

Company Registration No. 08436285 (England and Wales)

GILDREDGE HOUSE FREE SCHOOL

(A COMPANY LIMITED BY GUARANTEE)

GOVERNORS' REPORT AND AUDITED ACCOUNTS

FOR THE YEAR ENDED 31 AUGUST 2017

GILDREDGE HOUSE FREE SCHOOL

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GILDREDGE HOUSE FREE SCHOOL

REFERENCE AND ADMINISTRATIVE DETAILS

Governors

J Mace (Chair of Governors)
L Baxter (Vice-Chair of Governors)
G Mace
A Molloson (Resigned 1 September 2017)
S Blower
T Scott
N Best (Resigned 24 August 2017)
R Moreton
P Amos
S Reeves (Ex-Officio) (Appointed 1 April 2017)
A Allart (Appointed 1 February 2017)
S Edwards (Appointed 1 February 2017)
G Walker (Resigned 22 February 2017)
A Delaney (Resigned 25 May 2017)
N O'Donnell (Resigned 31 December 2016)
L Gilbert (Ex-Officio) (Resigned 31 March 2017)
M West (Appointed 1 September 2017)
J Newman (Appointed 1 September 2017)
F Walker (Appointed 1 September 2017)
S McKenna (Appointed 1 September 2017)
M Ashley Taylor (Appointed 1 September 2017)

Members

- Trust member J King
- Trust member P Pyemont
- Trust member and Governor G Mace

Senior leadership team

- Head Teacher S Reeves
- Deputy Head Teacher P Barber
- Head of Lower School C Geldard
- Director of Finance & Administration J Logan
- Assistant Head D Simmonds

Company secretary

J Logan

Company registration number

08436285 (England and Wales)

Principal address and Registered office

Compton Place Road
Eastbourne
East Sussex
BN20 8AB

GILDREDGE HOUSE FREE SCHOOL

REFERENCE AND ADMINISTRATIVE DETAILS

Independent auditor

Price & Company
30-32 Gildredge Road
Eastbourne
East Sussex
BN21 4SH

Bankers

National Westminster Bank Plc
96 Terminus Road
Eastbourne
East Sussex
BN21 3LX

Solicitors

Messrs Gaby Hardwicke
33 The Avenue
Eastbourne
East Sussex
BN21 3YD

GILDREDGE HOUSE FREE SCHOOL

GOVERNORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2017

The Governors (Trustees) present their annual report together with the accounts and independent auditor's reports of the charitable company for the period 1 September 2016 to 31 August 2017. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The Academy Trust operates an Academy for students aged 4 to 19 serving the Eastbourne area. When full, the school will have a capacity of 1,340 and had a roll of 1,036 in September 2016.

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 Governors are the trustees of Gildredge House Free School and are also the directors of the charitable company for the purposes of company law. Details of the Governors 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.

Governors' indemnities

The Academy has purchased insurance to protect Governors from claims arising from negligent acts, errors or omissions occurring whilst on company business through the Department for Education's Risk Protection Arrangement. The insurance provides cover up to £10,000,000 on any one claim.

Method of recruitment and appointment or election of Governors

Governors are recruited as required via an interview process carried out by Members and Governors jointly. Parent and Staff Governors are recruited via a confidential electronic ballot of parents and staff.

A skills audit of the Trust was carried out in 2016 and recruitment of Governors has been targeted to address any identified skills gaps. Governors' terms of office are for four years and Governors may be re-elected.

Policies and procedures adopted for the induction and training of Governors

New Governors have a programme of induction and all relevant policies are made available as required. Governors are encouraged to review their skills and undertake training as identified. The Governors together with the Senior Leadership Team meet regularly during the year.

Training is delivered via in house presentations, consultants linked to individual areas for development, GEL online and training courses run by ESCC Governor Services.

GILDREDGE HOUSE FREE SCHOOL

GOVERNORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

Organisational structure

The Trust is formed of a full Governing Body which is serviced by the following committees, to which decision making powers have been delegated as per the agreed Scheme of Delegation:

- Education
- Enterprise
- Admissions
- Pay and Personnel

Governors also undertake regular monitoring visits at the school and aim to attend as many school events as possible.

The Academy Principal (Head Teacher) is the appointed Accounting Officer of the Trust.

Arrangements for setting pay and remuneration of key management personnel

Governors have appointed their Head Teacher, in accordance with the Trust's Articles of Association and details as laid out in the Academies Financial Handbook. The Head Teacher's Annual performance management is undertaken with the support of external advisors and targets set in accordance with the requirements of the school. SLT members, are appointed and approved jointly by the Head Teacher and Governors, with responsibility levels being agreed at Governor level to address the needs of the school and requirements of the funding agreement. All are subject to robust performance management relevant to their post and responsibilities.

Related parties and other connected charities and organisations

Gildredge House presently has no connected parties.

Objectives and activities

Objects and aims

Gildredge House is an all-through 4-19 state-funded Free School, which was set up by a founding group which included parents. The Academy Trust's objectives are set out in its Articles of Association. Its principal objectives are:

- a. to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum.
- b. to promote for the benefit of the inhabitants of Eastbourne 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.

GILDREDGE HOUSE FREE SCHOOL

GOVERNORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

Objectives, strategies and activities

Our vision for Gildredge House

This vision was developed and agreed with staff and Governors:

All students will be cooperative, confident, ambitious and successful regardless of their background. We expect students to meet academic challenges, discover their passions, develop confidence, and contribute positively to society, be resilient and become independent thinkers prepared for successful and fulfilling lives.

Key characteristics of Gildredge House

- continuity of education for boys and girls aged 4-19
- a broad range of academic subjects promoting intellectual stimulation and inquiry
- an expectation of high academic standards leading to Sixth Form studies
- smaller than average class sizes
- strong discipline
- excellent pastoral care
- a solid foundation in the Lower school
- an extended day for older students
- supervised prep
- a broad range of extracurricular activities
- parent and community involvement

Objectives

Our objectives at Gildredge House are to encourage all students;

- to meet academic challenges
- to discover their passions
- to develop confidence
- to contribute positively to society
- to be resilient and become independent thinkers prepared for successful and fulfilling lives.

Activities

In September 2016, the school opened its doors to its fourth cohort of students, 60 into Reception and 144 into Year 7, with applications to these year groups again being oversubscribed.

The school role has been increased to 1,036 and will increase further to 1,116 in 2018. Recruitment has been successful and the number of teachers equates to 61 FTE with support staff being 31.

Public benefit

The Governors have complied with their duty to have due regard to the guidance on public benefit issued by the Charity Commission in exercising their powers and duties.

GILDREDGE HOUSE FREE SCHOOL

GOVERNORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

Strategic report

Achievements and performance

In 2017 Gildredge House announced its first set of A Level results as students came to the end of their first year as pioneers of the Gildredge House Sixth Form. 95% of students passed with grades A – E and 45% passing at A*-B. All students who applied to University secured a place and have moved on to higher education.

Internal data for Year 10 is showing that our first set of GCSE results is likely to be close to 80% grade 9-4 combined English and Maths.

In Reception (Early Years Foundation Stage) 83% of students achieved the GLD (Good Level of Development) against the national average of 69.4%. In Year 1, 88.0% of students passed the Phonics Screening Test, against the national average of 80.6%. In our first end of Year 2, Key Stage One tests, the students achieved as follows: School Expected standard in Reading 73%, Writing 66% and Mathematics 77%.

Key performance indicators

The key financial performance indicators for the Academy concern liquidity, budgeting and cash flow management. All are an important aspect of ensuring that the Academy can perform to the highest possible levels, and reach its goals, in both the short and long term.

The Academy receives consistent funding from the Department for Education and careful controls are in place to maintain the balance between using this funding to provide the best possible outcomes for current students and ensuring contingent funds are in place to ensure financial viability.

Financial and community support is also provided by the Friends of Gildredge House (FoGH), an organisation of parents, staff and supporters of the school.

The key non-financial performance indicators are considered to be student achievement. The results of these are encouraging.

In July 2015 Ofsted awarded Gildredge House a judgement of Outstanding in all five areas:

- Early Years Foundation Stage
- Quality of Teaching
- Quality of Student Achievement
- Behaviour and Safety
- Leadership and Management

GILDREDGE HOUSE FREE SCHOOL

GOVERNORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

Going concern

The Academy had an operational deficit of £183,145 in 2017 (Net expenditure on restricted general fund of £297,541 less £28,396 surplus on unrestricted fund, but excluding the Local Government Pension Scheme costs of £92,000 and actuarial gains of £6,000) and is being supported by the Educational and Skills Funding Agency (ESFA). A five year recovery plan has been developed and agreed by the Board of Governors projects balanced budgets whilst meeting payback requirements of the ESFA. The ESFA have confirmed that they will be working with and supporting the Trust. After making appropriate enquiries and based on the confirmation of support from the ESFA, the Board of Governors has a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason the Board of Governors continues to adopt the going concern basis in preparing the accounts. Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies.

Financial review

The vast majority of the Academy's income is obtained from the Department for Education (DfE) via the Education and Skills Funding Agency (ESFA) in the form of recurrent grants, (Revenue & Capital) the use of which is restricted to particular educational purposes. The grants received from the DfE during the period ended 31 August 2017 and the associated expenditure are shown as Restricted Funds in the Statement of Financial Activities.

The Academy has received grants for Capital additions to refurbish and extend the Academy buildings. This amounted to £9,366 in the period to 31 August 2017. The restricted fixed asset fund balance is reduced by annual depreciation charges over the useful life of the assets concerned, as defined in the Academy's accounting policies.

In the year to 31 August 2017 total expenditure excluding depreciation and the Local Government Pension Scheme was £4,346,477, including £290,605 expenditure from the School Fund and other minor grants (see Note 18). This was funded by grants from the ESFA of £3,794,418 and other government grants of £52,827 (see Note 4), School Fund income and other small grants of £279,614 (£264,167 in Note 3 and £15,447 in Note 5), School Fund and other donations of £12,934 (Note 3) and lettings and other income of £43,417 (Note 5). The excess of expenditure over income for the period (excluding the pension fund and restricted fixed asset funds) was £183,145 as shown above. Included against our GAG income is a Pupil Number Adjustment liability of £23,749 which will be repaid in future years. The closing balances on the various funds are shown in Note 18 on page 40 of the accounts.

At 31 August 2017, the net book value of fixed assets was £12,814,060 and movements in tangible fixed assets are shown in the financial statements. The assets were used exclusively for providing education and the associated support services to the Students of the Academy.

The land, buildings and other assets were transferred to the Academy upon incorporation. Land was valued at transfer of £750,000 and buildings further to refurbishment and extension are included in the accounts at £11,899,074. Other assets have been included in the financial statements at cost less depreciation.

GILDREDGE HOUSE FREE SCHOOL

GOVERNORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

The Academy accounts for the deficit in the Local Government Pension Scheme in respect of its non-teaching staff. The deficit is incorporated within the Statement of Financial Activity with details in the financial statements.

Key financial policies adopted or reviewed during the year include the Admissions Policy 2016-17, Articles of Association, Register of Interests of Head Teacher and Governors, Charging and Remissions Policies, Staff Pay and Progression Policy, Data Protection Policy.

Key documents created and reviewed:

Financial Regulations manual including: Anti-Corruption & Bribery Policy, Conflicts of Interest Policy, Whistle Blowing Policy, Risk Register, School Development Plan.

The Finance Regulations Manual sets out the framework for financial management, including financial responsibilities of the Trustees, Headteacher (as Accounting Officer), the Finance & Administration Director, SLT, Budget holders and other affected staff; as well as delegated authority for expenditure and procurement protocols.

The audit functions of the Academy have been carried out by a Responsible Officer and External Auditors, Price & Company, who have then submitted reports to the Audit / Enterprise Committee.

The Governors have agreed a strategic approach to robust financial management and budgetary control whilst continuing to invest in Human and Physical resources to sustain the Academy's development priorities. They have also taken a prudent approach to policy on Reserves in order to protect the organisation from commercial, political and financial risk.

This strategic plan is in line with and reinforces the objectives in the Academy's Funding Agreement.

GILDREDGE HOUSE FREE SCHOOL

GOVERNORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

Reserves policy

The Governors review the reserve levels of the Academy at least annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Governors, in following ESFA guidance have agreed that a fixed asset fund should be maintained, the value of which should match the net book value of fixed assets.

The balance of this fund therefore represents monies that have already been invested in fixed assets (net of depreciation charged thereon) and hence this is not a fund that is available for future spending. The balance on the fixed asset fund at 31 August 2017 was £12,814,060.

A capital fund is maintained representing capital grants received from the ESFA. This is available in accordance with the conditions of the grants, it must be used for capital expenditure. It is not therefore available to support or to fund future running costs (revenue expenditure).

A general restricted fund is maintained representing grant funding received mainly from the ESFA to fund the operating activities of the Academy. The fund was £386,880 in deficit at 31 August 2017. This deficit includes an amount of £6,000 relating to the actuarial gain on the pension schemes for the year.

An unrestricted general fund is maintained, representing funds raised or generated by the Academy, to which no restrictions apply, beyond the general requirement that they be applied to the company's educational and charitable objectives. The balance on this fund at 31 August 2017 was £28,452.

The Academy maintains one further fund, the Local Government Pension Scheme (LGPS) fund. This represents the company's share of the pension fund surplus or deficit, calculated in accordance with the requirements of FRS 102. Further details of the calculations and assumptions underlying the balance on this fund are set out in the financial statements.

Investment policy and powers

Investments must be made only after approval by the Full Governing Board.

All investments must be recorded in sufficient detail to identify the investment and to enable the current market value to be calculated. The information required will normally be the date of purchase, the cost and a description of the investment, income receivable from the investment.

Presently the Academy holds no such investments.

Principal risks and uncertainties

The Governors have assessed the major risks to which the Academy is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Academy, and its finances. The Governors have implemented a number of systems to assess risks that the school faces, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school trips) and in relation to the control of finance. They have introduced systems, including operational procedures (e.g. vetting of new staff and visitors, supervision of school grounds) and internal financial controls (see below) in order to minimise risk.

GILDREDGE HOUSE FREE SCHOOL

GOVERNORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

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 following statement. The Governors are satisfied that systems are in place to mitigate exposure to the major risks.

Financial and risk management objectives and policies

The Governors take into account the sum carried forward for the year and the likelihood that central government financial support will reduce in coming years. Governors will keep the position 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.

Financial risk is part of the Academy risk register and is regularly monitored and reviewed by Governors and SLT.

The Academy's financial management procedures follows the Gildredge House Financial Regulations Manual which has been written in consideration of the advice and guidance contained within the current Academies Financial Handbook. The Financial Regulations Manual and financial management procedures are regularly reviewed and revised to minimise risk and ensure best practice to achieve best value principles.

Plans for future periods

We prepared to welcomed the 5th cohort of Year 7 and Reception in September 2017, which were once again oversubscribed. We were also looking forward to welcoming the 2nd cohort of students into our Sixth Form (Year 12).

We will continue to embed the ethos and vision of the school as it is proposed to grow from 1,036 students in September 2017, to 1,116 students in September 2018.

We will continue to focus, through the development of the School Development Plan, on the four Ofsted areas of Quality of Student Achievement, Quality of Teaching, Behaviour and Safety and Leadership and Management. In these areas, we will continue to aspire to sustain the high quality of the 'Outstanding' Ofsted judgements made in June 2015.

GILDREDGE HOUSE FREE SCHOOL

**GOVERNORS' REPORT (CONTINUED)
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.

A resolution proposing that Price & Company be reappointed as auditor of the charitable company will be put to the members.

The Governors' report, incorporating a strategic report, was approved by order of the Board of Governors, as the company directors, on 13 December 2017 and signed on its behalf by:



J Mace
Chair of Governors

GILDREDGE HOUSE FREE SCHOOL

GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 AUGUST 2017

Scope of responsibility

As Governors we acknowledge we have overall responsibility for ensuring that Gildredge House Free 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 Principal, as accounting officer, for ensuring financial controls conform to 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 Gildredge House Free School and the Secretary of State for Education. They are also responsible for reporting to the Board of Governors any material weaknesses or breakdowns in internal control.

GILDREDGE HOUSE FREE SCHOOL

GOVERNANCE STATEMENT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

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 nine times during the year. Attendance during the year at meetings of the Board of Governors was as follows:

Governors	Meetings attended	Out of possible
J Mace (Chair of Governors)	9	9
L Baxter (Vice-Chair of Governors)	8	9
G Mace	8	9
A Molloson (Resigned 1 September 2017)	9	9
S Blower	9	9
T Scott	5	9
N Best (Resigned 24 August 2017)	6	9
R Moreton	7	9
P Amos	5	9
S Reeves (Ex-Officio) (Appointed 1 April 2017)	2	2
A Allart (Appointed 1 February 2017)	2	3
S Edwards (Appointed 1 February 2017)	3	3
G Walker (Resigned 22 February 2017)	3	6
A Delaney (Resigned 25 May 2017)	3	9
N O'Donnell (Resigned 31 December 2016)	0	6
L Gilbert (Ex-Officio) (Resigned 31 March 2017)	7	7
M West (Appointed 1 September 2017)	0	0
J Newman (Appointed 1 September 2017)	0	0
F Walker (Appointed 1 September 2017)	0	0
S McKenna (Appointed 1 September 2017)	0	0
M Ashley Taylor (Appointed 1 September 2017)	0	0

With several changes this year on the Governing Board a skills audit was undertaken to identify areas in which the Board could improve. This skills audit formed the basis of recruiting new governors.

The Governing Board has plans for a self-review of governance for early 2017 and this to be followed by an external review of governance.

Review of value for money

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

GILDREDGE HOUSE FREE SCHOOL

GOVERNANCE STATEMENT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

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 Governors where value for money can be improved, including the use of benchmarking data where available.

Ofsted Outstanding Teaching and Achievement has been achieved by careful recruitment and deployment of teaching staff to maximise expertise both inside the classroom and outside in the school's extensive extra-curricular 'Twilight' programme. Similarly, careful recruitment and deployment of support staff to maximise expertise has allowed for evolution and development of departments and individual roles in order to support the growing community. The school has worked with the ICT provider to ensure best value for money with the increased IT provision, which will provide the school with income generation opportunities, as well as supporting the quality of delivery of the curriculum.

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 Gildredge House Free School for the period 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and accounts.

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 ongoing process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the period 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Board of Governors.

**GOVERNANCE STATEMENT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2017**

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 Enterprise 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 Price & Company, the external auditor, to perform additional checks.

The external auditor's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. The external auditor reports to the Board of Governors through the Enterprise committee/Audit committee on the operation of the systems of control and on the discharge of the financial responsibilities of the Board of Governors.

Review of effectiveness

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

- the work of the external auditor;
- the 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 has been advised of the implications of the result of their review of the system of internal control by the Enterprise 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 13 December 2017 and signed on its behalf by:



J Mace
Chair of Governors

GILDREDGE HOUSE FREE SCHOOL

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE FOR THE YEAR ENDED 31 AUGUST 2017

As Accounting Officer of Gildredge House Free 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.



S Reeves

Accounting Officer

13 December 2017

GILDREDGE HOUSE FREE SCHOOL

STATEMENT OF GOVERNORS' RESPONSIBILITIES FOR THE YEAR ENDED 31 AUGUST 2017

The Governors (who act as trustees for Gildredge House Free School and are also the directors of Gildredge House Free School for the purposes of company law) are responsible for preparing the Governors' Report and the accounts 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 accounts for each financial year. Under company law the Governors must not approve the accounts 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 accounts, 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 accounts; and
- prepare the accounts 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 accounts 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 to the requirements both of propriety and of good financial management. They are also responsible for ensuring that grants received from the EFA/DfE have been applied for the purposes intended.

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

Approved by order of the Board of Governors on 13 December 2017 and signed on its behalf by:



J Mace
Chair of Governors

GILDREDGE HOUSE FREE SCHOOL

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GILDREDGE HOUSE FREE SCHOOL

Opinion

We have audited the accounts of Gildredge House Free 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 accounts, 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 accounts:

- 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 accounts' 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 accounts 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 accounts is not appropriate; or
- the Governors have not disclosed in the accounts 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 accounts are authorised for issue.

GILDREDGE HOUSE FREE SCHOOL

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GILDREDGE HOUSE FREE SCHOOL (CONTINUED)

Other information

The other information comprises the information included in the annual report, other than the accounts and our auditor's report thereon. The Governors are responsible for the other information. Our opinion on the accounts 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 accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts 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 accounts 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 accounts are prepared is consistent with the accounts; and
- the Governors' Report including the incorporated 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 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 accounts 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 accounts 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 accounts that are free from material misstatement, whether due to fraud or error.

In preparing the accounts, 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.

GILDREDGE HOUSE FREE SCHOOL

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GILDREDGE HOUSE FREE SCHOOL (CONTINUED)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the accounts 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 accounts.

A further description of our responsibilities for the audit of the accounts 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.



**Mr Malcolm Preece BA FCA DChA (Senior Statutory Auditor)
for and on behalf of Price & Company**

**Chartered Accountants
Statutory Auditor**

30-32 Gildredge Road
Eastbourne
East Sussex
BN21 4SH

GILDREDGE HOUSE FREE SCHOOL

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO GILDREDGE HOUSE FREE SCHOOL AND THE EDUCATION AND SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter dated 15 September 2014 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 Gildredge House Free 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 Gildredge House Free School and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Gildredge House Free 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 Gildredge House Free School and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Gildredge House Free School's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Gildredge House Free School's funding agreement with the Secretary of State for Education dated 22 August 2013 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.

GILDREDGE HOUSE FREE SCHOOL

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

	Notes	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total 2017 £	Total 2016 £
Income and endowments from:						
Donations and capital grants	3	12,534	15,447	9,366	37,347	100,127
Charitable activities:						
- Funding for educational operations	4	-	3,847,245	-	3,847,245	2,940,949
Other trading activities	5	43,417	264,167	-	307,584	251,613
Investments	6	766	-	-	766	821
Total income and endowments		56,717	4,126,859	9,366	4,192,942	3,293,510
Expenditure on:						
Charitable activities:						
- Educational operations	8	-	4,438,477	523,570	4,962,047	3,880,322
Total expenditure	7	-	4,438,477	523,570	4,962,047	3,880,322
Net income/(expenditure)		56,717	(311,618)	(514,204)	(769,105)	(586,812)
Transfers between funds		(28,321)	8,077	20,244	-	-
Other recognised gains and losses						
Actuarial gains/(losses) on defined benefit pension schemes	20	-	6,000	-	6,000	(72,000)
Net movement in funds		28,396	(297,541)	(493,960)	(763,105)	(658,812)
Reconciliation of funds						
Total funds brought forward		56	(89,339)	13,308,020	13,218,737	13,877,549
Total funds carried forward		28,452	(386,880)	12,814,060	12,455,632	13,218,737

GILDREDGE HOUSE FREE SCHOOL

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO GILDREDGE HOUSE FREE SCHOOL AND THE EDUCATION AND SKILLS FUNDING AGENCY

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Respective responsibilities of Gildredge House Free School's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Gildredge House Free School's funding agreement with the Secretary of State for Education dated 22 August 2013 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.

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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.

GILDREDGE HOUSE FREE SCHOOL

BALANCE SHEET AS AT 31 AUGUST 2017

	Notes	2017		2016	
		£	£	£	£
Fixed assets					
Tangible assets	12		12,814,060		13,308,020
Current assets					
Debtors	14	124,886		91,373	
Cash at bank and in hand		296,752		226,084	
		<u>421,638</u>		<u>317,457</u>	
Current liabilities					
Creditors: amounts falling due within one year	15	(288,165)		(282,740)	
Net current assets			133,473		34,717
Total assets less current liabilities			12,947,533		13,342,737
Creditors: amounts falling due after more than one year	16		(281,901)		-
Net assets excluding pension liability			12,665,632		13,342,737
Defined benefit pension liability	20		(210,000)		(124,000)
Net assets			<u>12,455,632</u>		<u>13,218,737</u>
Funds of the Academy Trust:					
Restricted funds	18				
- Fixed asset funds			12,814,060		13,308,020
- Restricted income funds			(176,880)		34,661
- Pension reserve			(210,000)		(124,000)
Total restricted funds			<u>12,427,180</u>		<u>13,218,681</u>
Unrestricted income funds	18		28,452		56
Total funds			<u>12,455,632</u>		<u>13,218,737</u>

The accounts set out on pages 23 to 49 were approved by the Board of Governors and authorised for issue on 13 December 2017 and are signed on its behalf by:



J Mace
Chair of Governors

Company Number 08436285

GILDREDGE HOUSE FREE SCHOOL**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2017**

	Notes	2017 £	£	2016 £	£
Cash flows from operating activities					
Net cash provided by operating activities	21		90,146		105,647
Cash flows from investing activities					
Dividends, interest and rents from investments		766		821	
Capital grants from DfE and ESFA		9,366		82,098	
Payments to acquire tangible fixed assets		(29,610)		(75,088)	
			(19,478)		7,831
Change in cash and cash equivalents in the reporting period			70,668		113,478
Cash and cash equivalents at 1 September 2016			226,084		112,606
Cash and cash equivalents at 31 August 2017			296,752		226,084

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

1 Accounting policies

Gildredge House Free School is a charitable company. The address of its principal place of business is given on page 1 and the nature of its operations are set out in the Governors' Report.

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

Gildredge House Free School meets the definition of a public benefit entity under FRS 102.

1.2 Going concern

As shown on the SOFA on page 23, the Academy incurred an operational deficit of £275,145 in 2017 and is being supported by the Educational and Skills Funding Agency (ESFA) by means of advance revenue funding for the academic year of £281,901. A five year recovery plan has been developed and agreed by the Board of Governors which projects balanced budgets whilst meeting payback requirements of the ESFA. The ESFA have confirmed that they will be working with and supporting the Trust.

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 accounts and, after making appropriate enquiries and based on the confirmation of support from the ESFA, the Board of Governors 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies (Continued)

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.

Donations

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

Other income

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

Donated goods, facilities and services

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

Donated fixed assets

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies (Continued)

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.

1.5 Tangible fixed assets and depreciation

Assets costing £5,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding 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. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the statement of financial activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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

1 Accounting policies (Continued)

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 property	50 years
Computer equipment	3 years
Fixtures, fittings and equipment	10 years
Motor vehicles	4 years

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

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

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies (Continued)

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.

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 20, 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.

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.

GILBREDGE HOUSE FREE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies (Continued)

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.

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 20, 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.

3 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
Capital grants	-	9,366	9,366	82,098
Other donations	12,534	15,447	27,981	18,029
	<u>12,534</u>	<u>24,813</u>	<u>37,347</u>	<u>100,127</u>

GILBREDGE HOUSE FREE 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 £	Restricted funds £	Total 2017 £	Total 2016 £
DfE / ESFA grants				
General annual grant (GAG)	-	3,517,903	3,517,903	2,570,046
Start up grants	-	101,500	101,500	199,000
Other DfE / ESFA grants	-	175,015	175,015	133,458
	-	3,794,418	3,794,418	2,902,504
Other government grants				
Local authority grants	-	52,827	52,827	38,445
Total funding	-	3,847,245	3,847,245	2,940,949

5 Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
Lettings income	42,211	-	42,211	30,866
Catering income	-	159,839	159,839	101,467
Trips and activities income	-	104,328	104,328	118,471
Other income	1,206	-	1,206	809
	43,417	264,167	307,584	251,613

6 Investment income

	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
Short term deposits	766	-	766	821

GILDREDGE HOUSE FREE SCHOOL

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

7 Expenditure

	Staff costs £	Premises & equipment £	Other costs £	Total 2017 £	Total 2016 £
Academy's educational operations					
- Direct costs	3,116,770	-	222,349	3,339,119	2,380,121
- Allocated support costs	456,077	753,633	413,218	1,622,928	1,500,201
	<u>3,572,847</u>	<u>753,633</u>	<u>635,567</u>	<u>4,962,047</u>	<u>3,880,322</u>

Net income/(expenditure) for the year includes:

	2017 £	2016 £
Fees payable to auditor for:		
- Audit	4,550	3,500
- Other services	2,000	1,500
Operating lease rentals	15,286	2,148
Depreciation of tangible fixed assets	523,570	625,051
Net interest on defined benefit pension liability	3,000	1,000
	<u>548,456</u>	<u>1,578,600</u>

8 Charitable activities

	2017 £	2016 £
All from restricted funds:		
Direct costs - educational operations	3,339,119	2,380,121
Support costs - educational operations	1,622,928	1,500,201
	<u>4,962,047</u>	<u>3,880,322</u>

Analysis of costs

	2017 £	2016 £
Direct costs		
Teaching and educational support staff costs	3,108,185	2,162,028
Staff development	8,585	7,375
Educational supplies and services	116,358	111,506
Examination fees	22,148	-
Other direct costs	83,843	99,212
	<u>3,339,119</u>	<u>2,380,121</u>

GILDREDGE HOUSE FREE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

8 Charitable activities (Continued)

Support costs

Support staff costs	454,012	321,222
Depreciation and amortisation	523,570	625,051
Technology costs	73,082	56,343
Recruitment and support	13,949	9,899
Maintenance of premises and equipment	79,023	57,301
Cleaning	14,982	5,477
Energy costs	55,405	74,920
Rent and rates	58,317	66,703
Insurance	22,336	46,004
Security and transport	8,267	5,993
Catering	246,098	175,537
Interest and finance costs	3,000	1,000
Other support costs	49,172	47,229
Governance costs	21,715	7,522
	<u>1,622,928</u>	<u>1,500,201</u>

9 Staff costs

	2017	2016
	£	£
Wages and salaries	2,793,910	1,976,715
Social security costs	251,636	164,393
Operating costs of defined benefit pension schemes	493,063	308,048
	<u>3,538,609</u>	<u>2,449,156</u>
Staff costs		
Supply staff costs	22,493	33,958
Staff development and other staff costs	11,745	8,365
	<u>3,572,847</u>	<u>2,491,479</u>

GILDREDGE HOUSE FREE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

9 Staff costs (Continued)

Staff numbers

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

	2017 Number	2016 Number
Teachers	61	41
Administration and support	31	21
	<u>92</u>	<u>62</u>

Higher paid staff

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

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

Key management personnel

The key management personnel of the Academy Trust comprise the Governors and the senior leadership team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust was £404,447 (2016 : £ 317,999).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2017

10 Governors' remuneration and expenses

The Principal and other staff Governors only receive remuneration in respect of services they provide undertaking the roles of Principal and staff, and not in respect of their services as Governors. Other Governors did not receive any payments, other than expenses, from the Academy Trust in respect of their role as Governors. During the year, payments totalling £Nil (2016: £29) were reimbursed to one Governor.

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

Lea Gilbert (Principal and Staff Governor to 31 March 2017):

Remuneration £60,000 - £70,000 (2016: £90,000 - £100,000)

Employer's pension contributions paid £10,000 - £15,000 (2016: £15,000 - £20,000)

Stuart Reeves (Principal and Staff Governor from 1 April 2017):

Remuneration £40,000 - £50,000 (2016: £Nil)

Employer's pension contributions paid £5,000 - £10,000 (2016: £Nil)

Adam Molloson (Staff Governor):

Remuneration £45,000 - £50,000 (2016 : £45,000 - £50,000)

Employer's pension contributions paid £Nil (2016: £Nil)

Other related party transactions involving the Governors are set out within note 23 'Related party transactions'.

11 Governors and officers insurance

The Academy Trust has opted into the Department for Education's Risk Protection Arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy Trust business, and provides cover up to £10,000,000. It is not possible to quantify the Governors and officers indemnity element from the overall cost of the RPA scheme.

GILDREDGE HOUSE FREE SCHOOL

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

12 Tangible fixed assets

	Freehold property	Computer equipment	Fixtures, fittings and equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 September 2016	12,536,559	838,104	1,149,585	5,000	14,529,248
Additions	29,610	-	-	-	29,610
At 31 August 2017	12,566,169	838,104	1,149,585	5,000	14,558,858
Depreciation					
At 1 September 2016	431,269	584,769	201,440	3,750	1,221,228
Charge for the year	235,826	171,535	114,959	1,250	523,570
At 31 August 2017	667,095	756,304	316,399	5,000	1,744,798
Net book value					
At 31 August 2017	11,899,074	81,800	833,186	-	12,814,060
At 31 August 2016	12,105,290	253,335	948,145	1,250	13,308,020

13 Financial instruments

	2017 £	2016 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	73,513	78,557
Carrying amount of financial liabilities		
Measured at amortised cost	314,020	130,093

14 Debtors

	2017 £	2016 £
Trade debtors	10,112	4,238
VAT recoverable	56,769	12,816
Other debtors	58,005	74,319
	124,886	91,373

GILBREDGE HOUSE FREE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2017

15 Creditors: amounts falling due within one year	2017	2016
	£	£
Other taxation and social security	117,422	83,476
Other creditors	26,069	83,147
Accruals and deferred income	144,674	116,117
	<u>288,165</u>	<u>282,740</u>
	<u><u>288,165</u></u>	<u><u>282,740</u></u>
16 Creditors: amounts falling due after more than one year	2017	2016
	£	£
Other creditors	281,901	-
	<u>281,901</u>	<u>-</u>
	<u><u>281,901</u></u>	<u><u>-</u></u>

The ESFA has provided advance revenue funding for the academic year 2016/17 to the Academy Trust based on the recovery plan submitted in September 2016. This advance was paid in two instalments in February and August 2017, and will be repaid in full by August 2021 or sooner, if circumstances allow, with repayments commencing in September 2018.

17 Deferred income	2017	2016
	£	£
Deferred income is included within:		
Creditors due within one year	138,624	69,171
	<u>138,624</u>	<u>69,171</u>
Deferred income at 1 September 2016	69,171	35,561
Released from previous years	(69,171)	(35,561)
Amounts deferred in the year	138,624	69,171
	<u>138,624</u>	<u>69,171</u>
Deferred income at 31 August 2017	<u><u>138,624</u></u>	<u><u>69,171</u></u>

At the balance sheet date, the Academy Trust was holding funds in advance from the ESFA relating to Pupil Premium of £29,857, free school meals for infants of £44,127 for the autumn term 2017, DFC capital payment of £13,242 to refurbish the Academy buildings in 2017, £46,398 for school trips to Iceland and Austria and a £5,000 INA donation.

GILDREDGE HOUSE FREE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2017

18 Funds

	Balance at 1 September 2016 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2017 £
Restricted general funds					
General Annual Grant	14,367	3,517,903	(3,727,072)	-	(194,802)
Start up grants	-	101,500	(101,500)	-	-
Other DfE / ESFA grants	-	175,015	(175,015)	-	-
Other government grants	16,458	52,827	(52,285)	-	17,000
Other restricted funds	3,836	279,614	(290,605)	8,077	922
	<u>34,661</u>	<u>4,126,859</u>	<u>(4,346,477)</u>	<u>8,077</u>	<u>(176,880)</u>
Funds excluding pensions	(124,000)	-	(92,000)	6,000	(210,000)
	<u>(89,339)</u>	<u>4,126,859</u>	<u>(4,438,477)</u>	<u>14,077</u>	<u>(386,880)</u>
Restricted fixed asset funds					
DfE / ESFA capital grants	13,308,020	9,366	(523,570)	20,244	12,814,060
	<u>13,308,020</u>	<u>9,366</u>	<u>(523,570)</u>	<u>20,244</u>	<u>12,814,060</u>
Total restricted funds	<u>13,218,681</u>	<u>4,136,225</u>	<u>(4,962,047)</u>	<u>34,321</u>	<u>12,427,180</u>
Unrestricted funds					
General funds	56	56,717	-	(28,321)	28,452
	<u>56</u>	<u>56,717</u>	<u>-</u>	<u>(28,321)</u>	<u>28,452</u>
Total funds	<u>13,218,737</u>	<u>4,192,942</u>	<u>(4,962,047)</u>	<u>6,000</u>	<u>12,455,632</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2017

18 Funds (Continued)

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

General Annual Grant (GAG) must be used for the normal running costs of the Academy Trust. Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2017.

Start up grants represent start up money from the Department of Education (DfE).

Other DfE/ESFA grants are for particular purposes within the Academy Trust's educational operations. These include the Pupil Premium which are additional funds to support disadvantaged pupils and close the attainment gap between them and their peers.

Other government grants include money received from the Local Authority in support of disadvantaged pupils.

Other restricted funds include monies in regards to trips and activities, and catering. During the period, catering funds had an excess of expenditure over income and trips and activities funds had an excess of income over expenditure. The transfer shown of £8,077 represents the top-up from unrestricted funds. A Donation of £3,150 was received during the year and added to the unspent income of £3,836 from FOGH in 2016. Expenditure from this fund amounted to £6,492 for the year, leaving a balance of £494 carried forward to next year. The lower school garden fund had an excess of income over expenditure of £428 to carry forward to next year.

The costs and income associated with the defined benefit pension scheme have been recorded in the restricted general fund. Staff costs are paid from this fund, including contributions to the LGPS, and the pension liability has therefore been aligned with those costs.

DfE/ESFA capital grants represents capital monies received during the period from the ESFA. These monies had all been spent in the period. Depreciation relating to capital items bought with these grants is charged to this fund as it occurs.

Unrestricted funds represents funds generated via activities such as from school uniform sales, bank interest receivable and donations. The surplus on this fund at the end of the financial period and after the transfer to other restricted funds was £28,452 and can be used at the discretion of the Governors to meet the charitable objectives of the Academy Trust.

The Academy Trust is carrying a net deficit of £148,428 on restricted general funds (excluding pension reserve) plus unrestricted funds. Due to changes in the Academy's student demographic which could not be predicted, the ESFA Minimum Funding Guarantee did not apply and therefore a significant amount of income was lost, resulting in a deficit for the year.

The Academy Trust is taking the following action to return these funds to surplus and has agreed a recovery plan with the EFSA. As a result, the EFSA has provided the Academy Trust with additional funding of £281,901 for the academic year 2016/17. This amount will be repayable by the Academy Trust between September 2018 and August 2021. This amount is included in 'Creditors: amounts falling due after more than one year' as other creditors.

GILDREDGE HOUSE FREE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2017

18 Funds (Continued)

Movements in funds - previous year

	Balance at 1 September 2015 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2016 £
Restricted general funds					
General Annual Grant	2,339	2,570,046	(2,615,391)	57,373	14,367
Start up grants	-	199,000	(199,000)	-	-
Other DfE / ESFA grants	-	133,458	(133,458)	-	-
Other government grants	-	38,445	(21,987)	-	16,458
Other restricted funds	28,950	233,919	(261,435)	2,402	3,836
	<u>31,289</u>	<u>3,174,868</u>	<u>(3,231,271)</u>	<u>59,775</u>	<u>34,661</u>
Funds excluding pensions	(28,000)	-	(24,000)	(72,000)	(124,000)
	<u>3,289</u>	<u>3,174,868</u>	<u>(3,255,271)</u>	<u>(12,225)</u>	<u>(89,339)</u>
Restricted fixed asset funds					
DfE / ESFA capital grants	13,857,983	82,098	(625,051)	(7,010)	13,308,020
	<u>13,861,272</u>	<u>3,256,966</u>	<u>(3,880,322)</u>	<u>(19,235)</u>	<u>13,218,681</u>
Total restricted funds					
	<u>13,861,272</u>	<u>3,256,966</u>	<u>(3,880,322)</u>	<u>(19,235)</u>	<u>13,218,681</u>
Unrestricted funds					
General funds	16,277	36,544	-	(52,765)	56
	<u>16,277</u>	<u>36,544</u>	<u>-</u>	<u>(52,765)</u>	<u>56</u>
Total funds	<u>13,877,549</u>	<u>3,293,510</u>	<u>(3,880,322)</u>	<u>(72,000)</u>	<u>13,218,737</u>

GILDREDGE HOUSE FREE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2017

19 Analysis of net assets between funds

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total 2017 £
Fund balances at 31 August 2017 are represented by:				
Tangible fixed assets	-	-	12,814,060	12,814,060
Current assets	28,452	393,186	-	421,638
Creditors falling due within one year	-	(288,165)	-	(288,165)
Creditors falling due after one year	-	(281,901)	-	(281,901)
Defined benefit pension liability	-	(210,000)	-	(210,000)
	<u>28,452</u>	<u>(386,880)</u>	<u>12,814,060</u>	<u>12,455,632</u>
	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total 2016 £
Fund balances at 31 August 2016 are represented by:				
Tangible fixed assets	-	-	13,308,020	13,308,020
Current assets	56	317,401	-	317,457
Creditors falling due within one year	-	(282,740)	-	(282,740)
Defined benefit pension liability	-	(124,000)	-	(124,000)
	<u>56</u>	<u>(89,339)</u>	<u>13,308,020</u>	<u>13,218,737</u>

20 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 East Sussex County Council. 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.

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

20 Pensions and similar obligations (Continued)

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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 £321,166 (2015: £230,918).

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2017

20 Pensions and similar obligations (Continued)

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

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 16.% for employers and employees rates vary according to salary levels.

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	2016
	£	£
Employer's contributions	81,000	56,000
Employees' contributions	25,000	19,000
	<hr/>	<hr/>
Total contributions	106,000	75,000
	<hr/> <hr/>	<hr/> <hr/>
Principal actuarial assumptions	2017	2016
	%	%
Rate of increases in salaries	2.8	4.1
Rate of increase for pensions in payment	2.4	2.1
Discount rate	2.5	2.1
Expected return on assets	12.4	21.1
	<hr/> <hr/>	<hr/> <hr/>

GILDREDGE HOUSE FREE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

20 Pensions and similar obligations (Continued)

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	22.1	22.2
- Females	24.4	24.4
Retiring in 20 years		
- Males	23.8	24.2
- Females	26.3	26.7

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

	2017 Fair value £	2016 Fair value £
Equities	574,000	151,000
Bonds	112,000	35,000
Property	80,000	22,000
Other assets	32,000	8,000
Total market value of assets	798,000	216,000
Actual return on scheme assets - gain	477,000	31,000

Amounts recognised in the statement of financial activities

	2017 £	2016 £
Current service cost	170,000	79,000
Interest cost	3,000	1,000
Total operating charge	173,000	80,000

GILDREDGE HOUSE FREE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

20 Pensions and similar obligations (Continued)

Changes in the present value of defined benefit obligations	2017 £	2016 £
Obligations at 1 September 2016	340,000	138,000
Current service cost	170,000	79,000
Interest cost	9,000	7,000
Employee contributions	25,000	19,000
Actuarial loss	465,000	97,000
Benefits paid	(1,000)	-
	<hr/>	<hr/>
At 31 August 2017	1,008,000	340,000
	<hr/> <hr/>	<hr/> <hr/>

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

	2017 £	2016 £
Assets at 1 September 2016	216,000	110,000
Interest income	6,000	6,000
Actuarial gain	471,000	25,000
Employer contributions	81,000	56,000
Employee contributions	25,000	19,000
Benefits paid	(1,000)	-
	<hr/>	<hr/>
At 31 August 2017	798,000	216,000
	<hr/> <hr/>	<hr/> <hr/>

GILDREDGE HOUSE FREE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

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

	2017	2016
	£	£
Net expenditure for the reporting period	(769,105)	(586,812)
Adjusted for:		
Capital grants from DfE/ESFA and other capital income	(9,366)	(82,098)
Investment income receivable	(766)	(821)
Defined benefit pension costs less contributions payable	89,000	23,000
Defined benefit pension net finance cost	3,000	1,000
Depreciation of tangible fixed assets	523,570	625,051
(Increase)/decrease in debtors	(33,513)	530,152
Increase/(decrease) in creditors	287,326	(403,825)
Net cash provided by operating activities	90,146	105,647

22 Commitments under operating leases

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

	2017	2016
	£	£
Amounts due within one year	15,286	2,864
Amounts due in two and five years	13,138	3,579
	<u>28,424</u>	<u>6,443</u>

23 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 the Academy Trust has 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.

No related party transactions took place in the period of account other than certain Governors' remuneration and expenses already disclosed in note 10.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2017

24 Members' liability

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

