
THE GRYPHON TRUST
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

THE GRYPHON TRUST
(A company limited by guarantee)

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**REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2018**

Members	Mr L Daniels (resigned 18 December 2017) Mr B Maugham Mr K Craze (appointed 19 December 2017) Mr J Evans (appointed 19 December 2017) Mr M Walker (appointed 19 December 2017)
Trustees	Mrs E Cook, Chair Mr M Byrne Mr D Coburn (appointed 20 December 2017) Dr M Horswell (resigned 1 May 2018) Mr A Maugham Cllr A O'Sullivan, Chief Executive Officer and Accounting Officer Mr N Pressnell, Headteacher Professor D Richards Mr R Wilkins
Company registered number	07546874
Company name	The Gryphon Trust
Principal and registered office	The Arnewood School Gore Road New Milton Hampshire BH25 6RS

THE GRYPHON TRUST
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY TRUST, ITS TRUSTEES AND
ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2018**

Advisers (continued)

Company secretary V Woods

Accounting Officer Cllr A O'Sullivan

Senior leadership team

Cllr A O'Sullivan, Chief Executive Officer
Mr N Pressnell, Headteacher (Arnewood)
Mr C Price, Deputy Headteacher (Arnewood)
Mr P Barrett, Assistant Headteacher (Arnewood)
Mr M Colman, Assistant Headteacher (Arnewood)
Mr D Cornford, Assistant Headteacher (Arnewood)
Mr J Hutson, Assistant Headteacher (Arnewood)
Mr H Roberts, Assistant Headteacher (Arnewood)
Mrs S Stroud, Assistant Headteacher (Arnewood)
Mrs K Watson, Assistant Headteacher (Arnewood)
Mr M Gough, Senior Teacher (Arnewood)
Dr M Horswell, Principal (Eaglewood)
Mr N Himmel, Acting Headteacher (Eaglewood)
Mrs M Spriggs, Vice Principal (Eaglewood)
Mr J Wood, Acting Deputy Headteacher (Eaglewood)

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

Bankers Lloyds Bank Plc
25 High Street
Ringwood
Hampshire
BH24 1BD

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

THE GRYPHON TRUST
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2018

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period from 1 September 2017 to 31 August 2018. 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 1083 in the school census on 4th October 2018. The Eaglewood School is a 7-16 Alternative Provision academy for emotionally vulnerable children which, when it has its permanent building, is planned to have a pupil capacity of 72 from September 2019

Structure, Governance and Management

Constitution

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

Members' Liability

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

Trustees' Indemnities

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

Method of Recruitment and Appointment or Election of Trustees

The Members may by ordinary resolution appoint up to 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.

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

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

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

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

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

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

The term of office is four years.

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

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

Policies and Procedures Adopted for the Induction and Training of Trustees

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

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

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

Organisational Structure

The Gryphon MAT has a Scheme of Delegation detailing the responsibilities and accountability of the Trustees, Local Governing Bodies and individual academy Headteachers. Day to day management of the academies within the Trust is delegated to the respective school leadership teams. During the academic year 2017/18 The Arnewood School had a Senior Leadership Team consisting of the Headteacher, Deputy Headteacher, seven Assistant Headteachers and one other senior staff seconded to the SLT. The Eaglewood School has a seconded Headteacher and Deputy Headteacher working alongside Governors in the leadership of the school. The Chief Executive Officer of the trust is the Accounting Officer.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

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.

Trade union facility time

No employees were relevant Union officials during the year.

Objectives and Activities

Objects and Aims

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

Objectives, Strategies and Activities

The main objectives of the trust are as follows:

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

Public Benefit

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

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

Strategic Report

Achievements and Performance
Key Performance Indicators

The Arnewood School

The Arnewood School reports significant improvement in its GCSE results in 2018. 178 KS4 students attained a provisional A8 measure of 44.5. This is an increase of ½ grade for every GCSE exam compared to the year before. Pleasingly 48 grade 9s were attained across a wide range of subjects. Results in English and mathematics demonstrated the greatest improvement with 69% of students attaining a standard pass or better in both subjects this year. 50% or more of students attained grade 5 or better in biology, chemistry, computer science, English language, English literature, French, geography, German, music, physics and RS. Progress, while improved on 2017, remains low with a provisional P8 measure of -0.34. Progress of students in non-core subjects remains a focus for school improvement especially for disadvantaged learners. This notwithstanding, boys made better progress than girls in 2018 and the attainment of pupil premium students awarded 5 or more grade 9-7 passes with English and maths improved from 28% to 42% in 2018. It should be noted that the results of 16 students in Hair and Beauty Skills (VTCT), and 20 students in the ICT BTEC First Award are not counted in performance tables. This is because we did not wish to change the school's curriculum part way through for students already well advanced with their course.

Post 16 results at The Arnewood School remain excellent with a continued trend of high performance by students across a range of subjects. Independent data produced by Alps indicates that A Level results remain very with a T-Score of 3. This measure also indicated a three-year average of 3. In 2018 the proportion of A* - A grades improved by 5% to 27%. Our A* - B pass rate was 55% which again was an improvement on the year before. In classes with five or more students there were high proportions of A*-B passes in biology, computing, government and politics, history, mathematics, further mathematics, media studies, PE, physics, psychology and RS. Value added measures were strong in most of these subjects too.

The priorities for The Arnewood School are to complete the £3.5M site improvements currently in progress and to continue to improve progress outcomes for students while managing budget constraints and issues of teacher recruitment found in Hampshire schools currently. School leadership, including governance, remains stable and actions taken to improve results in 2018 have had demonstrable impact during the last academic year.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

The Eaglewood School

Eaglewood School continues to go from strength to strength. We are fully staffed and have a steady flow of referrals from over 20 mainstream schools and local authorities. As an alternative provision setting we are also regularly reintegrating students back into mainstream schools as well as moving them on through the EHCP process to more specialist provision. Since January 2018 we have successfully reintegrated six students and secured funding and specialist provision for a further four. This movement gives us the fluidity we need to operate in this much needed market.

After a series of Department for Education inspections during the Spring and Summer terms of 2018, full funding and backing has now been secured from the ESFA for the new Eaglewood School. We are pleased to report that building work is well underway, not only with the physical construction of the school but also the internal infrastructure that will be needed in July next year when we hope to move from temporary to permanent accommodation.

Six Year 11 students took GCSE exams in English, Maths and Science last summer and the results were very pleasing. All students took part on an extensive GCSE preparation course that ran from March to June. This preparation was key to giving our students the skills and self-confidence they needed to not only attend every exam but also to remain in the exam hall for the duration of the exam. This was a first for Eaglewood and the results reflected this. Results were as we had predicted with only one student not really achieving. This was a result of a severe mental health issue which had resulted in him missing the majority of his lessons during year 11.

We are certainly very proud of their attitude and commitment to their futures. All six of our Year 11 leavers have realistic post 16 placement options. They have attended interviews with the help of our learning mentors, secured places and have started on collage and apprenticeship courses.

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.

A deficit of £430,000 has been projected for the year ending 31 August 2019. As a result, remedial measures will need to be put in place to maintain a modest trust balance through a thorough review of Arnewood School's expenditure. This will include a review of staffing, redeployment and restrictions on recruitment with this all being achieved through mutual consultation. Fluctuations in pupil numbers and a lack of increase in central funding has a dramatic effect on forecast income.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

Financial Review

Review of Financial Performance and Position

In the period, the trust has received General Annual Grant (GAG) and other restricted income totalling £6,942,814. Expenditure on GAG activities was £7,206,517 and restricted fixed asset expenditure (including depreciation) was £571,712.

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.

The Arnewood School has been awarded a capital grant of £2,435,236 to re-clad the Scola Block, with work started in March 2018 and continuing into the next academic year. The Arnewood School also received a grant of £701,583 to refurbish the changing rooms which started during the summer holidays and was completed by October 2018. As part of the provision of temporary accommodation, a condemned science lab has been refurbished in the small Science Block to provide science teaching space for displaced classes whilst work is in progress.

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 2018 were as follows:

- Unrestricted (free) reserves of £517,468
- A restricted fixed asset fund of £16,317,598, which can only be realised through disposal of tangible fixed assets
- A pension deficit of £1,053,000
- Other restricted funds of £27,782
- Total funds of £15,809,848

There is a £1,053,000 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 reserves of £545,250 are of sufficient level to ensure that the Trust does not go into deficit during 2018/19, although they are expected to decrease by £430,000 by 31 August 2019.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

Investment Policy

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

Principal Risks and Uncertainties

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

A risk register is in place and is reviewed regularly.

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

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

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

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

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

Fundraising

As part of its work within the community, the academy trust undertakes fundraising activities, for example through fetes, cake sales, non-uniform days etc. 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. In relation to fundraising, the Trustees confirm that:

- 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.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

Plans for Future Periods

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

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

The Eaglewood School opened as an autonomous, alternative provision academy within the MAT in September 2016. The school opened in temporary accommodation which currently constrains the curriculum delivered and also prevents admission to the full age range for which the school is approved. Planning permission for the permanent school was gained in May 2017 and the ESFA awarded a contract for the new school to be built with delivery scheduled for September 2019 occupancy.

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

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 11 December 2018 and signed on the board's behalf by:

.....
Mrs E Cook
Chair of Trustees

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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 four 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	3	4
Mrs E Cook	4	4
Mr D Coburn	3	3
Dr M Horswell	0	3
Mr B Maugham	4	4
Cllr A O'Sullivan	4	4
Mr N Pressnell	4	4
Prof D Richards	4	4
Mr R Wilkins	4	4

During 2017/18 the finance committee was a sub-committee of The Arnewood School Local Governing Body. Its purpose was to review and approve the annual budget, review and approve financial policies and monitor expenditure and variance against the budget, and to consider the necessity and financial viability of large items of expenditure.

Attendance at meetings in the year was as follows:

Trustee/Governor	Meetings attended	Out of a possible
Mrs J Ankers	4	4
Cllr G Beck	4	4
Mrs E Cook	4	4
Mrs M Hughes	0	2
Mr B Maugham	4	4
Mrs G Payne	1	1
Mr N Pressnell	4	4
Prof D Richards	1	4
Mr R Wilkins	3	4

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GOVERNANCE STATEMENT (continued)

During 2017/18 The Eaglewood School Local Governing Body held meetings as follows to review the position of the school. The Governing Body was suspended in December 2017 and a Task Force installed for the rest of the academic year with a new Governing Body starting in September 2018.

Trustee/Governor	Meetings attended	Out of a possible
Cllr G Beck	1	3
Dr R Catton	3	3
Mr N Himmel	3	3
Dr M Horswell	2	3
Mrs M Hughes	0	3
Ms T Stevens	2	3
Ms A Moxom	2	3
Mr K Ingram	3	3
Mrs Y Shepherd	3	3

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:

- Seconding a leadership team to maintain and improve outcomes at The Eaglewood School.
- Monitoring 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 the refurbishing of the changing rooms which will make them fit for purpose and more energy efficient.
- Employing a Facilities Manager 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 ongoing process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Gryphon Trust for the year 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

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

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GOVERNANCE STATEMENT (continued)

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 Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines.
- delegation of authority and segregation of duties;
- identification and management of risks.

The board of trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have appointed Hopper Williams & Bell Limited, the external auditors, to perform additional checks.

The reviewer's role includes giving advice on financial matters and performing a range of checks on the Academy Trust'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 bi-annual basis, the external auditors report to the board of trustees through the Finance Committee on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

Review of Effectiveness

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

- the work of the external auditors;
- the work of the executive managers within the Academy 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 11 December 2018 and signed on their behalf, by:

.....
Mrs E Cook
Chair of Trustees

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

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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

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

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

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

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

Date: 11 December 2018

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STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2018

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- 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 11 December 2018 and signed on its behalf by:

.....
Mrs E Cook
Chair of Trustees

THE GRYPHON TRUST
(A company limited by guarantee)

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

OPINION

We have audited the financial statements of The Gryphon Trust (the 'Academy Trust') for the year ended 31 August 2018 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy Trust's affairs as at 31 August 2018 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

BASIS FOR OPINION

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

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to note 1.2 in the financial statements and the going concern paragraph in the Trustees' Report, which indicates that the Academy Trust is projecting a deficit of £430,000 (excluding restricted fixed asset funds) in respect of the year ending 31 August 2019. As stated in note 1.2 and the Trustees' Report, this indicates that a material uncertainty exists that may cast significant doubt on the Academy Trust's ability to continue as a going concern after 31 August 2019. Our opinion is not modified in respect of this matter.

THE GRYPHON TRUST
(A company limited by guarantee)

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

OTHER INFORMATION

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

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

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

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

THE GRYPHON TRUST
(A company limited by guarantee)

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

RESPONSIBILITIES OF TRUSTEES

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

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

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

USE OF OUR REPORT

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

Richard Hurst FCA (Senior statutory auditor)
for and on behalf of
Hopper Williams & Bell Limited
Statutory Auditor
Highland House
Mayflower Close
Chandlers Ford
Eastleigh
Hampshire
SO53 4AR
Date:

THE GRYPHON TRUST
(A company limited by guarantee)

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

In accordance with the terms of our engagement letter dated 4 September 2017 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Gryphon Trust during the year 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

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

The Accounting Officer is responsible, under the requirements of The Gryphon Trust's funding agreement with the Secretary of State for Education dated 1 May 2011, and the Academies Financial Handbook extant from 1 September 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2017 to 2018. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

APPROACH

We conducted our engagement in accordance with the Academies Accounts Direction 2017 to 2018 issued by 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 GRYPHON TRUST
(A company limited by guarantee)

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

SUMMARY OF WORK UNDERTAKEN

We carried out the following:

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

Substantive testing included the following procedures:

- confirming that activities conform to the Academy 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.

CONCLUSION

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Richard Hurst FCA

Hopper Williams & Bell Limited

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

Date:

THE GRYPHON TRUST
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2018**

	Note	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
INCOME FROM:						
Donations and capital grants	2	2,620	-	3,286,729	3,289,349	351,622
Charitable activities	5	-	6,902,814	-	6,902,814	6,954,647
Teaching schools	25	-	40,000	-	40,000	39,930
Other trading activities	3	38,652	-	-	38,652	39,359
Investments	4	602	-	-	602	746
TOTAL INCOME		41,874	6,942,814	3,286,729	10,271,417	7,386,304
EXPENDITURE ON:						
Raising funds		-	3,279	-	3,279	3,132
Charitable activities		-	7,163,238	571,712	7,734,950	7,671,911
Teaching schools	25	-	40,000	-	40,000	40,000
TOTAL EXPENDITURE	6	-	7,206,517	571,712	7,778,229	7,715,043
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS						
Transfers between Funds	17	41,874	(263,703)	2,715,017	2,493,188	(328,739)
		-	(12,904)	12,904	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES						
		41,874	(276,607)	2,727,921	2,493,188	(328,739)
Actuarial gains on defined benefit pension schemes	22	-	312,000	-	312,000	545,000
NET MOVEMENT IN FUNDS		41,874	35,393	2,727,921	2,805,188	216,261
RECONCILIATION OF FUNDS:						
Total funds brought forward		475,594	(1,060,611)	13,589,677	13,004,660	12,788,399
TOTAL FUNDS CARRIED FORWARD		517,468	(1,025,218)	16,317,598	15,809,848	13,004,660

The notes on pages 24 to 49 form part of these financial statements.

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

BALANCE SHEET
AS AT 31 AUGUST 2018

	Note	£	2018 £	£	2017 £
FIXED ASSETS					
Tangible assets	13		15,217,741		13,553,304
CURRENT ASSETS					
Stocks	14	1,551		1,884	
Debtors	15	1,796,493		329,627	
Cash at bank and in hand		605,304		611,769	
			<u>2,403,348</u>	<u>943,280</u>	
CREDITORS: amounts falling due within one year	16	(758,241)		(259,924)	
NET CURRENT ASSETS			<u>1,645,107</u>		<u>683,356</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>16,862,848</u>		<u>14,236,660</u>
Defined benefit pension scheme liability	22		<u>(1,053,000)</u>		<u>(1,232,000)</u>
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u><u>15,809,848</u></u>		<u><u>13,004,660</u></u>
FUNDS OF THE ACADEMY					
Restricted income funds:					
Restricted income funds	17	27,782		171,389	
Restricted fixed asset funds	17	16,317,598		13,589,677	
Restricted income funds excluding pension liability		16,345,380		13,761,066	
Pension reserve		<u>(1,053,000)</u>		<u>(1,232,000)</u>	
Total restricted income funds			<u>15,292,380</u>		<u>12,529,066</u>
Unrestricted income funds	17		<u>517,468</u>		<u>475,594</u>
TOTAL FUNDS			<u><u>15,809,848</u></u>		<u><u>13,004,660</u></u>

The financial statements on pages 21 to 49 were approved by the Trustees, and authorised for issue, on 11 December 2018 and are signed on their behalf, by:

.....
Mrs E Cook
Chair of Trustees

The notes on pages 24 to 49 form part of these financial statements.

THE GRYPHON TRUST
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Net cash used in operating activities	19	(1,310,599)	(334,992)
Cash flows from investing activities:			
Proceeds from the sale of tangible fixed assets		200	-
Purchase of tangible fixed assets		(1,982,795)	(97,107)
Capital grants from DfE Group		3,286,729	340,429
Net cash provided by investing activities		1,304,134	243,322
Change in cash and cash equivalents in the year		(6,465)	(91,670)
Cash and cash equivalents brought forward		611,769	703,439
Cash and cash equivalents carried forward	20	605,304	611,769

The notes on pages 24 to 49 form part of these financial statements.

THE GRYPHON TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES

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

1.1 Basis of preparation of financial statements

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

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

1.2 Going concern

The Trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Academy 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 £545,250 to continue in operational existence for the foreseeable future. There are however concerns for 2019/20 as the Academy Trust is projecting a deficit of £430,000 in respect of the year ending 31 August 2019. A review of The Arnewood School (with an alignment of expenditure to income) will be carried out 2018/19. The Trustees have thus continued to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Fund accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the Academy 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
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

1.4 Income

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

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

General Annual Grant is recognised in full in the Statement of financial activities incorporating income and expenditure account in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

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

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

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

1.5 Expenditure

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

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

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

All expenditure is inclusive of irrecoverable VAT.

THE GRYPHON TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

1.6 Tangible fixed assets and depreciation

All assets costing more than £1,000 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

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

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

Freehold property	-	2% straight line
Furniture and fixtures	-	20% straight line
Plant and equipment	-	10% straight line
Computer equipment	-	25% straight line

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

1.7 Operating leases

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

1.8 Stocks

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

1.9 Taxation

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

THE GRYPHON TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

1.10 Debtors

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

1.11 Cash at Bank and in hand

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

1.12 Liabilities and provisions

Liabilities and provisions are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the Academy Trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.13 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 15. Prepayments are not financial instruments. Amounts due to the Academy Trust's wholly owned subsidiary are held at face value less any impairment. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in note 16. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or other financial instruments. Amounts due to the Academy Trust's wholly owned subsidiary are held at face value less any impairment.

THE GRYPHON TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

1.14 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 22, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

1.15 Agency arrangements

The academy trust acts as an agent in distributing 16-19 bursary funds from the ESFA. Payments received from the ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the statement of financial activities. The funds received and paid and any balances held are disclosed in the notes to the financial statements.

THE GRYPHON TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

1.16 Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 22, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

THE GRYPHON TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Donations	2,620	-	2,620	11,193
Capital grants	-	3,286,729	3,286,729	340,429
	<u>2,620</u>	<u>3,286,729</u>	<u>3,289,349</u>	<u>351,622</u>
<i>Total 2017</i>	<u>11,193</u>	<u>340,429</u>	<u>351,622</u>	

3. OTHER TRADING ACTIVITIES

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Hire of facilities	38,652	-	38,652	39,359
	<u>38,652</u>	<u>-</u>	<u>38,652</u>	<u>39,359</u>
<i>Total 2017</i>	<u>39,359</u>	<u>-</u>	<u>39,359</u>	

4. INVESTMENT INCOME

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Bank interest	602	-	602	746
	<u>602</u>	<u>-</u>	<u>602</u>	<u>746</u>
<i>Total 2017</i>	<u>746</u>	<u>-</u>	<u>746</u>	

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

5. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
DfE/ESFA grants				
General Annual Grant (GAG)	-	6,006,688	6,006,688	5,976,743
DfE/ESFA start up grants	-	27,000	27,000	47,500
DfE/ESFA other grants	-	277,673	277,673	271,735
Free school grant	-	-	-	4,279
Other grants	-	1,750	1,750	40,950
	-	6,313,111	6,313,111	6,341,207
Other government grants				
Local authority grants	-	84,536	84,536	83,810
	-	84,536	84,536	83,810
Other funding				
Trip income	-	150,488	150,488	156,367
Examination fee income	-	3,080	3,080	5,217
Music income	-	8,235	8,235	8,265
Canteen income	-	165,908	165,908	166,032
Other income	-	177,456	177,456	193,749
	-	505,167	505,167	529,630
	-	6,902,814	6,902,814	6,954,647
Total 2017	-	6,954,647	6,954,647	

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

6. EXPENDITURE

	Staff costs 2018 £	Premises 2018 £	Other costs 2018 £	Total 2018 £	Total 2017 £
Expenditure on raising voluntary income					
Direct costs	-	-	3,279	3,279	3,132
Support costs	-	-	-	-	-
Academy's educational operations:					
Direct costs	4,723,319	-	584,533	5,307,852	5,323,492
Support costs	982,387	631,195	813,516	2,427,098	2,348,419
Teaching schools	33,938	-	6,062	40,000	40,000
	5,739,644	631,195	1,407,390	7,778,229	7,715,043
<i>Total 2017</i>	<i>5,491,164</i>	<i>784,878</i>	<i>1,439,001</i>	<i>7,715,043</i>	

7. ANALYSIS OF SUPPORT COSTS

	Educational operations £	Total 2018 £	Total 2017 £
Technology costs	24,131	24,131	17,845
Premises costs	631,195	631,195	784,878
Governance costs	14,698	14,698	12,064
Other costs	504,274	504,274	497,643
Wages and salaries	665,642	665,642	483,019
National insurance	72,937	72,937	50,824
Pension cost	243,808	243,808	230,189
Depreciation	270,413	270,413	271,957
	2,427,098	2,427,098	2,348,419
<i>Total 2017</i>	<i>2,348,419</i>	<i>2,348,419</i>	

Premises costs includes £253,554 (2017: £363,744) in respect of replacement roofing costs, modular building hire and associated costs. These costs were financed by ESFA capital grants.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

8. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2018	2017
	£	£
Depreciation of tangible fixed assets:		
- owned by the charity	318,358	340,130
Auditors' remuneration - audit	8,185	8,000
Auditors' remuneration - other services	5,775	3,548
Operating lease rentals	117,466	100,748
	<hr/> <hr/>	<hr/> <hr/>

THE GRYPHON TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

9. STAFF COSTS

a. Staff costs

Staff costs were as follows:

	2018 £	2017 £
Wages and salaries	4,295,413	4,262,743
Social security costs	645,662	434,534
Operating costs of defined benefit pension schemes	798,569	793,887
	<u>5,739,644</u>	<u>5,491,164</u>

b. Non-statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £30,678 (2017: £nil). Individually, the payments were £26,200 and £4,478.

c. Staff numbers

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

	2018 No.	2017 No.
Teachers	77	104
Administration and support	74	67
Management	12	12
	<u>163</u>	<u>183</u>

d. Higher paid staff

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

	2018 No.	2017 No.
In the band £60,001 - £70,000	1	1
In the band £70,001 - £80,000	0	1
In the band £80,001 - £90,000	1	1
In the band £100,001 - £110,000	1	0

e. Key management personnel

The key management personnel of the academy trust comprise the senior management team as listed on page 2. The total staff costs in respect of key management personnel was £960,850 (2017: £830,465).

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

10. 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 £	2017 £
Arnewood School	147,874	-
Eaglewood School	25,888	-
	<hr/>	<hr/>
Total	<u>173,762</u>	<u> </u>

11. TRUSTEES' REMUNERATION AND EXPENSES

One or more Trustees has been paid remuneration or has received other benefits from an employment with the Academy Trust. The Principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and other staff members under their contracts of employment, and not in respect of their role as Trustees. The value of Trustees' remuneration and other benefits was as follows:

		2018 £'000	2017 £'000
Headteacher	Remuneration	85-90	85-90
	Pension contributions paid	10-15	10-15
A total of two other staff trustees	Remuneration	95-100	80-85
	Pension contributions paid	5-10	10-15

During the year, travel and subsistence expenses of £1,362 (2017: £199) were reimbursed to four Trustees (2017: two Trustees).

12. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5m on any one claim and the cost for the year ended 31 August 2018 was £1,591 (2017 - £1,455).

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

13. TANGIBLE FIXED ASSETS

	Freehold property £	Furniture and fixtures £	Plant and equipment £	Computer equipment £	Total £
Cost					
At 1 September 2017	14,671,883	288,515	250,745	501,765	15,712,908
Additions	1,941,238	7,149	-	34,408	1,982,795
Disposals	-	(3,579)	-	(32,203)	(35,782)
At 31 August 2018	16,613,121	292,085	250,745	503,970	17,659,921
Depreciation					
At 1 September 2017	1,380,604	242,206	115,255	421,539	2,159,604
Charge for the year	236,526	17,008	25,075	39,749	318,358
On disposals	-	(3,579)	-	(32,203)	(35,782)
At 31 August 2018	1,617,130	255,635	140,330	429,085	2,442,180
Net book value					
At 31 August 2018	14,995,991	36,450	110,415	74,885	15,217,741
At 31 August 2017	13,291,279	46,309	135,490	80,226	13,553,304

14. STOCKS

	2018 £	2017 £
Canteen	1,551	1,884

15. DEBTORS

	2018 £	2017 £
Trade debtors	14,683	19,376
Other debtors	1,391,999	99,618
Prepayments and accrued income	110,740	167,670
VAT recoverable	279,071	42,963
	1,796,493	329,627

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

16. CREDITORS: Amounts falling due within one year

	2018 £	2017 £
Trade creditors	47,253	64,288
Other taxation and social security	97,422	-
Other creditors	89,095	55,782
Accruals and deferred income	524,471	139,854
	<u>758,241</u>	<u>259,924</u>
	2018 £	2017 £
Deferred income		
Deferred income at 1 September 2017	102,861	117,509
Resources deferred during the year	100,297	102,861
Amounts released from previous years	(102,861)	(117,509)
	<u>100,297</u>	<u>102,861</u>

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

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

17. STATEMENT OF FUNDS

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

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

17. STATEMENT OF FUNDS (continued)

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

General annual grant

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

Pupil premium and other DfE/ESFA grants

This is funding received from the ESFA for specific purposes.

Local authority grants

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

Teaching School grant

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

Free schools grant

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

Sponsor capacity grant

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

Pension reserve

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

Other educational activities

This includes all other educational income/expenditure.

Fixed asset fund

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

DfE/ESFA capital grants

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

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

17. STATEMENT OF FUNDS (continued)

ANALYSIS OF ACADEMIES BY FUND BALANCE

Fund balances at 31 August 2018 were allocated as follows:

	Total 2018 £	<i>Total 2017 £</i>
Arnewood School	217,710	409,774
Eaglewood School	327,540	237,209
	<hr/>	<hr/>
Total before fixed asset fund and pension reserve	545,250	646,983
Restricted fixed asset fund	16,317,598	13,589,677
Pension reserve	(1,053,000)	(1,232,000)
	<hr/>	<hr/>
Total	15,809,848	13,004,660
	<hr/> <hr/>	<hr/> <hr/>

ANALYSIS OF ACADEMIES BY COST

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 excluding depreciat- ion £	Total 2018 £	<i>Total 2017 £</i>
Arnewood School	4,288,921	900,429	109,513	1,430,149	6,729,012	6,836,620
Eaglewood School	468,336	81,958	7,710	172,855	730,859	538,293
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	4,757,257	982,387	117,223	1,603,004	7,459,871	7,374,913
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

17. STATEMENT OF FUNDS (continued)

STATEMENT OF FUNDS - PRIOR YEAR

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

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**NOTES TO THE FINANCIAL STATEMENTS
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A CURRENT YEAR 12 MONTHS AND PRIOR YEAR 12 MONTHS COMBINED POSITION IS AS FOLLOWS:

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Unrestricted funds						
General funds	424,296	93,172	-	-	-	517,468
	<u>424,296</u>	<u>93,172</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>517,468</u>
Restricted funds						
General Annual Grant (GAG)	-	11,983,431	(11,939,379)	(16,270)	-	27,782
DfE/ESFA post-opening grants	-	74,500	(74,500)	-	-	-
Pupil premium	-	483,705	(483,705)	-	-	-
Other DfE/ESFA grants	-	161,637	(161,637)	-	-	-
Other grants	-	42,700	(42,700)	-	-	-
Local authority grants	-	168,346	(168,346)	-	-	-
Free school grants	10,122	4,279	(14,401)	-	-	-
Sponsor capacity grant	5,526	-	(5,526)	-	-	-
Teaching School grant	70	79,930	(80,000)	-	-	-
Equality	910	-	(910)	-	-	-
NLE	18	-	(18)	-	-	-
Other educational activities	-	938,863	(938,863)	-	-	-
Pension reserve	(1,621,000)	-	(289,000)	-	857,000	(1,053,000)
	<u>(1,604,354)</u>	<u>13,937,391</u>	<u>(14,198,985)</u>	<u>(16,270)</u>	<u>857,000</u>	<u>(1,025,218)</u>
Restricted fixed asset funds						
Fixed asset fund	13,796,368	-	(658,329)	2,079,702	-	15,217,741
Devolved formula capital	11,880	53,277	-	(65,157)	-	-
Other ESFA capital grants	160,209	3,573,881	(635,958)	(1,998,275)	-	1,099,857
	<u>13,968,457</u>	<u>3,627,158</u>	<u>(1,294,287)</u>	<u>16,270</u>	<u>-</u>	<u>16,317,598</u>
	<u>12,364,103</u>	<u>17,564,549</u>	<u>(15,493,272)</u>	<u>-</u>	<u>857,000</u>	<u>15,292,380</u>
Total of funds	<u>12,788,399</u>	<u>17,657,721</u>	<u>(15,493,272)</u>	<u>-</u>	<u>857,000</u>	<u>15,809,848</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

18. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	15,217,741	15,217,741
Current assets	517,468	786,023	1,099,857	2,403,348
Creditors due within one year	-	(758,241)	-	(758,241)
Pension liability	-	(1,053,000)	-	(1,053,000)
	<u>517,468</u>	<u>(1,025,218)</u>	<u>16,317,598</u>	<u>15,809,848</u>

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

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

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**NOTES TO THE FINANCIAL STATEMENTS
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19. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2018 £	2017 £
Net income/(expenditure) for the year (as per Statement of Financial Activities)	2,493,188	(328,739)
Adjustment for:		
Depreciation charges	318,358	340,130
(Profit)/loss on the sale of fixed assets	(200)	41
Decrease in stocks	333	192
(Increase)/decrease in debtors	(1,466,866)	71,775
Increase/(decrease) in creditors	498,317	(233,962)
Capital grants from DfE and other capital income	(3,286,729)	(340,429)
Defined benefit pension scheme cost less contributions payable	133,000	156,000
Net cash used in operating activities	(1,310,599)	(334,992)

20. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2018 £	2017 £
Cash in hand	300	300
Notice deposits (less than 3 months)	605,004	611,469
Total	605,304	611,769

21. CAPITAL COMMITMENTS

At 31 August 2018 the Academy Trust had capital commitments as follows:

	2018 £	2017 £
Contracted for but not provided in these financial statements	1,100,000	-

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

22. PENSION COMMITMENTS

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

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

Contributions amounting to £86,427 were payable to the schemes at 31 August 2018 (2017 - £nil) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

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

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

The employer's pension costs paid to TPS in the period amounted to £461,236 (2017 - £563,698).

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

22. PENSION COMMITMENTS (continued)

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £234,000 (2017 - £205,000), of which employer's contributions totalled £180,000 (2017 - £155,000) and employees' contributions totalled £54,000 (2017 - £50,000). The agreed contribution rates for future years are 15.1% for employers and between 5.5% and 12.5% for employees.

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

Principal actuarial assumptions:

	2018	2017
Discount rate for scheme liabilities	2.80 %	2.50 %
Rate of increase in salaries	3.60 %	3.60 %
Rate of increase for pensions in payment / inflation	2.10 %	2.10 %
Inflation assumption (CPI)	2.10 %	2.10 %

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

	2018	2017
Retiring today		
Males	24.1	24.0
Females	27.2	27.0
Retiring in 20 years		
Males	26.2	26.0
Females	29.4	29.3

	At 31 August 2018 £	At 31 August 2017 £
Sensitivity analysis		
Discount rate +0.1%	3,494,000	3,602,000
Discount rate -0.1%	3,627,000	3,749,000
Mortality assumption - 1 year increase	3,666,000	3,793,000
Mortality assumption - 1 year decrease	3,454,000	3,558,000

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

22. PENSION COMMITMENTS (continued)

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

	Fair value at 31 August 2018 £	<i>Fair value at 31 August 2017 £</i>
Equities	1,724,000	1,425,000
Property	186,000	151,000
Government bonds	618,000	577,000
Corporate bonds	32,000	26,000
Cash	62,000	70,000
Other	76,000	79,000
Total market value of assets	2,698,000	2,328,000

The actual return on scheme assets was £174,000 (2017 - £140,000).

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

	2018 £	<i>2017 £</i>
Current service cost	285,000	280,000
Net interest cost	28,000	31,000
Total	313,000	311,000

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

	2018 £	<i>2017 £</i>
Opening defined benefit obligation	3,560,000	3,675,000
Current service cost	285,000	280,000
Interest cost	89,000	73,000
Employee contributions	54,000	50,000
Actuarial gains	(199,000)	(447,000)
Benefits paid	(38,000)	(71,000)
Closing defined benefit obligation	3,751,000	3,560,000

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

22. PENSION COMMITMENTS (continued)

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

	2018 £	2017 £
Opening fair value of scheme assets	2,328,000	2,054,000
Interest income	61,000	42,000
Actuarial losses	113,000	98,000
Employer contributions	180,000	155,000
Employee contributions	54,000	50,000
Benefits paid	(38,000)	(71,000)
	<u>2,698,000</u>	<u>2,328,000</u>
Closing fair value of scheme assets	<u>2,698,000</u>	<u>2,328,000</u>

23. OPERATING LEASE COMMITMENTS

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

	2018 £	2017 £
Astroturf amounts payable		
Within 1 year	74,552	74,552
Between 1 and 5 years	179,670	254,222
Total	<u>254,222</u>	<u>328,774</u>
Other amounts payable		
Within 1 year	44,967	28,913
Between 1 and 5 years	36,147	48,577
Total	<u>81,114</u>	<u>77,490</u>

24. 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 11.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

25. TEACHING SCHOOL TRADING ACCOUNT

	2018 £	2018 £	2017 £	2017 £
INCOME				
DIRECT INCOME				
Grant funding	40,000		39,930	
TOTAL INCOME		40,000		39,930
EXPENDITURE				
DIRECT EXPENDITURE				
Direct staff costs	33,938		26,971	
Other costs	6,062		13,029	
TOTAL DIRECT EXPENDITURE	40,000		40,000	
TOTAL EXPENDITURE		40,000		40,000
SURPLUS / (DEFICIT) FROM ALL SOURCES		-		(70)
TEACHING SCHOOL BALANCES AT 1 SEPTEMBER 2017		-		70
TEACHING SCHOOL BALANCES AT 31 AUGUST 2018		-		-

26. MEMBERS' LIABILITY

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

27. AGENCY ARRANGEMENTS

The academy trust distributes 16-19 bursary funds to students as an agent for the ESFA. During the year the trust received £13,418 (2017: £26,749), and disbursed £13,107 (2017: £11,026) from the fund. A further £21,102 (2017: £nil) was repaid to the ESFA. An amount of £28,969 (2017: £49,760) is included in other creditors relating to undistributed funds that are repayable to the ESFA.