

---

**THE GRYPHON TRUST**  
(A company limited by guarantee)

---

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 AUGUST 2017**

---

**THE GRYPHON TRUST**  
**(A company limited by guarantee)**

---

**CONTENTS**

---

	Page
<b>Reference and administrative details</b>	1 - 2
<b>Trustees' report</b>	3 - 9
<b>Governance statement</b>	10 - 12
<b>Statement on regularity, propriety and compliance</b>	13
<b>Statement of Trustees' responsibilities</b>	14
<b>Independent auditors' report on the financial statements</b>	15 - 17
<b>Independent reporting accountant's assurance report on regularity</b>	18 - 19
<b>Statement of financial activities incorporating income and expenditure account</b>	20
<b>Balance sheet</b>	21
<b>Statement of cash flows</b>	22
<b>Notes to the financial statements</b>	23 - 46

---

**THE GRYPHON TRUST**  
**(A company limited by guarantee)**

---

**REFERENCE AND ADMINISTRATIVE DETAILS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

---

**Members**

Mr L Daniels  
Mr R Farmer (resigned 13 July 2017)  
Mr B Maugham  
Mr K Craze (to be formally appointed 19 December 2017)  
Mr J Evans (to be formally appointed 19 December 2017)  
Mr M Walker (to be formally appointed 19 December 2017)

**Trustees**

Mrs E Cook, Chair  
Mr M Byrne  
Mrs S England (resigned 5 July 2017)  
Dr M Horswell  
Mr A Maugham<sup>1</sup>  
Cllr A O'Sullivan, Chief Executive Officer and Accounting Officer<sup>2</sup>  
Mr N Pressnell, Headteacher<sup>2</sup>  
Professor D Richards<sup>3</sup>  
Mr R Wilkins<sup>1</sup>

<sup>1</sup> Community trustee

<sup>2</sup> Staff trustee

<sup>3</sup> Parent trustee

**Company registered number**

07546874

**Company name**

The Gryphon Trust

**Principal and registered office**

The Arnewood School  
Gore Road  
New Milton  
Hampshire  
BH25 6RS

---

**THE GRYPHON TRUST**  
**(A company limited by guarantee)**

---

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS  
FOR THE YEAR ENDED 31 AUGUST 2017**

---

**Advisers (continued)**

**Senior leadership team**

Mr N Pressnell, Headteacher (Arnewood School)  
Dr M Horswell, Principal (Eaglewood School)  
Mr C Price, Deputy Headteacher (Arnewood School)  
Miss M Spriggs, Vice Principal (Eaglewood School)  
Mr M Colman, Assistant Headteacher (Arnewood School)  
Mr D Cornford, Assistant Headteacher (Arnewood School)  
Mr J Hutson, Assistant Headteacher (Arnewood School)  
Mr H Roberts, Assistant Headteacher (Arnewood School)  
Mrs S Stroud, Assistant Headteacher (Arnewood School)  
Mr P Barrett, Senior Teacher (Arnewood School)  
Mrs K Bower, Senior Professional Tutor (Arnewood School)  
Mr M Gough, Senior Teacher (Arnewood School)

**Independent auditors**

Hopper Williams & Bell Limited  
Statutory Auditor  
Highland House  
Mayflower Close  
Chandlers Ford  
Eastleigh  
Hampshire  
SO53 4AR

**Bankers**

Lloyds Bank Plc  
25 High Street  
Ringwood  
Hampshire  
BH24 1BD

**Solicitors**

Blake Morgan LLP  
New Kings Court  
Tollgate  
Chandlers Ford  
Eastleigh  
Hampshire  
SO53 3LG

---

**THE GRYPHON TRUST**  
**(A company limited by guarantee)**

---

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

---

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period from 1 September 2016 to 31 August 2017. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The trust operates two schools. The Arnewood School is an academy for pupils aged 11 to 19 serving a catchment area in the New Forest but accepts pupils from as far afield as Southbourne in Bournemouth. It has a pupil capacity of 1100 and had a roll of 1093 in the school census on 5th October 2017. The Eaglewood School is a 7-16 Alternative Provision academy for emotionally vulnerable children which is planned to have a pupil capacity of 72 from September 2018.

**Structure, Governance and Management**

**Constitution**

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The trustees of The Gryphon Trust are also the directors of the charitable company for the purposes of company law. The charitable company is known as The Gryphon Trust. Details of the trustees who served during the year are included in the Reference and Administrative Details on page 1.

**Members' Liability**

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

**Trustees' Indemnities**

In accordance with normal commercial practices, the academy has insurance in place to protect Directors, Governors and officers from claims arising against negligent acts, errors, or omissions occurring whilst on trust business. The insurance has an indemnity limit of £5m.

**Method of Recruitment and Appointment or Election of Trustees**

The Members may by ordinary resolution appoint up to eight Trustees.

Should the Chief Executive Officer agree so to act, the Members may by ordinary resolution appoint the Chief Executive Officer as a Trustee.

The Members may appoint Staff Trustees through such process as they may determine provided the total number of Trustees including the Chief Executive Officer (if they so choose to act as Trustee) who are employees of the Academy Trust shall not exceed one third of the total number of Trustees.

Parent Trustees and Parent Local Governors shall be elected or, if the number of parents, or individuals exercising parental responsibility, standing for election is less than the number of vacancies, appointed (in accordance with the terms of reference determined by the Trustees from time to time). The elected or appointed Parent Trustees must be a parent, or an individual exercising parental responsibility, of a registered pupil at one or more of the Academies at the time when he is elected or appointed. The elected (or, if the number of parents or individuals exercising parental responsibility standing for election is less than the number of vacancies, appointed). Parent Local Governors of the Local Governing Body must be a parent, or an individual exercising parental responsibility, of a registered pupil at one or more of the Academies overseen by the Local Governing Body at the time when he is elected or appointed.

The number of Parent Trustees and Parent Local Governors required shall be made up by Parent Trustees and Parent Local Governors appointed by the Trustees if the number of parents, or individuals exercising parental responsibility, standing for election is less than the number of vacancies.

---

**THE GRYPHON TRUST**  
**(A company limited by guarantee)**

---

**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

---

The Trustees shall make all necessary arrangements for, and determine all other matters relating to, an election of the Parent Trustees or Parent Local Governors, including any question of whether a person is a parent, or an individual exercising parental responsibility, of a registered pupil at one of the Academies. Any election of the Parent Trustees or Parent Local Governors which is contested shall be held by secret ballot. For the purposes of any election of Parent Local Governors, any parent, or an individual exercising parental responsibility, of a registered pupil at the Academies overseen by the Local Governing Body shall be eligible to vote.

In appointing a Parent Trustee or Parent Local Governor the Trustees shall appoint a person who is the parent, or an individual exercising parental responsibility, of a registered pupil at an Academy; or where the Trustees are exercising their power to appoint a Parent Trustee or Parent Local Governor and it is not reasonably practical to appoint a parent, or an individual exercising parental responsibility, then the Trustees may appoint a person who is the parent, or an individual exercising parental responsibility, of a child within the age range of at least one of the Academies or, in the case of an appointment to a Local Governing Body, the age range of at least one of the Academies overseen by that Local Governing Body.

The process for recruiting a Parent Local Governor is by ballot. Parents are notified of a vacancy and invited to apply. The Clerk to the Governing Body will receive nominations and will open on the date and time specified.

The term of office is four years.

The Trustees may also appoint Co-opted Trustees. The Trustees may not co-opt an employee of the Academy Trust as a Co-opted Trustee if thereby the number of Trustees who are employees of the Academy Trust would exceed one third of the total number of Trustees including the Chief Executive Officer to the extent he or she is a Trustee.

Preference will be given to the appointment of Trustees if they have a specific skill set required by the Board. Review of skill set of the Trustees and any gaps in skills is reviewed annually by the Trustees.

**Policies and Procedures Adopted for the Induction and Training of Trustees**

The Chairman meets all new Trustees on a one to one basis and they are issued by the following documents:

- Governance Handbook
- Staff Handbook
- School Improvement Plan
- Committee Terms of Reference
- Code of Practice
- Any other Strategic Documentation
- Desirable Competencies of Board of Directors

Training is undertaken both "in house" and via an external provider. An audit of Trustee skills is undertaken annually.

**Organisational Structure**

The Gryphon MAT has a Scheme of Delegation detailing the responsibilities and accountability of the Trustees, Local Governing Bodies and individual academy Headteachers/Principals. Day to day management of the academies within the Trust is delegated to the respective school leadership teams. During the academic year 2016/17 The Arnewood School had a Senior Leadership Team consisting of the Headteacher, Deputy Headteacher, five Assistant Headteachers and three other senior staff seconded to the SLT. The Eaglewood School has a Principal and Deputy Principal working alongside Governors in the leadership of the school. The Chief Executive Officer of the trust is the Accounting Officer.

---

**THE GRYPHON TRUST**  
**(A company limited by guarantee)**

---

**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

---

**Arrangements for setting pay and remuneration of key management personnel**

Pay and remuneration was set according to the trust's pay policy. The general principle underpinning this is that employees of the trust will be paid at least in accordance with the School Teachers' Pay and Conditions, with due regards also to the EHCC framework for support staff.

**Objectives and Activities**

**Objects and Aims**

The academy trust aims to provide education for public benefit by establishing, maintaining, carrying on, managing and developing schools offering a broad and balanced curriculum to all children of compulsory school age with an emphasis on high outcomes for all learners.

**Objectives, Strategies and Activities**

The main objectives of the trust are as follows:

- To place children's needs first so that they are at the core of good decision making as to what is best for our school community.
- To be a consistently high performing school, with impressive examination results at all key stages including sixth form.
- To continue to raise standards in all subject areas; to encourage diversity and scholarship in teaching and learning across all subjects.
- To place great emphasis on a healthy balance between academic work and the all-round development of children.
- To have a strong commitment to very good pastoral care and a wide variety of curricular opportunities both cultural and sporting.

**Public Benefit**

The trustees have given due regard to the Charity Commission's guidance on public benefit when considering the aims of the academy trust. The trust continues to advance education for the public benefit in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing the trust by offering a broad and balanced curriculum; and if and to the extent the Directors may decide from time to time, to promote for the benefit of the inhabitants of the community in which the trust is located and the surrounding area the provision of facilities for recreation or other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances or for the public at large in the interests of social welfare and with the object of improving the condition of life of the said inhabitants; and any other charitable purpose.

---

**THE GRYPHON TRUST**  
**(A company limited by guarantee)**

---

**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

---

**Strategic Report**

**Achievements and Performance**

**Key Performance Indicators**

The Arnewood School continues to have excellent result in its sixth form. This is an area we have continued capacity to assist others and where the RSC's priority for Gosport and the Isle of Wight includes post 16 provision. In 2017 100% of students passed their A Levels, 83% of students achieved A\* - C, 53% of students achieved A\* - B, and 22% gaining A\*-A in 2017. AS results are equally strong. Independent ALPS value added analysis places the school in the top 10% of providers nationally.

While attainment at KS4 declined from the previous two years, outcomes should be seen within the context of a much weaker cohort in 2017. 60% of the year group had a CAT score average below 100. This is markedly lower than in 2016 and 2015. Separate to this, the school also experienced four long-term staff absences, affecting English and Maths. Recruitment of adequate replacements proved problematic. This notwithstanding attainment in English improved on 2016 and was above national levels.

It should also be noted that the school's un-validated data contains errors including two subjects that have not been counted in tables. In addition, we are currently contesting the moderation of two large subjects, art and ICT, which are inaccurate in our view. However, Key stage 4 results across a broad range of vocational subjects were particularly strong. Notwithstanding the 2017 cohort's general ability profile, thirteen students, from 156, achieved five or more A\* - A grades or number equivalent.

The Eaglewood School opened as an autonomous academy within the Trust in September 2016 operating from temporary cabin type accommodation. After extensive public consultation, planning permission for a permanent new school building was achieved in June 2017 with a completion date for delivering the new build of September 2018.

A minimum target of 30 student referrals was set for the academic year 2016-17. This was met and exceeded with 33 commissions for places being received from 3 local authorities, 6 secondary and 4 primary schools on both sides of the Hampshire/Dorset border.

Four students sat GCSE exams in 2017 including: English, Maths, Science, ICT and Level 2 vocational beauty studies qualifications.

**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.



---

**THE GRYPHON TRUST**  
**(A company limited by guarantee)**

---

**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

---

**Financial Review**

**Review of Financial Performance and Position**

In the period, the trust has received General Annual Grant (GAG) and other income totalling £7,386,304. Expenditure on GAG activities was £7,711,911 including depreciation on fixed assets of £340,130.

The General Annual Grant funding received from the ESFA, and expenditure of this, is restricted to the purpose of providing education and other activities as defined in the Funding Statement, identified above as the principle activities of the trust. The General Annual Grant has been spent in accordance with the Funding Agreement and details can be found in the Statement of Financial Activities. Any shortfall in funds from the ESFA to meet the trust's costs was provided by income generated from educational activities.

A capital grant of £489,252 was awarded to the trust in 2015/16 in respect of The Arnewood School for refurbishment of the Main Block roof. This work was completed during 2016/17 and cost savings made of £36,372 are to be spent on refurbishing other roofs in need of repair.

The Arnewood School has been awarded a capital of grant of £2,435,236 to re-clad the Scola Block, with work due to start in March 2018 and continue into the next academic year. As part of the provision of temporary accommodation, a condemned science lab will be refurbished in the small Science Block to provide science teaching space for displaced classes whilst work is in progress.

The increased pension reserve deficit will impact financially on future years due to higher costs by the Pension Fund to reclaim the deficit.

The trust holds interest paying current accounts with Lloyds Bank and surplus funds may be placed in Treasury Deposit with Lloyds Bank.

**Reserves Policy**

The reserves as at 31 August 2017 were as follows:

- Unrestricted (free) reserves of £475,594
- A restricted fixed asset fund of £13,589,677, which can only be realised through disposal of tangible fixed assets
- A pension deficit of £1,232,000
- Other restricted funds of £171,389
- Total funds of £13,004,660

There is a £1,232,000 deficit in respect of the Local Government Pension Scheme. This will result in increased employers' pension contributions over a period of years. We have reflected the effect of increased pension costs in our future budgets. Increased pension contributions will be met from the academy trust's budgeted annual income, and whilst the deficit might not be eliminated, there should be no actual cash flow deficit on the fund, or direct impact on the free reserves of the academy trust as a result of recognising the deficit.

On the basis that increased pension contributions will generally be met from the academy trust's budgeted annual income, whilst the deficit might not be eliminated, there should be no actual cash flow deficit on the fund, or direct impact on the free reserves of the academy trust because of recognising the deficit.

The reserves are of sufficient level to ensure that the Trust does not go into deficit during 2017/18.

---

**THE GRYPHON TRUST**  
**(A company limited by guarantee)**

---

**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

---

**Investment Policy**

The trust holds its cash balances with Lloyds Bank and benefits from free banking as a result. The current accounts are interest bearing accounts and a marginally higher rate of interest can be earned from depositing surplus funds in a treasury deposit with Lloyds Bank. The trust would not knowingly allow its funds to be used for any investment other than that which is socially, environmentally and ethically acceptable.

**Principal Risks and Uncertainties**

The major risks to which the trust is exposed, as identified by the trustees, has been reviewed, and systems have been established to manage those risks.

A risk register is in place and is reviewed regularly.

The major financial risk has been identified as fluctuations in student numbers due to political, economic and social pressures, resulting in inconsistent funding which will be managed by three year budget forecasts allowing time to plan for possible shortfalls in funding.

The trust's allocation of the Local Government Pension Scheme shows a decrease in the deficit during the period of the Financial Statements. The deficit is expected to be recouped over a long period. However it is expected that it will result in a rise in employer contributions from April 2017 which will be taken into consideration when reviewing current and future budgets.

A Statement on Internal Control is in place and monitored on a regular basis. This is supported by two visits per year by the auditors to ensure that controls are adhered to.

The Academy holds the following policies in relation to the above:

- Fraud Policy
- Scheme of Delegation
- Finance Manual
- Reserves Policy
- Anti-Bribery Policy
- Business Continuity Plan
- Risk Register
- Fixed assets and depreciation policy

**Plans for Future Periods**

The trust aims to raise the aspirations of its students, improving their achievements and preparing them for a successful future at university or in the workplace.

The Arnewood School continues to strive to secure capital grants in order to improve its buildings and teaching facilities. It will continue to build on the already strong links with the surrounding junior schools by way of outreach work and to build relationships with schools, both primary and secondary.

The Eaglewood School opened as an autonomous, alternative provision academy within the MAT in September 2016. The school opened in temporary accommodation which currently constrains the curriculum delivered and also prevents admission to the full age range for which the school is approved. Planning permission for the permanent school was gained in May 2017 and the ESFA awarded a contract for the new school to be built with delivery scheduled for September 2018 occupancy.

The immediate priority is that Eaglewood demonstrate financial sustainability in the long term through generating a consistent volume of referrals. Eaglewood must therefore rapidly gain a good reputation for the quality of its provision and further develop a marketing strategy through which to engage schools not yet commissioning places.

---

**THE GRYPHON TRUST**  
**(A company limited by guarantee)**

---

**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

---

**Funds Held as Custodian Trustee on Behalf of Others**

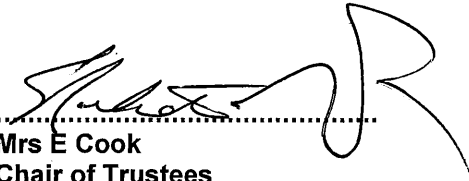
The trust is currently holding funds of £49,760 in respect of the Post 16 Bursary, of which £21,950 is carried forward to 2017/18 leaving £27,810 to be returned to the EFSA.

**Auditor**

Insofar as the trustees are aware:

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

The Trustees' Report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 12 December 2017 and signed on the board's behalf by:



.....  
**Mrs E Cook**  
**Chair of Trustees**

---

**THE GRYPHON TRUST**  
**(A company limited by guarantee)**

---

**GOVERNANCE STATEMENT**

---

**Scope of Responsibility**

As trustees, we acknowledge we have overall responsibility for ensuring that The Gryphon Trust 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 Chief Executive Officer, 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 The Gryphon Trust 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 Statement of Trustees' Responsibilities. The board of trustees has formally met five times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
Mr M Byrne	2	5
Mrs E Cook	5	5
Mrs S England	2	4
Dr M Horswell	5	5
Mr B Maugham	4	5
Cllr A O'Sullivan	5	5
Mr N Pressnell	5	5
Prof D Richards	4	5
Mr R Wilkins	5	5

During 2016/17 the finance committee was a sub-committee of The Arnewood School Local Governing Body. Its purpose was to review and approve the annual budget, review and approve financial policies and monitor expenditure and variance against the budget, and to consider the necessity and financial viability of large items of expenditure.

Attendance at meetings in the year was as follows:

Trustee/Governor	Meetings attended	Out of a possible
Mrs J Ankers	2	2
Cllr G Beck	1	4
Mrs E Cook	4	4
Mrs M Hughes	3	4
Mr B Maugham	2	2
Cllr O'Sullivan	2	2
Mrs G Payne	2	2
Mr N Pressnell	4	4
Prof D Richards	4	4
Mr R Wilkins	4	4

---

**THE GRYPHON TRUST**  
**(A company limited by guarantee)**

---

**GOVERNANCE STATEMENT (continued)**

---

During 2016/17 The Eaglewood School Local Governing Body held meetings as follows to review the position of the school.

Trustee/Governor	Meetings attended	Out of a possible
Cllr G Beck	8	8
Dr R Catton	6	8
Mrs S England	7	8
Mr N Himmal	7	8
Dr M Horswell	8	8
Mrs M Hughes	8	8
Mr K Ingram	8	8
Mrs Y Shepherd	7	8

#### **Review of Value for Money**

As Accounting Officer, the Chief Executive Officer has responsibility for ensuring that the Academy 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 Academy'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 Academy has delivered improved value for money during the year by:

- Delivering The Arnewood School roof refurbishment considerably under budget and therefore allowing for additional roofs to be refurbished, maintaining the integrity of the buildings.
- Completing a successful tender for re-cladding The Arnewood School Scola Block to benefit the teaching environment and reduce fuel costs in the future.
- Replacing lighting with LED units on a rolling programme to ensure efficiency and low running costs.

#### **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 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 The Gryphon Trust for the year 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements.

#### **Capacity to Handle Risk**

The board of trustees has reviewed the key risks to which the Academy 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 Academy's significant risks that has been in place for the year 1 September 2016 to 31 August 2017 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 GRYPHON TRUST**  
**(A company limited by guarantee)**

---

**GOVERNANCE STATEMENT (continued)**

---

**The Risk and Control Framework**

The Academy'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 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 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 Hopper Williams & Bell Limited, the external auditors, to perform additional checks.

The auditors' role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. In particular the checks carried out in the current period included:

- testing of payroll systems
- testing of purchase systems
- testing of control account/ bank reconciliations

On a termly basis, the auditors report to the board of trustees through the Finance Committee on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

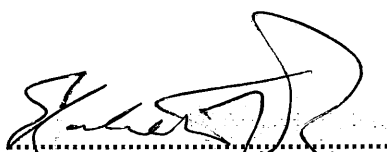
**Review of Effectiveness**

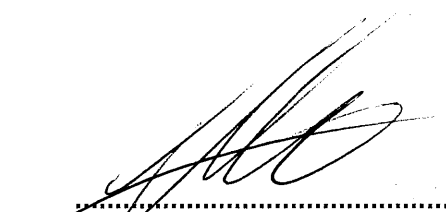
As Accounting Officer, the Chief Executive Officer has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the external auditors;
- the work of the executive managers within the Academy 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 Finance 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 board of trustees on 12 December 2017 and signed on their behalf, by:

  
.....  
**Mrs E Cook**  
**Chair of Trustees**

  
.....  
**Cllr A O'Sullivan**  
**Accounting Officer**

---

**THE GRYPHON TRUST**  
**(A company limited by guarantee)**

---

**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

---

As Accounting Officer of The Gryphon Trust I have considered my responsibility to notify the academy trust board of trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the 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 2016.

I confirm that I and the academy trust board of trustees 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 2016.

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.



.....  
**Chr A O'Sullivan**  
**Accounting Officer**

Date: 12 December 2017

---

**THE GRYPHON TRUST**  
**(A company limited by guarantee)**

---

**STATEMENT OF TRUSTEES' RESPONSIBILITIES**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

---

The Trustees (who act as governors of The Gryphon Trust and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Strategic report, the Trustees' report and the financial statements in accordance with the Annual Accounts Direction issued by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the 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:

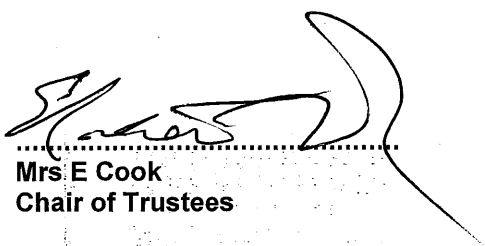
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) 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 on 12 December 2017 and signed on its behalf by:



.....  
**Mrs E Cook**  
**Chair of Trustees**



---

**THE GRYPHON TRUST**  
**(A company limited by guarantee)**

---

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE GRYPHON TRUST**

---

**OPINION**

We have audited the financial statements of The Gryphon Trust for the year ended 31 August 2017 which comprise the Statement of financial activities incorporating income and expenditure account, 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 FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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

In our opinion the financial statements:

- give a true and fair view of the state of the Academy's affairs as at 31 August 2017 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

**BASIS OF OPINION**

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

---

**THE GRYPHON TRUST**  
**(A company limited by guarantee)**

---

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE GRYPHON TRUST**

---

**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 Auditor's report thereon. Our opinion on the financial statements does not cover the 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 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.

**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

In the light of our knowledge and understanding of the Academy 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' remunerations specified by law not made; or
- we have not received all the information and explanations we require for our audit.

---

**THE GRYPHON TRUST**  
**(A company limited by guarantee)**

---

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE  
GRYPHON TRUST**

---

**RESPONSIBILITIES OF TRUSTEES**

As explained more fully in the Statement of Trustees' responsibilities, the Trustees (who are also the directors of the Academy 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'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's or to cease operations, or have no realistic alternative but to do so.

**AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

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

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](http://www.frc.org.uk/auditorsresponsibilities). The description forms part of our Auditor's report.

*HWB*

Richard Hurst FCA (Senior statutory auditor)  
for and on behalf of

**Hopper Williams & Bell Limited**

Statutory Auditor

Highland House

Mayflower Close

Chandlers Ford

Eastleigh

Hampshire

SO53 4AR

Date: *15 December 2017*

---

**THE GRYPHON TRUST**  
**(A company limited by guarantee)**

---

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO THE  
GRYPHON TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY**

---

In accordance with the terms of our engagement letter dated 4 September 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Gryphon Trust during the year 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

**RESPECTIVE RESPONSIBILITIES OF THE GRYPHON TRUST'S ACCOUNTING OFFICER AND THE  
REPORTING ACCOUNTANT**

The Accounting Officer is responsible, under the requirements of The Gryphon Trust's funding agreement with the Secretary of State for Education dated 1 May 2011, and the Academies Financial Handbook extant from 1 September 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2016 to 2017. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

**APPROACH**

We conducted our engagement in accordance with the Academies Accounts Direction 2016 to 2017 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

---

**THE GRYPHON TRUST**  
**(A company limited by guarantee)**

---

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO THE  
GRYPHON TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY (continued)**

---

**SUMMARY OF WORK UNDERTAKEN**

We carried out the following:


- planning of assurance procedures including identifying key risks;
- substantive testing including analytical review;
- concluding on procedures carried out.

Substantive testing included the following procedures:

- confirming that activities conform to the Academy's framework of authorities;
- considering the evidence supporting the Accounting Officer's statement on regularity, propriety and compliance;
- evaluating the general control environment of the Academy;
- testing a sample of transactions to consider whether the transaction is permissible within the Academy's framework of authorities;
- confirming whether any extra-contractual payments have been made and whether appropriate authority was obtained;
- reviewing documentation for evidence of borrowing and confirming if approval was obtained from the ESFA;
- confirming whether ESFA approval was obtained for any disposals of assets;
- reviewing the internal control procedures relating to credit cards;
- reviewing for any indication of purchases for personal use by staff or officers;
- reviewing the list of suppliers to consider whether supplies are from related parties;
- considering whether income generating activities are permissible within the Academy's charitable objects;
- reviewing whether lettings to related parties are made at favourable rates.

**CONCLUSION**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Richard Hurst FCA

**Hopper Williams & Bell Limited**

Statutory Auditor  
Highland House  
Mayflower Close  
Chandlers Ford  
Eastleigh  
Hampshire  
SO53 4AR

Date: 15 December 2017

**THE GRYPHON TRUST**  
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31 AUGUST 2017**

	Note	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
<b>INCOME FROM:</b>						
Donations and capital grants	2	11,193	-	340,429	351,622	525,710
Charitable activities	5	-	6,994,577	-	6,994,577	6,592,947
Other trading activities	3	39,359	-	-	39,359	30,633
Investments	4	746	-	-	746	1,582
<b>TOTAL INCOME</b>		<b>51,298</b>	<b>6,994,577</b>	<b>340,429</b>	<b>7,386,304</b>	<b>7,150,872</b>
<b>EXPENDITURE ON:</b>						
Raising funds		-	3,132	-	3,132	3,119
Charitable activities		-	6,989,336	722,575	7,711,911	7,385,741
<b>TOTAL EXPENDITURE</b>	6	<b>-</b>	<b>6,992,468</b>	<b>722,575</b>	<b>7,715,043</b>	<b>7,388,860</b>
<b>NET INCOME / (EXPENDITURE) BEFORE TRANSFERS</b>						
Transfers between Funds	17	51,298	2,109	(382,146)	(328,739)	(237,988)
		-	(3,366)	3,366	-	-
<b>NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES</b>						
		51,298	(1,257)	(378,780)	(328,739)	(237,988)
Actuarial gains/(losses) on defined benefit pension schemes	21	-	545,000	-	545,000	(819,000)
<b>NET MOVEMENT IN FUNDS</b>		<b>51,298</b>	<b>543,743</b>	<b>(378,780)</b>	<b>216,261</b>	<b>(1,056,988)</b>
<b>RECONCILIATION OF FUNDS:</b>						
Total funds brought forward		424,296	(1,604,354)	13,968,457	12,788,399	13,845,387
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>475,594</b>	<b>(1,060,611)</b>	<b>13,589,677</b>	<b>13,004,660</b>	<b>12,788,399</b>

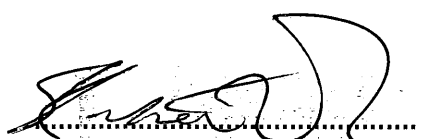
The notes on pages 23 to 46 form part of these financial statements.

**THE GRYPHON TRUST**  
**(A company limited by guarantee)**  
**REGISTERED NUMBER: 07546874**

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

	Note	£	2017 £	£	2016 £
<b>FIXED ASSETS</b>					
Tangible assets	13		13,553,304		13,796,368
<b>CURRENT ASSETS</b>					
Stocks	14	1,884		2,076	
Debtors	15	329,627		401,402	
Cash at bank and in hand		611,769		703,439	
			943,280		1,106,917
<b>CREDITORS:</b> amounts falling due within one year	16	(259,924)		(493,886)	
<b>NET CURRENT ASSETS</b>			683,356		613,031
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			14,236,660		14,409,399
Defined benefit pension scheme liability	21		(1,232,000)		(1,621,000)
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITIES</b>			13,004,660		12,788,399
<b>FUNDS OF THE ACADEMY</b>					
Restricted income funds:					
Restricted income funds	17	171,389		16,646	
Restricted fixed asset funds	17	13,589,677		13,968,457	
Restricted income funds excluding pension liability		13,761,066		13,985,103	
Pension reserve		(1,232,000)		(1,621,000)	
Total restricted income funds			12,529,066		12,364,103
Unrestricted income funds	17		475,594		424,296
<b>TOTAL FUNDS</b>			13,004,660		12,788,399

The financial statements on pages 20 to 46 were approved by the Trustees, and authorised for issue, on 12 December 2017 and are signed on their behalf, by:

  
 Mrs E Cook  
 Chair of Trustees

The notes on pages 23 to 46 form part of these financial statements.

---

**THE GRYPHON TRUST**  
**(A company limited by guarantee)**

---

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

---

	Note	2017 £	2016 £
<b>Cash flows from operating activities</b>			
Net cash provided by operating activities	19	<u>5,437</u>	<u>190,743</u>
<b>Cash flows from investing activities:</b>			
Proceeds from the sale of tangible fixed assets		-	200
Purchase of tangible fixed assets		<u>(97,107)</u>	<u>(143,016)</u>
<b>Net cash used in investing activities</b>		<u>(97,107)</u>	<u>(142,816)</u>
<b>Change in cash and cash equivalents in the year</b>		<b>(91,670)</b>	47,927
Cash and cash equivalents brought forward		<u>703,439</u>	<u>655,512</u>
<b>Cash and cash equivalents carried forward</b>	20	<u><u>611,769</u></u>	<u><u>703,439</u></u>

The notes on pages 23 to 46 form part of these financial statements.



---

**THE GRYPHON TRUST**  
**(A company limited by guarantee)**

---

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

---

**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 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 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

The Gryphon Trust constitutes a public benefit entity as defined by FRS 102.

**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 to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

**1.3 Fund accounting**

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Department for Education 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 and include grants from the Department for Education.

---

**THE GRYPHON TRUST**  
**(A company limited by guarantee)**

---

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

---

**1. ACCOUNTING POLICIES (continued)**

**1.4 Income**

All income is recognised once the Academy has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

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

General Annual Grant is recognised in full in the Statement of financial activities incorporating income and expenditure account 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.

Donations are recognised on a receivable basis where receipt is probable and the amount can be reliably measured.

Other income, including the hire of facilities, is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

**1.5 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.

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

Expenditure on charitable activities are costs incurred on the Academy's educational operations, including support costs and those costs relating to the governance of the Academy appointed to charitable activities.

All expenditure is inclusive of irrecoverable VAT.

---

**THE GRYPHON TRUST**  
**(A company limited by guarantee)**

---

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

---

**1. ACCOUNTING POLICIES (continued)**

**1.6 Tangible fixed assets and depreciation**

All assets costing more than £1,000 are capitalised 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 incorporating income and expenditure account 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 incorporating income and expenditure account. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of these assets, less their estimated residual value, over their expected useful lives on the following bases:

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is not charged on freehold land. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	2% straight line
Plant and machinery	-	10% straight line
Fixtures and fittings	-	20% straight line
Computer equipment	-	25% straight line

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

**1.7 Operating leases**

Rentals under operating leases are charged to the Statement of financial activities incorporating income and expenditure account on a straight line basis over the lease term.

**1.8 Stocks**

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

---

**THE GRYPHON TRUST**  
**(A company limited by guarantee)**

---

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

---

**1. ACCOUNTING POLICIES (continued)**

**1.9 Taxation**

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

**1.10 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.

**1.11 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.

**1.12 Liabilities and provisions**

Liabilities and provisions 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 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 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.

**1.13 Agency Arrangements**

The academy trust acts as an agent in distributing 16-19 bursary funds from the ESFA. Payments received from the 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 trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the statement of financial activities. The funds received and paid and any balances held are disclosed in note 15.

---

**THE GRYPHON TRUST**  
**(A company limited by guarantee)**

---

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

---

**1. ACCOUNTING POLICIES (continued)**

**1.14 Financial instruments**

The Academy only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the Academy and their measurement basis are as follows:

*Financial assets* - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 15. Prepayments are not financial instruments. Amounts due to the Academy's wholly owned subsidiary are held at face value less any impairment. Cash at bank is classified as a basic financial instrument and is measured at face value.

*Financial liabilities* - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in note 16. 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 other financial instruments. Amounts due to the Academy's wholly owned subsidiary are held at face value less any impairment.

**1.15 Pensions**

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Governments 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 in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 21, 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 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 incorporating income and expenditure account 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.

---

**THE GRYPHON TRUST**  
**(A company limited by guarantee)**

---

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

---

**1. ACCOUNTING POLICIES (continued)**

**1.16 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 (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 21, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

**THE GRYPHON TRUST**  
(A company limited by guarantee)

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

**2. INCOME FROM DONATIONS AND CAPITAL GRANTS**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Donations	11,193	-	11,193	4,075
Capital grants	-	340,429	340,429	521,635
	<u>11,193</u>	<u>340,429</u>	<u>351,622</u>	<u>525,710</u>
<i>Total 2016</i>	<u>4,075</u>	<u>521,635</u>	<u>525,710</u>	

**3. OTHER TRADING ACTIVITIES**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Hire of facilities	39,359	-	39,359	30,633
	<u>39,359</u>	<u>-</u>	<u>39,359</u>	<u>30,633</u>
<i>Total 2016</i>	<u>30,633</u>	<u>-</u>	<u>30,633</u>	

**4. INVESTMENT INCOME**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Bank interest	746	-	746	1,582
	<u>746</u>	<u>-</u>	<u>746</u>	<u>1,582</u>
<i>Total 2016</i>	<u>1,582</u>	<u>-</u>	<u>1,582</u>	

**THE GRYPHON TRUST**  
(A company limited by guarantee)

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

**5. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
<b>DfE/ESFA grants</b>				
General Annual Grant (GAG)	-	5,976,743	5,976,743	5,600,461
DfE/ESFA start up grants	-	47,500	47,500	-
DfE/ESFA other grants	-	271,735	271,735	224,146
Other grants	-	40,950	40,950	48,200
Teaching school grant	-	39,930	39,930	50,000
Free school grant	-	4,279	4,279	72,484
	-	6,381,137	6,381,137	5,995,291
<b>Other government grants</b>				
Local authority grants	-	83,810	83,810	76,146
	-	83,810	83,810	76,146
<b>Other funding</b>				
Trip income	-	156,367	156,367	234,535
Examination fee income	-	5,217	5,217	6,974
Music income	-	8,265	8,265	10,125
Canteen income	-	166,032	166,032	149,287
Other income	-	193,749	193,749	120,589
	-	529,630	529,630	521,510
	-	6,994,577	6,994,577	6,592,947
<i>Total 2016</i>	-	6,592,947	6,592,947	



**THE GRYPHON TRUST**  
(A company limited by guarantee)

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

**6. EXPENDITURE**

	<b>Staff costs 2017 £</b>	<b>Premises 2017 £</b>	<b>Other costs 2017 £</b>	<b>Total 2017 £</b>	<i>Total 2016 £</i>
Expenditure on raising voluntary income	-	-	3,132	3,132	3,119
Academy's educational operations:					
Direct costs	4,727,132	-	636,360	5,363,492	5,335,966
Support costs	764,032	784,878	799,509	2,348,419	2,049,775
	<u>5,491,164</u>	<u>784,878</u>	<u>1,439,001</u>	<u>7,715,043</u>	<u>7,388,860</u>
<i>Total 2016</i>	<u>5,417,206</u>	<u>573,884</u>	<u>1,397,770</u>	<u>7,388,860</u>	

**7. ANALYSIS OF SUPPORT COSTS**

	<b>Educational operations £</b>	<b>Total 2017 £</b>	<i>Total 2016 £</i>
Technology costs	17,845	17,845	-
Premises costs	784,878	784,878	573,884
Governance costs	12,064	12,064	11,701
Other costs	497,643	497,643	574,154
Wages and salaries	483,019	483,019	409,783
National insurance	50,824	50,824	50,790
Pension cost	230,189	230,189	145,819
Depreciation	271,957	271,957	283,644
	<u>2,348,419</u>	<u>2,348,419</u>	<u>2,049,775</u>
<i>At 31 August 2016</i>	<u>2,049,775</u>	<u>2,049,775</u>	

Premises costs includes £246,150 (2016: £206,730) in respect of replacement roofing costs, and £117,594 in respect of modular building hire and associated costs. These costs were financed by ESFA capital grants.

---

**THE GRYPHON TRUST**  
**(A company limited by guarantee)**

---

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

---

**8. NET INCOME/(EXPENDITURE)**

This is stated after charging:

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Depreciation of tangible fixed assets:		
- owned by the charity	<b>340,130</b>	<b>348,720</b>
Auditors' remuneration - audit	<b>8,000</b>	<b>7,000</b>
Auditors' remuneration - other services	<b>3,548</b>	<b>2,540</b>
Operating lease rentals	<b>100,748</b>	<b>82,876</b>
	<b>=====</b>	<b>=====</b>

Page 31

**THE GRYPHON TRUST**  
(A company limited by guarantee)

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

**9. STAFF COSTS**

Staff costs were as follows:

	2017 £	2016 £
Wages and salaries	4,260,228	4,397,624
Social security costs	434,534	354,484
Operating costs of defined benefit pension schemes	793,887	665,098
	<u>5,488,649</u>	<u>5,417,206</u>
Apprenticeship levy	2,515	-
	<u><u>5,491,164</u></u>	<u><u>5,417,206</u></u>

Included in staff restructuring costs is one non-statutory/non-contractual severance payment of £nil (2016: £11,536).

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

	2017 No.	2016 No.
Teachers	104	99
Administration and support	67	67
Management	12	17
	<u>183</u>	<u>183</u>

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

	2017 No.	2016 No.
In the band £60,001 - £70,000	1	1
In the band £70,001 - £80,000	1	1
In the band £80,001 - £90,000	1	1

The key management personnel of the academy trust comprise the senior management team as listed on page 2. The total staff costs in respect of key management personnel was £830,465 (2016: £620,167).

**10. CENTRAL SERVICES**

No central services were provided by the Academy to its academies during the year and no central charges arose.

---

**THE GRYPHON TRUST**  
**(A company limited by guarantee)**

---

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

---

**11. 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 staff Trustees only receive remuneration in respect of services they provide undertaking roles under their contracts of employment, and not in respect of their role as Trustees. The value of Trustees' remuneration and other benefits was as follows:

		<b>2017</b>	<i>2016</i>
		<b>£'000</b>	<i>£'000</i>
Headteacher	Remuneration	<b>85-90</b>	<i>80-85</i>
	Pension contributions paid	<b>10-15</b>	<i>10-15</i>
A total of two (2016: three) other staff trustees	Remuneration	<b>80-85</b>	<i>130-135</i>
	Pension contributions paid	<b>10-15</b>	<i>15-20</i>

During the year, travel and subsistence expenses of £199 (2016: £nil) were reimbursed to two Trustees in respect of their role as Trustees. Staff Trustees received a total of £1,275 (2016: £2,548) in respect of their staff roles.

**12. TRUSTEES' AND OFFICERS' INSURANCE**

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5m on any one claim and the cost for the year ended 31 August 2017 was £1,455 (2016 - £1,353).

**THE GRYPHON TRUST**  
(A company limited by guarantee)

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

**13. TANGIBLE FIXED ASSETS**

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Total £
<b>Cost</b>					
At 1 September 2016	14,671,883	238,496	273,741	445,831	15,629,951
Additions	-	12,249	14,959	69,899	97,107
Disposals	-	-	(185)	(13,965)	(14,150)
At 31 August 2017	<u>14,671,883</u>	<u>250,745</u>	<u>288,515</u>	<u>501,765</u>	<u>15,712,908</u>
<b>Depreciation</b>					
At 1 September 2016	1,145,343	91,406	212,579	384,255	1,833,583
Charge for the year	235,261	23,849	29,771	51,249	340,130
On disposals	-	-	(144)	(13,965)	(14,109)
At 31 August 2017	<u>1,380,604</u>	<u>115,255</u>	<u>242,206</u>	<u>421,539</u>	<u>2,159,604</u>
<b>Net book value</b>					
At 31 August 2017	<u><u>13,291,279</u></u>	<u><u>135,490</u></u>	<u><u>46,309</u></u>	<u><u>80,226</u></u>	<u><u>13,553,304</u></u>
At 31 August 2016	<u><u>13,526,540</u></u>	<u><u>147,090</u></u>	<u><u>61,162</u></u>	<u><u>61,576</u></u>	<u><u>13,796,368</u></u>

**14. STOCKS**

	2017 £	2016 £
Canteen	<u>1,884</u>	<u>2,076</u>

**15. DEBTORS**

	2017 £	2016 £
Trade debtors	19,376	2,053
Other debtors	99,618	238,414
Prepayments and accrued income	167,670	108,022
Tax recoverable	42,963	52,913
	<u><u>329,627</u></u>	<u><u>401,402</u></u>

**THE GRYPHON TRUST**  
(A company limited by guarantee)

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

**16. CREDITORS: Amounts falling due within one year**

	2017	2016
	£	£
Trade creditors	64,288	236,603
Other creditors	55,782	37,582
Accruals and deferred income	139,854	219,701
	<b>259,924</b>	<b>493,886</b>
	<b>259,924</b>	<b>493,886</b>
	2017	2016
	£	£
<b>Deferred income</b>		
Deferred income at 1 September 2016	117,509	195,079
Resources deferred during the year	102,861	117,509
Amounts released from previous years	(117,509)	(195,079)
	<b>102,861</b>	<b>117,509</b>
	<b>102,861</b>	<b>117,509</b>

At the balance sheet date the academy was holding funds received in advance for school trips, cashless catering cards, laptop insurance, and grants relating to the forthcoming academic year.

**Agency arrangements**

The academy trust distributes 16-19 bursary funds to students as an agent for the ESFA. In the accounting period ending 31 August 2017 the trust received £26,749 (2016: £26,312) and disbursed £11,026 (2016: £9,537) from the fund. An amount of £49,760 (2016: £34,037) is included in other creditors relating to undistributed funds that are repayable to the ESFA.

**THE GRYPHON TRUST**  
(A company limited by guarantee)

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

**17. STATEMENT OF FUNDS**

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
<b>Unrestricted funds</b>						
General funds	424,296	51,298	-	-	-	475,594
<b>Restricted funds</b>						
General Annual Grant (GAG)	-	5,976,743	(5,801,988)	(3,366)	-	171,389
DfE/ESFA post-opening grants	-	47,500	(47,500)	-	-	-
Pupil premium	-	235,701	(235,701)	-	-	-
Other DfE/ESFA grants	-	131,968	(131,968)	-	-	-
Other grants	-	40,950	(40,950)	-	-	-
Local authority grants	-	83,810	(83,810)	-	-	-
Free school grants	10,122	4,279	(14,401)	-	-	-
Sponsor capacity grant	5,526	-	(5,526)	-	-	-
Teaching School grant	-	39,930	(39,930)	-	-	-
Equality	910	-	(910)	-	-	-
School-to-school	70	-	(70)	-	-	-
NLE	18	-	(18)	-	-	-
Other educational activities	-	433,696	(433,696)	-	-	-
Pension reserve	(1,621,000)	-	(156,000)	-	545,000	(1,232,000)
	<u>(1,604,354)</u>	<u>6,994,577</u>	<u>(6,992,468)</u>	<u>(3,366)</u>	<u>545,000</u>	<u>(1,060,611)</u>
<b>Restricted fixed asset funds</b>						
Fixed asset fund	13,796,368	-	(340,171)	97,107	-	13,553,304
Devolved formula capital	11,880	24,824	-	(36,704)	-	-
Other ESFA capital grants	160,209	315,605	(382,404)	(57,037)	-	36,373
	<u>13,968,457</u>	<u>340,429</u>	<u>(722,575)</u>	<u>3,366</u>	<u>-</u>	<u>13,589,677</u>
Total restricted funds	<u>12,364,103</u>	<u>7,335,006</u>	<u>(7,715,043)</u>	<u>-</u>	<u>545,000</u>	<u>12,529,066</u>
Total of funds	<u>12,788,399</u>	<u>7,386,304</u>	<u>(7,715,043)</u>	<u>-</u>	<u>545,000</u>	<u>13,004,660</u>

**THE GRYPHON TRUST**  
(A company limited by guarantee)

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

**17. STATEMENT OF FUNDS (continued)**

**STATEMENT OF FUNDS - PRIOR YEAR**

	Balance at 1 September 2015 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2016 £
<b>Unrestricted funds</b>						
General funds	429,166	36,290	-	(41,160)	-	424,296
	<u>429,166</u>	<u>36,290</u>	<u>-</u>	<u>(41,160)</u>	<u>-</u>	<u>424,296</u>
<b>Restricted funds</b>						
General Annual Grant (GAG)	-	5,600,461	(5,639,654)	39,193	-	-
Pupil premium	-	209,146	(209,146)	-	-	-
Other DfE/ESFA grants	-	15,000	(15,000)	-	-	-
16-19 Bursary	17,262	-	(17,262)	-	-	-
Local authority grants	-	76,146	(76,146)	-	-	-
Free school grants	105,799	72,484	(168,161)	-	-	10,122
Sponsor capacity grant	28,520	-	(22,994)	-	-	5,526
Teaching School grant	228	50,000	(52,195)	1,967	-	-
Equality	-	25,000	(24,090)	-	-	910
School-to-school	-	15,000	(14,930)	-	-	70
NLE	-	6,000	(5,982)	-	-	18
Other educational activities	-	523,710	(523,710)	-	-	-
Pension reserve	(739,000)	-	(63,000)	-	(819,000)	(1,621,000)
	<u>(587,191)</u>	<u>6,592,947</u>	<u>(6,832,270)</u>	<u>41,160</u>	<u>(819,000)</u>	<u>(1,604,354)</u>
<b>Restricted fixed asset funds</b>						
Fixed asset fund	14,003,412	-	(349,860)	142,816	-	13,796,368
Devolved formula capital	-	39,884	-	(28,004)	-	11,880
ESFA - Roof repairs	-	366,939	(206,730)	-	-	160,209
ESFA - Free school	-	114,812	-	(114,812)	-	-
	<u>14,003,412</u>	<u>521,635</u>	<u>(556,590)</u>	<u>-</u>	<u>-</u>	<u>13,968,457</u>
Total restricted funds	<u>13,416,221</u>	<u>7,114,582</u>	<u>(7,388,860)</u>	<u>41,160</u>	<u>(819,000)</u>	<u>12,364,103</u>
Total of funds	<u>13,845,387</u>	<u>7,150,872</u>	<u>(7,388,860)</u>	<u>41,160</u>	<u>(819,000)</u>	<u>12,788,399</u>



---

**THE GRYPHON TRUST**  
**(A company limited by guarantee)**

---

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

---

**17. STATEMENT OF FUNDS (continued)**

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

**General annual grant**

This includes all funding received from the ESFA to carry out the objectives of the academy. It includes the school budget share, minimum funding guarantee, education services grant, insurance, rates, and pre/post-16 high needs funding.

**Pupil premium and other DfE/ESFA grants**

This is funding received from the ESFA for specific purposes.

**Local authority grants**

This is funding received from the local authority for specific purposes, for example Special Educational Needs funding.

**Teaching School grant**

Teaching schools are outstanding schools that work with others to provide high quality training and development to new and experienced school staff. This is funding received from the DfE/ESFA for this purpose

**Free schools grant**

This represents funds received for the setting up of a new free school.

**Sponsor capacity grant**

This represents additional funds received to take on a new school.

**Pension reserve**

This represents the negative reserve in respect of the liability on the LGPS pension scheme which was transferred to the academy on conversion.

**Other educational activities**

This includes all other educational income/expenditure.

**Fixed asset fund**

The fund includes the value of the tangible fixed assets of the academy on conversion, and amounts transferred from GAG or other restricted funds specifically for expenditure on tangible fixed assets, and the annual charges for depreciation of these assets.

**DfE/ESFA capital grants**

This is money received from the DfE/ESFA specifically for expenditure on tangible fixed assets.

**THE GRYPHON TRUST**  
(A company limited by guarantee)

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

**17. STATEMENT OF FUNDS (continued)**

**ANALYSIS OF ACADEMIES BY FUND BALANCE**

Fund balances at 31 August 2017 were allocated as follows:

	<b>Total 2017 £</b>	<b>Total 2016 £</b>
Arnewood School	409,774	430,820
Eaglewood School	237,209	10,122
Total before fixed asset fund and pension reserve	<b>646,983</b>	440,942
Restricted fixed asset fund	<b>13,589,677</b>	13,968,457
Pension reserve	<b>(1,232,000)</b>	(1,621,000)
Total	<b>13,004,660</b>	12,788,399

**ANALYSIS OF ACADEMIES BY COST**

Expenditure incurred by each academy during the year was as follows:

	<b>Teaching and educational support staff costs £</b>	<b>Other support staff costs £</b>	<b>Educational supplies £</b>	<b>Other costs excluding depreciat- ion £</b>	<b>Total 2017 £</b>	<b>Total 2016 £</b>
Arnewood School	4,399,144	736,725	198,063	1,502,688	6,836,620	6,871,979
Eaglewood School	327,988	27,307	17,370	165,628	538,293	168,161
	<b>4,727,132</b>	<b>764,032</b>	<b>215,433</b>	<b>1,668,316</b>	<b>7,374,913</b>	<b>7,040,140</b>

**18. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	<b>Unrestricted funds 2017 £</b>	<b>Restricted funds 2017 £</b>	<b>Restricted fixed asset funds 2017 £</b>	<b>Total funds 2017 £</b>
Tangible fixed assets	-	-	13,553,304	13,553,304
Current assets	475,594	431,313	36,373	943,280
Creditors due within one year	-	(259,924)	-	(259,924)
Pension reserve	-	(1,232,000)	-	(1,232,000)
	<b>475,594</b>	<b>(1,060,611)</b>	<b>13,589,677</b>	<b>13,004,660</b>

**THE GRYPHON TRUST**  
(A company limited by guarantee)

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

**18. ANALYSIS OF NET ASSETS BETWEEN FUNDS (continued)**

**ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR**

	<i>Unrestricted funds</i>	<i>Restricted funds</i>	<i>Restricted fixed asset funds</i>	<i>Total funds</i>
	2016	2016	2016	2016
	£	£	£	£
Tangible fixed assets	-	-	13,796,368	13,796,368
Current assets	424,296	510,532	172,089	1,106,917
Creditors due within one year	-	(493,886)	-	(493,886)
Pension reserve	-	(1,621,000)	-	(1,621,000)
	<u>424,296</u>	<u>(1,604,354)</u>	<u>13,968,457</u>	<u>12,788,399</u>

**19. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES**

	2017	2016
	£	£
Net expenditure for the year (as per Statement of Financial Activities)	<b>(328,739)</b>	(237,988)
<b>Adjustment for:</b>		
Depreciation charges	<b>340,130</b>	348,720
Loss on the disposal of fixed assets	<b>41</b>	1,140
Decrease in stocks	<b>192</b>	228
Decrease/(increase) in debtors	<b>71,775</b>	(185,445)
(Decrease)/increase in creditors	<b>(233,962)</b>	201,088
Defined benefit pension scheme cost less contributions payable	<b>156,000</b>	63,000
<b>Net cash provided by operating activities</b>	<b><u>5,437</u></b>	<u>190,743</u>

**20. ANALYSIS OF CASH AND CASH EQUIVALENTS**

	2017	2016
	£	£
Cash in hand	<b>300</b>	300
Notice deposits (less than 3 months)	<b>611,469</b>	703,139
<b>Total</b>	<b><u>611,769</u></b>	<u>703,439</u>

---

**THE GRYPHON TRUST**  
**(A company limited by guarantee)**

---

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

---

**21. PENSION COMMITMENTS**

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

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

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

**Teachers' Pension Scheme**

**Introduction**

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

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

**Valuation of the Teachers' Pension Scheme**

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

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

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

**THE GRYPHON TRUST**  
(A company limited by guarantee)

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

**21. PENSION COMMITMENTS (continued)**

The employer's pension costs paid to TPS in the period amounted to £563,698 (2016 - £519,279).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website ([www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx](http://www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx)).

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

**Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £205,000 (2016 - £193,000), of which employer's contributions totalled £155,000 (2016 - £148,000) and employees' contributions totalled £50,000 (2016 - £45,000). The agreed contribution rates for future years are 13.1% for employers and between 5.5% and 12.5% for employees.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of academy closure, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

Principal actuarial assumptions:

	2017	2016
Discount rate for scheme liabilities	2.50 %	2.00 %
Rate of increase in salaries	3.60 %	3.50 %
Rate of increase for pensions in payment / inflation	2.10 %	2.00 %
Inflation assumption (CPI)	2.10 %	2.00 %

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

	2017	2016
Retiring today		
Males	24.0	24.6
Females	27.0	26.4
Retiring in 20 years		
Males	26.0	26.7
Females	29.3	28.7

Sensitivity analysis	At 31 August 2017	At 31 August 2016
	£	£
Discount rate +0.1%	3,494,000	3,602,000
Discount rate -0.1%	3,627,000	3,749,000
Mortality assumption - 1 year increase	3,454,000	3,558,000
Mortality assumption - 1 year decrease	3,666,000	3,793,000

**THE GRYPHON TRUST**  
(A company limited by guarantee)

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

**21. PENSION COMMITMENTS (continued)**

The Academy's share of the assets in the scheme was:

	<b>Fair value at 31 August 2017 £</b>	<i>Fair value at 31 August 2016 £</i>
Equities	1,425,000	1,165,000
Property	151,000	152,000
Government bonds	577,000	540,000
Corporate bonds	26,000	37,000
Cash	70,000	107,000
Other	79,000	53,000
	<u>2,328,000</u>	<u>2,054,000</u>

The actual return on scheme assets was £140,000 (2016 - £337,000).

The amounts recognised in the Statement of financial activities incorporating income and expenditure account are as follows:

	<b>2017 £</b>	<i>2016 £</i>
Current service cost	(280,000)	(186,000)
Net interest cost	(31,000)	(25,000)
	<u>(311,000)</u>	<u>(211,000)</u>

Movements in the present value of the defined benefit obligation were as follows:

	<b>2017 £</b>	<i>2016 £</i>
Opening defined benefit obligation	3,675,000	2,339,000
Current service cost	280,000	186,000
Interest cost	73,000	88,000
Employee contributions	50,000	45,000
Actuarial (gains)/losses	(447,000)	1,093,000
Benefits paid	(71,000)	(76,000)
	<u>3,560,000</u>	<u>3,675,000</u>

During the period year the employer contribution rate was determined as 10.5%, which is the TRS (currently underway based on April 2017) rate of 10.5% as at 31 August 2017.



---

**THE GRYPHON TRUST**  
**(A company limited by guarantee)**

---

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

---

**24. MEMBERS' LIABILITY**

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/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.