

Company Registration No. 07379768 (England and Wales)

**BETHS GRAMMAR SCHOOL
(A COMPANY LIMITED BY GUARANTEE)**

**GOVERNORS' REPORT AND AUDITED ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2017**

BETHS GRAMMAR SCHOOL

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BETHS GRAMMAR SCHOOL

REFERENCE AND ADMINISTRATIVE DETAILS

Governors

Mr C Kirk Chair of Governors *

Mrs R Webdale (Resigned 9 January 2017)*

Mr M Appleby *

Rev. J Bowen

Mrs G Bright (Responsible Officer, Resigned 4 January 2017) *

Mr J Howard (Resigned 31 August 2017) *

Mrs K Lanning

Dr C Maxim (Accounting Officer, Resigned 30 April 2017)

Mr S Mulvaney

Mr M Pack (Co-opted Governor) *

Dr M Pack (Co-opted Governor)

Mr J Parsons *

Mr M Reason (Resigned 25 September 2016)

Mrs K Sangster

Mr A Slonecki

Mr R Wilkes (Resigned 5 December 2016)

Mr C Hares

Ms B Dobson (Resigned 28 March 2017)

Mr R Blyghton (Accounting Officer, Appointed 1 May 2017)

Ms C Guest (Appointed 27 February 2017)

* members of the Finance Committee

Members

Mr C Kirk

Mrs R Webdale (Resigned 9 January 2017)

Mr M Appleby

Mr S Mulvaney

Mr A Slonecki

Senior Leadership Team

- Headteacher to 30 April 2017
- Acting Headteacher from 1 May 2017
- Deputy Headteacher
- Deputy Headteacher
- Deputy Headteacher
- School Business Manager
- Assistant Headteacher

Dr C Maxim

Mr R Blyghton

Mr V Gukhool

Mr D O'Regan

Mr M Neylan

Mrs L Gibson

Mr T Beaney (from 1 September 2017)

Company Secretary

Mrs L Gibson

Company registration number

07379768 (England and Wales)

Registered office

Hartford Road
Bexley
Kent
DA5 1NE
United Kingdom

BETHS GRAMMAR SCHOOL

REFERENCE AND ADMINISTRATIVE DETAILS

Independent auditor

Baxter & Co
Lynwood House
Crofton Road
Orpington
Kent
BR6 8QE

Bankers

National Westminster Bank plc
1 Townley Road
Bexleyheath
Kent
DA6 7JG

Lloyds Bank PLC
13 The Broadway
Bexleyheath
Kent
DA6 7DP

BETHS GRAMMAR SCHOOL

GOVERNORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2017

The Governors present their Annual Report together with the Financial Statements and Auditor's Report of the charitable company for the period 01 September 2016 to 31 August 2017. The annual report serves the purposes of both a Governors' Report, and a Directors' Report under company law.

The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the charitable company's Memorandum and Articles of Association, the Companies Act 2006, the Statement of Recommended Practice 2015, "Accounting and Reporting by Charities", and the Academies' Accounts Direction 2016/17 Issued by the ESFA.

The principal activity of Beths Grammar School is to provide a state education to boys between the ages of 11 to 19 and to girls in the Sixth Form. There is an emphasis on Design and Technology, Mathematics, Science, Languages and Leadership. Funding is obtained from the Department for Education (DfE) through the Education and Skills Funding Agency (ESFA) in the form of recurrent grants, the use of which is restricted to particular purposes. It has a student capacity of 1378 and had a roll of 1352 in the school census on 19th January 2017.

Structure, Governance and Management

The Charitable Company is a company limited by guarantee incorporated on 17 September 2010 and the predecessor school converted to academy status on 1 October 2010. The Governors (Trustees) who are also the Directors for the purpose of company law, and who served during the year are listed on page 1.

Constitution and Members' Liability

Beths Grammar School is registered under the Companies Act 2006, as a company limited by guarantee without a share capital. Each member of the company undertakes to contribute to the assets of the company in the event of the company being wound up while they are a member, or within one year after they cease to be a member. The liability of the members is limited to £10 each for the debts and liabilities contracted before they ceased to be a member. The Academy is an exempt charity. The company's memorandum and articles of association are the primary governing documents of the Academy Trust.

The Governors act as the trustees for the charitable activities of Beths Grammar School and are also the directors of the company for the purposes of company law. The Board of Governors meet as the Governing Body at least four times each year. The Beths Grammar School Academy Trust holds an Annual General Meeting (usually in December) to consider the Governors' Report and Audited Accounts. General Meetings are held as required (usually to consider the appointment of Appointed Governors). All Governors can attend the Annual General Meeting / General Meetings although only the Members of the Academy Trust can vote.

Governors' Indemnities

No qualifying third party indemnities have been given by the Charitable Company to or on behalf of its Governors.

Method of Recruitment and Appointment or Election of Governors

The Board of Governors comprises the following Governors;

- a) Up to ten Governors appointed by the Members;
- b) Staff Governors, elected by the staff, within the proviso that the total number of Governors (including the Principal) who are employees of the Academy does not exceed one third of the total number of Governors;
- c) A minimum of two Parent Governors elected by parents;
- d) Up to one Local Authority appointed Governor;
- e) The Headteacher is an ex-officio Governor;
- f) Further Governors may be appointed by the Secretary of State;
- g) Up to three Co-opted Governors appointed by the Governors (excluding those already Co-opted).

Policies and Procedures Adopted for the Induction and Training of Governors

The training and induction provided for new Governors will depend on their existing experience. Where necessary, induction will provide training in charity and educational legal and financial matters. All Governors are provided with the information needed (including policies, minutes, budgets, etc) to undertake their role as Governors. The Academy also purchases the Governor Training Scheme run by the local authority.

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GOVERNORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2017

Organisational Structure

The Board of Governors, the majority of whom are non-executive, comprises those persons appointed under the Articles of Association. The Board meets at least four times a year and has several committees, including a Finance and Asset Management Committee, Students and Human Resources Committees. All of these Committees are formally constituted with terms of reference and comprise appropriately qualified and experienced members.

The Finance and Asset Management Committee also fulfils the function of an Audit Committee.

Governors delegate specific responsibilities to its Committees, the activities of which are reported to and discussed at full Board of Governors Meetings. Day to day management of the Academy is undertaken by the Headteacher, supported by the Senior Leadership Team. The Headteacher is the Accounting Officer and the Business Manager is the Deputy Accounting Officer.

Arrangements for setting pay and remuneration of key management personnel

The senior management team (SLT) are the key management personnel of the trust. Trustees are also senior management although they receive no pay or other remuneration in respect of their role as trustees. Where staff trustees are in place, they receive remuneration for their role as staff and their pay is determined in the same way as applicable to all other staff. Further details of remuneration paid to staff who are trustees is set out within the notes to the accounts.

The pay of the Headteacher is set annually by the Pay Committee, having regards to performance against objectives set the previous year. Pay of other SLT members is also set by the Pay Committee again having regard to performance against previously agreed objectives and any recommendations made by the Headteacher.

Related Parties and other Connected Charities and Organisations

Owing to the nature of the academy's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which a governor has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the academy's financial regulations and normal procurement procedures.

The school maintains a register of pecuniary interests of the Board of Governors which is regularly reviewed and updated. One Governor has provided self-employed services in teaching. This would have been a connected party transaction but has been reviewed to ensure that no limits have been breached. Details of Related Party Transactions are set out in note 20 to the accounts.

Objectives and Activities

Objects, Aims and Public Benefit

The principal object of the company is to advance for the public benefit, education in the United Kingdom.

It achieves this object through the operation of Beths Grammar School, providing a state education, free of charge, to students aged 11 to 19.

Beths Grammar School is an equal opportunities employer, and strives to treat all applicants for employment, training and promotions equitably.

In exercising their powers, the Governors have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission.

Objectives, Strategies and Activities

The principal task for the year was to maintain the continued high educational standards achieved by the school.

The school aims to achieve its objective by providing effective teaching and learning, developing leadership at all levels in the school, striving for outstanding value added in the sixth form, ensuring excellent student engagement

BETHS GRAMMAR SCHOOL

GOVERNORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2017

and encouraging all stakeholders to contribute to school priorities through focused work of working parties for the common goal.

Strategic report

Achievements and Performance

The school has enjoyed a successful year with good academic results.

Year 13 achieved overall 56% A*-B grades an increase of 2% on last year and those Year 12s who took 1 or more A Levels achieved 90% A*-B grades which was an increase of 22% on the previous year.

At GCSE our results were very successful. 98.3% of our Year 11s achieved 5 or more A*-C grades including English and Maths. Of these, 61% achieved at least 5 A and A* grades at GCSE an increase of 9% compared to 2016. There was also a rise in percentage of A*-A and A*-B grades achieved compared to 2016.

In terms of top grades, there were 17 grade 9's in English representing 5.5% of the cohort and 25 grade 9's in Mathematics representing 16.1% of the cohort.

Progress 8 (P8) is now the key measure at GCSE. It measures not only the results the students achieve, but on how much progress they have made since they started secondary school. Historically girls achieve better grades than boys but this year we are the second highest achiever in Bexley and the best provider for boys in the borough. We achieved +0.64 which means that our students achieved nearly 2/3rds of a grade higher than expected.

There were 175 UCAS applications, with 25% of the students securing a place at a Russell Group University. 61% of applicants secured a place at a Russell Group or more selective University that are not actually members of the Russell Group.

The school continued its expansion with all year groups up to year 11 from September 2016 being six forms of entry with the expansion being completed in September 2016.

There were many successful school trips linked to and extending the curriculum both at home and abroad. Overseas trips were made to China, Iceland, France, Belgium and ski trips to both USA and Austria.

The co-curricular programme at Beths greatly enhances the students' educational experience, helping them to grow as well-rounded young people. A selection of achievements in sporting activities and other aspects of school life are mentioned below.

There was some very enjoyable music-making during the year, with the Christmas Carol Service being the highlight of the year. There were also termly music concerts enjoyed by students, parents and staff alike. The annual Art Exhibition was held in the summer to celebrate the talents of our young artists.

Each week students across the school are involved in many clubs and societies as participants and also leaders. These clubs enable students to enjoy and develop their hobbies and interests. Students can participate in a variety of clubs including Music Tech, Choir, Basketball, Chinese, Italian, Enterprise, Orchestra, Writing Skills, Coding, Chess and Drama to name a few. Leadership skills are embedded in our school life. From groups of students taking part in Duke of Edinburgh Awards to our annual year 8 camp, great importance is placed on personal responsibility and engagement with the wider world.

The very successful Road Safety Ambassadors Scheme devised by the Year 12's in 2016 continued for a second year, with students giving their own time to make the school an even better place.

Sport has always played an important part in the life of Beths students, both on an individual and team basis. There were numerous opportunities for students to gain new sporting experiences both within and outside the curriculum. The U14 Football and U15 Rugby teams both became national champions and a number of individuals are attending prestigious footballing, rugby and cricketing academies such as Brighton, Chelsea, Charlton, London Welsh and Kent.

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FOR THE YEAR ENDED 31 AUGUST 2017

Key Performance Indicators

The school exam targets for 2017 were discussed by the Governors Students Committee and ratified by the Full Board of Governors

	2017 Target	2017 Actual
Year 11		
GCSE 5+A*C Including English Language/Literature and Maths	100%	98%
GCSE A*/A	50%	49%
GCSE 5+A*/A	56%	61%
English 3 levels of progress	93%	86%
English more than 3 level of progress	62%	56%
Maths 3 level of progress	99%	90%
Maths more than 3 level of progress	80%	78%
AS Level (A/B)	60%	31%
AS Level (A-E)	100%	100%
Progress 8	0.2	0.64
Year 12		
A Level (A*B)	75%	90%
A Level (A*-E)	100%	100%
Year 13		
A Level (A*-B)	65%	56%
A Level (A*-E)	100%	99%
APS	300	289

Attendance figures up to 31st May were as follows:

Year	Target	Actual
7	95%	97.8%
8	95%	97.5%
9	95%	96.8%
10	95%	96.7%
11	95%	97.3%

Staffing ratio – The cost of staffing salaries as a proportion of total income (excluding capital) is 72.2%

Utility costs per pupil was £235

Going Concern

After making appropriate enquiries, the Board of Governors has a reasonable expectation that the Academy 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 accounts.

Financial Review

We receive our income from a number of different sources. The greater part of our income comes from central government via the Education and Skills Funding Agency who provides us with a grant, based largely on our student numbers to cover our staffing and other general running costs (General Annual Grant - GAG). The ESFA may provide us with additional grants which are earmarked for specific purposes (such as Pupil Premium which must be used to raise the attainment of disadvantaged pupils). These appear in the accounts as DfE/ESFA grants. Where we receive grant or other funding from the Local Authority (such as where we undertake responsibilities on their behalf in respect of our students) this appears in the accounts as Other government grants. Such income is collectively referred to as "Restricted Funds". Other income is received from parents (for example as contributions to trip or other costs) and from third parties (for example from our bank for interest on our account balances or from others who are charged for their use of our facilities). Such other income may be restricted or unrestricted, depending on whether it comes to us with conditions as to its use or whether it is available for spending at the discretion of the trustees.

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We hold funds in two broad categories, funds which are available for spending and other funds which are not available for spending.

Spendable funds are in turn sub-categorised between those which are available for spending at the discretion of trustees ("Unrestricted Funds") and those which are subject to condition or restriction, ("Restricted Funds").

Funds not available for spending include the book value of fixed assets such as land, buildings and equipment. These have a value and are therefore included as assets in the accounts but clearly, we cannot spend this value. In common with all academies and Local Authorities, our share of the Local Government Pension Scheme deficit must also be reflected in our accounts, but as this is not a conventional liability, it does not need to be deducted from spendable funds. We meet our obligations in respect of the LGPS by paying over pension contributions due as calculated by the scheme's actuaries. The following balances were held at 31 August;

Fund	Category	2017 £'000	2016 £'000
GAG	Restricted General Funds	1,277	1,175
Other DfE/ESFA Grants	Restricted General Funds	24	22
Other Government Grants	Restricted General Funds	-	33
Other Income	Restricted General Funds	<u>187</u>	<u>162</u>
Sub-total General Restricted Funds		1,488	1,392
Unspent Capital Grants	Restricted Fixed Asset Fund	425	80
Other Income	Unrestricted General Fund	<u>438</u>	<u>373</u>
Sub-Total	Spendable Funds	2,351	1,845
Net Book Value of Fixed Assets	Restricted Fixed Asset Fund	13,919	14,550
Share of LGPS Deficit	Restricted Pension Reserve	<u>(1,652)</u>	<u>(2,348)</u>
Total	All Funds	<u>14,618</u>	<u>14,047</u>

Reserves Policy

Beths Grammar School aims to carry forward a prudent level of resources to cover short, medium and long term needs such as funding constraints, needs for renewal and replacement, major unforeseen contingencies and to contribute to major capital developments.

The reserve balance will be reviewed and projections on future balances will be made at key points during the financial year, namely as part of the budget setting process and update of the SIP.

Details of all reserves and year-end balances are contained in the School's annual Statement of Accounts.

Investment Policy and Powers

There are no investments held beyond cash deposits retained with the major UK clearing banks. Speculative investments are not permitted.

Employee Involvement

Academy staff are empowered to elect colleagues to sit and serve as Governors.

Disabled Persons

Ramps and disabled toilets are installed and door widths are adequate to enable wheelchair access to all the main areas of the School. The policy of the School is to support recruitment and retention of students and employees with disabilities. The Academy does this by adapting the physical environment, by making support resources available and through training and career development.

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GOVERNORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2017

Principal Risks and Uncertainties

The Governors have assessed the major risks to which the Academy is exposed, in particular those relating to academic performance, finances, staffing, health & safety and safeguarding our students. The governors have implemented a number of systems to assess risks that the Academy faces, and have developed policies and procedures to mitigate those risks. Where significant financial risk still remains they have ensured they have adequate insurance cover. The Academy has an effective system of internal financial controls and this is explained in more detail in the Statement on Internal Control.

The risk management process has been codified in a risk register implemented by the Senior Leadership Team and overseen by Governors.

Principal risks (including financial and risk management) and uncertainties

Financial

The Governors keep spendable reserves under constant review to ensure that they have sufficient income to run the Academy on an efficient basis without affecting the quality of teaching and learning.

Governance

The Governors ensure that they have an effective system of control to mitigate risks.

Reputational

The Governors give consideration to all aspects of the academy trusts activities in order to maintain its reputation.

Child Protection

The Governors ensure that the highest standards of child protection are maintained in order to protect the young people in the academy trust's care.

Staff

Risk resulting from major changes in staff is minimised by continually monitoring the arrangements for recruitment and development of staff

Plans for Future Periods

The principal task facing Beths is to maintain the excellent educational standards achieved by the school.

The school's main priorities for 2017-2018 are:

To further develop leadership opportunities and capacity across the whole school with a sharp focus to ensure that we continue to be outstanding.

To explore and develop strategies to positively engage students to secure even more effective outcomes.

To improve outcomes of the different identified groups of students in the sixth form and reducing the differences between subjects.

Funds Held as Custodian Trustee on Behalf of Others

The school acts as a custodian trustee on behalf of funds received from 16-19 Bursary Fund Scheme before payment is made to eligible students.

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GOVERNORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2017

Auditor

In so far as the Governors are aware:

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

The Governors' report, incorporating a strategic report, was approved by order of the Board of Governors, as the company directors, on 07 December 201~~6~~⁷ and signed on its behalf by:



.....
Mr C Kirk
Chair of Governors

BETHS GRAMMAR SCHOOL

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2017

Scope of Responsibility

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

The Board of Governors has delegated the day-to-day responsibility to the Acting Headteacher, R Blyghton as Accounting Officer (from 1 May 2017 and prior to that, to the Headteacher, Dr. C Maxim), 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 Beths Grammar School and the Secretary of State for Education. The Accounting Officer is also responsible for reporting to the Board of Governors any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Governors' Report and in the Statement of Governors' Responsibilities. The board of governors has formally met 4 times during the year. Attendance during the year at meetings of the Board of Governors was as follows:

Governors	Meetings attended	Out of possible
Mr C Kirk (Chair of Governors)	4	4
Mrs R Webdale (Vice Chair of Governors)	2	2
Dr C Maxim (Headteacher)	2	3
Mr R Blyghton (Acting Headteacher)	1	1
Mr M Appleby	2	4
Rev. J Bowen (Vice Chair of Governors)	3	4
Mrs G Bright (Responsible Officer)	2	2
Mr J Howard	1	4
Mrs K Lanning	3	4
Mr S Mulvaney	3	4
Mr M Pack	3	4
Dr M Pack	3	4
Mr J Parsons	2	4
Mr M Reason	1	1
Mrs K Sangster	2	4
Mr A Slonecki	4	4
Mr R Wilkes	1	1
Ms B Dobson (Vice Chair of Governors)	3	3
Mr C Hares	4	4
Mrs C Guest (Responsible Officer)	2	2

Governance reviews:

An external review to consider the Governing Body's efficiency and effectiveness was completed in November 2016 and the Board of Governors considered the review report at its meeting in December 2016. Following that meeting a working group was established to consider the recommendations made by the external reviewer. The working group held two meetings in early 2017 but, following the resignation of the Headteacher in April 2017 the working group was put on hold. A further working group meeting took place in September 2017 and an action plan is being developed for consideration by the Board of Governors in December.

The Board of Governors undertook a detailed skills audit in September 2017 using an updated skills matrix recommended by the National Governors Association.

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GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2017

The Finance and Asset Management Committee is a sub-committee of the main board of governors. Its purpose is to assist and support the Board of Governors, ensuring sound oversight is exercised over the management of the Academy's finances and resources.

Attendance at meetings during the year was as follows:

Governors	Meetings attended	Out of possible
Mr M Appleby (Chair of Committee)	3	3
Mr C Kirk	3	3
Dr C Maxim	2	2
Mr R Blyghton	1	1
Mrs R Webdale	0	1
Mr J Howard	1	3
Mrs G Bright	1	1
Mr M Pack	2	3
Mr J Parsons	2	3

The purpose of an Audit Committee is to provide assurance that risks are being adequately identified and managed. The functions of the Audit Committee are included within the Finance and Asset Management Committee.

Review of Value for Money

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

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

Developing and implementing a programme of Good to Outstanding teaching.

Developing a model of providing professional development from within

Reporting termly to Governors Finance and Asset Management Committee

Regular monitoring of expenditure against budget

Regular review of contracts and competitive tenders required for all contracts over £50,000

Reviewing controls and managing risks

Annual review of staffing structure.

Checking and reviewing all costs over £10,000.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Beths Grammar School for the period 01 September 2016 to 31 August 2017 and up to the date of approval of the Annual Report and Financial Statements.

BETHS GRAMMAR SCHOOL

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2017

Capacity to Handle Risk

The Board of Governors 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 Governors is of the view that there is a formal on-going process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the period 01 September 2016 to 31 August 2017 and up to the date of approval of the Annual Report and Financial Statements. This process is regularly reviewed by the Board of Governors.

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 Governors;
- regular reviews by the Finance and Asset Management 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 Governors has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However the Governors have appointed a Responsible Officer from the Governing Body. Mrs G Bright was succeeded by Mrs C Guest as Responsible Officer during 2016/17.

The RO's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. On a termly basis, the RO reports to the Board of Governors on the operation of the systems of control and on the discharge of the Board of Governors' financial responsibilities.

The Responsible Officer visited once during the year. Checks carried out included:

- The payroll systems were checked. A random member of staff was checked including additional payments for expenses. An automated system for expense claims was suggested to save time, expense and to make the system easier to use.
- A recommendation was made to formalise casual workers.
- Purchases were checked by randomly picking invoices from the Trial Balance to ensure that the correct procedures were followed.
- The petty cash processes were checked.
- Discussions were held with finance staff to ensure that the correct processes had been followed as stipulated in the Finance Regulations with regards to the school debit card.

The RO's view is that systems operate well at Beths Grammar School. No material control weaknesses have been identified and all findings have been reported to Governors. Governors are satisfied that the role has been delivered effectively.

BETHS GRAMMAR SCHOOL

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2017

Review of Effectiveness

As Accounting Officer from 1 May 2017, R Blyghton (and previously Dr C Maxim) had responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review was informed by:

- the work of the Responsible Officer;
- the work of the External Auditor;
- the financial management and governance self-assessment process;
- 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 was advised of the implications of the result of their review of the system of internal control by the finance and asset management committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the Board of Governors on 07 December 2017 and signed on its behalf by:



Mr C Kirk
Chair of Governors



R Blyghton
Accounting Officer

BETHS GRAMMAR SCHOOL

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

FOR THE YEAR ENDED 31 AUGUST 2017

As Accounting Officer of Beths Grammar School I have considered my responsibility to notify the Academy Trust Board of Governors and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2016.

I confirm that I and the Academy Trust's Board of Governors are able to identify any material irregular or improper use of funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's funding agreement and the Academies Financial Handbook 2016.

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

R Blyghton

RJBlyghton

Accounting Officer

07 December 2017

BETHS GRAMMAR SCHOOL

STATEMENT OF GOVERNORS' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2017

The Governors (who act as trustees for Beths Grammar School and are also the directors of Beths Grammar School for the purposes of company law) are responsible for preparing the Governors' Report and the Financial Statements in accordance with the Annual Accounts Direction issued by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

In preparing these Financial Statements, the Governors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgements 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; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the Board of Governors on 07 December 2017 and signed on its behalf by:

C. A. Kirk

Mr C Kirk
Chair of Governors

BETHS GRAMMAR SCHOOL

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BETHS GRAMMAR SCHOOL

Opinion

We have audited the Financial Statements of Beths Grammar School for the year ended 31 August 2017 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice), the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 Issued by the Education and Skills Funding Agency.

In our opinion the Financial Statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

BETHS GRAMMAR SCHOOL

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BETHS GRAMMAR SCHOOL (CONTINUED)

Other Information

The other information comprises the information included in the annual report, other than the Financial Statements and our auditor's report thereon. The Governors are responsible for the other information. 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.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Governors' Report including the incorporated strategic report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements; and
- the Governors' Report including the incorporated strategic report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Academy Trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Governors' Report, including the incorporated 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 Governors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Governors

As explained more fully in the Statement of Governors' Responsibilities, the Governors 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 Governors 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 Governors 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 Governors either intend to liquidate the charitable company, or have no realistic alternative but to do so.

BETHS GRAMMAR SCHOOL

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BETHS GRAMMAR SCHOOL (CONTINUED)

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the Financial Statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an 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 charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



David John Walsh FCCA (Senior Statutory Auditor)

For and on behalf of Baxter & Co

Statutory Auditor

Chartered Certified Accountants

Lynwood House

Crofton Road

Orpington

Kent

BR6 8QE

Dated: 14 December 2017

BETHS GRAMMAR SCHOOL

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO BETHS GRAMMAR SCHOOL AND THE EDUCATION AND SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter dated 1 November 2012 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Beths Grammar School during the period 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of Beths Grammar School's accounting officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of Beths Grammar School's funding agreement with the Secretary of State for Education dated 21 September 2010 and the Academies Financial Handbook, extant from 1 September 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

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

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

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

The work undertaken to draw to our conclusion includes:

- Review of payments to staff;
- Review of payments to suppliers and other third parties;
- Review of grant and other income streams;
- Review of some key financial control procedures;
- Discussions with finance staff;
- Consideration of the record maintained by the Accounting Officer of the oversight they have exercised;
- Consideration of the programme of risk review and checking of financial controls implemented by the trust in order to comply with its obligations under 2.4.9 of the Academies Financial Handbook 2016, issued by the ESFA.

BETHS GRAMMAR SCHOOL

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO BETHS GRAMMAR SCHOOL AND THE EDUCATION AND SKILLS FUNDING AGENCY (CONTINUED)

Conclusion

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



Baxter & Co
Independent Reporting Accountants
Chartered Certified Accountants
Lynwood House
Crofton Road
Orpington
Kent
BR6 8QE

Dated: 14 December 2017

BETHS GRAMMAR SCHOOL

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2017

	Notes	Unrestricted Funds £'000	Restricted funds: General £'000	Fixed asset £'000	Total 2017 £'000	Total 2016 £'000
Income and endowments from:						
Donations and capital grants	3	25	62	363	450	105
Charitable activities:						
- Funding for educational operations	4	7	6,796	-	6,803	7,041
Other trading activities	5	308	-	-	308	25
Investments	6	10	-	-	10	6
Total income and endowments		350	6,858	363	7,571	7,177
Expenditure on:						
Raising funds	7	12	-	-	12	26
Charitable activities:						
- Educational operations	8	273	6,605	692	7,570	7,385
Total expenditure	7	285	6,605	692	7,582	7,411
Net income/(expenditure)		65	253	(329)	(11)	(234)
Transfers between funds		-	(43)	43	-	-
Other recognised gains and losses						
Actuarial gains/(losses) on defined benefit pension schemes	18	-	582	-	582	(951)
Net movement in funds		65	792	(286)	571	(1,185)
Reconciliation of funds						
Total funds brought forward		373	(956)	14,630	14,047	15,232
Total funds carried forward		438	(164)	14,344	14,618	14,047

The comparative figures for 2016 are analysed according to fund on the next page of these financial statements.

BETHS GRAMMAR SCHOOL

STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED) INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2017

SUPPLEMENTARY NOTE: COMPARATIVE INFORMATION FOR THE YEAR ENDED 31 AUGUST 2016

	Notes	Unrestricted Funds £'000	Restricted funds: General £'000	Fixed asset £'000	Total 2016 £'000
Income and endowments from:					
Donations and capital grants	3	24	52	29	105
Charitable activities:					
- Funding for educational operations	4	-	7,041	-	7,041
Other trading activities	5	25	-	-	25
Investments	6	6	-	-	6
Total income and endowments		55	7,093	29	7,177
Expenditure on:					
Raising funds	7	22	4	-	26
Charitable activities:					
- Educational operations	8	-	6,690	695	7,385
Total expenditure	7	22	6,694	695	7,411
Net income/(expenditure)		33	399	(666)	(234)
Transfers between funds		-	1	(1)	-
Other recognised gains and losses					
Actuarial losses on defined benefit pension schemes	18	-	(951)	-	(951)
Net movement in funds		33	(551)	(667)	(1,185)
Reconciliation of funds					
Total funds brought forward		340	(405)	15,297	15,232
Total funds carried forward		373	(956)	14,630	14,047

BETHS GRAMMAR SCHOOL

BALANCE SHEET

AS AT 31 AUGUST 2017

		2017		2016	
	Notes	£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	12		13,919		14,550
Current assets					
Debtors	13	75		35	
Cash at bank and in hand		2,666		2,211	
		2,741		2,246	
Current liabilities					
Creditors: amounts falling due within one year	14	(390)		(401)	
Net current assets			2,351		1,845
Net assets excluding pension liability			16,270		16,395
Defined benefit pension liability	18		(1,652)		(2,348)
Total net assets			14,618		14,047
Funds of the Academy Trust:					
Restricted funds	16				
- Fixed asset funds			14,344		14,630
- Restricted income funds			1,488		1,392
- Pension reserve			(1,652)		(2,348)
Total restricted funds			14,180		13,674
Unrestricted income funds	16		438		373
Total funds			14,618		14,047

The Financial Statements set out on pages 21 to 43 were approved by the Board of Governors and authorised for issue on 07 December 2017 and are signed on its behalf by:

C. A. Kirk

Mr C Kirk
Chair of Governors

Company Number 07379768

BETHS GRAMMAR SCHOOL

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2017

	Notes	2017 £'000	2016 £'000
Cash flows from operating activities			
Net cash provided by operating activities	19	143	529
Cash flows from investing activities			
Dividends, interest and rents from investments		10	6
Capital grants from DfE and ESFA		363	29
Payments to acquire tangible fixed assets		(61)	-
		<u>312</u>	<u>35</u>
Change in cash and cash equivalents in the reporting period		455	564
Cash and cash equivalents at 1 September 2016		<u>2,211</u>	<u>1,647</u>
Cash and cash equivalents at 31 August 2017		<u>2,666</u>	<u>2,211</u>

BETHS GRAMMAR SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

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

1.1 Basis of preparation

The Financial Statements of the Academy Trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their Financial Statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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

1.2 Going concern

The Governors assess whether the use of going concern is appropriate, ie whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charitable company to continue as a going concern. The Governors make this assessment in respect of a period of at least one year from the date of authorisation for issue of the Financial Statements and have concluded that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Academy Trust's ability to continue as a going concern. Thus they continue to adopt the going concern basis of accounting in preparing the Financial Statements.

1.3 Income

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

Grants receivable

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

General Annual Grant is recognised in full in the statement of financial activities in the period for which it is receivable, and any abatement in respect of the period is deducted from income and recognised as a liability.

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

Sponsorship income

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

Donations

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

BETHS GRAMMAR SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

Other income

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

Donated goods, facilities and services

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

Donated fixed assets

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

1.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

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

Charitable activities

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

Governance costs

These include the costs attributable to the Academy Trust's compliance with constitutional and statutory requirements, including audit, strategic management, Governors' meetings and reimbursed expenses.

BETHS GRAMMAR SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

1.5 Tangible fixed assets and depreciation

Assets costing £5,000 or more per item (or less if they form part of a larger purchase or project where the total cost exceeds £25,000) are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

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

Freehold land is not depreciated	
Freehold buildings	2% Straight Line
Computer equipment	20% Straight Line
Fixtures, fittings & equipment	20% 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.

1.6 Liabilities

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

1.7 Leasing and hire purchase commitments

Rentals payable under operating leases are charged against income on a straight line basis over the period of the lease.

1.8 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. Prepayments are not financial instruments.

Cash at bank is classified as a basic financial instrument and is measured at face value.

BETHS GRAMMAR SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

Financial liabilities

Trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost. Taxation and social security are not included in the financial instruments disclosure definition.

Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

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.

1.10 Pensions benefits

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

Teachers' Pension Scheme

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 18, 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 are recognised in the period to which they relate.

Local Government Pension Scheme

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 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.

1.11 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 Governors.

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 Education and Skills Funding Agency/Department for Education.

BETHS GRAMMAR SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

1.12 Agency Arrangement

Where the Academy Trust acts as agent in collecting and / or distributing from the ESFA or others, and subsequent disbursements are excluded from the Statement of Financial Activities as the Trust does not have control over charitable application of the funds. The funds received and paid, and any balances held are disclosed in note 23.

2 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 18, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement

In preparing these Financial Statements, the Governors have not needed to exercise any subjective judgements that would be critical to the Academy Trust's Financial Statements.

3 Donations and capital grants

	Unrestricted funds £'000	Restricted funds £'000	Total 2017 £'000	Total 2016 £'000
Donations	-	56	56	45
Capital grants	-	363	363	29
Other donations	25	6	31	31
	<u>25</u>	<u>425</u>	<u>450</u>	<u>105</u>

BETHS GRAMMAR SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

4 Funding for the Academy Trust's educational operations

	Unrestricted funds £'000	Restricted funds £'000	Total 2017 £'000	Total 2016 £'000
DfE / ESFA grants				
General annual grant (GAG)	-	6,427	6,427	6,621
Other DfE / ESFA grants	-	82	82	83
	<u>-</u>	<u>6,509</u>	<u>6,509</u>	<u>6,704</u>
Other government grants				
Local authority grants	-	58	58	12
	<u>-</u>	<u>58</u>	<u>58</u>	<u>12</u>
Other funds				
Trips and activities income	-	221	221	300
Other incoming resources	7	8	15	25
	<u>7</u>	<u>229</u>	<u>236</u>	<u>325</u>
Total funding	<u>7</u>	<u>6,796</u>	<u>6,803</u>	<u>7,041</u>

5 Other trading activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2017 £'000	Total 2016 £'000
Hire of facilities	35	-	35	25
Catering income	273	-	273	-
	<u>308</u>	<u>-</u>	<u>308</u>	<u>25</u>

6 Investment income

	Unrestricted funds £'000	Restricted funds £'000	Total 2017 £'000	Total 2016 £'000
Short term deposits	10	-	10	6
	<u>10</u>	<u>-</u>	<u>10</u>	<u>6</u>

BETHS GRAMMAR SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

7 Expenditure

	Staff costs £'000	Premises & occupancy costs £'000	Other costs £'000	Total 2017 £'000	Total 2016 £'000
Expenditure on raising funds	-	-	12	12	26
Academy's educational operations					
- Direct costs	4,314	554	705	5,573	5,749
- Allocated support costs	893	586	518	1,997	1,636
	<u>5,207</u>	<u>1,140</u>	<u>1,235</u>	<u>7,582</u>	<u>7,411</u>

Net income/(expenditure) for the year includes:

	2017 £'000	2016 £'000
Fees payable to auditor for:		
- Audit	9	9
- Other services	13	14
Operating lease rentals	8	13
Depreciation of tangible fixed assets	692	695
Net interest on defined benefit pension liability	<u>43</u>	<u>47</u>

Included within expenditure are the following transactions:

	2017 £
Gifts made by the trust - total	<u>50</u>

Clarification - While the majority of disclosure in these accounts are rounded to £'000, disclosure of gifts made are not. The value of gifts for the year is £50 (and not £50k).

8 Charitable activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2017 £'000	Total 2016 £'000
Direct costs - educational operations	-	5,573	5,573	5,749
Support costs - educational operations	273	1,724	1,997	1,636
	<u>273</u>	<u>7,297</u>	<u>7,570</u>	<u>7,385</u>

BETHS GRAMMAR SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

8 Charitable activities

	Total 2017 £'000	Total 2016 £'000
Analysis of support costs		
Support staff costs	893	827
Depreciation and amortisation	138	139
Premises and occupancy costs	448	464
Other support costs	449	143
Governance costs	69	63
	<u>1,997</u>	<u>1,636</u>

9 Staff costs

	2017 £'000	2016 £'000
Wages and salaries	3,807	3,957
Social security costs	351	318
Operating costs of defined benefit pension schemes	753	764
Apprenticeship levy	2	-
	<u>4,913</u>	<u>5,039</u>
Staff costs	4,913	5,039
Supply staff costs	259	212
Staff restructuring costs	35	-
	<u>5,207</u>	<u>5,251</u>

Non statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £34,596 (2016: £nil). Individually, the payments were: £28,700, £3,177, and £2,719.

Staff numbers

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

	2017 Number	2016 Number
Teachers	67	68
Administration and support	64	60
Management	6	6
	<u>137</u>	<u>134</u>

BETHS GRAMMAR SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

9 Staff costs

The number of persons employed, expressed as a full time equivalent, was as follows:

	2017 Number	2016 Number
Teachers	66	65
Administration and support	45	45
Management	6	6
	<u>117</u>	<u>116</u>

Higher paid staff

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

	2017 Number	2016 Number
£60,000 - £70,000	2	1
£70,001 - £80,000	3	3
£90,001 - £100,000	-	1
	<u>-</u>	<u>1</u>

Key management personnel

The key management personnel of the Academy Trust comprise the Governors and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions, excluding employer NIC) received by key management personnel for their services to the Academy Trust was £468,216 (2016: £492,012).

BETHS GRAMMAR SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

10 Governors' remuneration and expenses

One or more of the Governors has been paid remuneration or has received other benefits from an employment with the Academy Trust. The Headteacher and other Staff Governors only receive remuneration in respect of services they provide undertaking the roles of Headteacher and staff members under their contracts of employment, and not in respect of their services as Governors.

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

R Blyghton (Headteacher from 1 May 2017):

- Remuneration £25,000 - £30,000 (2016: not appointed)
- Employer's pension contributions £0 - £5,000 (2016: not appointed)

C Maxim (Headteacher to 30 April 2017):

- Remuneration £60,000 - £65,000 (2016: £90,000 - £95,000)
- Employer's pension contributions £10,000 - £15,000 (2016: £15,000 - £20,000)

K Sangster (Staff Governor):

- Remuneration £25,000 - £30,000 (2016: £25,000 - £30,000)
- Employer's pension contributions £5,000 - £10,000 (2016: £0 - £5,000)

M Reason (Staff Governor - to 25 September 2016):

- Remuneration £0 - £5,000 (2016: £40,000 - £45,000)
- Employer's pension contributions £0 - £5,000 (2016: £5,000 - £10,000)

J Parsons (Staff Governor)

- Remuneration £50,000 - £55,000 (2016: £50,000 - £55,000)
- Employer's pension contributions £5,000 - £10,000 (2016: £5,000 - £10,000)

M Pack (Co-opted Governor)

- Remuneration £0 - £5,000 (2016: £0 - £5,000)
- Employer's pension contributions £nil (2016: £nil)

During the year, expense payments totalling £133 (2016: £541) were reimbursed or paid directly to 2 Governors (2016: 2 Governors). Reimbursements were made for expenses incurred in the normal course of employment.

Other related party transactions involving the Governors are set out within the related parties note.

11 Governors and officers Insurance

In accordance with normal commercial practice, the Academy Trust has purchased insurance to protect Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy Trust business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the year ended 31 August 2017 was £312 (2016: £1,542). The cost of this insurance is included in the total insurance cost.

BETHS GRAMMAR SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

12 Tangible fixed assets

	Freehold land and buildings £'000	Computer equipment £'000	Fixtures, fittings & equipment £'000	Total £'000
Cost				
At 1 September 2016	18,470	68	32	18,570
Additions	18	25	18	61
At 31 August 2017	18,488	93	50	18,631
Depreciation				
At 1 September 2016	3,939	52	29	4,020
Charge for the year	677	10	5	692
At 31 August 2017	4,616	62	34	4,712
Net book value				
At 31 August 2017	13,872	31	16	13,919
At 31 August 2016	14,531	16	3	14,550

Freehold land is included above at a nominal value of £1, reflecting legal restrictions as to its use.

13 Debtors

	2017 £'000	2016 £'000
Trade debtors	3	8
VAT recoverable	18	12
Prepayments and accrued income	54	15
	75	35

14 Creditors: amounts falling due within one year

	2017 £'000	2016 £'000
Trade creditors	37	-
Other taxation and social security	100	98
Accruals and deferred income	253	303
	390	401

BETHS GRAMMAR SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

15	Deferred income	2017 £'000	2016 £'000
	Deferred income is included within:		
	Creditors due within one year	35	25
	Deferred income at 1 September 2016	25	68
	Released from previous years	(25)	(68)
	Amounts deferred in the year	35	25
	Deferred income at 31 August 2017	35	25

Deferred income of £35k (2016: £25k) relates to balances on trips/activities occurring in the next financial year.

16	Funds	Balance at 1 September 2016 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2017 £'000
	Restricted general funds					
	General Annual Grant	1,175	6,427	(6,282)	(43)	1,277
	Other DfE / ESFA grants	22	-	(12)	-	10
	Pupil premium	-	82	(68)	-	14
	Other government grants	33	58	(91)	-	-
	Other restricted funds	162	291	(266)	-	187
	Funds excluding pensions	1,392	6,858	(6,719)	(43)	1,488
	Pension reserve	(2,348)	-	114	582	(1,652)
		(956)	6,858	(6,605)	539	(164)
	Restricted fixed asset funds					
	Transferred on conversion	12,880	-	(642)	-	12,238
	DfE / ESFA capital grants	885	363	(17)	-	1,231
	Capital expenditure from GAG and other funds	865	-	(33)	43	875
		14,630	363	(692)	43	14,344
	Total restricted funds	13,674	7,221	(7,297)	582	14,180
	Unrestricted funds					
	General funds	373	350	(285)	-	438
	Total funds	14,047	7,571	(7,582)	582	14,618

BETHS GRAMMAR SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

16 Funds

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

The Restricted General Funds are used to fund the general operating costs of the Academy.

The Restricted LGPS Fund represents the Academy's share of the LGPS Pension Fund deficit.

The Restricted Fixed Asset Fund represents the net book value of fixed assets £13,899k (2016: £14,550k) plus the unspent element of Capital funds £425k (2016: £80k). When assets are purchased the fund is increased and depreciation charges reduce the fund.

Unrestricted Funds represent balances held at period end that can be applied at the discretion of the Governors, to support any of the Academy's charitable purposes.

Movements in funds - previous year

	Balance at 1 September 2015 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2016 £'000
Restricted general funds					
General Annual Grant	715	6,621	(6,162)	1	1,175
Other DfE / ESFA grants	-	83	(61)	-	22
Other government grants	33	12	(12)	-	33
Other restricted funds	127	377	(342)	-	162
	<u>875</u>	<u>7,093</u>	<u>(6,577)</u>	<u>1</u>	<u>1,392</u>
Funds excluding pensions					
Pension reserve	(1,280)	-	(117)	(951)	(2,348)
	<u>(405)</u>	<u>7,093</u>	<u>(6,694)</u>	<u>(950)</u>	<u>(956)</u>
Restricted fixed asset funds					
Transferred on conversion	13,522	-	(642)	-	12,880
DfE / ESFA capital grants	875	29	(18)	(1)	885
Capital expenditure from GAG and other funds	900	-	(35)	-	865
	<u>15,297</u>	<u>29</u>	<u>(695)</u>	<u>(1)</u>	<u>14,630</u>
Total restricted funds	<u>14,892</u>	<u>7,122</u>	<u>(7,389)</u>	<u>(951)</u>	<u>13,674</u>
Unrestricted funds					
General funds	340	55	(22)	-	373
Total funds	<u>15,232</u>	<u>7,177</u>	<u>(7,411)</u>	<u>(951)</u>	<u>14,047</u>

BETHS GRAMMAR SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

17 Analysis of net assets between funds

	Unrestricted Funds £'000	Restricted funds: General £'000	Fixed asset £'000	Total 2017 £'000
Fund balances at 31 August 2017 are represented by:				
Tangible fixed assets	-	-	13,919	13,919
Current assets	438	1,878	425	2,741
Creditors falling due within one year	-	(390)	-	(390)
Defined benefit pension liability	-	(1,652)	-	(1,652)
	<u>438</u>	<u>(164)</u>	<u>14,344</u>	<u>14,618</u>
	Unrestricted Funds £'000	Restricted funds: General £'000	Fixed asset £'000	Total 2016 £'000
Fund balances at 31 August 2016 are represented by:				
Tangible fixed assets	-	-	14,550	14,550
Current assets	373	1,793	80	2,246
Creditors falling due within one year	-	(401)	-	(401)
Defined benefit pension liability	-	(2,348)	-	(2,348)
	<u>373</u>	<u>(956)</u>	<u>14,630</u>	<u>14,047</u>

18 Pensions and similar obligations

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012, and that of the LGPS related to the period ended 31 March 2016.

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

Teachers' Pension Scheme

Introduction

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

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

BETHS GRAMMAR SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

18 Pensions and similar obligations

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

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS 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 the TPS in the period amounted to £456k (2016: £539k).

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

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

Local Government Pension Scheme

The LGPS is a funded defined-benefit pension scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 18 for employers and 5.5% to 10.2% 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.

Total contributions made	2017 £'000	2016 £'000
Employer's contributions	459	155
Employees' contributions	55	59
Total contributions	514	214

BETHS GRAMMAR SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

18 Pensions and similar obligations

Principal actuarial assumptions	2017 %	2016 %
Rate of increases in salaries	3.70	3.30
Rate of increase for pensions in payment	2.20	1.90
Discount rate	2.40	2.10
Rate of CPI Inflation	2.20	1.80

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

	2017 Years	2016 Years
Retiring today		
- Males	23.0	23.2
- Females	26.0	25.6
Retiring in 20 years		
- Males	25.2	25.5
- Females	28.3	28.5

Sensitivity Analysis

Scheme liabilities would have been affected by changes in assumptions as follows:

	2017	2016
Discount rate + 0.1%	4,861	4,865
Discount rate - 0.1%	5,053	5,069
Mortality assumption + 1 year	5,048	5,058
Mortality assumption - 1 year	4,866	4,876

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

	2017 Fair value £'000	2016 Fair value £'000
Equities	1,986	1,618
Other Bonds	288	202
Cash / Equity	23	34
Property	350	291
Other assets	658	474
Total market value of assets	3,305	2,619
Actual return on scheme assets - gain/(loss)	242	424

BETHS GRAMMAR SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

18 Pensions and similar obligations

Amounts recognised in the statement of financial activities	2017 £'000	2016 £'000
Current service cost	302	225
Interest income	(60)	(82)
Interest cost	103	129
Total operating charge	345	272
Changes in the present value of defined benefit obligations	2017 £'000	2016 £'000
Obligations at 1 September 2016	4,967	3,314
Current service cost	295	216
Interest cost	103	129
Employee contributions	55	59
Actuarial (gain)/loss	(393)	1,302
Benefits paid	(70)	(53)
At 31 August 2017	4,957	4,967
Changes in the fair value of the Academy Trust's share of scheme assets	2017 £'000	2016 £'000
Assets at 1 September 2016	2,619	2,034
Interest income	53	73
Actuarial gain	189	351
Employer contributions	459	155
Employee contributions	55	59
Benefits paid	(70)	(53)
At 31 August 2017	3,305	2,619
Total pension scheme liabilities / obligations	(4,957)	(4,967)
Total pension scheme assets	3,305	2,619
Net Defined Benefit Pension Liability	(1,652)	(2,348)

BETHS GRAMMAR SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

19 Reconciliation of net expenditure to net cash flows from operating activities

	2017 £'000	2016 £'000
Net expenditure for the reporting period	(11)	(234)
Adjusted for:		
Capital grants from DfE/ESFA and other capital income	(363)	(29)
Investment income receivable	(10)	(6)
Defined benefit pension costs less contributions payable	(157)	70
Defined benefit pension net finance cost	43	47
Depreciation of tangible fixed assets	692	695
(Increase)/decrease in debtors	(40)	68
(Decrease) in creditors	(11)	(82)
Net cash provided by operating activities	143	529

20 Related party transactions

Owing to the nature of the Academy Trust's operations and the composition of the Board of Governors being drawn from local public and private sector organisations, transactions may take place with organisations in which Governors have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy Trust's financial regulations and normal procurement procedures.

The following related party transactions took place in the period of account.

The academy purchased additional tuition services from Maria Pack for £1,559 (2016: £1,737). Maria Pack is a related party by the virtue of the fact that she is a governor. The fees the school agreed to be paid to Maria were for travel time/expenses only and did not include any element of profit. There were no amounts outstanding at the year end.

The trust made the purchases at arms' length and in accordance with its financial regulations, a process in which Maria Pack did not participate or influence. In entering into the transactions the trust has complied with the requirements of ESFA's Academies Financial Handbook 2016.

21 Commitments under operating leases

At 31 August 2017 the total future minimum lease payments under non-cancellable operating leases were as follows:

	2017 £'000	2016 £'000
Amounts due within one year	13	6
Amounts due in two and five years	17	6
	<u>30</u>	<u>12</u>

BETHS GRAMMAR SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

22 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 or she is a member, or within one year after he or she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he or she ceases to be a member.

23 Agency arrangements

The academy trust distributes 16-19 bursary funds to students as an agent for the ESFA. In the accounting period ending 31 August 2017 the trust received £26,199 (2016: £26,819) and disbursed £24,953 (2016: £25,548) from the fund. The academy trust retained £1,246 (2016: £1,271) to cover costs incurred in the administration of this fund.

24 Capital commitments

	2017	2016
	£'000	£'000
Expenditure committed to but not provided in the Financial Statements	178	
Expenditure contracted for but not provided in the Financial Statements	138	-

During the year, the trust successfully applied for capital grants for a boiler project and a roofing project.

Grant funding of £189k was agreed for the boiler project all of which is included in capital income within these accounts. At 31 August 2017 professional fees of £11k had been incurred. No contractor had yet been appointed, but the project is expected to be completed in 2017/18. Anticipated future costs at 31 August 2017 were £178k.

The total anticipated costs of the roofing project are £145k, which is due to be fully funded by CIF grant. Costs incurred to 31 August 2017 were £7k, leaving expected future costs of £138k.