

The Gryphon Trust
(A Company Limited by Guarantee)
Annual Report and Financial Statements
Year ended 31 August 2019

Company Registration Number:
07546874 (England and Wales)

The Gryphon Trust

Contents

	Page
Reference and Administrative Details	1
Trustees' Report	3
Governance Statement	12
Statement on Regularity, Propriety and Compliance	17
Statement of Trustees' Responsibilities	18
Independent Auditor's Report on the Financial Statements	19
Independent Reporting Accountant's Report on Regularity	22
Statement of Financial Activities incorporating Income & Expenditure Account	25
Balance Sheet	26
Statement of Cash Flows	27
Notes to the Financial Statements	28

The Gryphon Trust

Reference and Administrative Details

Members:

K Craze (resigned 19 December 2018)
J Evans
B Maugham
M Hall
M Walker (resigned 19 December 2018)

Trustees:

M Byrne (resigned 26 March 2019)
D Coburn
E Cook
K Craze (appointed 19 December 2018)
A Maugham (resigned 18 July 2019)
A O'Sullivan (resigned 11 December 2018)
N Pressnell (resigned 11 December 2018)
D Richards
M Walker (appointed 19 December 2018)
R Wilkins

Senior Management Team:

A O'Sullivan	Chief Executive Officer (Arnewood)
N Pressnell	Head Teacher (Arnewood)
C Price	Deputy Head Teacher (Arnewood)
P Barrett	Assistant Head Teacher (Arnewood)
M Colman	Assistant Head Teacher (Arnewood)
J Hutson	Assistant Head Teacher (Arnewood)
S Stroud	Assistant Head Teacher (Arnewood)
K Watson	Assistant Head Teacher (Arnewood)
M Gough	Senior teacher (Arnewood)
N Himmel	Head Teacher (Eaglewood)
J Wood	Deputy Head Teacher (Eaglewood)

Company Name

The Gryphon Trust

Principal and Registered Office

Gore Road
New Milton
Hampshire
BH25 6RS

The Gryphon Trust

Reference and Administrative Details

Company Registration Number

07546874 (England and Wales)

Independent Auditor

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

Trustees' Report

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year ended 31 August 2019. 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 1074 in the school census on 3rd October 2019. The Eaglewood School is a 7-16 Alternative Provision academy for emotionally vulnerable children which when its permanent building opened in September 2019 has a planned pupil capacity of 50 rising to 65 from September 2020.

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 operates as The Gryphon Trust.

Details of the trustees who served during the year and to the date these accounts are approved 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 nine 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.

The Gryphon Trust

Trustees' Report

Method of Recruitment and Appointment or Election of Trustees (continued)

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. 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 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.

The Gryphon Trust

Trustees' Report

Method of Recruitment and Appointment or Election of Trustees (continued)

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 with 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. Day to day management of the academies within the Trust is delegated to the respective school leadership teams. During the academic year 2018/19 The Arnewood School had a Senior Leadership Team consisting of the Headteacher, Deputy Headteacher, five Assistant Headteachers and one other senior staff seconded to the SLT. The Eaglewood School has a Headteacher and Deputy Headteacher working alongside Governors in the leadership of the school. The Chief Executive Officer of the trust is the Accounting Officer.

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 with due regards to the School Teachers' Pay and Conditions and also to the EHCC framework for support staff.

The Gryphon Trust

Trustees' Report

Trade union facility time

Relevant union officials

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
1	1

Percentage of time spent on facility time

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

Percentage of pay bill spent on facility time

Total cost of facility time	£2,685
Total pay bill	£5,727,835
Percentage of the total pay bill spent on facility time	0.05%

Paid trade union activities

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

None.

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 consistently high performing schools, 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.

The Gryphon Trust

Trustees' Report

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 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.

Strategic Report

Achievements and Performance and Key Performance Indicators

The Arnewood School

GCSE results in 2019 were broadly similar to 2018. In particular attainment in English and mathematics remain much better than in 2017 and are similar to the greatly improved results in 2018 in these subjects. Including all children on roll (non-attenders and those in alternate provision) we estimate an Attainment 8 value of approximately 42 meaning the average grade per entry for students is 4.2. Including the 10 students in alternate provision the percentage of student who achieved 9-4 passes in English and mathematics remains a respectable 74% in each cases. 48% of PP children achieved a standard pass in English and mathematics. In English, boys performed well against the national average and the gap between boys' and girls' achievement narrowed to 14%, just below the national average. This is pleasing as we had relatively few high achieving boys in this year group where boys (96) outnumber girls (80). The number of higher grades, in English Language fell in 2109 although a good number of higher grades were awarded across a wide range of subjects. 12 students achieved multiple higher grades with at least grade 8 and above. Two students gained four grade 9s and one, six grade 9s. Attainment at grade 5 was equal to or above the national average (where known) in mathematics, geography, computer science, drama, PE, media studies and RS. Results in the sixth form were largely as anticipated. Broadly speaking, this was a weaker cohort than we have had for some years although it did contain some very able students too. As the year group was much smaller than in some years this also creates a great volatility in outcomes. This notwithstanding our Alps score remains 3 over a three year average. The school's key improvement targets for 2018-2019 are development of whole school literacy; student progress; and providing precise feedback and guidance to improve progress. School leadership, including governance, remains stable. During 2018/19 the school has made significant financial savings mainly through reducing staffing costs (changes in contracts and redundancy). This has already limited curriculum offer, and weakened administrative, technician and pastoral support. Class sizes have increased, CPD been reduced and building maintenance restricted.

The Gryphon Trust

Trustees' Report

Achievements and Performance and Key Performance Indicators (continued)

The Eaglewood School

The Eaglewood School starts the year in its strongest position ever. Our new premises are finished and the school has made a successful transition into it. The new buildings give the school the space and facilities it so desperately needed, it will also allow us to increase our capacity, which is also in high demand. This will increase our pupil numbers from 30 to 50 during the academic year.

In July last year we had our first but very successful Ofsted inspection and achieved a "good" rating in all areas. Inspectors were very impressed with the care and the love Eaglewood School gives to the vulnerable families we cater for. They made special mention of the dedicated and committed staff and the very real significant improvements we make to children's lives. This is something we are not only very proud of but also runs through everything we do at Eaglewood School. Our Vision of Raising Aspiration and Changing Lives is achieved by ensuring that all of our students are Academically Ready, Emotionally Prepared and Feel Good about themselves before they take their next steps. This blueprint for success has allowed us to; successfully reintegrate 40% of our students back into mainstream education, Secure EHCPs and move on to a more specialist provision 30% and find realistic post 16 provision for a further 25%. This equates to 95% of the students that arrive through our doors having a successful outcome. If you then consider our attendance rate is also over 80%, nearly 25% higher than the national average for alternative provision providers, you can see what Ofsted meant when it said "Pupils enjoy school. They feel safe and value the support they receive from staff. They talk openly about the issues they face and recognise how the school is helping them to overcome some of these."

The school is fully staffed and they have hit the ground running to ensure all was in place and ready for the students when they returned in Sept. New students, new systems and new processes have been a challenge but things have settled quickly and pupils are happy and leaning. Eaglewood School is committed to helping both its pupils and their families and have partnered up with the local Family Support Service team to help deliver the ACE (Adverse Childhood Experience) toolkits to parents and pupils. This ground-breaking approach is committed to breaking the ACE cycle and trying to ensure that the outcomes for our students are better than their parents. It will also, we hope, improve outcomes for our students' children and ensure the ever present cycle of childhood trauma issues in our society do not keep repeating through the generations.

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

Trustees' Report

Financial Review

In the period, the trust has received General Annual Grant (GAG) and other restricted income totalling £6,706,158. Expenditure on GAG activities was £7,211,864 and restricted fixed asset expenditure (including depreciation) was £678,258.

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 principal 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.

Work to re-clad the Scola Block has continued in this academic year with completion of the project in October 2019. Refurbishment of the changing rooms was completed in October 2018.

The 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 2019 were as follows:

- Unrestricted (free) reserves of £302,698
- A restricted fixed asset fund of £15,994,173, which can only be realised through disposal of tangible fixed assets
- A pension deficit of £1,810,000
- Total funds of £14,486,871

There is a £1,810,000 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.

Based upon forecasts prepared, the free reserves of £302,698 are of sufficient level to ensure that the Trust does not go into deficit during 2019/20, although they are expected to decrease by £125,000 by 31 August 2020. Thereafter we expect to hold reserves of around £150,000 from 2020/21 onwards with this steadily increasing to around the £250,000 level. This has been achieved through higher funding per student from September 2020 and significant staff changes made in 2018/19 into 2019/20.

The Gryphon Trust

Trustees' Report

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, have 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

Fundraising

As part of its work within the community, the academy trust raises funds in order to support its own operations and also to make donations to local and national charities. The academy trust undertakes all such activities itself, with the help of its students and their families. We confirm that when fundraising:

- No unsolicited approaches are made to members of the public.
- No commercial participators are used.
- No regularity schemes or standards are applicable.
- No complaints were made to the academy trust during the year.

The Gryphon Trust

Trustees' Report

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 constrained the curriculum delivery and also prevented 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 2019 occupancy.

The immediate priority is that Eaglewood increases its intake from September 2019 and in the long term through generating a consistent volume of referrals. Eaglewood has rapidly gained a good reputation for the quality of its provision and are further developing a marketing strategy through which to engage schools not yet commissioning places.

Funds Held as Custodian Trustee on Behalf of Others

None.

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 10 December 2019 and signed on the board's behalf by:



R Wilkins

Trustee

The Gryphon Trust

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	1	2
Mrs E Cook	5	5
Mr D Coburn	5	5
Clr K Craze	4	4
Mr B Maugham	5	5
Clr A O'Sullivan	1	1
Mr N Pressnell	1	1
Prof D Richards	4	5
Mr R Wilkins	5	5
Mr M Walker	2	4

During mid 2019 there was a finance and audit compliance committee formed as a sub-committee of The Gryphon Trust Board which met twice. The overall role of the Committee is to provide assurance to the Board over the suitability of, and compliance with, the Academy Trust's internal and external legal, financial and regulatory policies and operational controls, the correctness and accuracy of funding information (or returns), and to ensure that risks are being adequately identified and managed. Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mr D Coburn	2	2
Mr K Craze	2	2
Mr R Walker	2	2

The Gryphon Trust

Governance Statement

Governance (continued)

During 2018/19 the Arnewood Local Governing Body (including finance committee responsibilities) met three times. 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	Meetings attended	Out of a possible
Mrs J Ankers	3	3
Cllr G Beck	1	3
Mrs E Cook	3	3
Mrs C Lippold	2	2
Mr B Maugham	2	3
Mrs J Corrigan	2	3
Mr N Pressnell	3	3
Mr S Jaggar	3	3
Mr R Wilkins	3	3
Mrs R Rolfe	3	3

In September 2018 The Eaglewood School formed a new Local Governing Body which held five meetings to review the position of the school. This followed the suspension of the Governing Body the previous year and the installation of a task force to steer the school forward. Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Prof D Richards	5	5
Dr R Catton	5	5
Mr N Himmel	5	5
Ms C Whitlock	5	5
Mrs M Strachan	4	5
Ms E Stack	5	5
Mr P Brown	2	5

The Gryphon Trust

Governance Statement

Review of Value for Money

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

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

- Working with the headteachers securing a "good" Ofsted for both schools.
- Continuing to monitor the successful implantation of the re-cladding of The Arnewood School Scola Block to benefit the teaching environment and reduce fuel costs in the future.
- Monitoring and securing a new building for Eaglewood School to open in September 2019 with facilities for 70 AP pupils.
- Enhancing the Facilities Team to improve the efficiencies of the site and possible income generation.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Gryphon Trust for the period 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

The Gryphon Trust

Governance Statement

The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees
- regular reviews by the finance and general purposes 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 auditor, 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
- testing of compliance with the Academies Financial Handbook

On a termly basis, the auditor reports 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.

The Gryphon Trust

Governance Statement

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 auditor
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the 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 10 December 2019 and signed on its behalf by:



R Wilkins
Trustee



A O'Sullivan
Accounting Officer

The Gryphon Trust

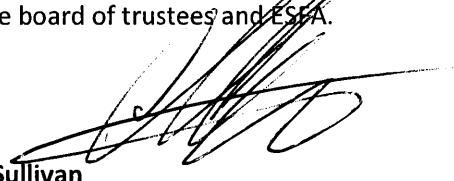
Statement of Regularity, Propriety and Compliance

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10/12/19

As accounting officer of The Gryphon Trust I have considered my responsibility to notify the academy trust board of trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

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

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



A O'Sullivan
Accounting Officer
10 December 2019

The Gryphon Trust

Statement of Trustees' Responsibilities

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

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

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019
- make judgments and accounting estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business

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

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

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

Approved by order of the members of the board of trustees on 10 December 2019 and signed on its behalf by:


R Wilkins
Trustee

The Gryphon Trust

Independent Auditor's Report on the Financial Statements to the Members of The Gryphon Trust

Opinion

We have audited the financial statements of The Gryphon Trust ('the charitable company') for the year ended 31 August 2019 which comprise the Statement of Financial Activities (including the Income and Expenditure Account), the Balance Sheet, the Statement of Cash Flows, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company'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

Independent Auditor's 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. It includes the Reference and Administrative Details, the Report of the Directors and Strategic Report and the Governance Statement. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' 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;
- the financial statements are not in agreement with the accounting records and returns;
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not obtained all the information and explanations necessary for the purposes of our audit.

The Gryphon Trust

Independent Auditor's Report on the Financial Statements to the Members of The Gryphon Trust

Responsibilities of the trustees

As explained more fully in the Statement of Trustees' Responsibilities, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable to 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 charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Our 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 a Report of the Independent Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of Independent Auditors.

Use of our report

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



R Hurst FCA (Senior statutory auditor)

For and on behalf of Hopper Williams & Bell Limited

Statutory Auditor

Highland House, Mayflower Close, Chandlers Ford, Eastleigh SO53 4AR

Date 13 December 2019

The Gryphon Trust

Independent Reporting Accountant's Assurance Report on Regularity to The Gryphon Trust and the Education & Skills Funding Agency

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

This report is made solely to the governing body 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 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 2018, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

The Gryphon Trust

Independent Reporting Accountant's Assurance Report on Regularity to The Gryphon Trust and the Education & Skills Funding Agency

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2018 to 2019 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 trust's income and expenditure.

The work undertaken to draw to our conclusion includes:

- 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 Trust'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 Trust;
- testing a sample of transactions to consider whether the transaction is permissible within the Academy Trust'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 Trust's charitable objects;
- reviewing whether lettings to related parties are made at favourable rates.

The Gryphon Trust

Independent Reporting Accountant's Assurance Report on Regularity to The Gryphon Trust and the Education & Skills Funding Agency

Conclusion

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



R Hurst FCA
Reporting Accountant
Hopper Williams & Bell Limited
Chartered Accountants
Highland House, Mayflower Close, Chandlers Ford, Eastleigh SO53 4AR

Date 13 December 2019

The Gryphon Trust

Statement of Financial Activities for the year ended 31 August 2019 (including Income and Expenditure Account)

	Note	Un- restricted funds £	Restricted General Funds £	Restricted Pension Funds £	Restricted Fixed Asset Funds £	2018/19 Total £	2017/18 Total £
Income and endowments from:							
Donations and capital grants	2	9,890	-	-	354,833	364,723	3,289,349
Charitable activities:							
Funding for the academy							
trust's educational operations	3	-	6,706,158	-	-	6,706,158	6,902,814
Teaching schools	27	-	-	-	-	-	40,000
Other trading activities	4	27,777	-	-	-	27,777	38,652
Investments	5	487	-	-	-	487	602
Total		38,154	6,706,158	-	354,833	7,099,145	10,271,417
Expenditure on:							
Raising funds	6	-	4,156	-	-	4,156	3,279
Charitable activities:							
Academy trust educational							
operations	7	-	6,982,708	225,000	678,258	7,885,966	7,734,950
Teaching school	27	-	-	-	-	-	40,000
Total		-	6,986,864	225,000	678,258	7,890,122	7,778,229
Net income / (expenditure)		38,154	(280,706)	(225,000)	(323,425)	(790,977)	2,493,188
Transfers between funds	16	(252,924)	252,924	-	-	-	-
Other recognised gains / (losses):							
Actuarial (losses) / gains on defined benefit pension schemes	24	-	-	(532,000)	-	(532,000)	312,000
Net movement in funds		(214,770)	(27,782)	(757,000)	(323,425)	(1,322,977)	2,805,188
Reconciliation of funds							
Total funds brought forward		517,468	27,782	(1,053,000)	16,317,598	15,809,848	13,004,660
Total funds carried forward		302,698	-	(1,810,000)	15,994,173	14,486,871	15,809,848

The notes on pages 28 to 51 form part of these financial statements.


The Gryphon Trust

Balance Sheet as at 31 August 2019

Company Number 07546874

	Note	2019 £	2019 £	2018 £	2018 £
Fixed assets					
Tangible assets	12		15,943,822		15,217,741
Current assets					
Stock	13	1,967		1,551	
Debtors	14	544,488		1,796,493	
Cash at bank and in hand		331,990		605,304	
		<u>878,445</u>		<u>2,403,348</u>	
Liabilities					
Creditors: Amounts falling due within one year	15	<u>(525,396)</u>		<u>(758,241)</u>	
Net current assets			<u>353,049</u>		<u>1,645,107</u>
Total assets less current liabilities			<u>16,296,871</u>		<u>16,862,848</u>
Defined benefit pension scheme liability	24		(1,810,000)		(1,053,000)
Total net assets			<u>14,486,871</u>		<u>15,809,848</u>
Funds of the academy trust:					
Restricted funds					
Fixed asset fund	16	15,994,173		16,317,598	
Restricted income fund	16	-		27,782	
Pension reserve	16	<u>(1,810,000)</u>		<u>(1,053,000)</u>	
Total restricted funds			<u>14,184,173</u>		<u>15,292,380</u>
Unrestricted income funds	16		302,698		517,468
Total funds			<u>14,486,871</u>		<u>15,809,848</u>

The financial statements on pages 25 to 51 were approved by the trustees and authorised for issue on 10 December 2019 and are signed on their behalf by:


R Wilkins
Trustee

The notes on pages 28 to 51 form part of these financial statements.

The Gryphon Trust

Statement of Cash Flows for the year ended 31 August 2019

	Note	2019 £	2018 £
Cash flows from operating activities			
Net cash provided by (used in) operating activities	20	562,006	(1,310,599)
Cash flows from investing activities			
	21	(835,320)	1,304,134
Change in cash and cash equivalents in the reporting period		<u>(273,314)</u>	<u>(6,465)</u>
Cash and cash equivalents at 1 September 2018		605,304	611,769
Cash and cash equivalents at 31 August 2019	22	<u>331,990</u>	<u>605,304</u>

The Gryphon Trust

Notes to the Financial Statements for the Year Ended 31 August 2019

1 Accounting policies

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

Basis of Preparation

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

Going Concern

The Trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Academy Trust to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy trust has adequate restricted and unrestricted reserves of £302,698 to continue in operational existence for the foreseeable future. There are however concerns for 2020/21 as the Academy Trust is projecting a deficit of £125,000 in respect of the year ending 31 August 2020. Continued review of expenditure will be carried out 2019/20. The Trustees have thus continued to adopt the going concern basis of accounting in preparing the financial statements.

Income

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

- **Grants**

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

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

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

The Gryphon Trust

Notes to the Financial Statements for the Year Ended 31 August 2019

Income (continued)

- **Donations**

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

- **Other Income**

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

- **Donated goods, facilities and services**

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

- **Donated fixed assets (excluding Transfers on conversion/into the academy trust)**

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

Expenditure

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

- **Expenditure on Raising Funds**

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

- **Charitable Activities**

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

All resources expended are inclusive of irrecoverable VAT.

Tangible Fixed Assets

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

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

Freehold Land and Buildings	2% straight line on buildings; not provided on land
Leasehold Land and Buildings	2% straight line on buildings; not provided on land
Temporary Buildings	33% straight line
Furniture and Equipment	20% straight line
Plant and Machinery	10% straight line
Computer Equipment	25% straight line

Long leasehold land has not been depreciated as it is similar to freehold land, which does not require depreciation.

During the year the academy trust amended its policy in respect of the depreciation of temporary buildings (which are included in freehold land and buildings). Previously, these costs had been depreciated at 2% straight line. The policy has been amended to 33% straight line to reflect the pattern of consumption of economic benefits. This has resulted in an increase to the depreciation charge for the year of £91,037.

Where the academy trust can identify the value of major components of freehold or leasehold buildings based upon additions following conversion to academy status, the academy trust reviews whether one or more such components have significantly different patterns of consumption of economic benefits. In such cases, the academy trust allocates the cost of the asset to its major components and depreciates each component separately over its useful life.

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.

Liabilities

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

The Gryphon Trust

Notes to the Financial Statements for the Year Ended 31 August 2019

Provisions

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

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

Leased Assets

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

Financial Instruments

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

Financial assets

Trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 14. Prepayments are not financial instruments.

Cash at bank

Cash at bank is classified as a basic financial instrument and is measured at face value. An investment is treated as a cash equivalent when it has a short maturity of three months or less from the date of acquisition.

Financial liabilities

Trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

Stock

Unsold uniforms and catering stocks are valued at the lower of cost or net realisable value.

Taxation

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

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

Pensions Benefits

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

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

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

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

Fund Accounting

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

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

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

The Gryphon Trust

Notes to the Financial Statements for the Year Ended 31 August 2019

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

The 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 will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

The assumptions used are disclosed in note 24.

Critical areas of judgement

There are no other critical areas of judgement.

Agency arrangements

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

2 Donations and capital grants

	Unrestricted funds	Restricted funds	2018/19 Total	2017/18 Total
	£	£	£	£
Capital grants	-	331,622	331,622	3,286,729
Donated fixed assets	-	23,211	23,211	-
Other donations	9,890	-	9,890	2,620
	9,890	354,833	364,723	3,289,349
<i>Total 2018</i>	<i>2,620</i>	<i>3,286,729</i>	<i>3,289,349</i>	

The Gryphon Trust

Notes to the Financial Statements for the Year Ended 31 August 2019

3 Funding for the Academy Trust's educational operations

	Unrestricted funds £	Restricted funds £	2018/19 Total £	2017/18 Total £
DfE / ESFA grants				
General Annual Grant (GAG)	-	5,631,640	5,631,640	6,006,688
Pupil premium	-	240,581	240,581	248,004
Start Up Grants	-	4,000	4,000	27,000
Other DfE Group grants	-	85,392	85,392	31,419
Teaching School Grants	-	-	-	40,000
	-	5,961,613	5,961,613	6,353,111
Other Government grants				
Local authority grants	-	118,119	118,119	84,536
Other income from the academy trust's educational operations				
Trip income	-	201,281	201,281	150,488
Catering income	-	176,660	176,660	165,908
Other income	-	248,485	248,485	188,771
	-	626,426	626,426	505,167
	-	6,706,158	6,706,158	6,942,814
<i>Total 2018</i>	-	6,942,814	6,942,814	

4 Other trading activities

	Unrestricted funds £	Restricted funds £	2018/19 Total £	2017/18 Total £
Hire of facilities	27,777	-	27,777	38,652
<i>Total 2018</i>	38,652	-	38,652	

5 Investment income

	Unrestricted funds £	Restricted funds £	2018/19 Total £	2017/18 Total £
Short term deposits	487	-	487	602
<i>Total 2018</i>	602	-	602	

The Gryphon Trust

Notes to the Financial Statements for the Year Ended 31 August 2019

6 Expenditure

	Staff costs £	Non Pay Expenditure		Total 2018/19 £	Total 2017/18 £
		Premises £	Other £		
Expenditure on raising funds	-	-	4,156	4,156	3,279
Academy's educational operations:					
Direct costs	4,626,074	-	559,248	5,185,322	5,307,852
Allocated support costs	1,101,761	578,925	1,019,958	2,700,644	2,427,098
Teaching School	-	-	-	-	40,000
	5,727,835	578,925	1,583,362	7,890,122	7,778,229
<i>Total 2018</i>	<i>5,739,644</i>	<i>631,195</i>	<i>1,407,390</i>	<i>7,778,229</i>	

Net income/(expenditure) for the period includes:

	2018/19 £	2017/18 £
Operating lease rentals	124,356	117,466
Depreciation	464,072	318,358
(Gain)/loss on disposal of fixed assets	-	(200)
Fees payable to auditor for:		
Audit	8,350	8,185
Other services	4,305	5,775

The Gryphon Trust

Notes to the Financial Statements for the Year Ended 31 August 2019

7 Charitable activities

	2018/19	2017/18
	Total	Total
	£	£
Direct costs	5,185,322	5,347,852
Support costs	2,700,644	2,427,098
	<u>7,885,966</u>	<u>7,774,950</u>

Analysis of support costs:

	Educational operations	2018/19 Total	2017/18 Total
	£	£	£
Support staff costs	1,101,761	1,101,761	982,387
Depreciation	416,462	416,462	270,413
Technology costs	24,825	24,825	24,131
Premises costs	578,925	578,925	631,195
Other support costs	564,298	564,298	504,274
Governance costs	14,373	14,373	14,698
Total support costs	<u>2,700,644</u>	<u>2,700,644</u>	<u>2,427,098</u>
<i>Total 2018</i>		<u>2,427,098</u>	<u>2,427,098</u>

Premises costs includes £214,186 (2018: £253,554) in respect of replacement roofing costs, modular building hire and associated costs. These costs were financed by ESFA capital grants.

The Gryphon Trust

Notes to the Financial Statements for the Year Ended 31 August 2019

8 Staff

a) Staff costs

Staff costs during the period were:

	2018/19	2017/18
	£	£
Wages and salaries	4,203,646	4,045,446
Social security costs	392,756	645,662
Pension costs	896,708	798,569
	<u>5,493,110</u>	<u>5,489,677</u>
Agency staff costs	210,333	219,289
Staff restructuring costs	24,392	30,678
	<u>5,727,835</u>	<u>5,739,644</u>
Staff restructuring costs comprise:		
Redundancy payments	24,392	-
Severance payments	-	30,678
	<u>24,392</u>	<u>30,678</u>

b) Staff numbers

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

	2018/19	2017/18
	No.	No.
Teachers	87	77
Administration and support	76	74
Management	11	12
	<u>174</u>	<u>163</u>

c) Higher paid staff

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

	2018/19	2017/18
	No.	No.
£60,000 - £70,000	2	1
£80,001 - £90,000	-	1
£90,001 - £100,000	1	-
£100,001 - £110,000	-	1

d) Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy trust was £739,936 (2018: £960,850).

The Gryphon Trust

Notes to the Financial Statements for the Year Ended 31 August 2019

9 Related Party Transactions – Trustees' remuneration and expenses

One or more trustees has been paid remuneration or has received other benefits from employment with the academy trust. The principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment.

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

		2018/19	2017/18
		£000	£000
N Pressnell	Remuneration	25-30	85-90
(Staff trustee to 11 December 2018)	Employer's pension contributions paid	0-5	10-15
A O'Sullivan	Remuneration	5-10	15-20
(Staff trustee to 11 December 2018)	Employer's pension contributions paid	-	-
M Horswell	Remuneration	-	75-80
(Staff trustee to 1 May 2018)	Employer's pension contributions paid	-	5-10

During the period ended 31 August 2019, travel and subsistence expenses totalling £307 were reimbursed or paid directly to four trustees (2018: £1,362 to four trustees).

10 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 period ended 31 August 2019 was £1,137 (2018: £1,591). The cost of this insurance is included in the total insurance cost.

11 Central Services

The academy trust has provided the following central services to its academies during the year:

- Staff costs
- Governance costs
- Other costs

The academy trust charges for these services on the following basis:

- 2.25% of revenue income plus fixed amount of £10,000

The actual amounts charged during the year were as follows:

	2018/19	2017/18
	£	£
Arnewood School	236,256	147,874
Eaglewood School	29,127	25,888
	265,383	173,762

The Gryphon Trust

Notes to the Financial Statements for the Year Ended 31 August 2019

12 Tangible fixed assets

	Freehold Land and Buildings £	Leasehold Land and Buildings £	Furniture and Equipment £	Plant and Machinery £	Computer Equipment £	Total £
Cost						
At 1 September 2018	16,613,121	-	292,085	250,745	503,970	17,659,921
Acquisitions	1,035,082	23,211	38,048	2,249	91,563	1,190,153
Disposals	(96,848)	-	(2,324)	-	(6,006)	(105,178)
At 31 August 2019	<u>17,551,355</u>	<u>23,211</u>	<u>327,809</u>	<u>252,994</u>	<u>589,527</u>	<u>18,744,896</u>
Depreciation						
At 1 September 2018	1,617,130	-	255,635	140,330	429,085	2,442,180
Charged in year	383,748	-	17,206	25,075	38,043	464,072
Disposals	(96,848)	-	(2,324)	-	(6,006)	(105,178)
At 31 August 2019	<u>1,904,030</u>	<u>-</u>	<u>270,517</u>	<u>165,405</u>	<u>461,122</u>	<u>2,801,074</u>
Net book values						
At 31 August 2018	14,995,991	-	36,450	110,415	74,885	15,217,741
At 31 August 2019	<u>15,647,325</u>	<u>23,211</u>	<u>57,292</u>	<u>87,589</u>	<u>128,405</u>	<u>15,943,822</u>

During the year the academy trust amended its policy in respect of the depreciation of temporary buildings (which are included in freehold land and buildings). Previously, these costs had been depreciated at 2% straight line. The policy has been amended to 33% straight line to reflect the pattern of consumption of economic benefits. This has resulted in an increase to the depreciation charge for the year of £91,037.

Leasehold Land and Buildings represents an estimate of the value of leasehold land in respect of the Eaglewood School which was transferred to the academy trust on 23 March 2019. The leasehold title in respect of the associated buildings was not transferred to the academy trust until after the year-end.

The Gryphon Trust

Notes to the Financial Statements for the Year Ended 31 August 2019

13 Stock

	2018/19	2017/18
	£	£
Catering stocks	<u>1,967</u>	<u>1,551</u>

14 Debtors

	2018/19	2017/18
	£	£
Trade debtors	53,914	14,683
VAT recoverable	78,412	279,071
Other debtors	208,568	1,391,999
Prepayments and accrued income	203,594	110,740
	<u>544,488</u>	<u>1,796,493</u>

15 Creditors: amounts falling due within one year

	2018/19	2017/18
	£	£
Trade creditors	99,298	47,253
Other taxation and social security	94,522	97,422
Other creditors falling due within one year	174,623	89,095
Accruals and deferred income	156,953	524,471
	<u>525,396</u>	<u>758,241</u>

	2018/19	2017/18
	£	£
Deferred income at 1 September 2018	100,297	102,861
Released from previous years	(100,297)	(102,861)
Resources deferred in the year	104,727	100,297
Deferred income at 31 August 2019	<u>104,727</u>	<u>100,297</u>

At the balance sheet date the academy trust was holding funds received in advance for school trips, cashless catering cards, and rates relief relating to the forthcoming year.

The Gryphon Trust

Notes to the Financial Statements for the Year Ended 31 August 2019

16 Funds

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers £	Gains and losses £	Balance at 31 August 2019 £
Restricted general funds						
General Annual Grant (GAG)	27,782	5,631,640	(5,912,346)	252,924	-	-
Pupil Premium	-	240,581	(240,581)	-	-	-
Other DfE/ESFA grants	-	89,392	(89,392)	-	-	-
Other government grants	-	118,119	(118,119)	-	-	-
Other educational activities	-	626,426	(626,426)	-	-	-
	27,782	6,706,158	(6,986,864)	252,924	-	-
Pension reserve	(1,053,000)	-	(225,000)	-	(532,000)	(1,810,000)
	(1,025,218)	6,706,158	(7,211,864)	252,924	(532,000)	(1,810,000)
Restricted fixed asset funds						
Fixed asset fund	15,217,741	-	(464,072)	1,190,153	-	15,943,822
DfE Group DFC capital grants	-	92,485	-	(50,235)	-	42,250
DfE Group CIF capital grants	1,099,857	-	(79,943)	(1,011,813)	-	8,101
DfE Group other capital grants	-	239,137	(134,243)	(104,894)	-	-
Donated fixed assets	-	23,211	-	(23,211)	-	-
	16,317,598	354,833	(678,258)	-	-	15,994,173
Total restricted funds	15,292,380	7,060,991	(7,890,122)	252,924	(532,000)	14,184,173
Total unrestricted funds	517,468	38,154	-	(252,924)	-	302,698
Total funds	15,809,848	7,099,145	(7,890,122)	-	(532,000)	14,486,871

The Gryphon Trust

Notes to the Financial Statements for the Year Ended 31 August 2019

16 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- and post-16 high needs funding streams.

Other DfE/ESFA grants

This is funding received from the ESFA for specific purposes, for example pupil premium funding.

Teaching School

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

Local authority grants

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

Other educational activities

This includes all other educational income/expenditure.

Pension reserve

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

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 funding received from the DfE/ESFA specifically for expenditure on tangible fixed assets.

The Gryphon Trust

Notes to the Financial Statements for the Year Ended 31 August 2019

16 Funds (continued)

Total funds analysis by academy

Fund balances at 31 August 2019 were allocated as follows:

	2018/19	2017/18
	£	£
Arnewood School	106,756	217,710
Eaglewood School	185,849	327,540
Central services	10,093	-
Total before fixed assets and pension reserve	302,698	545,250
Restricted fixed asset fund	15,994,173	16,317,598
Pension reserve	(1,810,000)	(1,053,000)
Total	14,486,871	15,809,848

Total cost analysis by academy

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

	Teaching and Educational Support Staff Costs £	Other Support Staff Costs £	Educational Supplies £	Other Costs (excl. dep- reciation) £	2018/19 Total £	2017/18 Total £
Arnewood School	4,160,822	984,398	474,121	1,131,328	6,750,669	6,729,012
Eaglewood School	465,252	117,363	37,517	55,249	675,381	730,859
	4,626,074	1,101,761	511,638	1,186,577	7,426,050	7,459,871

The Gryphon Trust

Notes to the Financial Statements for the Year Ended 31 August 2019

16 Funds (continued)

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

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers £	Gains and losses £	Balance at 31 August 2018 £
Restricted general funds						
General Annual Grant (GAG)	171,389	6,006,688	(6,137,391)	(12,904)	-	27,782
Pupil Premium	-	248,004	(248,004)	-	-	-
Other DfE/ESFA grants	-	29,669	(29,669)	-	-	-
Dfe/ESFA post opening grants	-	27,000	(27,000)	-	-	-
Other grants	-	1,750	(1,750)	-	-	-
Other government grants	-	84,536	(84,536)	-	-	-
Teaching School grant	-	40,000	(40,000)	-	-	-
Other educational activities	-	505,167	(505,167)	-	-	-
	171,389	6,942,814	(7,073,517)	(12,904)	-	27,782
Pension reserve	(1,232,000)	-	(133,000)	-	312,000	(1,053,000)
	(1,060,611)	6,942,814	(7,206,517)	(12,904)	312,000	(1,025,218)
Restricted fixed asset funds						
Fixed asset fund	13,553,304	-	(318,158)	1,982,595	-	15,217,741
DfE Group DFC capital grants	-	28,453	-	(28,453)	-	-
DfE Group CIF capital grants	36,373	3,258,276	(253,554)	(1,941,238)	-	1,099,857
	13,589,677	3,286,729	(571,712)	12,904	-	16,317,598
Total restricted funds	12,529,066	10,229,543	(7,778,229)	-	312,000	15,292,380
Total unrestricted funds	475,594	41,874	-	-	-	517,468
Total funds	13,004,660	10,271,417	(7,778,229)	-	312,000	15,809,848

The Gryphon Trust

Notes to the Financial Statements for the Year Ended 31 August 2019

17 Analysis of net assets between funds

	Un- restricted funds	Restricted general funds	Restricted pension funds	Restricted fixed asset funds	Total funds
	£	£	£	£	£
Tangible fixed assets	-	-	-	15,943,822	15,943,822
Current assets	302,698	525,396	-	50,351	878,445
Current liabilities	-	(525,396)	-	-	(525,396)
Pension scheme liability	-	-	(1,810,000)	-	(1,810,000)
Total net assets	302,698	-	(1,810,000)	15,994,173	14,486,871

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

	Un- restricted funds	Restricted general funds	Restricted pension funds	Restricted fixed asset funds	Total funds
	£	£	£	£	£
Tangible fixed assets	-	-	-	15,217,741	15,217,741
Current assets	517,468	786,023	-	1,099,857	2,403,348
Current liabilities	-	(758,241)	-	-	(758,241)
Pension scheme liability	-	-	(1,053,000)	-	(1,053,000)
Total net assets	517,468	27,782	(1,053,000)	16,317,598	15,809,848

18 Capital commitments

	2018/19	2017/18
	£	£
Contracted for, but not provided in the financial statements	-	1,100,000

19 Commitments under operating leases

At 31 August 2019 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2018/19	2017/18
	£	£
Amounts due within one year	109,361	119,519
Amounts due between one and five years	120,008	215,817
	229,369	335,336

The Gryphon Trust

Notes to the Financial Statements for the Year Ended 31 August 2019

20 Reconciliation of net income/(expenditure) to net cash flow from operating activities

	2018/19	2017/18
	£	£
Net (expenditure) / income for the reporting period	(790,977)	2,493,188
Adjusted for:		
Depreciation	464,072	318,358
(Gain)/loss on disposal of fixed assets	-	(200)
Capital grants from DfE and other capital income	(354,833)	(3,286,729)
Defined benefit pension scheme cost less contributions payable	198,000	105,000
Defined benefit pension scheme finance cost	27,000	28,000
(Increase) / decrease in stocks	(416)	333
Decrease / (increase) in debtors	1,252,005	(1,466,866)
(Decrease) / increase in creditors	(232,845)	498,317
Net cash provided by / (used in) Operating Activities	562,006	(1,310,599)

21 Cash flows from investing activities

	2018/19	2017/18
	£	£
Proceeds from sale of tangible fixed assets	-	200
Purchase of tangible fixed assets	(1,190,153)	(1,982,795)
Capital grants from DfE Group	354,833	3,286,729
Net cash (used in) / provided by investing activities	(835,320)	1,304,134

22 Analysis of cash and cash equivalents

	2018/19	2017/18
	£	£
Cash in hand and at bank	331,990	605,304

23 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.

The Gryphon Trust

Notes to the Financial Statements for the Year Ended 31 August 2019

24 Pension and similar obligations

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

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

Contributions amounting to £87,219 were payable to the schemes at 31 August 2019 (2018: £86,427) and are included within creditors.

Teachers' Pension Scheme

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

The Teachers' Pension budgeting and valuation account

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

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

Valuation of the Teachers' Pension Scheme

The latest valuation of the Teachers' Pension Scheme has now taken place, in line with directions issued by HM Treasury and using membership data as at 31 March 2016. As a result of this valuation TPS employers will pay an increased contribution rate of 23.68% from September 2019 (this includes the administration levy of 0.8%). The timing of the implementation is to align its introduction with employers' budget planning cycles. Until then, employers will pay the current rate of 16.48%.

A copy of the latest valuation report can be found on the Teachers' Pension Scheme website at:
<https://www.teacherspensions.co.uk/news/employers/2019/04/teachers-pensions-valuation-report.aspx>

The Gryphon Trust

Notes to the Financial Statements for the Year Ended 31 August 2019

24 Pension and similar obligations (continued)

Scheme changes

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

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

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

The employer's pension costs paid to TPS in the period amounted to £504,531 (2018: £461,236).

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

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was as follows:

	2019	2018
	£	£
Employer's contributions	194,000	180,000
Employees' contributions	78,000	54,000
	<u>272,000</u>	<u>234,000</u>

The agreed contribution rates for future years are 18.9% for employers and 5.5% to 12.5% for employees.

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

The Gryphon Trust

Notes to the Financial Statements for the Year Ended 31 August 2019

24 Pension and similar obligations (continued)

Principal actuarial assumptions

	2019	2018
Rate of increase in salaries	3.6%	3.5%
Rate of increase for pensions in payment/inflation	2.1%	2.0%
Discount rate for scheme liabilities	1.8%	2.8%
Inflation assumption (CPI)	2.1%	2.0%

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

	2019	2018
<i>Retiring today</i>		
Males	23.1	24.1
Females	25.8	27.2
<i>Retiring in 20 years</i>		
Males	24.7	26.2
Females	27.6	29.4

Sensitivity analysis

	Increase/(reduction) in defined benefit obligation	
	2019	2018
	£	£
Discount rate +0.1%	(90,000)	(257,000)
Discount rate -0.1%	91,000	(124,000)
Mortality assumption – 1 year increase	166,000	(85,000)
Mortality assumption – 1 year decrease	(164,000)	(297,000)

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

	2019	2018
	£	£
Equities	1,826,000	1,724,000
Property	218,000	186,000
Government bonds	625,000	618,000
Corporate bonds	-	32,000
Cash	58,000	62,000
Other	307,000	76,000
Total market value of assets	3,034,000	2,698,000

The actual return on scheme assets was £167,000 (2018: £174,000).

The Gryphon Trust

Notes to the Financial Statements for the Year Ended 31 August 2019

24 Pension and similar obligations (continued)

Amount recognised in the Statement of Financial Activities

	2018/19	2017/18
	£	£
Current service cost	266,000	285,000
Past service cost	126,000	-
Interest income	(78,000)	(61,000)
Interest cost	105,000	89,000
Total amount recognised in the SOFA	<u>419,000</u>	<u>313,000</u>

The past service cost represents an actuarial estimate of the additional underpin liability arising as a result of the McCloud/Sargeant judgement in December 2018 and the Supreme Court's decision not to allow the Government an appeal on 27 June 2019.

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

	2018/19	2017/18
	£	£
At 1 September	3,751,000	3,560,000
Current service cost	266,000	285,000
Interest cost	105,000	89,000
Employee contributions	78,000	54,000
Actuarial loss / (gain)	621,000	(199,000)
Benefits paid	(103,000)	(38,000)
Past service cost	126,000	-
At 31 August	<u>4,844,000</u>	<u>3,751,000</u>

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

	2018/19	2017/18
	£	£
At 1 September	2,698,000	2,328,000
Interest income	78,000	61,000
Actuarial gain	89,000	113,000
Employer contributions	194,000	180,000
Employee contributions	78,000	54,000
Benefits paid	(103,000)	(38,000)
At 31 August	<u>3,034,000</u>	<u>2,698,000</u>

The Gryphon Trust

Notes to the Financial Statements for the Year Ended 31 August 2019

25 Related party transactions

No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 9.

26 Agency arrangements

The academy trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ended 31 August 2019 the academy trust received £14,584 and disbursed £12,100 from the fund. A further £8,236 was repaid to ESFA. An amount of £23,217 is included in other creditors relating to undistributed funds that are repayable to ESFA. Comparatives for the accounting period ending 31 August 2018 are £13,418 received, £13,107 disbursed, £21,102 repaid, and £28,969 included in other creditors.

27 Teaching school trading account

	2018/19	2018/19	2017/18	2017/18
	£	£	£	£
Income				
Direct Income	-		40,000	
Total Income		-		40,000
Expenditure				
Direct staff costs	-		33,938	
Other direct costs	-		6,062	
Total direct costs		-		40,000
Other costs				
Total other costs		-		-
Total Expenditure		-		40,000
Transfers between funds excluding depreciation		-		-
Surplus/(Deficit) from all sources		-		-
Teaching school balances at 1 September 2018				
Teaching school balances at 31 August 2019		-		-