

Godalming College

(A Company Limited by Guarantee)

Annual Report and Financial Statements

1st September 2022 to 31st August 2023

Registered company number 11090286 (England and Wales)

Godalming College – Annual Report and Financial Statements

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Godalming College – Annual Report and Financial Statements

Reference and Administrative Details

Members

S Cooper (resigned 30 Jan 23)
E Graham
B Jenner
P Knights
C Morton

Trustees

P Aitken (resigned 7 July 23)
H Cameron Blackie (resigned 16 Sept 22)
P Flew (appointed 25 Sept 2023)
R Gray (Parent)
S Hibbert (Staff)
G Howes
P Hulse
J Knight
J Pattison (Chair)
S Price (resigned 20 Mar 23)
L Henderson (appointed 11 Oct 22)
D Revesh
N Roberts
K Slatford (Staff, appointed 13 Nov 23)
E Sylvester (Staff, resigned 31 Jul 23)
J Wagerfield (Parent)
H Warren
E Young (Principal)

Company Secretary

K Kehoe

Senior Leadership Team:

- | | |
|--|------------|
| • Principal | E Young |
| • Deputy Principal Curriculum & Quality | O Stevens |
| • Assistant Principal Safeguarding & Support | C Horlock |
| • Assistant Principal Finance & Resources | S Baudains |

Company Name

Godalming College

Principal and Registered Office

Tuesley Lane
Godalming
Surrey GU7 1RS

Company Registration Number

11090286 (England and Wales)

Reference and Administrative Details (continued)

| | |
|---------------------|---|
| Independent Auditor | Buzzacott 130 Wood Street London EC2V 6DL |
| Bankers | Lloyds Bank 3 rd Floor 2 City Place Beehive Ring Road Gatwick, RH6 0PA |
| Solicitors | Eversheds 1 Wood Street London, EC2V 7WS |

Godalming College – Annual Report and Financial Statements

Trustees' Report

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period from 1st September 2022 to 31st August 2023. The annual report serves the purposes of both a Trustees' report, and a Directors' report under company law.

Godalming College operates as a 16-19 Academy Trust for students aged 16 to 19 serving a catchment area of South West Surrey and the surrounding area into Sussex and Hampshire.

Structure, Governance and Management

Constitution

The Academy Trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Academy Trust. The Trustees of Godalming College are also the Directors of the charitable company for the purposes of company law. The charitable company is known as Godalming College.

Details of the Trustees who served during the period are included in the Reference and Administrative Details on page 2.

Members' Liability

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

Trustees' Indemnities

Trustees benefit from indemnity insurance purchased at the Academy Trust's expense to cover the liability of the Trustees which by virtue of any rule of law would otherwise attach to them in respect of negligence, default or breach of duty of which they may be guilty in relation to the Academy Trust, provided that such insurance shall not extend to any claims arising from any act or omission which the Trustees knew to be a breach of trust or breach of duty or not, and provided also that any such insurance shall not extend to the costs of any unsuccessful defence to a criminal prosecution brought against the Trustees in their capacity as Directors of the Academy Trust.

Method of Recruitment and Appointment or Election of Trustees

Trustees are sought from the local community, local businesses, the parent body and the staff body.

Parent Trustees are elected by parents and individuals exercising parental responsibility of registered students at Godalming College. Staff Trustees are elected by the staff body and appointed by the board/members.

Trustees other than Staff Trustees and Parent Trustees are appointed by the Members, upon recommendation from the Board of Trustees. Trustees are recruited via an application and interview process and are selected based on skills, background and ability to provide the Academy Trust with the best possible advice and support.

Trustees' Report (continued)

Policies and Procedures Adopted for the Induction and Training of Trustees

All new Trustees receive an induction pack and follow a formal induction procedure, which includes support from other Trustees and the Clerk to the Trustees. The Clerk to the Trustees meets regularly with other college and academy clerks and shares best practice. An annual conference is held each year to update and train Trustees on latest developments within the sector and the possible impact for the Academy Trust. An annual skills and training audit is undertaken to identify gaps and training needed.

Organisational Structure

The Senior Leadership Team of the College consists of:

- Principal
- Deputy Principal, Curriculum and Quality
- Assistant Principal, Safeguarding and Support
- Assistant Principal, Finance and Resources

The Principal is also the Accounting Officer.

The Committee Structure of the Board of Trustees consists of:

- Governance and Human Resources
- Finance and Estates
- Curriculum and Quality
- Audit
- Remuneration Committee

Arrangements for setting pay and remuneration of key management personnel

The responsibility for planning, directing and leading the activities of the Academy Trust are represented by the Principal (Accounting Officer) and the other Senior Post holders who have been appointed by the Trustees. Decisions relating to such appointments and remuneration are made by the Trustees based upon the recommendation of the Remuneration Committee.

Related Parties and other Connected Charities and Organisations

Godalming College is a member of the Waverley Federation Ltd, working in partnership to provide the best for the students in the borough of Waverley, Surrey. In addition, the College is part of the S7 Surrey and Sussex Consortium of Colleges. It also is a member of the Sixth Form Colleges Association (SFCA).

In line with other colleges and universities, Godalming College has many stakeholders. These include:

- Students
- Staff
- Parents
- Education and Skills Funding Agency (ESFA)
- Regional Schools Commissioner and the Sixth Form Commissioner
- Local Enterprise Partnerships
- Local authorities
- Other further education institutions
- Trade Unions
- Professional Bodies

Trustees' Report (continued)

Trade Union Facilities Time

As required under the provisions of the Trade Union (Facility Time Publication Requirements) Regulations 2017 the Academy Trust publishes the following information:

Relevant Union Officials

| Number of employees who were relevant union officials during the relevant period | Full-time equivalent employee number |
|--|--------------------------------------|
| 1 | 0.24 |

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

| | |
|---|------------|
| Provide the total cost of facility time | £2,331 |
| Provide the total pay bill | £9,131,000 |
| Provide the percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) x 100 | 0.025% |

Paid trade union activities

| | |
|--|----|
| Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) x 100 | 0% |
|--|----|

Trustees' Report (continued)

Objectives and Activities

Objectives, Strategies and Activities

The College Mission is 'Learning together for success and progression'. Our vision is to be a successful, vibrant, learning community, where every individual is supported to achieve their potential. The College Strategic Plan 2022-2025 sets out our key priorities as follows:

- Maintaining a balanced curriculum in the context of the DfE's Level 3 qualification review
- Recruitment and retention of staff and students
- Mental health and wellbeing
- Provision for Learning via the Campus and Digital Strategies as well as Sustainability Strategy

The Board of Trustees monitors the performance of the College against the Strategic Plan via the annual College Self-Assessment Report and Development Plan.

The College Strategic Aims are as follows

- To be the best College in the area to study and work
- To ensure an outstanding experience from Applicant to Alumni
- To provide high quality provision for learning, via the implementation of our Digital Strategy and Campus Strategy
- To embed a culture of sustainability
- To enhance further our student and staff wellbeing

Financial Objectives

The Trust not only ensures that the targets set out in the Strategic Plan are achieved, it also ensures the financial viability and sustainability of the Academy Trust. The key financial objectives are:

- to maintain a balanced budget
- to ensure sufficient funds are available to enable the maintenance and improvement of the campus and resources
- to maintain positive relationships with our bankers, auditors and the ESFA

Public Benefit

Godalming College is an exempt charity under Part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Education. In delivering its mission and strategic plan, the College provides the following identifiable benefits through the advancement of education:

- results and outcomes consistently above national benchmarks across all qualifications
- high quality and innovative teaching and learning
- excellent progression rates for students
- strong student support and safeguarding systems

Trustees' Report (continued)

In setting and reviewing the Academy Trust's strategic objectives, the Trustees had due regard for the Charity Commission's guidance on public benefit, and particularly on its supplementary guidance on the advancements of education. This guidance sets out the requirement that all organisations wishing to be recognised as charities must demonstrate, explicitly, that their aims are for public benefit.

Strategic Report

Achievements and Performance

Student Numbers

The College had 2,137 students in 2022/23 that attracted funding from the Education and Skills Funding Agency. This was an increase from 2,081 funded students in 2021/22. Enrolment in 2023 has been strong and all the indicators are that the College will exceed its budgeted target of 2,275 students for 2023/24.

Student Achievement

The headline examination results the College achieved in the summer once again exceeded all national benchmarks. The government and Ofqual decided that outcomes should be recalibrated to align to pre pandemic outcomes of 2019. The 2023 outcomes the College achieved still exceeded these 2019 outcomes. The A Level A*-B rate of 62.4% and pass rate of 99.2%, are set against the A Level national A*-B rate of 52.7% and pass rate of 98.2%. The BTEC outcomes were equally strong with 100% pass rate and 92.4% Distinction* to Merit. 82.2% of our students who applied to university have been accepted into their first-choice university.

Key Performance Indicators

As outlined in the Godalming College Strategic Plan, the key performance indicators and targets for the College are as follows:

- Attainment – A Level/BTEC High Grade and Pass Rates that are in the top third in the country
- Progress – positive value-added outcomes in both DfE and A Level Performance System measures
- GCSE English and Maths – pass rates above sector benchmarks
- Retention – over 90% of students to complete their main study programme
- Progression – % of students progressing onto higher education or employment exceeds 85%
- Student numbers – to be maintained at c.2,000 students
- Financial Health Indicators
- Student and Staff feedback

Trustees' Report (continued)

Going Concern

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future. This is partly due to the size of the Academy Trust's cash reserves, as well as the fact that the majority of the Trust's funding comes from the Education and Skills Funding Agency (ESFA). This funding is a guaranteed fixed amount for 2023/24, based on student numbers in 2022/23. Student numbers are gradually increasing year on year, hence future funding from the ESFA will increase in line with student numbers. For this reason, the Trust continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

Financial Review

The Academy Trust receives the majority of its funding from the ESFA in the form of recurrent grants paid on a monthly basis. The grants received from the ESFA during the period are shown as 'restricted funds' in the Statement of Financial Activities (SOFA).

During the reporting period the Academy generated a deficit of income over expenditure of £718k. Removing the FRS102 pension charges of £204k to staff pension costs and £29k to pension interest provides us with an underlying result of a £543k deficit of income over expenditure. In addition, there was an unrealised actuarial gain for the Local Government Pension Scheme (LGPS) of £175k, which resulted in the net movement in funds being a loss of £543k.

At 31st August 2023 the net book value of fixed assets was £14.2m. Movements in tangible fixed assets are shown in note 11 to the financial statements.

Reserves Policy

At 31st August 2023, total balance sheet reserves amounted to £17.2m.

A balance of reserves is required to ensure that the Trust has funds in place to cover day to day expenditure that in the short term may not be covered due to the differing phasing of receipts. A typical month's payroll expenditure alone is c. £0.8m for example. A balance is also required should there be a shortfall in receipts in any one year, due to circumstances beyond the control of the Trust. Cash reserves of at least £1.2m will be maintained to cover these risks, which represents 10% of the Trust's projected annual income over the next two years that this policy relates to.

Cash reserves amounted to £3.7m and the balance of overall revenue reserves amounted to £2.9m. The reserves are being used to implement our Digital, Campus and Sustainability Strategies. In particular, in 23/24 work is commencing to extend the Gill Building to create significant additional social study space for the Academy Trust's growing number of students.

Given the aforementioned, the Trustees are satisfied with the College's reserves position at the year-end date.

Trustees' Report (continued)

Investment Policy

The College monitors its cashflow closely so that any funds not required in the short term for day to day operations can be identified and placed on term deposits with the college bankers. The terms of these deposits typically range from three to twelve months. Although interest rates have been low, these deposits have generated bank interest of some £5k for the college as income during the accounting period to 31st August 2023.

Fundraising

The Academy Trust does not use any external fundraisers. All fundraising undertaken during the year was monitored by the Trustees.

Principal Risks and Uncertainties

The system of internal control maintained by the Academy Trust includes financial, operational and risk management, which is designed to help protect College assets and reputation. The Strategic Risk Register is regularly reviewed and scrutinised by the Audit Committee. It is shared with the Audit Committee and Full Board and is monitored by the Senior Leadership Team. The College has added an additional 'In Depth Risk Review' process to self-evaluate the College controls of the risk. It also helps the Audit Committee better understand the controls/actions the College is taking to mitigate risks.

The key strategic risks are as follows:

Finance

The College is almost entirely reliant on government funding. The rising costs across all areas of expenditure coupled with the cumulative effect of annual unfunded pay awards continue to make the financial climate challenging. The inflationary increase to the funding rate of 2.2% for 2023/24 was welcome but is still significantly below the current rate of inflation. The further increase to the 16-19 funding rate announced in July 2023 is again welcomed - it will add a further c.3% uplift but given pay awards are likely to be agreed around 6.5% this still does not fully cover a potential pay award for 2023/24 or address sustained inflationary pressures. As always, the College remains vigilant of this risk and routinely prepares rolling forecasts as part of its management reporting. The College has introduced some additional cost saving measures this year to further reduce expenditure without significantly impacting on the quality of the student and staff experience. The College will continue to maintain a buffer of reserves to manage any further unexpected budgetary cuts/unfunded pay awards.

Student Numbers

The College is in an area that has a lot of choice as far as post 16 provision is concerned, with a prevalence of other Sixth Form Colleges and large School Sixth Forms. However, our applications have continued to increase year on year. Applications for 2023 entry were the largest ever and this translated into our highest ever enrolment, with the College likely to grow by c.175 students in the past year. The College closely monitors the estimated number of students in both the following year, and beyond. This detail is scrutinised at the monthly Finance Monitoring meetings.

Quality

The College prides itself on sustaining the highest possible outcomes for students in terms of attainment and progression. We continue to exceed national benchmarks year on year for both pass rates and high grade rates at A Level and BTEC. Our value added performance demonstrates we help our students, on average, to achieve above what they would be expected to, based on their prior attainment. The College

Trustees' Report (continued)

quality assurance processes ensure the College constantly monitors its performance against national and sixth form college benchmarks. Where achievement is not at the level expected the College has a Quality Support Programme, to ensure support and strategies are in place to improve performance.

Safety of the Estate

The College works carefully to ensure the Trust's Estate is safe, well maintained and complies with relevant regulations. There is an annual Pre Planned Maintenance Programme which the College is committed to investing in. This schedule of works has recently been reviewed and the management of the works re-tendered. The College also invests capital into improvements to the Estate each summer, over and above the Pre Planned Maintenance Programme, for example, replacing the roof of the Goodridge Building in 2023. The College operates an electronic Estates helpdesk, enabling staff and students to log any estates concerns easily and immediately. This also ensures there is a quick and prompt response both to identify and respond to any issues. There is also a Health & Safety Committee of staff and students, as well as annual outsourced Health & Safety audits of the estate.

Other areas of risk include

- Failure to adhere to regulations such as the Data Protection Regulations.
- Increased threat to all educational providers from cybersecurity attacks.
- The DfE 'Review of Post-16 qualifications at Level 3', as well as the post 16 review of Level 2 qualifications, mean that there is some threat to the future of some qualifications that the College currently offers.
- Increased prevalence of mental ill health has seen increased pressure and demand for student support fall on the College itself. Services provided by outside agencies have become more and more stretched, leaving the College to cover the gap.
- Recruitment of staff is becoming more challenging set against a backdrop of the national targets for new teacher recruitment being missed annually. Support staff recruitment has become more challenging due to the level of the sector wide support, staff terms and conditions as well as the availability of more flexible, agile working environments outside of education.

Streamlined Energy and Carbon Reporting

The Academy Trust's greenhouse gas emissions and energy use for the period are set out below:

Trustees' Report (continued)

| UK Greenhouse gas emissions and energy use data for the period | 1 Sept 2022 to 31 August 2023 | 1 Sept 2021 to 31 August 2022 |
|--|-------------------------------|-------------------------------|
| Energy consumption used to calculate emissions (kWh) | 1,744,570 | 2,153,144 |
| Energy consumption breakdown (kWh): | | |
| • Gas | 793,897 | 1,111,844 |
| • Electricity | 944,424 | 1,035,470 |
| • Transport fuel | 6,249 | 5,830 |
| <u>Scope 1 emissions in metric tonnes CO2e:</u> | | |
| Gas consumption | 145 | 203 |
| Owned transport: minibuses | 2 | 1 |
| <u>Total Scope 1</u> | 147 | 204 |
| <u>Scope 2 emissions in metric tonnes CO2e:</u> | | |
| Purchased electricity | 196 | 214 |
| Total gross emissions in metric tonnes CO2e | 342 | 419 |
| Intensity ratio: | | |
| Tonnes CO2e per student | 0.16 | 0.20 |

Quantification and reporting methodology

We have followed the 2019 HM Government Environmental Reporting Guidelines. We have also used the GHG Reporting Protocol – Corporate Standard and have used the 2023 UK Government's Conversion Factors for Company Reporting.

Intensity measurement

The chosen intensity measurement ratio is total gross emissions in metric tonnes CO2e per student, the recommended ratio for the sector.

Measures taken to improve energy efficiency

The Academy Trust is committed to a rolling program to replace existing lighting with LED lighting across the whole site. This year the Trust's Main Building was replaced with LEDs, and motion sensors included in all corridors and classrooms, at a cost of £147k.

The campus already has some solar panels on certain roofs. Additional solar panel arrays were installed on the Independent Learning Centre building roof this year as part of our continued commitment to greener energy.

Trustees' Report (continued)

Plans for Future Periods

Given the cost of living crisis and the increased global and national economic uncertainty, the public sector is likely to suffer in terms of a freeze or reduction of funds. This is set against the sector wide challenges relating to staff recruitment and increased pay award demands because of high levels of inflation. The Academy Trust's priorities for the coming year are therefore to help navigate the College through this period of economic uncertainty and downturn, doing all it can to ensure a minimal impact on the student and staff experience. The likelihood of the withdrawal of certain BTEC qualifications remains and so responding and evolving our curriculum to adapt to any changes is also a priority. The Trust will also be monitoring progress in implementation of our Digital, Campus and Sustainability Strategies.

A key next step of the Campus Strategy will commence in 2023/24, which is to extend the existing Gill Building to provide increased social study space for the growing number of students.

Events after the end of the Reporting Period

No events have occurred after the end of the reporting period.

Disclosure of Information to Auditors

Insofar as the Trustees are aware:

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

The Trustees' report, incorporating a strategic report, was approved by order of the board of Trustees, as the company directors, on 11th December 2023 and signed on the board's behalf by:


JEPattison (Dec 12, 2023 09:34 GMT)

.....
J Pattison
Chair of Trustees

Governance Statement

Scope of Responsibility

As Trustees we acknowledge we have overall responsibility for ensuring that Godalming College 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 has continued to operate effectively in the post-pandemic environment, running its usual meetings pattern and operations.

The Board of Trustees 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 Godalming College and the Secretary of State for Education. The Principal is also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

Governance

The **Board of Trustees** has formally met **4** times during the period. This is less than the recommended 6 times per year, however, is compensated for by the level of Committee meetings throughout the year. Attendance during the period at meetings of the Board of Trustees was as follows:

| Trustee | Meetings Attended | Out of Possible |
|------------------------|-------------------|-----------------|
| Peter Aitken | 0 | 3 |
| Rachel Gray | 3 | 4 |
| Lee Henderson | 3 | 3 |
| Stuart Hibbert | 4 | 4 |
| Geoff Howes | 4 | 4 |
| Peg Hulse | 4 | 4 |
| Justin Knight | 3 | 4 |
| Jeremy Pattison | 4 | 4 |
| Shirley Price | 0 | 2 |
| Dawn Revess | 3 | 4 |
| Nigel Roberts | 4 | 4 |
| Ed Sylvester | 3 | 4 |
| Julie Wagerfield | 3 | 4 |
| Helen Warren | 2 | 4 |
| Emma Young (Principal) | 4 | 4 |

Governance Statement (continued)

Conflicts of Interests

Trustees and members of the Senior Leadership Team submit their individual Register of Interests to the Clerk at the start of each financial year, and these are recorded in the Trust's Register of Interests log. At the start of each Board or Committee meeting Trustees and members of the Senior Leadership Team are asked to declare any interests, and if relevant to be removed from the decision making process.

Governance Reviews

The Board of Trustees carries out an annual skills audit and self-assessment review to evaluate its effectiveness and identify future training needs. The Board produces an annual Governance Self-Assessment Report and Development Plan that reflects on the Board's performance and identifies key targets for the Board to achieve in the coming year. Trustees receive training from both College staff as well as external input as appropriate. The skills audit confirmed that a good range of skills and experience were present within the Trustee Board, across key areas such as Finance, Audit, Legal, Education and Estate Management.

The two key areas of focus at the Trustee Annual Training Conference 2023 were Strategic Risk Management and the Ofsted Process. The Board also received EDI training.

Key achievements include:

- A self-assessment of Board Governance was undertaken
- 19 College policies were reviewed and approved through the year, including Whistleblowing, Complaints and Safer Recruitment Policy
- All Trustees are now using the Governance Portal for the sharing of documents
- Regular review and monitoring of the College approach to dealing with and preparing for Level 3 curriculum reform
- Development of a new Campus Strategy
- The Audit Committee has carried out in-depth reviews of Applied General Qualifications and the College's Disaster Management Strategy
- The Board received clean audit reports from the internal auditors, on Free School Meal and Bursary Funding, GDPR, Catering and the Follow Up Review of previous Internal Audits. All Internal Audit Reports provided Strong Assurance.

Finance and Estates Committee

The Finance and Estates Committee is a sub-committee of the Academy Board. Its purpose is to review the financial position of the Academy Trust, including cash flow, and to receive regular reports on capital projects. It advises the Board on all financial matters. The Chair of Finance and Estates Committee also attends a monthly Finance Monitoring meeting to review the Management Accounts as well as other key College data such as applications and retention of students. This data is also shared with the Chair of Trustees on a monthly basis.

During the financial year Sarah Baudains (Assistant Principal and member of the Senior Leadership Team) was a member of this committee.

Attendance during the period was as follows:

Governance Statement (continued)

| Committee Attendees | Meetings Attended | Out of a Possible |
|--------------------------------|-------------------|-------------------|
| Peter Aitken | 0 | 1 |
| Justin Knight | 3 | 3 |
| Jeremy Pattison | 3 | 3 |
| Dawn Reves | 3 | 3 |
| Nigel Roberts | 2 | 3 |
| Emma Young | 3 | 3 |
| Sarah Baudains (in attendance) | 3 | 3 |

Audit Committee

The Audit Committee is a sub-committee of the Academy Board and comprises of 5 Trustees. However, the Principal may on occasion attend a meeting to receive Audit feedback as appropriate. Its purpose is to advise the Trust on the internal controls and risk management policy, control and actions.

The Senior Leadership Team has responsibility for ensuring any recommendations are implemented.

The Audit Committee advises the Board on the appointment of Auditors for the Financial Statements and also for the rolling programme of internal audit checks.

Attendance during the period was as follows:

| Committee Attendees | Meetings Attended | Out of a Possible |
|--------------------------------|-------------------|-------------------|
| Lee Henderson | 2 | 3 |
| Geoff Howes | 3 | 3 |
| Jeremy Pattison | 1 | 1 |
| Shirley Price | 2 | 2 |
| Julie Wagerfield | 3 | 3 |
| Helen Warren | 3 | 3 |
| Emma Young (in attendance) | 3 | 3 |
| Sarah Baudains (in attendance) | 3 | 3 |

Governance Statement (continued)

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, as well as estates safety and management, achieved in return for the taxpayer resources received.

The Accounting Officer considers how the Trust's use of its resources has provided good value for money during each academic year, and reports to the Board of Trustees where value for money can be improved. The Accounting Officer for the Academy Trust has delivered value for money during the year by:

- setting tight budgets to cover essential college expenditure
- use of tendering and purchasing frameworks for any significant expenditure
- careful payroll resources planning
- reviewing with the Finance & Estates Committee where funding is most urgently required to be spent to ensure the Academy Trust's estate is safe, well maintained and complies with relevant regulations
- continuing to achieve excellent student outcomes.

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 Godalming College for the period 1st September 2022 to 31st August 2023 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Board of Trustees has reviewed the key risks to which the Academy Trust is exposed, together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the period 1st September 2022 to 31st August 2023 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

The 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:

Governance Statement (continued)

- comprehensive budgeting and monitoring systems with an annual budget and financial reports which are reviewed and agreed by the Board of Trustees
- regular reviews by the Finance and Estates Committee of reports which indicate financial performance against the forecasts, and of major purchase plans, capital works and expenditure programmes
- monthly Finance Monitoring meetings, attended by the Chair of Finance and Estates
- 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 through the Risk Register, which is reviewed at least 3 times a year by the Audit Committee and the Full Board

In 2020 the Accounting Officer appointed Wylie Bisset as the Internal Auditor for a 5 year contract, commencing 1st September 2020. During this past financial year the appointed Internal Auditors reviewed four different areas of internal controls and produced an annual report on their findings. These reports were all shared and reviewed with the Audit Committee. The 4 areas reviewed were:

- Free school meals and bursary funding
- Catering
- GDPR
- Follow up review on prior year audit recommendations

All areas reviewed received a strong level of assurance, with a small number of low level recommendations.

The Chair of Audit reports to the Board of Trustees, through the Audit Committee, on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

Review of Effectiveness


As Accounting Officer, the 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 internal auditor
- the work of the external auditor
- the financial management and governance self-assessment process
- the work of the Senior Leadership Team who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the results of these reviews on the system of internal control, and ensures continuous improvement of the system is in place.

Approved by order of the members of the Board of Trustees on 11th December 2023 and signed on its behalf by:


JEPattison (Dec 12, 2023 09:34 GMT)
.....
J Pattison
Chair of Trustees


Emma Young (Dec 11, 2023 20:27 GMT)
.....
E Young
Accounting Officer & Principal

Statement of Regularity, Propriety and Compliance

As Accounting Officer of Godalming College I have considered my responsibility to notify the Academy Trust Board of Trustees and the Education and Skills Funding Agency of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, including for estates safety and management, 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 2022, including responsibilities for estates safety and management.

I confirm that I and the Academy Trust Board of Trustees are able to identify any material irregular or improper use of funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's funding agreement and the Academies Financial Handbook 2022.

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



Emma Young (Dec 11, 2023 20:27 GMT)

E Young
Accounting Officer & Principal

Date 11/12/23

Statement of Trustees' Responsibilities

The Trustees (who act as Governors of Godalming College and are also the Directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Annual Accounts Direction published by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP (FRS 102) and the Academies Accounts Direction 2022 to 2023
- make judgments and accounting estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the Board of Trustees on 11th December 2023 and signed on its behalf by:


JEPattison (Dec 12, 2023 09:34 GMT)

J Pattison
Chair of Trustees

Independent Auditors' Report to the Members of Godalming College

Opinion

We have audited the financial statements of Godalming College (the 'charitable company') for the year ended 31 August 2023 which comprise the statement of financial activities, the balance sheet, the statement of cash flows, and the notes to the financial statements including the principal accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, 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), 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) (the Charities SORP (FRS 102)) and the Academies Accounts Direction 2022 to 2023.

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2023 and of its income and expenditure, for the period 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 (FRS 102) and Academies Accounts Direction 2022 to 2023.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

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

Independent Auditors' Report to the Members of Godalming College (continued)

Other information (continued)

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report, which is also the directors' report for the purposes of company law and includes the strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' report, which is also the directors' report for the purposes of company law and includes the strategic report, has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report including the strategic report.

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

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

Responsibilities of trustees

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

Independent Auditors' Report to the Members of Godalming College (continued)

Responsibilities of trustees (continued)

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

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement director ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the charitable company through discussions with management, and from our knowledge of the academy trust sector;
- the identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit;
- we considered the legal and regulatory frameworks that are applicable to the charitable company and determined that the most significant are the Companies Act 2006, the Charities SORP (FRS 102), the ESFA Academies Accounts Direction 2022 to 2023, the Academy Trust Handbook 2022, and the academy trust's funding agreement with the ESFA as well as legislation pertaining to safeguarding in the UK;
- we understood how the charitable company is complying with those legal and regulatory frameworks by making inquiries to management and those responsible for legal, compliance and governance procedures. We corroborated our inquiries through our review of the minutes of trustees' meetings and papers provided to the trustees.
- we planned and carried out a separate limited assurance engagement in respect of regularity, propriety and compliance in accordance with the Framework and Guide for External Auditors and Reporting Accountants of Academy Trusts issued by the ESFA, as set out in our separate independent reporting accountant's assurance report on regularity.

Independent Auditors' Report to the Members of Godalming College (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

We assessed the susceptibility of the charitable company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- reviewing journal entries to identify unusual transactions;
- tested the authorisation of expenditure as part of our substantive testing thereon;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in the accounting policies were indicative of potential bias; and
- used data analytics to identify any significant or unusual transactions and identify the rationale for them.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reviewing the minutes of trustees' meetings;
- enquiring of management and those charged with governance as to actual and potential litigation and claims;
- reviewing any available correspondence with Ofsted, ESFA and HMRC; and
- the work undertaken in relation to the limited assurance engagement in respect of regularity, propriety and compliance in accordance with the Framework and Guide for External Auditors and Reporting Accountants of Academy Trusts issued by the ESFA, as set out in our separate independent reporting accountant's assurance report on regularity.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. International Standards on Auditing also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the trustees and other management and the inspection of regulatory and legal correspondence, if any.

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

Independent Auditors' Report to the Members of Godalming College (continued)

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.



Gumayel Miah (Senior Statutory Auditor)
For and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

Date: 14 December 2023

Independent Reporting Accountant's Assurance Report on Regularity to Godalming College and the Education and Skills Funding Agency

Conclusion

In accordance with the terms of our engagement letter dated 10 June 2022 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2022 to 2023, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Godalming College during the period from 1 September 2022 to 31 August 2023 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 Godalming College and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Godalming College and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Godalming College and the ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Godalming College's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Godalming College's funding agreement with the Secretary of State for Education and the Academy Trust Handbook, extant from 1 September 2022, 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 2022 to 2023. 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 from 1 September 2022 to 31 August 2023 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 Framework and Guide for External Auditors and Reporting Accountant of Academy Trusts 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.

Approach (continued)

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

The work undertaken to draw to our conclusion includes:

- An assessment of the risk of material irregularity and impropriety across all of the Trust's activities;
- Further testing and review of the areas identified through the risk assessment including enquiry, identification of control processes and examination of supporting evidence across all areas identified as well as additional verification work where considered necessary; and
- Consideration of evidence obtained through the work detailed above and the work completed as part of our financial statements audit in order to support the regularity conclusion.

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 from 1 September 2022 to 31 August 2023 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Buzzacott LLP
Chartered Accountants
130 Wood Street
London
EC2V 6DL

Date: 14 December 2023

**Statement of Financial Activities for the year ended 31st August 2023
(including Income and Expenditure Account)**

| | | Unrestricted | Restricted | Restricted | 2022/23 | 2021/22 |
|--|------|--------------|------------|------------|---------------|---------------|
| | | Funds | General | Fixed | | |
| | | Funds | Funds | Asset | | |
| | Note | £000 | £000 | £000 | Total £000 | Total £000 |
| Income from: | | | | | | |
| Donations and capital grants | 2 | 50 | - | 151 | 201 | 81 |
| Charitable activities: | | | | | | |
| Funding for the academy trust's educational operations | 5 | 902 | 11,320 | - | 12,222 | 10,771 |
| Other trading activities | 3 | 57 | - | - | 57 | 58 |
| Investments | 4 | 5 | - | - | 5 | 3 |
| Total Income | | 1,014 | 11,320 | 151 | 12,485 | 10,913 |
| Expenditure on: | | | | | | |
| Charitable activities: | | | | | | |
| Academy trust educational operations | 7 | 961 | 11,249 | 993 | 13,203 | 12,219 |
| Total | 6 | 961 | 11,249 | 993 | 13,203 | 12,219 |
| Net income / (expenditure) | | 53 | 71 | (842) | (718) | (1,306) |
| Transfers between funds | 15 | - | (818) | 818 | - | - |
| Other recognised gains / (losses): | | | | | | |
| Actuarial gains on defined benefit pension schemes | 21 | - | 175 | - | 175 | 4,150 |
| Net movement in funds | | 53 | (572) | (24) | (543) | 2,844 |
| Reconciliation of funds | | | | | | |
| Total funds brought forward | 15 | 1,128 | 2,338 | 14,231 | 17,697 | 14,853 |
| Total funds carried forward | | 1,181 | 1,766 | 14,207 | 17,154 | 17,697 |

Balance Sheet as at 31 August 2023

Company Number 11090286

| | Notes | 2023 £000 | 2023 £000 | 2022 £000 | 2022 £000 |
|---|-------|--------------|---------------|--------------|---------------|
| Fixed assets | | | | | |
| Tangible assets | 11 | | 14,207 | | 14,231 |
| Current assets | | | | | |
| Stock | 12 | 11 | | 10 | |
| Debtors | 13 | 354 | | 367 | |
| Cash at bank and in hand | | 3,658 | | 3,851 | |
| | | <u>4,023</u> | | <u>4,228</u> | |
| Liabilities | | | | | |
| Creditors: Amounts falling due within one year | 14 | (1,076) | | (762) | |
| Net current assets | | | <u>2,947</u> | | <u>3,466</u> |
| Net assets excluding pension asset/liability | | | <u>17,154</u> | | <u>17,697</u> |
| Defined benefit pension scheme asset/(liability) | 21 | | - | | - |
| Total assets | | | <u>17,154</u> | | <u>17,697</u> |
| Funds of the academy trust: | | | | | |
| Restricted funds | | | | | |
| Fixed asset fund | 15 | 14,207 | | 14,231 | |
| Restricted income fund | 15 | 1,766 | | 2,338 | |
| Pension reserve | 15 | - | | - | |
| Total restricted funds | | | <u>15,973</u> | | <u>16,569</u> |
| Unrestricted income funds | 15 | | <u>1,181</u> | | <u>1,128</u> |
| Total funds | | | <u>17,154</u> | | <u>17,697</u> |

The financial statements on pages 28 to 54 were approved by the trustees, and authorised for issue on 11th December 2023 and are signed on their behalf by:

JEPattison
JEPattison (Dec 12, 2023 09:34 GMT)

.....
J Pattison
Chair of Trustees
Godalming College

Statement of Cash Flows for the year ended 31 August 2023

| | Notes | 2023 £000 | 2022 £000 |
|--|-------|----------------------------|----------------------------|
| Cash flows from operating activities | | | |
| Net cash provided by operating activities | 17 | 771 | 392 |
| Cash flows from investing activities | 18 | (964) | (695) |
| Change in cash and cash equivalents in the reporting period | | <u>(193)</u> | <u>(303)</u> |
| Cash and cash equivalents at start of period | | 3,851 | 4,154 |
| Cash and cash equivalents at end of period | 19 | <u>3,658</u> | <u>3,851</u> |

Notes to the Financial Statements for the year ended 31 August 2023

1. Statement of Accounting Policies

Godalming College (the 'Academy Trust') is a Charitable Company. The address of the Trust's principal place of business is given on page 2. The nature of the Academy Trust's operations is set out in the Trustees' Report.

1.1 Basis of Preparation

The financial statements of the Academy Trust 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 2022 to 2023 issued by ESFA, the Charities Act 2011 and the Companies Act 2006. The Academy Trust is a public benefit entity under FRS 102 and has therefore applied the relevant public benefit requirements of FRS 102.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently in dealing with items which are considered material in relation to the financial statements, to all the years presented, unless otherwise stated.

The financial statements are presented in sterling which is also the functional currency of the Academy Trust.

Monetary amounts in these financial statements are rounded to the nearest whole £1,000, except where otherwise indicated.

1.2 Going Concern

The Trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements, to December 2024.

The Trustees have concluded that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future. This is primarily because the College is funded by the ESFA and the amount of funding for the financial year 2023/24 is known and guaranteed. The amount of funding is based on student numbers, which are gradually increasing and hence the funding will increase too. The Academy Trust has submitted its record of students on the enumeration date in November 2023, and so expects that the funding for the year to 2024/25 will be in excess of the previous year.

As at 31 August 2023 the Academy Trust held cash reserves of £3,658k, and the cashflow forecast for the twelve months from the approval of the financial statements show that the Academy Trust can meet liabilities as they fall due.

There are no material uncertainties about the Academy Trust's ability to continue as a going concern, thus the Trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

Notes to the Financial Statements (continued)

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.

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

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

- **Sponsorship Income**

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

- **Donations**

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

- **Other Income**

Other income, including from catering and from 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.

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 allocated on the portion of the asset's use.

Notes to the Financial Statements (continued)

• Charitable Activities

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

All resources expended are inclusive of irrecoverable VAT.

1.5 Tangible Fixed Assets

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

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

| | |
|------------------------------------|---------------|
| • Freehold buildings | - 20-50 years |
| • Buildings Refurbishments | - 10 years |
| • Fixtures, fittings and equipment | - 10 years |
| • Motor Vehicles | - 5 years |
| • Computer Hardware | - 5 years |

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

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

1.6 Financial Instruments

The Academy Trust has chosen to adopt Sections 11 and 12 of FRS 102 in full in respect of financial instruments.

Financial assets and liabilities

Financial assets and financial liabilities are recognised when the Academy Trust becomes a party to the contractual provisions of the instrument.

Notes to the Financial Statements (continued)

Financial liabilities are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), unless the arrangement constitutes a financing transaction. A financial asset or financial liability that is payable or receivable in one year is measured at the undiscounted amount expected to be received or paid net of impairment, unless it is a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and financial liabilities are offset only when there is a current legally enforceable right to set off the recognised amounts and the intention to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

De-recognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

1.7 Leased Assets

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

1.8 Stock

Catering stocks are valued at the lower of cost or net realisable value.

1.9 Pensions Benefits

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

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

The LGPS is a funded 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

Notes to the Financial Statements (continued)

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.

Where the scheme is estimated to be in a surplus position, under the reporting provisions of FRS 102, the Academy is only able to recognise the surplus as to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan. As the Academy does not anticipate being able to recover the surplus in the aforementioned manner, the surplus is not recognised on the balance sheet, and a corresponding adjustment is made within other recognised gains and losses on the statement of financial activities (as an actuarial loss) to bring the net LGPS position to £nil on the balance sheet.

1.10 Fund Accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the Academy Trust at the discretion of the Trustees.

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

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder/donor and include grants from the Education and Skills Funding Agency.

1.11 Agency Arrangement

The Academy Trust acts as an agent in distributing 16-19 bursary funds from the ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the statement of financial activities. The funds received and paid, and any balances held are disclosed in Note 24.

1.12 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used

Notes to the Financial Statements (continued)

in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 23, will impact the carrying amount of the pension's liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31st March 2019 has been used by the actuary in valuing the pensions liability at 31st August 2023. 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.

Notes to the Financial Statements (continued)

2 Donations and capital grants

| | Unrestricted | Restricted General | Restricted Fixed Asset | 2022/23 | 2021/22 |
|-----------------|--------------|-----------------------|------------------------------|------------|-----------|
| | Funds | Funds | Funds | Total | Total |
| | £000 | £000 | £000 | £000 | £000 |
| Capital grants | - | - | 151 | 151 | 53 |
| Other donations | 50 | - | - | 50 | 28 |
| | <u>50</u> | <u>-</u> | <u>151</u> | <u>201</u> | <u>81</u> |

Income from donations and capital grants in 2022 was £81k, of which £28k was unrestricted and £53k was restricted fixed asset funds

3 Other trading activities

| | Unrestricted Total | |
|--------------------|--------------------|-----------|
| | 2022/23 | 2021/22 |
| | £000 | £000 |
| Hire of facilities | 57 | 58 |
| | <u>57</u> | <u>58</u> |

4 Investment income

| | Unrestricted Total | |
|---------------------|--------------------|----------|
| | 2022/23 | 2021/22 |
| | £000 | £000 |
| Short term deposits | 5 | 3 |
| | <u>5</u> | <u>3</u> |

Notes to the Financial Statements (continued)

5 Funding for the Academy Trust's educational operations

| | Unrestricted | Restricted General | Restricted Fixed Asset | 2022/23 | 2021/22 |
|--|---------------|-----------------------|------------------------------|---------------|---------------|
| | Funds £000 | Funds £000 | Funds £000 | Total £000 | Total £000 |
| DfE / ESFA grants | | | | | |
| General Annual Grant (GAG) | - | 10,770 | - | 10,770 | 9,390 |
| Other DfE/ESFA grants | | 526 | - | 526 | 659 |
| Other government grants | | | | | |
| Local Authority grants | - | 24 | - | 24 | 31 |
| Other income | | | | | |
| Catering income from students | 615 | - | - | 615 | 524 |
| Other income from the Academy Trust's educational activities | 287 | - | - | 287 | 167 |
| | 902 | 11,320 | - | 12,222 | 10,771 |

Income from the Academy Trust's educational operations in 2022 was £10,771k, of which £717k was unrestricted and £10,054k was restricted general funds.

Notes to the Financial Statements (continued)

6 Expenditure

| | Staff Costs | Non Pay Expenditure | | Total | Total |
|-----------------------------------|----------------|---------------------|-------|---------|---------|
| | | Premises | Other | 2022/23 | 2021/22 |
| | £000 | £000 | £000 | £000 | £000 |
| Academy's educational operations: | | | | | |
| Direct costs | 6,644 | - | 781 | 7,425 | 7,255 |
| Allocated support costs | 2,666 | 826 | 2,286 | 5,778 | 4,964 |
| | 9,310 | 826 | 3,067 | 13,203 | 12,219 |

Net expenditure for the period includes:

| | 2022/23 | 2021/22 |
|--|---------|---------|
| | £000 | £000 |
| Depreciation | 993 | 1,019 |
| Fees payable to: | | |
| - External Auditor: audit & assurance related services | 24 | 22 |
| - Non Audit Services: VAT advisory | 8 | - |
| - Internal Auditor | 9 | 10 |

Notes to the Financial Statements (continued)

7 Charitable Activities

| | 2022/23 £000 | 2021/22 £000 |
|---|-----------------|-----------------|
| Direct costs – educational operations | | |
| Teaching and educational support staff costs | 6,644 | 6,594 |
| Educational supplies | 298 | 288 |
| Examination fees | 400 | 312 |
| Staff development | 83 | 61 |
| Direct costs | 7,425 | 7,255 |
| | | |
| | 2022/23 £000 | 2021/22 £000 |
| Support costs – educational operations | | |
| Support staff costs | 2,666 | 2,206 |
| Depreciation | 993 | 1,019 |
| Technology costs | 224 | 219 |
| Premises costs | 826 | 681 |
| Legal costs | 3 | 2 |
| Other support costs | 1,027 | 805 |
| Governance costs | 39 | 32 |
| Support costs | 5,778 | 4,964 |
| Total direct and support costs | 13,203 | 12,219 |

Notes to the Financial Statements (continued)

8 Staff

a. Staff costs

| | 2022/23 | 2021/22 |
|-------------------------------------|--------------|--------------|
| | £000 | £000 |
| Staff costs during the period were: | | |
| Wages and salaries | 6,977 | 6,256 |
| Social security costs | 698 | 625 |
| Pension costs | 1,631 | 1,906 |
| | 9,306 | 8,787 |
| Agency staff costs | 4 | 13 |
| Total staff costs | 9,310 | 8,800 |

b. Staff numbers

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

| | 2022/23 | 2021/22 |
|----------------------------|------------|------------|
| | No. | No. |
| Teachers | 135 | 136 |
| Administration and support | 88 | 86 |
| Management | 4 | 4 |
| | 227 | 226 |

c. Higher paid staff

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

| | 2022/23 | 2021/22 |
|---------------------|---------|---------|
| | No. | No. |
| £60,001 - £70,000 | 2 | 2 |
| £70,001 - £80,000 | 1 | 1 |
| £80,001 - £90,000 | 1 | - |
| £110,001 - £120,000 | - | 1 |
| £120,001 - £130,000 | 1 | - |

Notes to the Financial Statements (continued)

d. Key management personnel

The key management personnel of the Academy Trust comprise the Trustees and the Senior Leadership team as listed on page 2. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the Academy Trust was £447,000 (2022: £425,000).

9 Trustees' Remuneration and Expenses

The Principal and other Staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Principal and staff members under their contracts of employment and not in respect of their role as Trustees. Other Trustees were not paid any remuneration nor received any other benefits from employment with the Academy Trust.

During the year ended 31 August 2023, travel and subsistence expenses totalling £412 (2022: £122) were paid to the Accounting Officer. No further expenses were paid to trustees (2022: none).

| | 2023 | 2022 |
|----------------------------------|-------------|-------------|
| | £000 | £000 |
| E Young, Principal and Trustee | | |
| Remuneration | 122 | 116 |
| Employer's pension contributions | 29 | 27 |
| | 151 | 143 |

| | 2023 | 2022 |
|---|-------------|-------------|
| | £000 | £000 |
| S Hibbert, Staff Trustee (for the months in post) | | |
| Remuneration | 48 | 35 |
| Employer's pension contributions | 11 | 8 |
| | 59 | 43 |

| | 2023 | 2022 |
|---|-------------|-------------|
| | £000 | £000 |
| E Sylvester, Staff Trustee (for the months in post) | | |
| Remuneration | 37 | 28 |
| Employer's pension contributions | 9 | 7 |
| | 46 | 35 |

Notes to the Financial Statements (continued)

10 Trustees' and Officers' Insurance

In accordance with normal commercial practice the academy has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance policy with Zurich Insurance plc provides cover up to £2,000,000 on any one claim and the cost for the period ended 31 August 2023 was £864 (previous 12 months £750). The cost of this insurance is included in the total insurance cost.

11 Tangible Fixed Assets

| | Freehold Land and Buildings £000 | Furniture and Equipment £000 | Computer Equipment £000 | Motor Vehicles £000 | Total £000 |
|------------------------|---|---------------------------------------|-------------------------------|---------------------------|---------------|
| Cost | | | | | |
| At 31 August 2022 | 24,214 | 2,721 | 3,786 | 60 | 30,781 |
| Additions | 760 | 56 | 153 | - | 969 |
| Disposals | - | - | - | - | - |
| At 31 August 2023 | 24,974 | 2,777 | 3,939 | 60 | 31,750 |
| Depreciation | | | | | |
| At 31 August 2022 | 10,870 | 2,596 | 3,047 | 37 | 16,550 |
| Charged in year | 736 | 30 | 221 | 6 | 993 |
| Disposals | - | - | - | - | - |
| At 31 August 2023 | 11,606 | 2,626 | 3,268 | 43 | 17,543 |
| Net book values | | | | | |
| At 31 August 2023 | 13,368 | 151 | 671 | 17 | 14,207 |
| At 31 August 2022 | 13,344 | 125 | 739 | 23 | 14,231 |

Notes to the Financial Statements (continued)

12 Stock

| | 2023 £000 | 2022 £000 |
|----------|--------------|--------------|
| Catering | 11 | 10 |
| | <u>11</u> | <u>10</u> |

13 Debtors

| | 2023 £000 | 2022 £000 |
|--------------------------------|--------------|--------------|
| Trade debtors | 6 | 7 |
| VAT recoverable | 212 | 166 |
| Other debtors | - | 70 |
| Prepayments and accrued income | 136 | 124 |
| | <u>354</u> | <u>367</u> |

14 Creditors: Amounts Falling due within one Year

| | 2023 £000 | 2022 £000 |
|------------------------------------|--------------|--------------|
| Trade creditors | 402 | 223 |
| Other taxation and social security | 174 | 150 |
| Pension creditor | 177 | 152 |
| ESFA creditor | 63 | 64 |
| Accruals and deferred income | 260 | 170 |
| | <u>1,076</u> | <u>759</u> |

Deferred Income

| | 2023 £000 | 2022 £000 |
|---|--------------|--------------|
| Deferred Income at start of period | 66 | 74 |
| Released from previous period | (66) | (74) |
| Resources deferred in period | 66 | 66 |
| Deferred Income at end of period | <u>66</u> | <u>66</u> |

At the balance sheet date the Academy Trust was holding funds received in advance for services and trips to be delivered in the next academic year.

Notes to the Financial Statements (continued)

| 15 Funds | Balance at 01-Sep 2022 | Income | Expenditure | Gains, losses and Transfers | Balance at 31-Aug 2023 |
|-------------------------------------|---|---------------|--------------------|--|---|
| | £000 | £000 | £000 | £000 | £000 |
| Restricted general funds | | | | | |
| General Annual Grant (GAG) | 910 | 10,770 | (9,096) | (818) | 1,766 |
| Pension Reserve | - | - | (175) | 175 | - |
| Other grants | 1,428 | 550 | (1,978) | - | - |
| | 2,338 | 11,320 | (11,249) | (643) | 1,766 |
| Restricted fixed asset funds | | | | | |
| Transfer on conversion | 12,684 | - | (885) | 818 | 12,617 |
| DfE/ESFA capital grants | 1,046 | 151 | (73) | - | 1,124 |
| Capital expenditure from GAG | 501 | - | (35) | - | 466 |
| | 14,231 | 151 | (993) | 818 | 14,207 |
| Total restricted funds | 16,569 | 11,471 | (12,242) | 175 | 15,973 |
| Total unrestricted funds | 1,128 | 1,014 | (961) | - | 1,181 |
| Total funds | 17,697 | 12,485 | (13,203) | 175 | 17,154 |

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

The Restricted General Fund includes General Annual Grant (GAG) and other grants received from the Education and Skills Funding Agency and the Local Authority towards educational activities. The Pension Reserve relates to the academy trust's share of the deficit of the Local Government Pension Scheme overseen by Surrey County Council.

The Restricted Fixed Asset Fund includes amounts received from the Education and Skills Funding Agency in respect of tangible assets held for use by the academy trust. Transfers from the Restricted General Fund to the Restricted Fixed Asset Fund represents the utilisation of GAG funding to finance capital works.

Under the Funding Agreement with the Secretary of State for Education, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2022.

The total of Restricted General Funds (excluding Pension Reserve) and Unrestricted Funds at 31 August 2023 is £2.947m (2022: £3.468m)

Notes to the Financial Statements (continued)

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

| | Balance at 01-Sep 2021 | Income | Expenditure | Gains, losses and Transfers | Balance at 31-Aug 2022 |
|-------------------------------------|------------------------------|---------------|-----------------|--------------------------------------|------------------------------|
| | £000 | £000 | £000 | £000 | £000 |
| Restricted general funds | | | | | |
| General Annual Grant (GAG) | (157) | 9,390 | (9,170) | 847 | 910 |
| Pension Reserve | (3,486) | - | (664) | 4,150 | - |
| Other grants | 1,428 | 664 | (664) | - | 1,428 |
| | (2,215) | 10,054 | (10,498) | 4,997 | 2,338 |
| Restricted fixed asset funds | | | | | |
| Balance on conversion | 14,449 | - | (918) | (847) | 12,684 |
| DfE/ESFA capital grants | 1,060 | 53 | (67) | - | 1,046 |
| Capital expenditure from GAG | 535 | - | (34) | - | 501 |
| | 16,044 | 53 | (1,019) | (847) | 14,231 |
| Total restricted funds | 13,829 | 10,107 | (11,517) | 4,150 | 16,569 |
| Total unrestricted funds | 1,024 | 806 | (702) | - | 1,128 |
| Total funds | 14,853 | 10,913 | (12,219) | 4,150 | 17,697 |

Notes to the Financial Statements (continued)

16 Analysis of net assets between funds

Fund balances at 31 August 2023 are represented by:

| | Unrestricted Funds | Restricted General Funds | Restricted Fixed Asset Funds | Total Funds |
|--------------------------|-----------------------|--------------------------------|---------------------------------------|----------------|
| | £000 | £000 | £000 | £000 |
| Tangible fixed assets | - | - | 14,207 | 14,207 |
| Current assets | 1,181 | 2,842 | - | 4,023 |
| Current liabilities | - | (1,076) | - | (1,076) |
| Pension scheme liability | - | - | - | - |
| Total net assets | 1,181 | 1,766 | 14,207 | 17,154 |

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

| | Unrestricted Funds | Restricted General Funds | Restricted Fixed Asset Funds | Total Funds |
|--------------------------|-----------------------|--------------------------------|---------------------------------------|----------------|
| | £000 | £000 | £000 | £000 |
| Tangible fixed assets | - | - | 14,231 | 14,231 |
| Current assets | 1,128 | 3,100 | - | 4,228 |
| Current liabilities | - | (762) | - | (762) |
| Pension scheme liability | - | - | - | - |
| Total net assets | 1,128 | 2,338 | 14,231 | 17,697 |

Notes to the Financial Statements (continued)

17 Reconciliation of Net Expenditure to Net Cash Flow from Operating Activities

| | 2022/23 | 2021/22 |
|---|------------|------------|
| | £000 | £000 |
| Net expenditure for the reporting period (as per the statement of financial activities) | (718) | (1,305) |
| <i>Adjusted for:</i> | | |
| Depreciation charges (note 11) | 993 | 1,019 |
| Interest receivable (note 4) | (5) | (3) |
| Defined benefit scheme service cost adjustment (note 21) | 204 | 601 |
| Defined benefit scheme finance cost adjustment (note 21) | (29) | 63 |
| Increase in stock | (1) | (10) |
| Decrease in debtors | 13 | 144 |
| Increase / (decrease) in creditors | 314 | (117) |
| Net cash provided by operating activities | 771 | 392 |

18 Cash Flows from Investing Activities

| | 2022/23 | 2021/22 |
|--|--------------|--------------|
| | £000 | £000 |
| Interest received | 5 | 3 |
| Purchase of tangible fixed assets | (969) | (698) |
| Net cash used in investing activities | (964) | (695) |

Notes to the Financial Statements (continued)

20 Members' liability

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

Notes to the Financial Statements (continued)

21 Pension and similar obligations

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

Prior to 31 August 2023, the latest actuarial valuation of the TPS related to the period ended 31 March 2016 and of the LGPS 31 March 2022. A further valuation of the TPS scheme, relating to the period ended 31 March 2020 was published in October 2023.

Contributions amounting to £177k were payable to the schemes at 31 August 2023 (2022: £152k) and are included within creditors.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Scheme Regulations 2014. Membership is automatic for teachers in academies. All teachers have the option to opt-out of the TPS following enrolment.

The TPS is an unfunded scheme to which both the member and employer makes contributions, as a percentage of salary these contributions 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 every 4 years. 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 actuarial valuation of the TPS which applied during the year ended 31 August 2023 was carried out as at 31 March 2016. The valuation report was published by the Department for Education on 5 March 2019. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 23.68% of pensionable pay (including a 0.08% administration levy)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million, giving a notional past service deficit of £22,000 million
- The SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 2.4% above the rate of CPI, assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.45%.

The latest actuarial TPS valuation results, as at 31 March 2020, were released in October 2023. The valuation result is due to be implemented from 1 April 2024, from this date employer contribution rates will increase to 28.68% (including a 0.08% administration levy).

Notes to the Financial Statements (continued)

21 Pension and similar obligations (continued)

The employer's pension costs paid to TPS in the period amounted to £1,146k (2022: £1,029k).

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.

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds.

The total contribution made for the period ended 31 August 2023 was £411k (2022: £363k), of which employer's contributions totalled £306k (2022: £269k) and employees' contributions totalled £105k (2022: £92k). The agreed contribution rates for future years are 18.1 per cent for employers and 5.8 per cent for employees.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of an academy trust closure, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013 and on 2 July 2022, the Department for Education reaffirmed its commitment to the guarantee, with a parliamentary minute published on GOV.UK.

Principal Actuarial Assumptions

| | 2023 | 2022 |
|--|------|------|
| Rate of increase in salaries | 4.0% | 4.1% |
| Rate of increase for pensions in payment/inflation | 3.0% | 3.2% |
| Discount rate for scheme liabilities | 5.2% | 4.3% |
| Inflation assumption (CPI) | 3.0% | 3.2% |
| Commutation of pensions to lump sums | 55% | 63% |

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

| | 2023 | 2022 |
|-----------------------------|------|------|
| <i>Retiring today</i> | | |
| Males | 21.6 | 22.1 |
| Females | 24.6 | 24.5 |
| <i>Retiring in 20 years</i> | | |
| Males | 22.5 | 23.1 |
| Females | 26.2 | 26.2 |

Sensitivity analysis

Sensitivities regarding principal assumptions used to measure the scheme liabilities:

| | 2023 | 2022 |
|---------------------|-------|-------|
| | £000 | £000 |
| Discount rate +0.5% | (865) | (940) |
| Discount rate -0.5% | 865 | 940 |
| CPI rate +0.5% | 810 | 865 |
| CPI rate -0.5% | (810) | (865) |

The Academy's share of the assets in the scheme were:

| | 2023 | 2022 |
|-------------------------------------|---------------|---------------|
| | £000 | £000 |
| Equities | 8,893 | 7,985 |
| Bonds | 1,386 | 1,471 |
| Property | 924 | 840 |
| Cash and other liquid assets | 346 | 210 |
| Total market value of assets | 11,549 | 10,506 |

| | | |
|------------------------------------|----|-------|
| The actual return on scheme assets | 42 | (723) |
|------------------------------------|----|-------|

Amounts recognised in the Statement of Financial Activities

| | 2022/23 | 2021/22 |
|--|--------------|--------------|
| | £000 | £000 |
| Current service cost | (510) | (870) |
| Expected return on pension scheme assets | 448 | 181 |
| Interest on pension liabilities | (419) | (244) |
| Total amount recognised in the SOFA | (481) | (933) |

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

| | 2022/23 £000 | 2021/22 £000 |
|--------------------------------|-----------------|-----------------|
| Obligations at start of period | 9,724 | 14,412 |
| Current service cost | 510 | 870 |
| Interest cost | 419 | 244 |
| Employee contributions | 105 | 92 |
| Actuarial (gain) | (722) | (5,655) |
| Benefits paid | (309) | (239) |
| At 31 August | 9,727 | 9,724 |

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

| | 2022/23 £000 | 2021/22 £000 |
|--------------------------------|-----------------|-----------------|
| Plan assets at start of period | 10,506 | 10,926 |
| Interest income | 448 | 181 |
| Actuarial gain/(loss) | 493 | (723) |
| Employer contributions | 306 | 269 |
| Employee contributions | 105 | 92 |
| Benefits paid | (309) | (239) |
| At 31 August | 11,549 | 10,506 |

Overall net liability recognised on the balance sheet:

| | 2022/23 £000 | 2021/22 £000 |
|--|-----------------|-----------------|
| Present value of defined benefit obligations | 9,727 | 9,724 |
| Fair value of Academy's share of scheme assets | (11,549) | (10,506) |
| Net (surplus) in the scheme as determined by the Academy | (1,822) | (782) |
| Adjustment recognised within actuarial gains and losses to cap the net scheme surplus* | 1,822 | 782 |
| Net deficit in the scheme as recognised on the balance sheet | - | - |

*As the net surplus in the scheme is considered to be irrecoverable, the recognition of the surplus on the balance sheet has been restricted to £nil. An adjustment of £1,040k (being the difference between the capping adjustment applied in the prior year and the capping adjustment required for the current year) has been offset against the overall actuarial gain for the year.

Notes to the Financial Statements (continued)

22 Related party transactions

Owing to the nature of the Academy Trust's operations and the composition of the Board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the Trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the Handbook, including notifying the ESFA of all transactions made on or after 1 April 2020 and obtaining their approval where required, and with the Academy Trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

Details of Trustees' remuneration and out of pocket expenses reimbursed are provided in note 9.

Income related party transactions: Emma Young is a Director of the Waverley Federation. The Academy Trust received income from the Waverley Federation in 22/23 of £24,575 (21/22 £26,800).

23 Agency arrangements

The Academy Trust distributes 16-19 bursary funds to students as an agent for the ESFA. In the accounting period ending 31 August 2023 the trust received £108k (2022: £99k) and disbursed £109k (2022: £96k) from the fund. An amount of £63k (2022: £64k) is included in other creditors relating to undistributed funds from prior years.