

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 2019

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 S Blower (Resigned 7 November 2019) T Scott R Moreton (Resigned 12 February 2019) P Amos S Reeves (Ex-Officio) A Allart S Edwards M West J Newman F Walker S McKenna M Ashley Taylor
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Members

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

Senior leadership team

- Head Teacher	S Reeves
- Head of Lower School	C Geldard
- Director of Finance & Administration	J Logan
- Assistant Head	D Simmonds
- Assistant Head	J Towner
- Director of Sixth Form	J Graffham

Company secretary	J Logan
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Company registration number	08436285 (England and Wales)
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Principal address and Registered office	Compton Place Road Eastbourne East Sussex BN20 8AB
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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 2019

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 2018 to 31 August 2019. 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 1,260 and had a roll of 1,098 in September 2019.

Structure, governance and management

Constitution

The Academy Trust is a company limited by guarantee and an exempt charity. The charitable company's Memorandum and Articles of Association are the primary governing documents of the Academy Trust.

The 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 May 2019 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, the learning link (NGA) and training courses run by ESCC Governor Services.

GILDREDGE HOUSE FREE SCHOOL

GOVERNORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

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:

- 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.

Trade union facility time

Relevant union officials

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

Percentage of time spent on facility time

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

Percentage of pay bill spent on facility time

Total cost of facility time	-
Total pay bill	-
Percentage of the total pay bill spent on facility time	-

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	-
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Related parties and other connected charities and organisations

Gildredge House presently has no connected parties.

GILDREDGE HOUSE FREE SCHOOL

GOVERNORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

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.

Objectives, strategies and activities

Vision, Mission and Values

Our vision

We have the highest aspirations for our school community. By inspiring courage, pride and respect we will all end up as confident, ambitious and successful life-long learners.

Our Mission

Our schools motto is 'Aspire'.

Gildredge House exists in order to develop staff and students' aspirations. We expect all members of our school community to:

- develop socially and emotionally to encourage all of us to feel safe and happy in a caring and family environment;
- meet academic challenges by motivating students to love learning;
- discover their passions and dream big dreams which expand their horizons;
- develop self-confidence by offering opportunities to perform in front of others;
- contribute positively to society by having high expectations around good manners, mutual respect and from knowing right from wrong;
- develop resilience by assisting students in developing the skills to become world-ready; and
- be independent thinkers.

Activities

In September 2019, the school opened its doors to its seventh 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 1,209 and will increase further to 1,270 in 2020. Recruitment has been successful and the number of teachers equates to 58 FTE with support staff being 28.

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 2019

Strategic report

Achievements and performance

In 2019 we produced a very pleasing set of A Level results with 29% at A*-A and 100% at A*-E.

Our second set of GCSE results were very promising with English language grade 4+ at 83% and Maths grade 4+ at 81%. EBacc scores were at 31%.

Key Stage 1 results were Reading 83%, Writing 82% and Maths 85%.

Phonics 95%

GLDs 80%

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 November 2018 Ofsted awarded Gildredge House a judgement of Good. Ofsted comments on governance:

"The governing body, which includes the trustees, has high aspirations and expectations of the school. Governors have a clear vision for an all-through school to provide a seamless and high-quality education for pupils, from early years to the end of sixth form."

Going concern

The Academy had an operational surplus of £21,571 in 2019 (Net expenditure on restricted general fund of £277,957 less £56,528 surplus on unrestricted fund, but excluding actuarial losses of £243,000) and is being supported by the Educational and Skills Funding Agency (ESFA). 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.

GILDREDGE HOUSE FREE SCHOOL

GOVERNORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

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 2019 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 £45,979 in the period to 31 August 2019. 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 2019 total expenditure excluding depreciation was £5,399,610, including £193,872 expenditure from the School Fund and other minor grants (see Note 18). This was funded by grants from the ESFA of £5,090,559 and other government grants of £83,252 (see Note 4), School Fund income and other small grants of £190,842 (see Note 5), School Fund and other donations of £24,505 (Note 3) and lettings and other income of £30,872 (Note 5). The excess of income over expenditure for the period (excluding the pension fund and restricted fixed asset funds) was £21,571 as shown above. Included against our GAG income is a Pupil Number Adjustment liability of £19,802 which will be repaid in less than one year. The closing balances on the various funds are shown in Note 18 on page 40 of the accounts.

At 31 August 2019, the net book value of fixed assets was £12,080,979 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 £11,426,358. Other assets have been included in the financial statements at cost less depreciation.

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.

GILDREDGE HOUSE FREE SCHOOL

GOVERNORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

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.

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 2019 was £12,080,979.

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 £768,607 in deficit at 31 August 2019 (2018 : £490,650). This deficit includes an amount of £243,000 relating to the actuarial loss 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 2019 was £115,663.

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

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.

GILDREDGE HOUSE FREE SCHOOL

GOVERNORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

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.

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 not increase in real terms, 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.

**GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019**

Fundraising

The Governing Body is responsible for ensuring that the organisation operates within a responsible, sustainable financial framework and that the organisation has adequate resources to carry out its work.

The Governors are committed to ensuring that fundraising activities are carried out in an ethical manner.

The guiding fundraising principle is a simple one – we will only use techniques that we would be happy to be used on ourselves.

In doing so, the organisation will adhere to the following standards:

- The Governors will have regard to the Charity commissions publication 'Charity Fundraising' (CC20)
- Fundraising activities carried out by the school which will comply with all relevant laws.
- Any communications to the public made in the course of carrying out a fundraising activity shall be truthful, non-deceptive and GDR compliant.
- All monies raised via fundraising activities will be for the stated purpose of the appeal and will comply with the school's stated mission and purpose.
- All personal information collected by the school operates within GDPR compliance and is confidential and is not for sale or to be given away or disclosed to any third party without consent.
- Nobody directly or indirectly employed by or volunteering for the school shall accept personal commissions, bonuses or payments for fundraising activities on behalf of the organisation.
- No general solicitations shall be undertaken by telephone or door-to-door.
- Fundraising activities should not be undertaken if they may be detrimental to the good name or community standing of the school.
- Financial contributions will only be accepted from companies, organisations and individuals in line with Gildredge House financial regulations handbook.
- Fundraising activities should not be undertaken if they will expose the organisation to significant financial risk.
- Complaints will be dealt with in accordance with the Charity Commissions guide CC20.

Plans for future periods

We prepared to welcomed the 7th cohort of Year 7 and Reception in September 2019, which were once again oversubscribed. We were also looking forward to welcoming the 4th 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 growth.

We will continue to focus, through the development of the School Development Plan, on the four new Ofsted areas of Quality of Education, Behaviour and Attitudes, Personal Development and Leadership and Management. In these areas, we will continue to aspire to sustain the high quality of the 'Good' Ofsted judgements made in November 2018 and build on these to push for an outstanding grade by the next Ofsted inspection.

GILDREDGE HOUSE FREE SCHOOL

**GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019**

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.

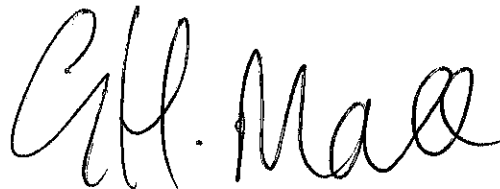
The Governors' report, incorporating a strategic report, was approved by order of the Board of Governors, as the company directors, on 12 December 2019 and signed on its behalf by:



J Mace
Chair of Governors and Trust Member



J King
Trust Member



G Mace
Trust Member

GILDREDGE HOUSE FREE SCHOOL

GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 AUGUST 2019

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.

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 seven 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)	8	8
L Baxter (Vice-Chair of Governors)	6	8
G Mace	8	8
S Blower (Resigned 7 November 2019)	1	4
T Scott	6	8
R Moreton (Resigned 12 February 2019)	2	4
P Amos	6	8
S Reeves (Ex-Officio)	8	8
A Allart	8	8
S Edwards	7	8
M West	6	8
J Newman	6	8
F Walker	7	8
S McKenna	8	8
M Ashley Taylor	4	8

GILDREDGE HOUSE FREE SCHOOL

GOVERNANCE STATEMENT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

The Board has been instrumental in setting the strategic direction of the school through input, evaluation and monitoring of the School Development Plan and the Self Evaluation Form. These documents are regularly reviewed by the Board. The school received our second visit from Ofsted in November 2018 and we were happy that the school received a GOOD judgement. We were also pleased to note that the Ofsted areas for improvement were very close to those identified in our School Development Plan.

A key financial focus for the Board this year has been the continued strategy to improve our operational costs, mainly with efficiencies within resources expenditure. Such efficiencies to be made in order to impact our ability to repay advance funding received from and approved by the ESFA, necessary funding agreed due to changes within the funding formula in our opening years, combined with our early opening of our sixth form.

Improved financial strength has arisen through tough decisions made by the Board, including moving to a five form entry in Secondary to reduce staffing expenditure, restructuring of the senior leadership team to reduce above average leadership costs, mainly arising from original set up pay scales, and a reduced sixth form curriculum offer to match take up, community need and improved affordability.

These strategies were built on following the use of an ESFA School Resource Management Advisor program in March of 2019, to work with the Director of Finance and Administration, the Head Teacher and the Chair of Governors. The appointed SMRA was able utilize the ESFA resource toolkit to enable a finer detail of analysis of our resources management. The outcome of the toolkit analysis and the SMRA report meant the Board and SLT had fuller details of what changes could best impact both short term and long-term financial health. The subsequent decisions made have had an immediate impact on budget forecast and will improve the financial position of the Trust further moving forwards. The Board is happy that we are in a position of strength in financial areas over which we have control. The Head Teacher, Director of Finance and Administration and the Board will ensure continuing financial prudence and foresee a positive position for the future.

Following revised five year financial forecasting linked to these decisions made, within negotiations with the ESFA, we have reached a position now whereby we are able to repay our loan in full in three years rather than the five originally agreed.

Income projections remain secure against pupil number funding forecasts. This is due to applications for Primary and Secondary remaining robust and we are confident that we will be at capacity in those entry years. The sixth form income is harder to project accurately, however it is a cornerstone of the school's vision and we appreciate that we need constant revision of our long-term strategy in order to ensure financial viability of this area within the school. It has taken time to build a reputation, however with the appointment of the new Director of Sixth Form, improved sixth form results and the annual revision of curriculum offer, we are happy that we are moving in the right direction. Numbers are improving year on year and give confidence to the stability of operational cost outcomes in this area.

Data received by the Board has continued to improve and we are in a position where we have growing confidence in data regarding both finance and student attainment and progress.

Following the resignation of two governors from the Board in this year a further skills audit was carried out to ensure subsequent recruitment of new governors was linked to identified need from the audit. Recruitment is underway, with the skills audit outcome being utilized within the process being followed. The Board continues to focus on improving effectiveness and regularly revisits the governor's action plan and long-term financial forecast and planning.

GILDREDGE HOUSE FREE SCHOOL

GOVERNANCE STATEMENT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

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.

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 Good 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 2018 to 31 August 2019 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 2018 to 31 August 2019 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Board of Governors.

GILDREDGE HOUSE FREE SCHOOL

GOVERNANCE STATEMENT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

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 Full Governing Board 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 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 Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Full Governing Board 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 12 December 2019 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 2019

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 2018.

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



S Reeves
Accounting Officer

12 December 2019

GILDREDGE HOUSE FREE SCHOOL

STATEMENT OF GOVERNORS' RESPONSIBILITIES FOR THE YEAR ENDED 31 AUGUST 2019

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 Academies Accounts Direction 2018 to 2019 published by the Education & Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the 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 2018 to 2019;
- 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 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 accounts may differ from legislation in other jurisdictions.

Approved by order of the members of the Board of Governors on 12 December 2019 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 FOR THE YEAR ENDED 31 AUGUST 2019

Opinion

We have audited the accounts of Gildredge House Free School for the year ended 31 August 2019 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 2018 to 2019 issued by the Education & 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 2019 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the 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) FOR THE YEAR ENDED 31 AUGUST 2019

Other information

The Governors are responsible for the other information, which comprises the information included in the annual report other than the accounts and our auditor's report thereon. 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 the 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)
FOR THE YEAR ENDED 31 AUGUST 2019**

Auditor's responsibilities for the audit of the accounts

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.

Use of our report

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



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

16 December 2019

**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 & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Gildredge House Free School during the period 1 September 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

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

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2018 to 2019 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

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

The work undertaken to draw to our conclusion includes a review of the design and implementation of the Academy Trust's internal controls and review processes on regularity, supported by detailed tests on samples of costs incurred by the Academy Trust and specific transactions identified from our review.

Conclusion

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

Price & Company

Reporting Accountant

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

Dated: 16 December 2019

GILDREDGE HOUSE FREE SCHOOL

**STATEMENT OF FINANCIAL ACTIVITIES
INCLUDING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2019**

	Notes	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total 2019 £	Total 2018 £
Income and endowments from:						
Donations and capital grants	3	24,505	-	45,979	70,484	36,289
Charitable activities:						
- Funding for educational operations	4	-	5,173,811	-	5,173,811	4,511,262
Other trading activities	5	30,872	190,842	-	221,714	246,938
Investments	6	1,151	-	-	1,151	196
Total		56,528	5,364,653	45,979	5,467,160	4,794,685
Expenditure on:						
Charitable activities:						
- Educational operations	8	-	5,399,610	361,416	5,761,026	5,452,824
Total	7	-	5,399,610	361,416	5,761,026	5,452,824
Net income/(expenditure)		56,528	(34,957)	(315,437)	(293,866)	(658,139)
Transfers between funds	18	-	-	-	-	(292)
Other recognised gains/(losses)						
Actuarial (losses)/gains on defined benefit pension schemes	20	-	(243,000)	-	(243,000)	170,000
Net movement in funds		56,528	(277,957)	(315,437)	(536,866)	(488,431)
Reconciliation of funds						
Total funds brought forward		59,135	(490,650)	12,398,716	11,967,201	12,455,632
Total funds carried forward		115,663	(768,607)	12,083,279	11,430,335	11,967,201

GILDREDGE HOUSE FREE SCHOOL

**STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED)
INCLUDING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2019**

Comparative year information Year ended 31 August 2018	Notes	Unrestricted Funds £	Restricted funds: General Fixed asset £ £		Total 2018 £
Income and endowments from:					
Donations and capital grants	3	8,410	14,637	13,242	36,289
Charitable activities:					
- Funding for educational operations	4	-	4,511,262	-	4,511,262
Other trading activities	5	33,783	213,155	-	246,938
Investments	6	196	-	-	196
Total		<u>42,389</u>	<u>4,739,054</u>	<u>13,242</u>	<u>4,794,685</u>
Expenditure on:					
Charitable activities:					
- Educational operations	8	-	5,020,205	432,619	5,452,824
Total	7	<u>-</u>	<u>5,020,205</u>	<u>432,619</u>	<u>5,452,824</u>
Net income/(expenditure)		42,389	(281,151)	(419,377)	(658,139)
Transfers between funds	18	(11,706)	7,381	4,033	(292)
Other recognised gains/(losses)					
Actuarial gains on defined benefit pension schemes	20	-	170,000	-	170,000
Net movement in funds		30,683	(103,770)	(415,344)	(488,431)
Reconciliation of funds					
Total funds brought forward		28,452	(386,880)	12,814,060	12,455,632
Total funds carried forward		<u>59,135</u>	<u>(490,650)</u>	<u>12,398,716</u>	<u>11,967,201</u>

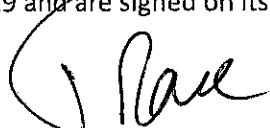
GILDREDGE HOUSE FREE SCHOOL

**BALANCE SHEET
AS AT 31 AUGUST 2019**

		2019		2018	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	12		12,080,979		12,398,716
Current assets					
Debtors	14	115,558		98,046	
Cash at bank and in hand		370,078		414,517	
			<u>485,636</u>		<u>512,563</u>
Current liabilities					
Creditors: amounts falling due within one year	15	(562,380)		(377,863)	
Net current assets			<u>(76,744)</u>		<u>134,700</u>
Total assets less current liabilities			<u>12,004,235</u>		<u>12,533,416</u>
Creditors: amounts falling due after more than one year	16		(56,900)		(404,215)
Net assets excluding pension liability			<u>11,947,335</u>		<u>12,129,201</u>
Defined benefit pension liability	20		(517,000)		(162,000)
Net assets			<u><u>11,430,335</u></u>		<u><u>11,967,201</u></u>
Funds of the Academy Trust:					
Restricted funds	18				
- Fixed asset funds			12,083,279		12,398,716
- Restricted income funds			(251,607)		(328,650)
- Pension reserve			(517,000)		(162,000)
Total restricted funds			<u>11,314,672</u>		<u>11,908,066</u>
Unrestricted income funds	18		115,663		59,135
Total funds			<u><u>11,430,335</u></u>		<u><u>11,967,201</u></u>

The accounts set out on pages 23 to 49 were approved by the Board of Governors and authorised for issue on 12 December 2019 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 2019**

	Notes	2019 £	£	2018 £	£
Cash flows from operating activities					
Net cash provided by (used in) operating activities	21		(47,890)		121,602
Cash flows from investing activities					
Dividends, interest and rents from investments		1,151		196	
Capital grants from DfE and ESFA		45,979		13,242	
Payments to acquire tangible fixed assets		(45,979)		(17,275)	
Proceeds from sales of tangible fixed assets		2,300		-	
			3,451		(3,837)
Change in cash and cash equivalents in the reporting period					
			(44,439)		117,765
Cash and cash equivalents at 1 September 2018			414,517		296,752
Cash and cash equivalents at 31 August 2019			<u>370,078</u>		<u>414,517</u>

GILDREDGE HOUSE FREE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019

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 surplus of £21,571 in 2019 and is being supported by the Educational and Skills Funding Agency (ESFA).

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.

Grants

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

GILDREDGE HOUSE FREE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting policies (Continued)

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 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting policies (Continued)

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.

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.

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 and reclassified to freehold or leasehold land and buildings.

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.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019**

1 Accounting policies (Continued)

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 Leased assets

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.

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.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019**

1 Accounting policies (Continued)

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. The TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions are recognised in the period to which they relate.

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

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.

GILDREDGE HOUSE FREE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

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 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

3 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
Capital grants	-	45,979	45,979	13,242
Other donations	24,505	-	24,505	23,047
	<u>24,505</u>	<u>45,979</u>	<u>70,484</u>	<u>36,289</u>

GILDREDGE HOUSE FREE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

4 Funding for the Academy Trust's educational operations

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
DfE / ESFA grants				
General annual grant (GAG)	-	4,678,566	4,678,566	4,128,123
Start up grants	-	64,000	64,000	74,000
Other DfE group grants	-	347,993	347,993	238,060
	-	5,090,559	5,090,559	4,440,183
Other government grants				
Local authority grants	-	83,252	83,252	71,079
Total funding	-	5,173,811	5,173,811	4,511,262

5 Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
Lettings income	30,163	-	30,163	32,494
Catering income	-	-	-	36,452
Trips and activities income	-	190,842	190,842	176,703
Other income	709	-	709	1,289
	30,872	190,842	221,714	246,938

6 Investment income

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
Short term deposits	1,151	-	1,151	196

GILDREDGE HOUSE FREE SCHOOL

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019**

7 Expenditure

	Staff costs	Non Pay Expenditure		Total	Total
	£	Premises	Other	2019	2018
	£	£	£	£	£
Academy's educational operations					
- Direct costs	3,750,541	-	428,092	4,178,633	3,856,678
- Allocated support costs	602,826	664,494	315,073	1,582,393	1,596,146
	<u>4,353,367</u>	<u>664,494</u>	<u>743,165</u>	<u>5,761,026</u>	<u>5,452,824</u>

Net income/(expenditure) for the year includes:

	2019	2018
	£	£
Fees payable to auditor for:		
- Audit	4,350	4,250
- Other services	2,000	1,800
Operating lease rentals	15,715	15,286
Depreciation of tangible fixed assets	363,716	432,619
Gain on disposal of fixed assets	(2,300)	-
Net interest on defined benefit pension liability	6,000	6,000
	<u>4,350</u>	<u>15,286</u>

8 Charitable activities

	2019	2018
	£	£
All from restricted funds:		
Direct costs - educational operations	4,178,633	3,856,678
Support costs - educational operations	1,582,393	1,596,146
	<u>5,761,026</u>	<u>5,452,824</u>

Analysis of costs

	2019	2018
	£	£
Direct costs		
Teaching and educational support staff costs	3,751,331	3,519,172
Staff development	13,573	14,927
Educational supplies and services	244,587	145,156
Examination fees	53,175	59,745
Other direct costs	115,967	117,678
	<u>4,178,633</u>	<u>3,856,678</u>

GILDREDGE HOUSE FREE SCHOOL

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019**

8 Charitable activities (Continued)

Support costs

Support staff costs	602,826	560,758
Depreciation and amortisation	361,416	432,619
Technology costs	103,913	65,136
Recruitment and support	14,516	10,507
Maintenance of premises and equipment	110,027	88,091
Cleaning	8,117	15,864
Energy costs	96,455	96,273
Rent and rates	66,279	75,279
Insurance	22,200	21,440
Security and transport	6,023	6,710
Catering	91,631	125,535
Interest and finance costs	6,000	6,000
Other support costs	70,882	67,777
Governance costs	22,108	24,157
	<u>1,582,393</u>	<u>1,596,146</u>

9 Staff costs

	2019	2018
	£	£
Wages and salaries	3,383,658	3,146,321
Social security costs	310,640	294,586
Operating costs of defined benefit pension schemes	600,392	593,777
	<u>4,294,690</u>	<u>4,034,684</u>
Staff costs	4,294,690	4,034,684
Supply staff costs	58,677	45,163
Staff development and other staff costs	15,643	16,640
	<u>4,369,010</u>	<u>4,096,487</u>
Total staff expenditure	<u>4,369,010</u>	<u>4,096,487</u>

GILDREDGE HOUSE FREE SCHOOL

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019**

9 Staff costs (Continued)

Staff numbers

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

	2019	2018
	Number	Number
Teachers	64	60
Administration and support	59	59
Management	7	6
	<u>130</u>	<u>125</u>

Higher paid staff

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

	2019	2018
	Number	Number
£60,001 - £70,000	2	3
£70,001 - £80,000	1	1
£80,001 - £90,000	1	-
£100,001 - £110,000	1	1
	<u>5</u>	<u>5</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 £567,373 (2018 : £ 491,459).

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019**

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.

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

Stuart Reeves (Principal and Staff Governor):

Remuneration £100,000 - £110,000 (2018: £100,000 - £110,000)

Employer's pension contributions paid £15,000 - £20,000 (2018: £15,000 - £20,000)

Sara McKenna (Staff Governor):

Remuneration £30,000 - £40,000 (2018 : £30,000 - £40,000)

Employer's pension contributions paid £5,000 - £10,000 (2018: £0 - £5,000)

Other related party transactions involving the Governors are set out within note 22 'Related party transactions'.

One or more of the Governors has been paid remuneration or has received other benefits from an employment with the Academy Trust. The Principal and other staff Governors only receive remuneration in respect of services they provide undertaking the roles of Principal 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:

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 2019

12 Tangible fixed assets

	Freehold property	Computer equipment	Fixtures, fittings and equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 September 2018	12,566,169	855,379	1,149,585	5,000	14,576,133
Additions	-	-	45,979	-	45,979
At 31 August 2019	12,566,169	855,379	1,195,564	5,000	14,622,112
Depreciation					
At 1 September 2018	903,453	837,606	431,358	5,000	2,177,417
Charge for the year	236,358	12,016	115,342	-	363,716
At 31 August 2019	1,139,811	849,622	546,700	5,000	2,541,133
Net book value					
At 31 August 2019	11,426,358	5,757	648,864	-	12,080,979
At 31 August 2018	11,662,716	17,773	718,227	-	12,398,716

13 Financial instruments

	2019	2018
	£	£
Carrying amount of financial assets		
Debt instruments measured at amortised cost	49,688	64,823
Carrying amount of financial liabilities		
Measured at amortised cost	321,452	501,002

14 Debtors

	2019	2018
	£	£
Trade debtors	-	20,755
VAT recoverable	54,411	33,223
Other debtors	49,668	44,068
Prepayments and accrued income	11,479	-
	115,558	98,046

GILDREDGE HOUSE FREE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

15 Creditors: amounts falling due within one year	2019	2018
	£	£
Trade creditors	-	10,732
Other taxation and social security	146,595	137,146
Other creditors	252,152	80,005
Accruals and deferred income	163,633	149,980
	<u>562,380</u>	<u>377,863</u>
	<u><u>562,380</u></u>	<u><u>377,863</u></u>
16 Creditors: amounts falling due after more than one year	2019	2018
	£	£
Other creditors	56,900	404,215
	<u>56,900</u>	<u>404,215</u>
	<u><u>56,900</u></u>	<u><u>404,215</u></u>
17 Deferred income	2019	2018
	£	£
Deferred income is included within:		
Creditors due within one year	151,233	143,930
	<u>151,233</u>	<u>143,930</u>
	<u><u>151,233</u></u>	<u><u>143,930</u></u>
Deferred income at 1 September 2018	143,930	138,624
Released from previous years	(143,930)	(138,624)
Amounts deferred in the year	151,233	143,930
	<u>151,233</u>	<u>143,930</u>
Deferred income at 31 August 2019	<u><u>151,233</u></u>	<u><u>143,930</u></u>

At the balance sheet date, the Academy Trust was holding funds in advance from the ESFA relating to Pupil Premium of £51,787, free school meals for infants of £42,561 for the autumn term 2019, DFE capital payment of £33,230 for capital expenditure in 2019, and £23,655 for school trips and activities.

GILDREDGE HOUSE FREE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

18 Funds

	Balance at 1 September 2018 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2019 £
Restricted general funds					
General Annual Grant (GAG)	(348,680)	4,678,566	(4,581,493)	-	(251,607)
Start up grants	-	64,000	(64,000)	-	-
Other DfE / ESFA grants	-	347,993	(347,993)	-	-
Other government grants	17,000	83,252	(100,252)	-	-
Other restricted funds	3,030	190,842	(193,872)	-	-
Pension reserve	(162,000)	-	(112,000)	(243,000)	(517,000)
	<u>(490,650)</u>	<u>5,364,653</u>	<u>(5,399,610)</u>	<u>(243,000)</u>	<u>(768,607)</u>
Restricted fixed asset funds					
DfE group capital grants	<u>12,398,716</u>	<u>45,979</u>	<u>(361,416)</u>	<u>-</u>	<u>12,083,279</u>
Total restricted funds	<u>11,908,066</u>	<u>5,410,632</u>	<u>(5,761,026)</u>	<u>(243,000)</u>	<u>11,314,672</u>
Unrestricted funds					
General funds	<u>59,135</u>	<u>56,528</u>	<u>-</u>	<u>-</u>	<u>115,663</u>
Total funds	<u>11,967,201</u>	<u>5,467,160</u>	<u>(5,761,026)</u>	<u>(243,000)</u>	<u>11,430,335</u>

GILDREDGE HOUSE FREE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

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 2019.

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. There was no donations received during the year for FOGH or Lower School Garden. Expenditure matched the income from these funds, leaving no balance carried 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 from other restricted funds was £115,663 and can be used at the discretion of the Governors to meet the charitable objectives of the Academy Trust.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019**

18 Funds (Continued)

The Academy Trust is carrying a net deficit of £135,944 (2018: £269,515) on restricted general funds (excluding pension reserve) plus unrestricted funds. Gildredge House has generally performed well in their control of operational income over expenditure in the financial year 2018/19. With an operation surplus £21,571 excluding depreciation and pensions liabilities.

As well as steady performance in year, Gildredge House has been able to repay the 2017/18 £202,000 PNA within the 2018/19 financial year, along with the first-year payment of a three-year approved payment plan for advance of GAG funding.

In order to secure long term financial viability and improve their repayment plan to the ESFA they have taken the following actions:

- revised the curriculum offer Year 7 – 11.
- Increased Year 7 intake and introduced a five-form entry with higher class sizes
- reduced teaching staff through natural wastage due to reduced number of forms
- continued their CPD offer, that utilises in-house expertise and facilities, saving on expensive external course
- utilised data from SMRA report to improve value for money on resources expenditure, including human resources
- reduced leadership costs
- continued reviewing services and contracts, to achieve best value

Gildredge House remains oversubscribed in all year groups R – 11, year groups 12 – 13 continued to be reviewed annually to set a financially viable curriculum offer to applications. Sixth form student admission numbers have been a challenge to the school due to the early opening date with external students only, however 2018/19 admissions have shown steady increase and shows excellent outcomes for the strategic decisions taken by the Board.

GILDREDGE HOUSE FREE SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

18 Funds (Continued)

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

	Balance at 1 September 2017 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2018 £
Restricted general funds					
General Annual Grant (GAG)	(194,802)	4,128,123	(4,282,001)	-	(348,680)
Start up grants	-	74,000	(74,000)	-	-
Other DfE / ESFA grants	-	238,060	(238,060)	-	-
Other government grants	17,000	71,079	(71,079)	-	17,000
Other restricted funds	922	227,792	(233,065)	7,381	3,030
Pension reserve	(210,000)	-	(122,000)	170,000	(162,000)
	<u>(386,880)</u>	<u>4,739,054</u>	<u>(5,020,205)</u>	<u>177,381</u>	<u>(490,650)</u>
Restricted fixed asset funds					
DfE group capital grants	<u>12,814,060</u>	<u>13,242</u>	<u>(432,619)</u>	<u>4,033</u>	<u>12,398,716</u>
Total restricted funds	<u>12,427,180</u>	<u>4,752,296</u>	<u>(5,452,824)</u>	<u>181,414</u>	<u>11,908,066</u>
Unrestricted funds					
General funds	<u>28,452</u>	<u>42,389</u>	<u>-</u>	<u>(11,706)</u>	<u>59,135</u>
Total funds	<u>12,455,632</u>	<u>4,794,685</u>	<u>(5,452,824)</u>	<u>169,708</u>	<u>11,967,201</u>

GILDREDGE HOUSE FREE SCHOOL

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019**

19 Analysis of net assets between funds

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total Funds £
Fund balances at 31 August 2019 are represented by:				
Tangible fixed assets	-	-	12,080,979	12,080,979
Current assets	115,663	369,973	-	485,636
Creditors falling due within one year	(200,001)	(362,379)	-	(562,380)
Creditors falling due after one year	200,001	(259,201)	2,300	(56,900)
Defined benefit pension liability	-	(517,000)	-	(517,000)
Total net assets	115,663	(768,607)	12,083,279	11,430,335

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total Funds £
Fund balances at 31 August 2018 are represented by:				
Tangible fixed assets	-	-	12,398,716	12,398,716
Current assets	59,135	453,428	-	512,563
Creditors falling due within one year	(80,000)	(297,863)	-	(377,863)
Creditors falling due after one year	80,000	(484,215)	-	(404,215)
Defined benefit pension liability	-	(162,000)	-	(162,000)
Total net assets	59,135	(490,650)	12,398,716	11,967,201

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 2019

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' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

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

Valuation of the Teachers' Pension Scheme

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

The key elements of the valuation and subsequent consultation are:

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

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

The employer's pension costs paid to the TPS in the period amounted to £372,132 (2018: £369,065).

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 an unfunded multi-employer pension scheme. The Academy Trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Academy Trust has set out above the information available on the scheme.

GILDREDGE HOUSE FREE SCHOOL

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019**

20 Pensions and similar obligations (Continued)

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 employee 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	2019	2018
	£	£
Employer's contributions	121,000	108,000
Employees' contributions	37,000	33,000
	<u> </u>	<u> </u>
Total contributions	158,000	141,000
	<u> </u>	<u> </u>

Principal actuarial assumptions	2019	2018
	%	%
Rate of increases in salaries	2.7	2.7
Rate of increase for pensions in payment	2.3	2.3
Discount rate	1.9	2.8
Expected return on assets	6.7	7.4
	<u> </u>	<u> </u>

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

	2019	2018
	Years	Years
Retiring today		
- Males	21.2	22.1
- Females	23.5	24.4
Retiring in 20 years		
- Males	22.1	23.8
- Females	24.9	26.3
	<u> </u>	<u> </u>

GILDREDGE HOUSE FREE SCHOOL

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019**

20 Pensions and similar obligations (Continued)

The Academy Trust's share of the assets in the scheme	2019	2018
	Fair value	Fair value
	£	£
Equities	812,000	731,000
Bonds	271,000	140,000
Property	111,000	100,000
Other assets	36,000	31,000
	<u>1,230,000</u>	<u>1,002,000</u>
Total market value of assets	<u>1,230,000</u>	<u>1,002,000</u>
Actual return on scheme assets - gain	<u>72,000</u>	<u>64,000</u>
Amounts recognised in the statement of financial activities	2019	2018
	£	£
Current service cost	218,000	224,000
Past service cost	9,000	-
Interest cost	6,000	6,000
	<u>233,000</u>	<u>230,000</u>
Total operating charge	<u>233,000</u>	<u>230,000</u>
Changes in the present value of defined benefit obligations	2019	2018
	£	£
Obligations at 1 September 2018	1,164,000	1,008,000
Current service cost	218,000	224,000
Interest cost	36,000	28,000
Employee contributions	37,000	33,000
Actuarial loss/(gain)	285,000	(128,000)
Benefits paid	(2,000)	(1,000)
Past service cost	9,000	-
	<u>1,747,000</u>	<u>1,164,000</u>
At 31 August 2019	<u>1,747,000</u>	<u>1,164,000</u>

GILDREDGE HOUSE FREE SCHOOL

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019**

20 Pensions and similar obligations (Continued)

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

	2019	2018
	£	£
Assets at 1 September 2018	1,002,000	798,000
Interest income	30,000	22,000
Actuarial gain	42,000	42,000
Employer contributions	121,000	108,000
Employee contributions	37,000	33,000
Benefits paid	(2,000)	(1,000)
	<u>1,230,000</u>	<u>1,002,000</u>
At 31 August 2019	<u>1,230,000</u>	<u>1,002,000</u>

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

	2019	2018
	£	£
Net expenditure for the reporting period (as per the statement of financial activities)	(293,866)	(658,431)
Adjusted for:		
Capital grants from DfE and other capital income	(45,979)	(13,242)
Investment income receivable	(1,151)	(196)
Defined benefit pension costs less contributions payable	106,000	116,000
Defined benefit pension scheme finance cost	6,000	6,000
Depreciation of tangible fixed assets	363,716	432,619
Profit on disposal of fixed assets	(2,300)	-
(Increase)/decrease in debtors	(17,512)	26,840
(Decrease)/increase in creditors	(162,798)	212,012
	<u>(47,890)</u>	<u>121,602</u>
Net cash (used in)/provided by operating activities	<u>(47,890)</u>	<u>121,602</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

22 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.

Expenditure related party transactions

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

23 Members' liability

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