

Godalming College

(A Company Limited by Guarantee)

Annual Report and Financial Statements

1st September 2020 to 31st August 2021

Registered company number 11090286

Reference and Administrative Details

Members

S Cooper
E Graham
B Jenner
P Knights
C Morton

Trustees

P Aitken
H Cameron Blackie
A Duce (Staff, resigned 26 Aug 21)
E Graham (Chair, resigned 22 Apr 21)
R Gray (Parent)
S Hibbert (Staff, from 16 Nov 21)
G Howes
P Hulse (from 20 Sept 21)
D Jack (resigned 22 Apr 21)
J Knight
J Pattison (Chair from 22 Apr 21)
S Price
H Radwanski (Staff, resigned 22 Sep 21)
D Reves
N Roberts
E Sylvester (Staff, from 16 Nov 21)
A Wakefield (resigned 26 Aug 21)
H Warren
E Young (Principal)

Company Secretary

S Harmon (resigned 31 Aug 21)
K Kehoe (from 6 Sep 21)

Senior Management Team:

- Principal
- Deputy Principal
- Assistant Principal
- Finance Director

E Young
O Stevens
C Horlock
S Baudains

Company Name

Godalming College

Principal and Registered Office

Tuesley Lane
Godalming
Surrey GU7 1RS

Company Registration Number

11090286 (England and Wales)

Godalming College – Report and Financial Statements

Reference and Administrative Details (continued)

Independent Auditor

RSM UK Audit LLP
Portland
25 High Street
Crawley
West Sussex, RH10 1BG

Bankers

Lloyds Bank
3rd Floor
2 City Place
Beehive Ring Road
Gatwick, RH6 0PA

Solicitors

Eversheds
1 Wood Street
London, EC2V 7WS

Godalming College – 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 2020 to 31st August 2021. 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 3.

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.

Godalming College – Report and Financial Statements

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 Management Team of the College consists of:

- Principal
- Deputy Principal, Curriculum and Quality
- Assistant Principal, Students and Staff Development
- Finance Director.

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
- Chairs' Forum.

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 Chairs' Forum Committee.

Related Parties and other Connected Charities and Organisations

Godalming College is part 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 FE institutions
- Trade Unions
- Professional Bodies.

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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
2	1.1

Percentage of time spent on facility time

Percentage of time	Number of Employees
0%	-
1-50%	2
51-99%	-
100%	-

Percentage of pay bill spent on facility time

Provide the total cost of facility time	£1,946
Provide the total pay bill	£7,475,000
Provide the percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) x 100	0.026%

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%
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Godalming College – Report and Financial Statements

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. The College extensively reviewed and revamped its Strategic Plan in 2018 and centred its core aims around its primary focus of Learning. It should be noted that during the past 18 months, the College has operated in crisis management mode with the pandemic completely changing the College way of working, which has meant that every system and mode of operation has had to change and adapt. During a normal academic year, the Board of Trustees monitors the performance of the College against the Strategic Plan via the annual College Development Plan. The College is currently in the process of reviewing its Strategic Plan and aims for the next 3 years.

The College Strategic Aims are as follows

- *Learn - To put learning at the heart of all that we do, focusing on excellent teaching and learning, inspiring each other*
- *Engage - To provide breadth and choice to ensure that study programmes are engaging and successfully prepare students for progression into an increasingly competitive and changing world*
- *Achieve - To work effectively and enthusiastically to sustain and improve outstanding levels of academic performance within a culture of high expectation and support*
- *Resilience - To continue to be a financially efficient and well managed College which supports and values its students and staff*
- *Needs - To meet the needs of and play an active role in our local community, working in partnership with schools, colleges, businesses and other organisations*
- *Inclusive - To embrace diversity and ensure equality is at the heart of our culture, where all members of the College feel part of a caring community, founded on mutual respect*
- *New - To foster a culture of reflection in all that we do and be creative and innovative in our approach*
- *Guidance - To provide high quality support and guidance, focusing on individual needs, interests and abilities, enabling students to confidently progress onto their next step beyond College.*

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.

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Trustees' Report continued

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 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.

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 1997 students in 2020/21 that attracted funding from the Education and Skills Funding Agency. This was an increase from 1883 students in 2019/20. Retention of students by the end of the year was 96%, which is up slightly on the previous year.

Student Achievement

The COVID pandemic continued to have a sustained impact on all elements of College operations and functionality. The College developed the underlying principles to inform all decisions taken

- The Health and Safety of all members of the College community is our number one priority.
- We work to our own timescales and deadlines and will be subject to risk assessment processes at College and Department level.
- Our unrelenting commitment to providing the highest quality education for all our students remains central.
- Safeguarding whether remote or online is at the heart of all we do.
- We can never eliminate risk completely, but will do all we can to minimise risk as much as possible.
- We will fully consider all advice and guidance from the Government, Sixth Form College Association, Unions, as well as work closely with other local Colleges, making sure we regularly reviewing approaches and sharing ideas.

For the second summer in a row, it was announced by the Government that exams were cancelled and that, instead, Teacher Assessed Grades were to be awarded to students. Following several internal and external quality assurance checks, all Teacher Assessed Grades submitted by the College were upheld. Our A*-B rate was 68.5% and pass rate 99.9%. BTEC outcomes were equally strong with a 100% pass rate and 92.5% Distinction*-Merit grades.

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Trustees' Report continued

The College was last inspected in December 2019 and was awarded 'Outstanding'. The College sets targets linked to the OFSTED FE Inspection Framework as part of its self-assessment process.

Key Performance Indicators

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

- Attainment – A Level/BTEC High Grade and Pass Rates well above national benchmarks
- Progress - Positive value-added outcomes in both DfE and ALPs measures
- GCSE English and Maths - pass rates well above benchmark
- Retention - over 95% of students to complete their main study programme
- Progression -% of students progressing onto higher education or employment is well above benchmark
- Student numbers to be maintained at c.2,000 students
- Financial Health Indicators
- Student and Staff feedback

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 2021/22, based on student numbers in 2020/21. 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 £597k. Removing the FRS102 pension charges of £254k to staff pension costs and £59k to pension interest costs provides us with an underlying result of a £284k deficit of income over expenditure. In addition, there was an unrealised actuarial gain for the Local Government Pension Scheme (LGPS) of £180k, which resulted in the net movement in funds being a loss of £417k.

At 31st August 2021 the net book value of fixed assets was £14.6m. Movements in tangible fixed assets are shown in note 11 to the financial statements.

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Trustees' Report continued

Reserves Policy

At 31st August 2021, total balance sheet reserves amounted to £14.9m. Cash reserves amounted to £4.2m. A balance of reserves is required to ensure that the College has funds in place to cover day to day expenditure that in the short term may not be covered due to differing phasing of receipts. A balance is also required should there be a shortfall in receipts in any one year, for example due to lower student enrolment, an unexpected reduction in funding per student, unexpected urgent capital expenditure, or a significant delay in the receipt of funding.

Expenditure in any one month amounts to a minimum £800,000, some of which could be delayed. It would therefore seem appropriate to maintain cash reserves in the region of £1,500,000 at any one time. This would allow for a delay in funding of up to 60 days (salaries and on-costs represent £600,000), and would also give cover for unexpected items (on the assumption that they didn't all happen at once).

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 exceptionally low, these deposits have generated bank interest of some £9k for the college as income during the accounting period to 31st August 2021.

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 ongoing COVID pandemic continued to have a significant impact on all elements of College operation. The College decided to continue to implement a blended learning approach for the start of the academic year 2020/21, with the students divided up into Cohort A and Cohort B, reducing the number of students on campus to half at any one time. This ensured we continued to minimise mixing and maximise social distancing but enabled students to access their timetable each week, one week in class and one week via streamed lessons as per their timetable. This approach was in operation up to and including Easter 2021, excluding periods of national lockdown when the College operated a full online delivery of its timetable.

The Risk Register is maintained by the Academy Trust with the Audit Committee keeping oversight. This register is reviewed regularly by Committees and the Senior Management Team.

The key risks to the College were dominated by the pandemic as follows

- Failure to adhere to our COVID Health and Safety Risk Assessment
- Potential reputational damage caused by the interpretation of our response to the COVID situation
- Student and Staff wellbeing are adversely affected by the COVID crisis

Trustees' Report continued

Key financial/strategic risks are as follows

- It is vital that the additional increases to the funding rate, particularly those received as a result of the high cost/high value element of the funding methodology, are maintained. The commitment to cover the increase in employer pension contributions required as part of the teachers' pension scheme if not continued would have a significant impact on the College's financial stability.
- Failure to adhere to regulations such as the Data Protection Regulations
- Increased threat to all educational providers from Cybersecurity attacks
- Following the publication of the DfE 'Review of Post-16 qualifications at Level 3', it is highly likely that the funding for the vast majority of BTECs will be withdrawn from 2023 onwards.

Plans for Future Periods

The Academy Trust's priorities for the coming year are to continue to support the College through the ongoing pandemic, as well as complete its review of the College Strategic Plan. Given the impact of the pandemic on the public purse nationally, it is highly likely that the much-needed increase to the funding rate per student will not happen. This means sustained financial challenges ahead. It is vital, that, as a minimum, the high-cost/high value course funding, as well as the fund to cover the teachers' pension increases, are all protected as part of the next spending review. Future curriculum planning to address the potential withdrawal of BTEC qualifications is also a key priority for the coming year.

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 13th December 2021 and signed on the board's behalf by:



Mr J Pattison
Chair of Trustees

Godalming College – Report and Financial Statements

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 be able to operate effectively throughout the pandemic, running its usual meetings pattern and operations online via Teams. The Board expertly supported the College through the many challenges that the pandemic brought about. It ensured that the pandemic did not hinder its core business or operation.

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. Attendance during the period at meetings of the Board of Trustees was as follows:

Trustee	Meetings Attended	Out of Possible
Peter Aitken	4	4
Hamish Cameron Blackie	2	4
Adam Duce	4	4
Elizabeth Graham	3	3
Rachel Gray	4	4
Geoff Howes	4	4
Douglas Jack	2	2
Justin Knight	4	4
Jeremy Pattison	4	4
Shirley Price	4	4
Hannah Radwanski	4	4
Dawn Reves	4	4
Nigel Roberts	4	4
Anne Wakefield	2	4
Helen Warren	4	4
Emma Young (Principal)	4	4

Governance Statement continued

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 experiences were present within the Trustee Board, across key areas such as Finance, Audit, Legal, Education and Estate Management.

At its Annual Summer Conference, the Board started its review of the College Strategic Plan, starting with a review of the external challenges and opportunities. Bill Watkin, Chief Executive of the SFCA, came along to provide a detailed overview to the Board of the changes ahead in the national educational landscape. During this Conference, the Board also carried out a skills audit and self-evaluation of Trustee performance. The progress with the targets set in the Governance Development Plan has been excellent. Key achievements include:

- strong strategic oversight and monitoring of the College response to the ongoing demands brought about by the pandemic
- appointment of a new Chair and Vice Chair of the Board of Trustees
- 95% attendance at meetings, which is an increase on the previous year
- Trustees took part in learning walks, focus groups and training via the Annual Conference and SFCA Governance webinars
- 14 College policies were reviewed and approved through the year
- the Board received clean audit reports from the newly appointed internal auditors, on Safeguarding, Financial Controls, Procurement and Student Records.

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 Estate 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 (Finance Director and member of SMT) was a member of this committee.

Attendance during the period was as follows:

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Governance Statement continued

Trustee	Meetings Attended	Out of a Possible
Peter Aitken	3	3
Douglas Jack	2	2
Justin Knight	3	3
Dawn Reeves	3	3
Emma Young	3	3
Sarah Baudains (in attendance)	3	3

Audit Committee

The Audit Committee is a sub-committee of the Academy Board. It comprises 4 Trustees excluding the Accounting Officer (Principal). 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.

Senior Management Group for Resources and Risk 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:

Trustees	Meetings Attended	Out of a Possible
Hamish Cameron Blackie	3	3
Geoff Howes	3	3
Shirley Price	3	3
Anne Wakefield	2	3
Helen Warren	2	2
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 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
- 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 2020 to 31st August 2021 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 2020 to 31st August 2021 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:

- 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

Governance Statement continued

- 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 by the Audit Committee and the Full Board

During the previous year the Accounting Officer appointed an Internal Auditor on a 3 year contract, commencing 1st September 2020. During this financial year the appointed Internal Auditors reviewed 4 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 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:

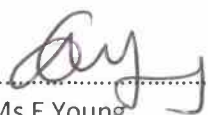
- the work of the internal auditor
- the work of the external auditor
- the financial management and governance self-assessment process
- the work of the Senior Management Team who have responsibility for the development and maintenance of the internal control framework.

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 13th December 2021 and signed on its behalf by:



Mr J Pattison
Chair of Trustees



Ms E Young
Accounting Officer & Principal

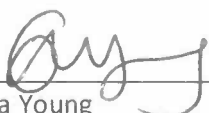
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Statement of Regularity, Propriety and Compliance

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, 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 2020.

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 2020.

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
Accounting Officer & Principal

Date 13th December 2021

Godalming College – Report and Financial Statements

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 incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP 2019 and the Academies Accounts Direction 2020 to 2021
- 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 and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform 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 13th December 2021 and signed on its behalf by:



Mr J Pattison
Chair of Trustees

Godalming College – Report and Financial Statements

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 2021 which comprise Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” (United Kingdom Generally Accepted Accounting Practice), and the Academies Accounts Direction 2020 to 2021 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company’s affairs as at 31 August 2021 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- have been prepared in accordance with the requirements of the Companies Act 2006
- have been prepared in accordance with the Academies Accounts Direction 2020 to 2021 issued by the Education and Skills Funding Agency.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 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 trustee with respect to going concern are described in the relevant sections of this report.

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Other information

The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the Annual Report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 includes the Directors' Report and the Strategic Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements
- the Directors' Report and the Strategic Report included within the Trustees' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report or the Strategic Report included within the Trustees' 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
- the financial statements are not in agreement with the accounting records and returns
- certain disclosures of trustees' remuneration specified by law are not made
- 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 set out on page 19, the trustees (who act as trustees for the charitable activities of the charitable company are also the directors of the charitable company 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

Godalming College – Report and Financial Statements

trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the 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 the 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.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory framework that the charitable company operates in and how the charitable company is complying with the legal and regulatory framework
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

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As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Charities SORP (FRS 102), Companies Act 2006, Education and Skills Funding Agency's Academies Financial Handbook and Annual Accounts Direction. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing the financial statements including the Trustees' Report.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to the Education Inspection Framework under the Education Act 2005 (as amended), Keeping Children Safe in Education under the Education Act 2002, the UK General Data Protection Regulation (UK GDPR) and the Data Protection Act 2018. We performed audit procedures to inquire of management and those charged with governance whether the charitable company is in compliance with these law and regulations and inspected correspondence with regulatory authorities.

The audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments, evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, challenging judgments and estimates.

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

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.

RSM UK Audit LLP

ZOE LONGSTAFF-TYRRELL (Senior Statutory Auditor)

For and on behalf of RSM UK AUDIT LLP, Statutory Auditor

Chartered Accountants

Portland

25 High Street

Crawley

West Sussex

RH10 1BG

Date: *14 December 2021*

**Statement of Financial Activities for the year ended 31st August 2021
(including Income and Expenditure Account)**

		Unrestricted	Restricted	Restricted	2020/21	2019/20
		Funds	General	Fixed Asset	Total	Total
	Note	£000	£000	£000	£000	£000
Income and endowments from:						
Donations and capital grants	2	17	-	323	340	250
Charitable activities:						
Funding for the academy trust's educational operations	5	98	9,558	-	9,656	9,383
Other trading activities	3	39	-	-	39	54
Investments	4	9	-	-	9	33
Total Income		163	9,558	323	10,044	9,720
Expenditure on:						
Charitable activities:						
Academy trust educational operations	6,7	-	9,611	1,030	10,641	10,354
Total		-	9,611	1,030	10,641	10,354
Net (expenditure)		163	(53)	(707)	(597)	(634)
Other recognised gains / (losses):						
Actuarial (losses) / gains on defined benefit pension schemes	23	-	180	-	180	(748)
Net movement in funds		163	127	(707)	(417)	(1,382)
Reconciliation of funds						
Total funds brought forward	14	861	(2,342)	16,751	15,270	16,651
Total funds carried forward		1,024	(2,215)	16,044	14,854	15,270

Balance Sheet as at 31 August 2021

Company Number 11090286

		2021	2021	2020	2020
	Notes	£000	£000	£000	£000
Fixed assets					
Tangible assets	11		14,552		14,898
Current assets					
Debtors	12	511		455	
Cash at bank and in hand		4,154		4,208	
		<u>4,665</u>		<u>4,663</u>	
Liabilities					
Creditors: Amounts falling due within one year	13	<u>(876)</u>		<u>(938)</u>	
Net current assets			<u>3,789</u>		<u>3,725</u>
Net assets excluding pension liability			<u>18,341</u>		<u>18,623</u>
Defined benefit pension scheme liability	23	<u>(3,486)</u>		<u>(3,353)</u>	
Total assets			<u>14,854</u>		<u>15,270</u>
Funds of the academy trust:					
Restricted funds					
Fixed Asset Fund	14	16,044		16,751	
Restricted Income Fund	14	1,271		1,011	
Pension reserve	14	<u>(3,486)</u>		<u>(3,353)</u>	
Total restricted funds			<u>13,829</u>		<u>14,409</u>
Unrestricted income funds	14		<u>1,024</u>		<u>861</u>
Total funds			<u>14,854</u>		<u>15,270</u>

The financial statements on pages 24 to 48 were approved by the trustees, and authorised for issue on 13th December 2021 and are signed on their behalf by:



Mr J Pattison

Chair

Godalming College Academy Trust

Statement of Cash Flows for the year ended 31 August 2021

	Notes	2021 £000	2020 £000
Cash flows from operating activities			
Net cash provided by operating activities	18	619	675
Cash flows from investing activities	19	(675)	(614)
Change in cash and cash equivalents in the reporting period		<u>(56)</u>	<u>61</u>
Cash and cash equivalents at start of period		4,208	4,147
Cash and cash equivalents at end of period	20	<u>4,154</u>	<u>4,208</u>

Notes to the Financial Statements for the year ended 31 August 2021

1. Statement of Accounting Policies

Godalming College is a Charitable Company (the 'Academy Trust'). The address of the Trust's principal place of business is given on page 3. 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 2020 to 2021 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 impact of the Covid-19 pandemic is factored into this assessment. 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 2022.

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 2021/22 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 2021, and so expects that the funding for the year to 2022/23 will be in excess of the previous year.

As at 31 August 2021 the Academy Trust held cash reserves of £4,154k, 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 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 £1000 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	- 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 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 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

Notes to the Financial Statements (continued)

on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

1.9 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.

1.10 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 25.

1.11 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 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 2021. 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	2020/21	2019/20
	Funds	Funds	Funds	Total	Total
	£000	£000	£000	£000	£000
Capital grants	-	-	323	323	239
Other donations	17	-	-	17	11
	17	-	323	340	250

Income from donations and capital grants in 2020 was £250k, of which £11k was unrestricted and £239k was restricted fixed asset funds.

3 Other Trading activities

	Unrestricted Total	
	2020/21	2019/20
	£000	£000
Hire of facilities	39	54
	39	54

Income from the hire of facilities was unrestricted in both years.

4 Investment Income

	Unrestricted Total	
	2020/21	2019/20
	£000	£000
Short term deposits	9	33
	9	33

Income from investment income was unrestricted in both years.

Notes to the Financial Statements (continued)

5 Funding for the Academy Trust's Educational Operations

	Unrestricted	Restricted General	Restricted Fixed Asset	2020/21	2019/20
	Funds	Funds	Funds	Total	Total
	£000	£000	£000	£000	£000
DfE / ESFA grants					
General Annual Grant (GAG)	-	8,945	-	8,945	8,514
Other DfE/ESFA grants	31	561	-	592	529
Other Government Grants					
Local Authority Grants	-	52	-	52	80
Other income from the Academy Trust's educational activities	67	-	-	67	260
	98	9,558	-	9,656	9,383

Income from the Academy Trust's educational operations in 2020 was £9,383k, of which £260k was unrestricted and £9,123k was restricted general funds.

Notes to the Financial Statements (continued)

6 Expenditure

	Staff Costs	Non Pay Expenditure		Total	Total
		Premises	Other	2020/21	2019/20
	£000	£000	£000	£000	£000
Academy's educational operations:					
Direct costs	6,191	-	475	6,666	6,391
Allocated support costs	1,556	612	1,805	3,975	3,963
	<u>7,747</u>	<u>612</u>	<u>2,280</u>	<u>10,641</u>	<u>10,354</u>

Net expenditure for the period includes:

	2020/21	2019/20
	£000	£000
Operating lease rentals	38	38
Depreciation	1,030	1,003
Fees payable to auditor for:		
- audit	20	18
- other services	<u>9</u>	<u>4</u>

Notes to the Financial Statements (continued)

7 Charitable Activities

	2020/21	2019/20
	£000	£000
Direct costs – educational operations		
Teaching and educational support staff costs	6,191	5,881
Educational supplies	194	189
Examination fees	261	293
Staff development	20	28
Direct costs	6,666	6,391
	2020/21	2019/20
	£000	£000
Support costs – educational operations		
Support staff costs	1,556	1,579
Depreciation	1,030	1,003
Technology costs	185	203
Premises Costs	612	561
Legal Costs	2	-
Other support costs	562	601
Governance costs	28	16
Support costs	3,975	3,963
Total direct and support costs	10,641	10,354

Notes to the Financial Statements (continued)

8 Staff

a. Staff costs

	2020/21	2019/20
	£000	£000
Staff costs during the period were:		
Wages and salaries	5,749	5,477
Social security costs	565	525
Pension costs	1,415	1,446
	7,729	7,448
Agency staff costs	18	12
Total staff costs	7,747	7,460

b. Staff numbers

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

	2020/21	2019/20
	No.	No.
Teachers	123	125
Administration and support	71	73
Management	4	4
	197	202

c. Higher paid staff

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

	2020/21	2019/20
	No.	No.
£60,001 - £70,000	2	2
£70,001 - £80,000	1	-
£100,001 - £110,000	-	1
£110,001 - £120,000	1	-

d. Key management personnel

The key management personnel of the Academy Trust comprise the Trustees and the senior management team as listed on page 3. 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 £398,000 (2020: £375,000).

Notes to the Financial Statements (continued)

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 2021, no expenses were reimbursed to trustees (2020: none). Travel and subsistence expenses totalling £100 (2020: £260) were paid to the Accounting Officer.

E Young, the Principal, received remuneration of £115k in 2021 (2020: £108k) and pensions contributions paid by the Academy Trust in the year of £27k (2020: £26k).

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 2021 was £946 (previous 12 months £946). The cost of this insurance is included in the total insurance cost.

Notes to the Financial Statements (continued)

11 Tangible Fixed Assets

	Freehold Land and Buildings	Furniture and Equipment	Computer Equipment	Motor Vehicles	Total
	£000	£000	£000	£000	£000
Cost					
At 31 August 2020	23,589	2,674	3,520	31	29,815
Additions	338	5	312	29	684
Disposals	-	-	(86)	-	(86)
At 31 August 2021	23,927	2,679	3,746	60	30,413
Depreciation					
At 31 August 2020	9,354	2,509	3,027	27	14,917
Charged in year	751	42	232	4	1,030
Disposals	-	-	(86)	-	(86)
At 31 August 2021	10,105	2,551	3,173	31	15,861
Net book values					
At 31 August 2021	13,822	128	573	29	14,552
At 31 August 2020	14,235	165	493	4	14,898

Notes to the Financial Statements (continued)

12 Debtors

	2021	2020
	£000	£000
Trade debtors	8	3
VAT recoverable	176	185
Other debtors	205	185
Prepayments and accrued income	122	82
	511	455

13 Creditors: Amounts Falling due within one Year

	2021	2020
	£000	£000
Trade creditors	427	372
Other taxation and social security	145	144
Pension creditor	143	141
ESFA creditor	61	72
Accruals and deferred income	100	209
	876	938

Deferred Income

	2021	2020
	£000	£000
Deferred Income at start of period	68	70
Released from previous period	(68)	(70)
Resources deferred in period	74	68
Deferred Income at end of period	74	68

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)

14 Funds

	Balance at 01-Sep 2020	Income	Expenditure	Gains, losses and Transfers	Balance at 31-Aug 2021
	£000	£000	£000	£000	£000
Restricted general funds					
General Annual Grant (GAG)	196	8,945	(9,298)	-	(157)
Pension Reserve	(3,353)	-	(313)	180	(3,486)
Other grants	815	613	-	-	1,428
	(2,342)	9,558	(9,611)	180	(2,215)
Restricted fixed asset funds					
Transfer on conversion	15,396		(947)	-	14,449
DfE/ESFA capital grants	785	323	(48)	-	1,060
Capital expenditure from GAG	570	-	(35)	-	535
	16,751	323	(1,030)	-	16,044
Total restricted funds	14,409	9,881	(10,641)	180	13,829
Total unrestricted funds	861	163	-	-	1,024
Total funds	15,270	10,044	(10,641)	180	14,854

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

	Balance at 01-Sep 2019	Income	Expenditure	Gains, losses and Transfers	Balance at 31-Aug 2020
	£000	£000	£000	£000	£000
Restricted general funds					
General Annual Grant (GAG)	656	8,514	(8,974)	-	196
Pension Reserve	(2,228)	-	(377)	(748)	(3,353)
Other grants	206	609	-	-	815
	(1,366)	9,123	(9,351)	(748)	(2,342)
Restricted fixed asset funds					
Balance on conversion	16,331		(935)	-	15,396
DfE/ESFA capital grants	579	239	(33)	-	785
Capital expenditure from GAG	605	-	(35)	-	570
	17,515	239	(1,003)	-	16,751
Total restricted funds	16,149	9,362	(10,354)	(748)	14,409
Total unrestricted funds	502	358	-	-	861
Total funds	16,651	9,720	(10,354)	(748)	15,270

Notes to the Financial Statements (continued)

15 Analysis of Net Assets between Funds

Fund balances at 31 August 2021 are represented by:

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total Funds
	£000	£000	£000	£000
Tangible fixed assets	-	-	14,552	14,552
Current assets	993	2,180	1,492	4,665
Current liabilities	-	(876)	-	(876)
Pension scheme liability	-	(3,486)	-	(3,486)
Total net assets	993	(2,182)	16,044	14,854

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	-	-	14,898	14,898
Current assets	861	1,949	1,853	4,663
Current liabilities	-	(938)	-	(938)
Pension scheme liability	-	(3,353)	-	(3,353)
Total net assets	861	(2,342)	16,751	15,270

16 Capital Commitments

	2021 £000	2020 £000
Contracted for, but not provided in the financial statements	122	110

Notes to the Financial Statements (continued)

17 Commitments under operating leases

At 31 August 2021 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases for photocopiers were:

	2021 £000	2020 £000
Amounts due within one year	38	38
Amounts due between one and five years	-	38
	38	76

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

	2020/21 £000	2019/20 £000
Net movement in funds for the reporting period (as per the statement of financial activities)	(417)	(1,382)
<i>Adjusted for:</i>		
Depreciation charges (note 11)	1,030	1,003
Loss on disposal of tangible fixed assets	-	21
Interest receivable (note 4)	(9)	(33)
Defined benefit pension scheme costs	133	1,125
Increase in debtors	(56)	(182)
Increase in creditors	(62)	123
Net cash provided by operating activities	619	675

Notes to the Financial Statements (continued)

19 Cash Flows from Investing Activities

	2020/21	2019/20
	£000	£000
Interest receivable (note 4)	9	33
Purchase of tangible fixed assets	(684)	(647)
Net cash used in investing activities	(675)	(614)

20 Analysis of cash and cash equivalents

	2021	2020
	£000	£000
Cash in hand and at bank	4,154	4,208
Total cash and cash equivalents	4,154	4,208

21 Analysis of changes in net debt

	At 1 Sept 2020	Cash flows	At 31 Aug 2021
	£000	£000	£000
Cash	4,208	(56)	4,152
Overdraft facility	0	0	0
Loans	0	0	0
Total	4,208	(56)	4,152

Notes to the Financial Statements (continued)

22 Members' Liability

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

23 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.

The latest actuarial valuation of the TPS related to the period ended 31 March 2016 and of the LGPS 31 March 2019.

Contributions amounting to £143k were payable to the schemes at 31 August 2021 (2019: £141k) 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 2014. Membership is automatic for teachers for 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 latest actuarial valuation of the TPS 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:

Notes to the Financial Statements (continued)

Teachers' Pension Scheme (continued)

- 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 next valuation result is due to be implemented from 1 April 2023.

The employer's pension costs paid to TPS in the period amounted to £911k (2020: £859k).

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 2021 was £372k (2020: £294k), of which employer's contributions totalled £300k (2020: £224k) and employees' contributions totalled £72k (2020: £70k). The agreed contribution rates for future years are 19.4 per cent for employers and an average of 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.

Notes to the Financial Statements (continued)

Local Government Pension Scheme (continued)

Principal Actuarial Assumptions

	2021	2020
Rate of increase in salaries	3.8%	3.2%
Rate of increase for pensions in payment/inflation	2.9%	2.3%
Discount rate for scheme liabilities	1.7%	1.7%
Inflation assumption (CPI)	2.9%	2.3%
Commutation of pensions to lump sums	63%	63%

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

	2021	2020
<i>Retiring today</i>		
Males	22.3	22.1
Females	24.7	24.3
<i>Retiring in 20 years</i>		
Males	23.4	22.9
Females	26.4	25.7

Sensitivity analysis

Sensitivities regarding principal assumptions used to measure the scheme liabilities:

	2021	2020
	£000	£000
Discount rate +0.5%	(1,425)	(1,217)
Discount rate -0.5%	1,425	1,217
CPI rate +0.5%	1,270	1,079
CPI rate -0.5%	(1,270)	(1,079)

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

	2021	2020
	£000	£000
Equities	8,195	6,314
Bonds	1,748	1,491
Property	765	702
Cash and other liquid assets	219	263
Total market value of assets	10,926	8,770

Notes to the Financial Statements (continued)

Local Government Pension Scheme (continued)

The actual return on scheme assets	1,849	(454)
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Amounts recognised in the Statement of Financial Activities

	2020/21	2019/20
	£000	£000
Current service cost	(554)	(558)
Expected return on pension scheme assets	150	163
Interest on pension liabilities	(209)	(206)
Total amount recognised in the SOFA	(613)	(601)

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

	2020/21	2019/20
	£000	£000
Obligations at start of period	12,123	11,216
Current service cost	554	558
Interest cost	209	206
Employee contributions	72	70
Actuarial (gain)/loss	1,669	294
Benefits paid	(215)	(221)
At 31 August	14,412	12,123

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

	2020/21	2019/20
	£000	£000
Plan assets at start of period	8,770	8,988
Interest income	150	163
Actuarial gain/(loss)	1,849	(454)
Employer contributions	300	224
Employee contributions	72	70
Benefits paid	(215)	(221)
At 31 August	10,926	8,770

Notes to the Financial Statements (continued)

24 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.

No related party transactions took place in the period of account.

25 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 2021 the trust received £81k (2020: £104k) and disbursed £91k (2020: £116k) from the fund. An amount of £61k (2020: £72k) is included in other creditors relating to undistributed funds from prior years.

Godalming College – Report and Financial Statements

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

Conclusion

We have carried out an engagement in accordance with the terms of our engagement letter dated 9 May 2018 and further to the requirements of the Education and Skills Funding Agency (‘ESFA’) as included in the extant Framework and Guide for External Auditors and Reporting Accountants of Academy Trusts, to obtain limited assurance about whether the expenditure disbursed and income received by Godalming College during the period 1 September to 31 August 2021 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2020 to 31 August 2021 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Basis for conclusion

The framework that has been applied is set out in the extant Framework and Guide for External Auditors and Reporting Accountants of Academy Trust. We are independent of Godalming College in accordance with the ethical requirements that are applicable to this engagement and we have fulfilled our ethical requirements in accordance with these requirements. We believe the assurance evidence we have obtained is sufficient to provide a basis for our conclusion.

Responsibilities of Godalming College’s accounting officer and trustees

The accounting officer is responsible, under the requirements of Godalming College’s funding agreement with the Secretary of State for Education dated 9 May 2018 and the Academies Financial Handbook extant from 1 September 2020, for ensuring that expenditure disbursed and income received are applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. The accounting officer is also responsible for preparing the Statement of Regularity, Propriety and Compliance. The trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the proper conduct and financial operation of Godalming College and appointment of the accounting officer.

Reporting Accountant’s responsibilities for reporting on regularity

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 extant Framework and Guide for External Auditors and Reporting Accountants of Academy Trusts

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 the procedures performed vary in nature and timing from, and are less in extent than for a reasonable assurance engagement; consequently a limited assurance engagement does not

Godalming College – Report and Financial Statements

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.

We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2020 to 31 August 2021 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Our work included identification and assessment of the design and operational effectiveness of the controls, policies and procedures that have been implemented to ensure compliance with the framework of authorities including the specific requirements of the funding agreement with the Secretary of State for Education, the Academies Financial Handbook 2020 published by the Education and Skills Funding Agency and high level financial control areas where we identified a material risk of irregularity is likely to arise. It also included areas assessed as presenting a higher risk of impropriety. We undertook detailed testing, on a sample basis, based on the identified areas where a material irregularity is likely to arise, or potential impropriety where such areas are in respect of controls, policies and procedures that apply to classes of transactions. Our work was undertaken with due regard to the 'Evidence to support conclusion on regularity' guidance in the extant Framework and Guide for External Auditors and Reporting Accountants of Academy Trusts.

This work was integrated with our audit on the financial statements and evidence was also derived from the conduct of that audit to the extent it supports the regularity conclusion.

Use of our report

This report is made solely to Godalming College and the ESFA in accordance with the terms of our engagement letter dated 9 May 2018. Our work has been undertaken so that we might state to the 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 Godalming College and the ESFA, for our work, for this report, or for the conclusion we have formed.

RSM UK Audit LLP

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Date: *14 December 2021*