11 2TA
Bankers	Natwest Bank 501 Silbury Boulevard Milton Keynes MK9 3ER
Solicitors	Maples Solicitors LLP 23 New Road Spalding Lincolnshire PE11 1DH

Spalding Grammar School

Governors' Report for the Year Ended 31 August 2016

The Governors present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2016. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

Structure, governance and management

Constitution

The Academy Trust is a company limited by guarantee and is an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the School Trust. The company registration number is 08357352.

The Governors act as the trustees for the charitable activities of Spalding Grammar School and are also the directors of the charitable company for the purposes of company law.

Details of the Governors who served throughout the year except as noted are included in the Reference and Administrative Details on page 1.

Principal activities

The principal activity of the charitable company is education or provision of teaching and learning. The principal activity is encapsulated by provision of first class teaching staff, ably supported by other staff to ensure that all students get the best chance to succeed at all stages of their schooling.

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.

Governors' indemnities

The School through its Articles has indemnified its Governors to the fullest extent permissible by law. During the period the School also purchased and maintained liability insurance for its Governors.

Method of recruitment and appointment or election of Governors

Governors are appointed under the rules contained within the memorandum and articles of association. The appointments are made by the trustees who delegate powers to the Senior Team.

The membership of the Governing Body is in accordance with the structure contained within its memorandum and articles of association. Governors have a breadth of skills which are beneficial to the Governing Body as a whole.

Committees have been established that meet regularly to ensure the requirements are being met. Committees include separate Finance and Audit Committees. The Finance Committee meets at least 3 times per annum.

Further Sub-Committees have been formed to ensure compliance with the School Development Plan in the areas of Staff Development, Achievement and Recruitment.

All members of the Governing Body are to be directors of the School.

Spalding Grammar School

Governors' Report for the Year Ended 31 August 2016 (continued)

Policies and procedures adopted for the induction and training of Governors

The School was incorporated on 11 January 2013 and commenced operations on 1 February 2013. Access to external Governor training has been provided and operating procedures have been delivered to all members of the Governing Body. All Governors are assigned to a Sub-Committee, reporting to the whole Governing Body. Where Governors have a relevant professional skill, the School seeks to use that skill within a particular Sub-Committee. Within the School, the Governors can access the policies and procedures via the Clerk to Governors. Governors are invited to attend whole school events and where appropriate, staff training and information sessions.

Organisational structure

The organisational structure consists of a Governor level and the Senior Team. The structure is designed to enable all of these personnel to be involved whilst also devolving responsibility appropriately.

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

The Senior Team, during the period, consisted of the Headteacher, two Assistant Heads and an Associate Assistant Head who are responsible for communicating and implementing the School's strategies.

The Headteacher and Senior Team are responsible for the day to day running of the organisation, oversee the teaching staff and teams of administration and operational support. The structure and operation of the trust follows the guidelines set out in the academies handbook issued by the Department for Education.

The School accesses external agencies to ensure a broader provision of education and learning. The agencies include careers and guidance services.

Connected organisations, including related party relationships

Spalding Grammar School operates as a sole entity and is not part of a wider network or federation. The School does not have a sponsor.

Objectives and activities

Objects and aims

The object of the charity is to advance for the public benefit, education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad curriculum.

Objectives, strategies and activities

The School's principle aim is to ensure that all students have every opportunity to attain their potential - intellectually, socially and personally. The cornerstone of our approach is the strength of the relationships between governors, staff, pupils and parents throughout our community. The friendly and orderly atmosphere combines with a stimulating academic environment to develop the qualities which lead to successful examination results, satisfying personal relationships, the correct blend of individual strengths and co-operation with others, as well as the confidence to face the challenges of the wider world. The School is conscious of the need for continuous improvement of standards.

Spalding Grammar School

Governors' Report for the Year Ended 31 August 2016 (continued)

Public benefit

The School provides educational services to predominantly children from the South Holland district who have met the entry requirements by reaching the standard score of 220 in the 11+ examination to qualify in the top 25% of the ability range in Lincolnshire. The Governors confirm that they have complied with the duty in Section 4 of the Charities Act 2006 to have due regard to the public benefit guidance provided by the Charity Commission.

Spalding Grammar School

Governors' Report for the Year Ended 31 August 2016 (continued)

Strategic Report

Achievements and performance

In total 90% of all students, of all exams entered, were graded as A*-C. The amount of students gaining 5+ A*-C including English and Maths was 92%. AS Levels are currently being phased out as part of the Governments linear A Level programme. At A2 Level, 99% of all entries were graded A*- E.

Key non-financial performance indicators

The School has been fully staffed during the period to 31 August 2016. The curriculum has met the standards expected. Staffing costs are the Schools main expense and the value of the staff is demonstrated throughout the examination results as well as the level of enrichment and commitment demonstrated throughout the School.

In all of the expenditure, the Associate Assistant Head, Finance Team, Senior Team and Governors seek best value and question financial decisions made.

The Audit Committee has undertaken reviews of internal systems and controls during the year and have not identified any significant issues to be reported to the Governors.

Going concern

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

Financial review

The majority of the School's income derives from central funding via the Education Funding Agency. The School also receives further monies via Local Authority for special education needs and pupil premium. In addition, the School raises funds by professional expertise in accessing grants, negotiating contracts and utilisation of the current facilities.

During the period ended 31 August 2016 the operating expenditure (excluding depreciation) as an Academy of £5.18 million was covered by Educational Funding Agency grants and other incoming resources. The excess of income over expenditure, excluding pension liabilities and depreciation, was £0.15 million.

Net current assets at the period end were £1.62 million. The assets were used exclusively for providing education and the associated support services to the learners of the School.

There is a declared deficit on the defined benefit pension scheme, Local Government Pension Scheme for associated staff. Whilst the value is significant, the Governors do not believe that the liability represents a material risk because the liability has been agreed with the Associate Assistant Head to be spread over a twenty year period and will be planned into subsequent accounts. Payment have been agreed and are in place.

Reserves policy

The School aims to keep a minimum of one month's salary cost on hand in cash form at any one point. Cash is monitored on a minimum of a weekly basis and money is invested on deposit where appropriate.

Spalding Grammar School

Governors' Report for the Year Ended 31 August 2016 (continued)

Strategic Report

Investment policy

Some surplus funds currently held are invested into low risk bank deposits.

The governors have also taken the decision to invest £0.5m as part of a longer term strategy in order to realise the best return. The decision was taken after substantial financial advice and any returns will be utilised to benefit the Academy.

Principal risks and uncertainties

Financial and risk management objectives and policies

The majority of the School's income is obtained from the Department for Education via the Education Funding Agency in the form of recurrent grants; the use of which is restricted to particular purpose by the Objects of the Trust and also the Academies Financial Handbook. The grants received during the period ended 31 August 2016 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

Risk management

The Governors have assessed the major risks to which the School is exposed, in particular those relating to the specific teaching, provision of facilities and finances. The Governors have implemented a number of systems to assess the risks that the School faces (e.g. health and safety and school trips) and in relation to the control of finance. The Governors have implemented systems such as auditing of the finance area to demonstrate control and to minimize risk.

Risks to the School fall into three categories;

1. Financial - Income to the School is always predicted prudently and expenditure plans are controlled by the whole Governing Body. The Headteacher is accountable to the Governors for restricting expenditure within the set budget. Lack of numbers into Y7 and Y12 will have a severe financial impact.
2. Performance - A huge decline in results would damage the reputation of the School and would impact the recruitment and retention of students with a subsequent loss of income. The Headteacher is accountable to the Governing Body for academic results.
3. Health & Safety - A range of risk assessments have been written. The assessments are reviewed annually.

Spalding Grammar School

Governors' Report for the Year Ended 31 August 2016 (continued)

Employment of disabled persons

The School is of old construct and purpose built ramps have been put in place to ensure access and egress. The buildings comply with current legislation. There are adequate amounts of lifts and disabled toilet facilities. The School supports special educational needs and does this through training, career development and provision of qualified support personnel.

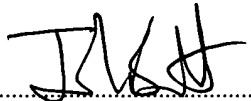
The Governors recognise that equal opportunities are an integral part of good practice in the workplace. The School aims for the highest standards in opportunity for all and ensures that the working environment allows the contribution needs of all to be understood, known and valued.

Auditor

In so far as the Governors are aware:

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

Approved by order of the members on 30/11/2016 and signed on its behalf by:



Revd J Bennett
Governor and trustee

Spalding Grammar School

Governance Statement

Scope of responsibility

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

The Governing Body has delegated the day-to-day responsibility to Mr SM Wilkinson, 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 Spalding Grammar School and the Secretary of State for Education. They are also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Governors' Report and in the Statement of Governors' Responsibilities. The Governing Body has formally met 7 times during the year. Attendance during the year at meetings of the Governing Body was as follows:

Trustee	Meetings attended	Out of a possible
Mr K Bean	7	7
Mr PG Bell	1	2
Revd J Bennett	6	7
Mr J Bradley	0	1
Mr P Callow	4	5
Mr KC Casswell	2	2
Mr B Chappell	6	7
Mr T Charlton	2	5
Mr AC Cunningham	4	7
Mr CS Delaney	4	5
Mr HT Drury	4	5
Mr A Faulkner	6	7
Mrs RE Fuggle	7	7
Mrs D Haslam	7	7
Mrs SAL Hoult	7	7
Mr P Ingleby	7	7
Dr P Marshall	5	5
Mr RG Massey	5	7
Mr N Meekins	0	1
Mr M Morris	5	7
Mrs J Smith	5	7
Dr MSA Townsend	3	6
Mr SM Wilkinson	7	7

Spalding Grammar School

Governance Statement (continued)

Governance reviews

The board of trustees review and respond to any third party review of governance requirements. The board of trustees are aware of their responsibility to consider laws and regulations, finance systems and controls and also community responsibility. There have been no formal requests in the current year for a governance review. The board are aware of the requirement to ensure work of the governing body is effective.

The Finance and General Purposes Committee is a sub-committee of the main Governing Body. Its purpose is to discuss and review any financial, building or other such matters arising. Attendance at meetings during the year was as follows:

Trustee	Meetings attended	Out of a possible
Mr B Chappell	3	3
Mr AC Cunningham	3	3
Mr HT Drury	2	3
Mr P Ingleby	3	3
Mr RG Massey	3	3

Review of value for money

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

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

- Insurance funding for academies has dwindled to a small figure within the GAG per student. The monies within the GAG do not cover the cost of insurance and as such the academy has negotiated a 3 year deal with Zurich insurance so that savings can be made over a longer timeframe. The savings during the 3 year period equate to over £24k.
- The School wanted to upgrade and refurbish some of its History rooms and quotes were obtained for external provision of the services. The most reasonable quote amounted to £40k to complete the work in both rooms. The Site Team and ICT Team managed to carry out a full refurbishment and keep everything in-house, saving the School in excess of £12k for one room. The project was such a success that the second room is scheduled in for refurbishment within the next year.
- For too long, many schools have been utilising central services for items such as payroll and HR as it was believed that they held the authority and expertise. Whilst challenging this theory, we have managed to secure new contracts, with greater outputs and delivery at significantly less overall cost. The saving to the School is in excess of £5k per annum.

Spalding Grammar School

Governance Statement (continued)

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 Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Spalding Grammar School for the year ended 31 August 2016 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Governing Body has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governing Body is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the year ending 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Finance Committee.

The risk and control framework

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

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

The Governing Body has considered the need for a specific internal audit function and has decided to delegate the role to an Audit Committee.

The role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. The Audit Committee reports to the Governing Body on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities.

There were no material control or other issues reported to date.

Spalding Grammar School

Governance Statement (continued)

Review of effectiveness

As Accounting Officer, Mr SM Wilkinson 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 Principal Finance Officer, S Barton;
- the work of the external auditor;
- the financial management and governance self assessment process;
- the work of the Accounting Officer and Principal Finance Officer within the School Trust who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the Governing Body on 30/11/2016 and signed on its behalf by:



Mr SM Wilkinson
Principal



Revd J Bennett
Governor and trustee

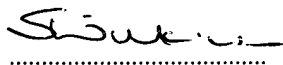
Spalding Grammar School

Statement on Regularity, Propriety and Compliance

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

I confirm that I and the Academy Trust Governing Body are able to identify any material irregular or improper use of funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's funding agreement and the Academies Financial Handbook 2015.

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



Mr SM Wilkinson
Accounting Officer

Date: 30th November 2016

Spalding Grammar School

Statement of Governors' Responsibilities

The Governors (who are the directors of the charitable company for the purposes of company law) are responsible for preparing the Governors' Report and the financial statements in accordance with the Academies: Accounts Direction 2015 to 16 issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

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

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

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

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

Approved by order of the members of the Board on 30/11/2016 and signed on its behalf by:



Revd J Bennett
Governor and trustee

Spalding Grammar School

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

We have audited the financial statements of Spalding Grammar School for the year ended 31 August 2016, which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, Balance Sheet, Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies' Accounts Direction 2015 to 2016 issued by the Educational Funding Agency.

This report is made solely to the charitable company's Governors, 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 charity's Governors those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its Governors as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Governors and auditors

As explained more fully in the Statement of Governors' Responsibilities (set out on page 14), the Governors (who are also the directors of the charitable company 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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Governors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2016 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, including the Academies' Accounts Direction 2015 to 2016 issued by the Education Funding Agency; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

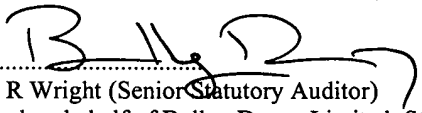
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Governors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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 Governors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.


Peter R Wright (Senior Statutory Auditor)
For and on behalf of Bulley Davey Limited, Statutory Auditor

1-4 London Road
Spalding
Lincolnshire
PE11 2TA

Date: 30th November 2016

Spalding Grammar School

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

In accordance with the terms of our engagement letter dated 28 November 2014 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies' Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Spalding Grammar School during the period 1 September 2015 to 31 August 2016 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 the Governing Body and EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we may state to the Governing Body and EFA 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 the Governing Body and EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of the Governing Body's accounting officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of the Governing Body's funding agreement with the Secretary of State for Education dated 30 January 2013 and the Academies Financial Handbook extant from 1 September 2012, 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 2015 to 2016. 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 from 1 September 2015 to 31 August 2016 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 2015 to 2016 issued by EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

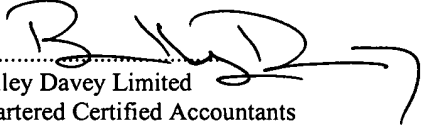
Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the academy trust's income and expenditure. The work undertaken to draw to our conclusion includes a review of the design and implementation of the Academy's internal controls and review processes on regularity, supported by detailed tests on samples of costs incurred by the academy and specific transactions identified from our review.

Spalding Grammar School

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

Conclusion

In the course of our work nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year from 1 September 2015 to 31 August 2016 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.


Bulley Davey Limited
Chartered Certified Accountants

1-4 London Road
Spalding
Lincolnshire
PE11 2TA

Date: 30th November 2016

Spalding Grammar School

Statement of Financial Activities for the Year Ended 31 August 2016 (including Income and Expenditure Account)

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2016 £	Total 2015 £
Incoming resources						
<i>Incoming resources from generated funds:</i>						
Voluntary income						
Other voluntary income	2	-	11,386	-	11,386	44,155
Other trading activities	4	24,693	276,204	-	300,897	350,350
Investments	5	1,354	5,472	-	6,826	9,151
<i>Incoming resources from charitable activities:</i>						
Funding for the Academy trust's educational operations	3	-	4,641,047	-	4,641,047	4,886,001
School fund income		-	376,188	-	376,188	277,972
Total incoming resources		<u>26,047</u>	<u>5,310,297</u>	<u>-</u>	<u>5,336,344</u>	<u>5,567,629</u>
Resources expended						
<i>Cost of generating funds:</i>						
Expenditure on raising funds		-	76,168	-	76,168	71,328
<i>Charitable activities:</i>						
Academy trust educational operations		-	4,776,308	263,950	5,040,258	5,073,665
School fund expenditure		-	331,533	-	331,533	254,307
Total resources expended	7	<u>-</u>	<u>5,184,009</u>	<u>263,950</u>	<u>5,447,959</u>	<u>5,399,300</u>
Net incoming/(outgoing) resources before transfers		26,047	126,288	(263,950)	(111,615)	168,329
Gross transfers between funds		<u>-</u>	<u>(12,246)</u>	<u>12,246</u>	<u>-</u>	<u>-</u>
Net income/(expenditure) for the year		26,047	114,042	(251,704)	(111,615)	168,329
Other recognised gains and losses						
Actuarial gains/(losses) on defined benefit pension schemes	26	-	(831,000)	-	(831,000)	29,000
Other gains/(losses) on defined benefit pension schemes		<u>-</u>	<u>190,000</u>	<u>-</u>	<u>190,000</u>	<u>(13,000)</u>

Spalding Grammar School

Statement of Financial Activities for the Year Ended 31 August 2016 (including Income and Expenditure Account) (continued)

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2016 £	Total 2015 £
Net movement in funds/(deficit)		26,047	(526,958)	(251,704)	(752,615)	184,329
Reconciliation of funds						
Funds brought forward at 1 September 2015		<u>64,222</u>	<u>149,194</u>	<u>16,836,259</u>	<u>17,049,675</u>	<u>16,865,346</u>
Funds/(deficit) carried forward at 31 August 2016		<u>90,269</u>	<u>(377,764)</u>	<u>16,584,555</u>	<u>16,297,060</u>	<u>17,049,675</u>

Spalding Grammar School

Statement of Financial Activities for the Year Ended 31 August 2015 (including Income and Expenditure Account)

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2015 £
Income and endowments from:					
Voluntary income					
Donations and capital grants	2	-	24,155	20,000	44,155
<i>Charitable activities:</i>					
Funding for the Academy trust's educational operations	3	-	4,886,001	-	4,886,001
Other trading activities	4	23,756	326,393	201	350,350
Investments	5	3,152	5,999	-	9,151
School fund income	6	-	277,972	-	277,972
Total		26,908	5,520,520	20,201	5,567,629
Expenditure on:					
Raising funds	7	-	71,328	-	71,328
<i>Charitable activities:</i>					
Academy trust educational operations	8	-	4,792,075	281,590	5,073,665
School fund expenditure	8	-	254,307	-	254,307
Total		-	5,117,710	281,590	5,399,300
Net income/(expenditure)		26,908	402,810	(261,389)	168,329
Transfers between funds		-	(338,929)	338,929	-
Other recognised gains and losses					
Actuarial gains/(losses) on defined benefit pension schemes	26	-	29,000	-	29,000
Other gains/(losses) on defined benefit pension schemes		-	(13,000)	-	(13,000)
Net movement in funds		26,908	79,881	77,540	184,329
Reconciliation of funds					
Total funds brought forward at 1 September 2014		37,314	69,112	16,758,920	16,865,346
Total funds carried forward at 31 August 2015		64,222	148,993	16,836,460	17,049,675

Spalding Grammar School
(Registration number: 08357352)
Balance Sheet as at 31 August 2016

	Note	2016 £	2015 £
Fixed assets			
Tangible assets	12	16,584,455	16,836,259
Investments	13	<u>100</u>	<u>-</u>
		<u>16,584,555</u>	<u>16,836,259</u>
Current assets			
Debtors	14	102,630	170,935
Investments		506,471	500,999
Cash at bank and in hand		<u>1,253,915</u>	<u>1,060,007</u>
		1,863,016	1,731,941
Creditors: Amounts falling due within one year	15	<u>(247,511)</u>	<u>(319,525)</u>
Net current assets		<u>1,615,505</u>	<u>1,412,416</u>
Total assets less current liabilities		18,200,060	18,248,675
Creditors: Amounts falling due after more than one year	16	<u>(70,000)</u>	<u>(70,000)</u>
Net assets excluding pension liability		18,130,060	18,178,675
Pension scheme liability	26	<u>(1,833,000)</u>	<u>(1,129,000)</u>
Net assets including pension liability		<u>16,297,060</u>	<u>17,049,675</u>
Funds of the Academy:			
Restricted funds			
Restricted general fund		1,455,236	1,278,194
Restricted fixed asset fund		16,584,555	16,836,259
Restricted pension fund		<u>(1,833,000)</u>	<u>(1,129,000)</u>
		16,206,791	16,985,453
Unrestricted funds			
Unrestricted general fund		<u>90,269</u>	<u>64,222</u>
Total funds		<u>16,297,060</u>	<u>17,049,675</u>

Spalding Grammar School


(Registration number: 08357352)

Balance Sheet as at 31 August 2016 (continued)

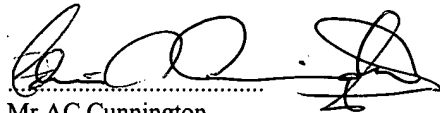
The financial statements on pages 19 to 45 were approved by the Governors, and authorised for issue on ~~30/11/2016~~ and signed on their behalf by:



Mr K Bean
Governor and trustee



Revd J Bennett
Governor and trustee



Mr AC Cunningham
Governor and trustee

Spalding Grammar School

Statement of Cash Flows for the Year Ended 31 August 2016

	Note	2016 £	2015 £
Net cash inflow from operating activities	21	204,800	677,269
Returns on investments and servicing of finance	22	1,354	3,152
Capital expenditure and financial investment	23	<u>(12,246)</u>	<u>(853,930)</u>
Increase/(decrease) in cash in the year	24	<u>193,908</u>	<u>(173,509)</u>

Spalding Grammar School

Notes to the Financial Statements for the Year Ended 31 August 2016

1 Accounting policies

Statement of accounting policies

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

Basis of preparation

The financial statements of the Academy Trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

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

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 company to continue as a going concern. The trustees make this assessment in respect of a period 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 financial statements.

Income

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

Grants

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

General Annual Grant is recognised in full in the Statement of Financial Activities in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

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

Spalding Grammar School

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

1 Accounting policies (continued)

Sponsorship income

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

Donations

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

Other income

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

Donated goods, facilities and services

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

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

Expenditure

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

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

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

Charitable activities

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

Spalding Grammar School

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

1 Accounting policies (continued)

Tangible fixed assets

Assets costing £1,500 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Financial Activities.

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

Asset class	Depreciation method and rate
Furniture and equipment	20% straight line
Computer equipment	33% straight line
Land and buildings	Straight line over 125 years
Motor vehicles	25% straight line
Assets in the course of construction	not depreciated until asset construction complete and in use
Integral features	Straight line over 10/20 years

Liabilities

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

Provisions

Provisions are recognised when the Academy Trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

Spalding Grammar School

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

1 Accounting policies (continued)

Leased assets

Rentals under operating leases are charged on a straight line basis over the lease term.

Investments

The Academy's shareholding in the wholly owned subsidiary, is included in the balance sheet at the cost of the share capital owned less any impairment. There is no readily available market value and the cost of valuation exceeds the benefit derived.

Stock

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

Taxation

The Academy Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

Accordingly, the Academy Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Pension benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in the notes to the financial statements, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the Academy Trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of the 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.

Spalding Grammar School

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

1 Accounting policies (continued)

Fund accounting

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

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

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

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

The only true estimates made by the Academy Trust are mostly in relation to depreciation rates which are consistent with expectations of asset life. All other assumptions such as prepayments and accruals are based off of reasonable fact and information obtained.

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 26, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31/08/2016. 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.

Exemption from consolidation

Under the guidance of the Academies Accounts Direction 2015 to 2016 and the current SORP, group accounts have not been prepared with the fully owned subsidiary (Spalding Grammar Managed Services Limited) as its inclusion is not material for the purposes of giving a true and fair view in the context of the group.

Spalding Grammar School

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

2 Donations and capital grants

	Restricted funds £	Total 2016 £	Total 2015 £
Other voluntary income			
Donations and capital grants	<u>11,386</u>	<u>11,386</u>	<u>44,155</u>

The total donations and capital grants was £11,386 (2015 - £44,155) of which £11,386 (2015 - £24,155) was restricted and £Nil (2015 - £20,000) was restricted fixed assets.

3 Funding for Academy's educational operations

	Restricted funds £	Total 2016 £	Total 2015 £
DfE/EFA revenue grants			
General Annual Grant	4,491,300	4,491,300	4,501,499
Other DfE Income	<u>149,169</u>	<u>149,169</u>	<u>383,830</u>
	4,640,469	4,640,469	4,885,329
Non-government grants and other income			
Local Authority Grants	<u>578</u>	<u>578</u>	<u>672</u>
Total grants	<u><u>4,641,047</u></u>	<u><u>4,641,047</u></u>	<u><u>4,886,001</u></u>

The total funding income was £4,641,047 (2015 - £4,886,001) of which £4,641,047 (2015 - £4,886,001) was restricted.

Spalding Grammar School

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

4 Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
Hire of facilities	24,693	-	24,693	23,207
Catering income	-	186,618	186,618	198,764
School shop sales	-	4,021	4,021	4,875
Recharges and reimbursements	-	62,314	62,314	93,171
Other sales	-	23,251	23,251	30,333
	<u>24,693</u>	<u>276,204</u>	<u>300,897</u>	<u>350,350</u>

The total income from other trading activities was £300,897 (2015 - £350,350) of which £24,693 (2015 - £23,756) was unrestricted and £276,204 (2015 - £326,594) was restricted.

5 Investment income

	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
Short term deposits	1,354	-	1,354	3,152
Gain on current asset investments	-	5,472	5,472	5,999
	<u>1,354</u>	<u>5,472</u>	<u>6,826</u>	<u>9,151</u>

The total investment income was £6,826 (2015 - £9,151) of which £1,354 (2015 - £3,152) was unrestricted and £5,472 (2015 - £5,999) was restricted.

6 Other charitable activities

	Restricted funds £	Total 2016 £	Total 2015 £
School fund income	<u>376,188</u>	<u>376,188</u>	<u>277,972</u>

The total school fund income was £376,188 (2015 - £277,972) of which £376,188 (2015 - £277,972) was restricted.

Spalding Grammar School

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

7 Expenditure

	Staff costs £	Premises £	Other costs £	Total 2016 £	Total 2015 £
Expenditure on raising funds	-	-	76,168	76,168	71,328
Academy's educational operations					
Direct costs	2,884,891	-	359,217	3,244,108	3,170,546
Allocated support costs	<u>1,064,603</u>	<u>472,903</u>	<u>258,644</u>	<u>1,796,150</u>	<u>1,903,119</u>
	3,949,494	472,903	617,861	5,040,258	5,073,665
School fund expenditure					
Allocated support costs	<u>-</u>	<u>-</u>	<u>331,533</u>	<u>331,533</u>	<u>254,307</u>
	<u>3,949,494</u>	<u>472,903</u>	<u>1,025,562</u>	<u>5,447,959</u>	<u>5,399,300</u>

Net incoming/outgoing resources for the year include:

	31 August 2016 £	31 August 2015 £
Fees payable to auditor - audit	2,950	2,950
- non-audit services	<u>8,200</u>	<u>7,985</u>

The total resources expended was £5,447,959 (2015 - £5,399,300) of which £5,184,009 (2015 - £5,117,710) was restricted and £263,950 (2015 - £281,590) was restricted fixed assets.

Spalding Grammar School

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

8 Charitable activities

	Restricted funds £	Restricted fixed asset funds £	Total 2016 £	Total 2015 £
Direct costs				
Teaching and educational support staff costs	2,884,891	-	2,884,891	2,778,132
Educational supplies	99,782	-	99,782	89,477
Examination fees	111,042	-	111,042	121,331
Staff development	21,708	-	21,708	26,959
Educational consultancy	2,611	-	2,611	5,337
Other direct costs	124,074	-	124,074	149,310
	<u>3,244,108</u>	<u>-</u>	<u>3,244,108</u>	<u>3,170,546</u>
Allocated support costs				
Support staff costs	1,001,603	-	1,001,603	991,540
Movement attributable to pension deficit valuation	63,000	-	63,000	59,000
Depreciation	-	263,950	263,950	281,590
Maintenance of premises and equipment	63,112	-	63,112	98,754
Cleaning	10,702	-	10,702	8,126
Rent, rates and utilities	92,590	-	92,590	115,939
Insurance	42,549	-	42,549	49,344
Recruitment and support	24,987	-	24,987	32,021
Security and transport	13,139	-	13,139	16,244
Catering	96,733	-	96,733	106,420
Bank interest and charges	2,403	-	2,403	2,512
Professional fees	390	-	390	7,194
Other support costs	441,375	-	441,375	377,807
Governance costs	11,150	-	11,150	10,935
	<u>1,863,733</u>	<u>263,950</u>	<u>2,127,683</u>	<u>2,157,426</u>
	<u>5,107,841</u>	<u>263,950</u>	<u>5,371,791</u>	<u>5,327,972</u>

Spalding Grammar School

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

8 Charitable activities (continued)

	Educational operations £	School fund £	Total 2016 £	Total 2015 £
Analysis of support costs				
Support staff costs	1,064,603	-	1,064,603	1,050,540
Depreciation	263,950	-	263,950	281,590
Premises costs	208,953	-	208,953	272,163
Other support costs	247,494	331,533	579,027	542,198
Governance costs	11,150	-	11,150	10,935
Total support costs	<u>1,796,150</u>	<u>331,533</u>	<u>2,127,683</u>	<u>2,157,426</u>

The total charitable activities expenditure in the year was £5,371,791 (2015 - £5,327,972). Of this direct costs totalled £3,244,108 (2015 - £3,170,546) of which £3,244,108 (2015 - £3,170,546) was restricted. Allocated support costs were £2,127,683 (2015 - £2,157,426) of which £1,863,733 (2015 - £1,875,836) was restricted and £263,950 (2015 - £281,590) was restricted fixed assets.

9 Staff

	2016 £	2015 £
Staff costs during the year were:		
Wages and salaries	3,069,940	3,071,053
Social security costs	256,975	226,168
Pension costs	513,781	444,991
Supply teacher costs	45,798	27,460
Movement attributable to pension deficit valuation	63,000	59,000
	<u>3,949,494</u>	<u>3,828,672</u>

The average number of persons (including senior management team) employed by the Academy during the year expressed as an average headcount was as follows:

	31 August 2016 No	31 August 2015 No
Charitable Activities		
Teachers	60	67
Administration and support	53	62
Management	4	4
	<u>117</u>	<u>133</u>

Spalding Grammar School

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

9 Staff (continued)

The number of employees whose emoluments fell within the following bands was:

	31 August 2016 No	31 August 2015 No
£60,001 - £70,000	4	3
£80,001 - £90,000	-	1

The key management personnel of the Academy Trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust was £303,325 (2013: £288,460).

10 Related party transactions - trustees' remuneration and expenses

The Principal and staff trustees only receive remuneration in respect of services they provide undertaking the roles of Principal and staff and not in respect of their services as trustees. Other trustees did not receive any payments from the Academy trust in respect of their services as trustees. The value of trustees' remuneration was as follows:

Mr SM Wilkinson (Headteacher and Governor):

Remuneration: £70,000 - £75,000 (2015 - £15,000 - £20,000)
Employer's pension contributions: £10,000 - £15,000 (2015 - £Nil)

Mr PG Bell (Staff Governor):

Remuneration: £15,000 - £20,000 (2015 - £40,000 - £45,000)
Employer's pension contributions: £0 - £5,000 (2015 - £0 - £5,000)

Mrs D Haslam (Staff Governor):

Remuneration: £25,000 - £30,000 (2015 - £25,000 - £30,000)
Employer's pension contributions: £5,000 - £10,000 (2015 - £0 - £5,000)

Mrs SAL Hoult (Staff Governor):

Remuneration: £20,000 - £25,000 (2015 - £20,000 - £25,000)
Employer's pension contributions: £5,000 - £10,000 (2015 - £0 - £5,000)

Dr P Marshall (Staff Governor):

Remuneration: £35,000 - £40,000 (2015 - £35,000 - £40,000)
Employer's pension contributions: £5,000 - £10,000 (2015 - £0 - £5,000)

Spalding Grammar School

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

11 Trustees' and officers' insurance

In accordance with normal commercial practice the Academy has purchased insurance to protect Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2015 was included within the insurance policy for the whole school and the cost relating to this element is estimated to be £1,224 (2015 - £1,181).

The cost of this insurance is included in the total insurance cost.

Spalding Grammar School

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

12 Tangible fixed assets

	Leasehold land and buildings £	Furniture and equipment £	Motor vehicles £	Computer equipment £	Integral features £	Total £
Cost						
At 1 September 2015	16,650,000	336,077	27,250	159,883	317,487	17,490,697
Additions	-	12,146	-	-	-	12,146
At 31 August 2016	<u>16,650,000</u>	<u>348,223</u>	<u>27,250</u>	<u>159,883</u>	<u>317,487</u>	<u>17,502,843</u>
Depreciation						
At 1 September 2015	344,100	155,832	13,626	119,816	21,064	654,438
Charge for the year	<u>133,200</u>	<u>69,646</u>	<u>6,813</u>	<u>33,227</u>	<u>21,064</u>	<u>263,950</u>
At 31 August 2016	<u>477,300</u>	<u>225,478</u>	<u>20,439</u>	<u>153,043</u>	<u>42,128</u>	<u>918,388</u>
Net book value						
At 31 August 2016	<u>16,172,700</u>	<u>122,745</u>	<u>6,811</u>	<u>6,840</u>	<u>275,359</u>	<u>16,584,455</u>
At 31 August 2015	<u>16,305,900</u>	<u>180,245</u>	<u>13,624</u>	<u>40,067</u>	<u>296,423</u>	<u>16,836,259</u>

Spalding Grammar School

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

13 Investments

	Investment £
Fair value	
Additions	100
Provision	
At 31 August 2016	-
Net book value	
At 31 August 2016	100

The Academy owns 100% of the ordinary shares of Spalding Grammar Managed Services Limited, a company incorporated in England and Wales. The principal activity of the company is the provision of managed services. Turnover for the year ended 31 August 2016 was £2,318, expenditure was £19,376 and the profit/(loss) for the year was (£17,057). The assets of the company at 31 August 2016 were £1,332, liabilities were £18,290 and capital and reserves were (£16,957).

14 Debtors

	2016 £	2015 £
Trade debtors	3,228	11,949
Prepayments	61,890	94,290
VAT recoverable	17,773	62,805
Other debtors	19,739	1,891
	<u>102,630</u>	<u>170,935</u>

15 Creditors: amounts falling due within one year

	2016 £	2015 £
Trade creditors	37,491	68,704
Other taxation and social security	144,112	121,656
Other creditors	3,152	3,248
Accruals	62,756	125,917
	<u>247,511</u>	<u>319,525</u>

Spalding Grammar School

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

16 Creditors: amounts falling due after one year

	2016 £	2015 £
Other creditor - loan	<u>70,000</u>	<u>70,000</u>

The loan is to be repaid via repayments every six months of £4,375 expected to start in the 2017/18 academic year. There is no interest charged on this loan.

17 Funds

	Balance at 1 September 2015 £	Incoming resources £	Resources expended £	Gains, losses and transfers £	Balance at 31 August 2016 £
Restricted general funds					
Restricted General Fund	1,278,194	5,310,297	(5,121,009)	(12,246)	1,455,236
Restricted fixed asset funds					
Restricted Fixed Asset Fund	16,836,259	-	(263,950)	12,246	16,584,555
Restricted pension funds					
Restricted Pension Fund	<u>(1,129,000)</u>	<u>-</u>	<u>(63,000)</u>	<u>(641,000)</u>	<u>(1,833,000)</u>
Total restricted funds	16,985,453	5,310,297	(5,447,959)	(641,000)	16,206,791
Unrestricted funds					
Unrestricted general funds	<u>64,222</u>	<u>26,047</u>	<u>-</u>	<u>-</u>	<u>90,269</u>
Total funds	<u>17,049,675</u>	<u>5,336,344</u>	<u>(5,447,959)</u>	<u>(641,000)</u>	<u>16,297,060</u>

18 Analysis of net assets between funds

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets	-	-	16,584,455	16,584,455
Investments	-	-	100	100
Current assets	90,269	1,772,747	-	1,863,016
Current liabilities	-	(247,511)	-	(247,511)
Creditors over 1 year	-	(70,000)	-	(70,000)
Pension scheme liability	-	<u>(1,833,000)</u>	-	<u>(1,833,000)</u>
Total net assets	<u>90,269</u>	<u>(377,764)</u>	<u>16,584,555</u>	<u>16,297,060</u>

Spalding Grammar School

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

19 Capital commitments

	2016 £
Contracted for, but not provided in the financial statements	<u>19,650</u>

20 Financial commitments

Operating leases

At 31 August 2016 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2016 £	2015 £
Amounts due within one year	59,641	72,824
Amounts due between one and five years	<u>29,299</u>	<u>87,917</u>
	<u>88,940</u>	<u>160,741</u>

During the year the amount of operating leases recognised as an expense in the financial statements was £72,824 (2015 - £44,409).

21 Reconciliation of net (expenditure)/income to net cash inflow/(outflow) from operating activities

	2016 £	2015 £
Net (expenditure)/income	(111,615)	168,329
Depreciation	263,950	281,590
Interest receivable	(1,354)	(3,152)
Gain on current asset investments	(5,472)	(5,999)
Movement attributable to pension valuation	63,000	59,000
Decrease in stocks	-	20,580
Decrease in debtors	68,304	61,810
(Decrease)/increase in creditors	<u>(72,013)</u>	<u>95,111</u>
Net cash inflow from operating activities	<u>204,800</u>	<u>677,269</u>

Spalding Grammar School

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

22 Returns on investments and servicing of finance

	2016 £	2015 £
Interest received	<u>1,354</u>	<u>3,152</u>
Net cash inflow from returns on investments and servicing of finance	<u><u>1,354</u></u>	<u><u>3,152</u></u>

23 Cash flows from investing activities

	2016 £	2015 £
Purchase of tangible fixed assets	(12,146)	(358,930)
Purchase of investments	<u>(100)</u>	<u>(495,000)</u>
Net cash outflow from capital expenditure and financial investment	<u><u>(12,246)</u></u>	<u><u>(853,930)</u></u>

24 Analysis of cash and cash equivalents

	At 1 September 2015 £	Cash flows £	At 31 August 2016 £
Cash at bank and in hand	<u>1,060,007</u>	<u>193,908</u>	<u>1,253,915</u>

25 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.

26 Pension and similar obligations

The Academy's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff. Both are defined benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 2004 and of the LGPS 31 August 2013.

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

Spalding Grammar School

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

26 Pension and similar obligations (continued)

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014.

The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%))
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

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

The employer's pension costs paid to TPS in the period amounted to £Nil (2015: £Nil).

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

Under the definitions set out in Financial Reporting Standard 102 (FRS 102), the TPS is a 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.

Spalding Grammar School

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

26 Pension and similar obligations (continued)

Local government pension scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £234,000 (2015 - £171,000), of which employer's contributions totalled £188,000 (2015 - £137,000) and employees' contributions totalled £46,000 (2015 - £34,000).

Principal actuarial assumptions

	At 31 August 2016 %	At 31 August 2015 %
Rate of increase in salaries	3.60	4.10
Rate of increase for pensions in payment/inflation	2.10	2.70
Discount rate for scheme liabilities	<u>2.10</u>	<u>3.80</u>

Sensitivity analysis

A sensitivity analysis for the principal assumptions used to measure scheme liabilities is set out below:

	+ 0.5% £	0.0% £	- 0.5% £
Adjustment to discount rate			
Present value of total obligation	-	-	448,000
	<u>+</u>	<u>0.0%</u>	<u>- 0.5%</u>
Adjustment to rate of salary growth			
Present value of total obligation	181,000	-	-

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

	At 31 August 2016	At 31 August 2015
Retiring today		
Males retiring today	22.20	22.20
Females retiring today	24.40	24.40
Retiring in 20 years		
Males retiring in 20 years	24.50	24.50
Females retiring in 20 years	<u>26.80</u>	<u>26.80</u>

The academy's share of the assets and liabilities in the scheme were:

Spalding Grammar School

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

26 Pension and similar obligations (continued)

	At 31 August 2016 £	At 31 August 2015 £
Equities	1,178,100	801,000
Other bonds	198,900	139,000
Property	<u>153,000</u>	<u>128,000</u>
Total market value of assets	1,530,000	1,068,000
Present value of scheme liabilities - funded	<u>(3,363,000)</u>	<u>(2,197,000)</u>
Deficit in the scheme	<u>(1,833,000)</u>	<u>(1,129,000)</u>

The actual return on scheme assets was £235,000 (2015 - £23,000).

Amounts recognised in the statement of financial activities

	2016 £	2015 £
Current service cost	<u>208,000</u>	<u>156,000</u>
Total operating charge	<u>208,000</u>	<u>156,000</u>

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

	2016 £	2015 £
At 1 September	2,197,000	1,966,000
Current service cost	208,000	156,000
Interest cost	88,000	76,000
Employee contributions	46,000	34,000
Actuarial losses/(gains)	831,000	(29,000)
Benefits paid	<u>(7,000)</u>	<u>(6,000)</u>
At 31 August	<u>3,363,000</u>	<u>2,197,000</u>

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

	2016 £	2015 £
At 1 September	1,068,000	880,000
Interest income	45,000	36,000
Employer contributions	188,000	137,000
Employee contributions	46,000	34,000
Benefits paid	<u>(7,000)</u>	<u>(6,000)</u>
Return on plan assets (excluding net interest on the net defined pension liability)	<u>190,000</u>	<u>(13,000)</u>
At 31 August	<u>1,530,000</u>	<u>1,068,000</u>

Spalding Grammar School

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

27 Related party transactions

During the year the academy made the following related party transactions:

Spalding Grammar Managed Services Limited

(Fully owned subsidiary)

During the year Spalding Grammar School took income on behalf of Spalding Grammar Managed Services Limited totalling £986. Spalding Grammar School also paid expenses on behalf of Spalding Grammar Managed Services Limited totalling £18,476. At the balance sheet date the amount due from/(to) Spalding Grammar Managed Services Limited was £17,490 (2015 - £Nil).

28 Transition to FRS 102

First time adoption of FRS 102

These financial statements are the first financial statements of Spalding Grammar School prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the Charities SORP 2015 (SORP 2015). The financial statements of Spalding Grammar School for the year ended 31/08/2015 were prepared in accordance with previous Generally Accepted Accounting Practice ('UK GAAP') and SORP 2005.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the trustees have amended certain accounting policies to comply with FRS 102 and SORP 2015. [The trustees have also taken advantage of certain exemptions from the requirements of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'].

Explanation of transition to FRS 102

It is the first year that the Academy Trust has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31/08/2015 and the date of transition to FRS 102 and SORP 2015 was therefore 01/09/2014. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

[Comparative figures have been restated to reflect the adjustments made, except to the extent that the Trustees have taken advantage of exemptions to retrospective application of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.]

Change in recognition of LGPS interest cost

Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in income/expense. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in income/expense. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to reduce the amount to income/expense by and increase the amount in other recognised gains and losses in the SOFA by an equivalent amount.