

# **Guildford Education Partnership**

**Annual Report  
31 August 2017**



Company Limited by Guarantee  
Registration Number: 07649091  
(England & Wales)

## **GUILDFORD EDUCATION PARTNERSHIP**

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## GUILDFORD EDUCATION PARTNERSHIP

### REFERENCE AND ADMINISTRATIVE DETAILS

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Members	Mr C Griffin Mr G Hicks Mrs V Johnson Mr E Owen (until 25.4.17) Mrs M Sharp (from 25.4.17) Dr G Wyss										
Trustees	Dr J Bullock (until 17.4.17) Dr J Cox (from 4.5.17) Mrs P Evans (until 14.11.17) Mr P Gale (CEO & Accounting Officer from 1.9.17) Mrs K Hammersley (until 17.4.17) Mr K Hawkswell (from 1.1.17 until 17.4.17) Mr C Holyoak (from 4.5.17) Mrs V Johnson (until 17.4.17) Mr M Michell (until 17.4.17) Mrs S Millin Mr D Moloney (CEO & Accounting Officer until 31.8.17) Mr S Offord (from 12.09.17) Prof J Powell (from 4.5.17) Mr F Roche (from 25.4.17 and Chair from 4.5.17) Mrs J C Wijnja (until 17.4.17; continues to be an Audit Committee member) Dr G Wyss (Chair until 4.5.17, then Vice-Chair)										
Executive Team	Mr D Moloney, Chief Executive Officer (until 31.8.17) Mr P Gale, Director of Education (until 31.8.17; CEO from 1.9.17) Mr A Roach, Director of Education (from 1.9.17) Mrs A Larcombe-Fish, Chief Operating Officer & CFO (from 1.1.17) Mr J Seymour, Company Secretary & CFO (until 31.12.16) Company Secretary & Head of Estates (until 12.9.17)										
Operational Managers	Mrs J Coles, GEP HR Manager (from 4.9.17) Mr B Sayers, GEP IT Manager (from 4.9.17) Mr I Wiseman, GEP Estates Manager (from 4.9.17) Mrs C Woods, GEP Bursar										
Schools	<table><thead><tr><th><u>Primary</u></th><th><u>Secondary</u></th></tr></thead><tbody><tr><td>Boxgrove Primary School</td><td>Fullbrook School</td></tr><tr><td>Guildford Grove Primary School</td><td>George Abbot School</td></tr><tr><td>Loseley Fields Primary School</td><td>Kings College Guildford</td></tr><tr><td>Sandfield Primary School</td><td></td></tr></tbody></table>	<u>Primary</u>	<u>Secondary</u>	Boxgrove Primary School	Fullbrook School	Guildford Grove Primary School	George Abbot School	Loseley Fields Primary School	Kings College Guildford	Sandfield Primary School	
<u>Primary</u>	<u>Secondary</u>										
Boxgrove Primary School	Fullbrook School										
Guildford Grove Primary School	George Abbot School										
Loseley Fields Primary School	Kings College Guildford										
Sandfield Primary School											
Registered Office	c/o George Abbot School Woodruff Avenue, Guildford, Surrey GU1 1XX										
Company Registration	Guildford Education Partnership – 07649091										
Independent Auditor & Accountants	Moore Stephens LLP 150 Aldersgate Street, London EC1A 4AB										
Bankers	HSBC PO Box 160, 12a North Street, Guildford, Surrey GU1 4AF										
Solicitors	Browne Jacobson LLP Mowbray House, Castle Meadow Road, Nottingham NG2 1BJ										

## **1 INTRODUCTION**

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year 1 September 2016 to 31 August 2017. The annual report serves the purposes of both a Trustees' report, and a Directors' report under company law.

Guildford Education Partnership (hereinafter referred to as "GEP Academies" or "the Trust"), is a multi-academy trust, founded in 2013 by George Abbot School and Boxgrove Primary School. The Trust now operates seven academy schools for pupils aged 2 to 18 in Guildford, Godalming and West Byfleet and works closely with partners in the education arena. It had a combined pupil roll of 5470 in the schools' census in January 2017.

GEP Academies believes that the creation of supportive cross-phase learning communities of staff, parents and pupils are crucial to our vision for outstanding local education. For our schools to be successful we are putting pupils' progress and the retention and growth of teachers and support staff at the heart of our vision for GEP Academies. To that end, GEP Academies draws on best practices from: GEP good and outstanding schools, international research and learnings of our teaching school, partnerships within the independent sector (the Royal Grammar School) and the further education sector (the University of Surrey), as well as strong relationships with other multi-academy trusts.

## **2 REFERENCE AND ADMINISTRATIVE DETAILS**

All reference and administrative details are given in the previous section of this annual report.

## **3 STRUCTURE, GOVERNANCE AND MANAGEMENT**

### **3.1 Constitution**

Guildford Education Partnership, trading as GEP Academies (the 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 Trust. The Trustees of GEP Academies are also the Directors of the charitable company for the purposes of company law.

Details of the Trustees who served throughout the year, except as otherwise noted, are included in the Reference and Administrative Details in the first section of this annual report.

### **3.2 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.

### **3.3 Trustees professional indemnity insurance**

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

### **3.4 Method of recruitment, appointment and election of Trustees**

The Members may appoint up to five Trustees to the Board, which shall include one person nominated by each of the founding schools, George Abbot School and Boxgrove Primary School. The remaining Trustees are co-opted by the Board.

Trustees annually complete a proforma outline of their skills, experience and interests to enable regular reviews of the mix of skills that should be available to the Board. New Trustees are recruited to fill any gaps in the portfolio of skills available to the Board, either as additional Trustees, or replacements when existing Trustees stand down.

During the year the Trust moved to a skills-based Board to include educational representatives from The Royal Grammar School, Guildford and the University of Surrey, as well as broader business skilled members, appointed through Academy Ambassadors (one in spring and a second in autumn 2017). A new Chair of Trustees was appointed in May 2017, and a new Chief Executive Officer was appointed with effect from 1 September 2017.

### **3.5 Policies and procedures adopted for the induction and training of Trustees**

New Trustees are provided with an induction pack containing key documentation and are invited to meet with the Chief Executive Officer (hereinafter referred to as the "CEO") and the Chair of the GEP Academies Board. The induction process will then continue with meetings with the CEO, other members of the Board and Executive Team as appropriate and visits to some of our schools. All information relevant to Trustees is available on a dedicated GEP Academies website where they can access all agendas, previous minutes, related papers and the GEP Academies calendar. Individual Trustees attend training courses and conferences organised by appropriate bodies in order to ensure that their knowledge and understanding is fully up to date and are welcome to all committee meetings as observers to gain a deeper understanding of the organisation.

### **3.6 Organisational structure**

During 2016-17, the structure of the Board of Trustees was reviewed, with two additional sub-committees introduced over the summer period, covering education and resources respectively; with the Audit Committee terms of reference being revised. The Board of Trustees governs the activities of the Trust and oversees the work of the Local Governing Bodies. The Board of Trustees is also ultimately responsible for the strategic direction of the Trust and its overarching policies. Each Local Governing Body governs the work and outcomes of its assigned academy, as outlined in the Scheme of Delegation.

The senior managers of the Trust are the CEO, Director of Education (who is also the Quality Assurance Lead), Chief Operating Officer and the Company Secretary/Head of Estates. They lead and manage the Trust, setting strategy and implementing policy in conjunction with the Board. Headteachers and Principals lead and manage the individual schools.

In 2016-17, we have successfully run a recruitment process for a Chief Executive Officer, Director of Education, three curriculum Lead Practitioners, Chief Operating Officer and three new operational managers (HR, Estates, IT), to address retirements and changes necessary for a growing organisation.

### **3.7 Arrangements for setting pay and remuneration of key management personnel**

Performance management/appraisal procedures follow a time line throughout the year for both the CEO and the Executive Team. Performance is assessed against targets set for the school year. A pay review is undertaken as part of the performance management annual review. A minimum of three Trustees undertake the CEO's performance management/target setting review. Agreed targets and, if appropriate, any recommendation for a review of pay is submitted to the full Board of Trustees for final approval. The CEO undertakes the review for all Executive Team members and the performance management and target setting of Headteachers with representative Governors of each school.

### **3.8 Related parties and other connected charities and organisations**

No Trustee, apart from the CEO who is an employee of GEP Academies, receives any remuneration in respect of their services during the year, nor for any other work undertaken on behalf of the Trust.

Schools within the Trust work with the Guildford Schools' Confederation and the Guildford 11-19 Partnership for which GEP Academies provides a financial service.

The Trust is related to Fullbrook Sports Centre Limited, a company incorporated in England and Wales under company number 07834828. Fullbrook Sports Centre Limited is a private company limited by shares and a 100% subsidiary undertaking of the Trust. The Board of Directors of Fullbrook Sports

## **GUILDFORD EDUCATION PARTNERSHIP**

### **TRUSTEES' REPORT (Continued)**

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Centre Limited comprises three of Fullbrook School's Governors. The subsidiary operates Fullbrook's sports facilities on a commercial basis with a view to generating a profit from which Gift Aid donations can be made to the school.

The Trust is connected to Sandfield School Fund (Charity No: 1106381) by virtue of GEP Academies employees deployed to Sandfield Primary School (the Headteacher and the Data and Finance Officer), holding positions for this charity. The charity is used to raise funds for the benefit of the students in the school community.

The Trust is an Academy Sponsor of Sandfield Primary School and Kings College Guildford, both of which have been supported from a governance, educational and operational perspective since conversion to GEP Academies in 2014.

The Trust undertook an open and fair value for money exercise during the summer of 2017 for the procurement of educational information services, independent of any related parties. The Education Skills and Funding Agency (ESFA) were consulted for approval of a related party transaction to renew services with 'The Key', for which GEP Academies' Chair of the Board of Trustees is also Chief Executive. A three year arrangement was agreed, meeting the 'at cost' and 'value for money' requirement for related party transactions.

#### **3.9 Responsible employer - employee consultation and disabled employees**

As an employer of over 500 professionals, we value the contribution of our staff at GEP Academies.

We have systems and processes in place that enable us to consult and inform employees on matters affecting them. Where appropriate, for example employment policies, the Trust and/or individual schools consult employees on policy changes. GEP Academies' staff are informed of major changes to the Trust through a communications strategy, which involves a termly newsletter to all employees.

The policy of the Trust is to support the employment of disabled persons both in recruitment and by retention of employees who become disabled whilst in the employment of the Trust, as well as generally through training and career development.

## **4 OBJECTIVES AND ACTIVITIES**

### **4.1 Objects and aims**

#### **Charitable objectives**

GEP Academies' primary charitable objectives are to seek:

- To advance for the public benefit education in the United Kingdom, in particular, but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing schools (the mainstream academies) offering a broad and balanced curriculum; and
- To promote for the benefit of the inhabitants of the areas served by the academies the provision of facilities for recreation or other leisure time occupation for individuals who have need of such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances, or for the public at large in the interests of social welfare and with the object of improving the condition of life of the said inhabitants.

#### **Vision**

GEP Academies is a developing Multi Academy Trust (MAT) with a cross-phase family of schools with the common aim of continuous school improvement through challenge, collaboration and support. It seeks to be a network of schools where every child/young person receives the best possible education through the sharing of best practice and world class professional development opportunities for staff.

#### **Aims**

- We promote excellence, personal achievement and the realisation of each and every child's/pupil's potential, irrespective of their gender, race, ability or background;
- We believe that children/students should be at the centre of everything we do and receive the best possible education; and
- All schools in the partnership will be working towards or maintaining outstanding status.

#### **Ambitions and objectives**

We aim:

- To offer an outstanding education to all the pupils in all our schools. Our vision and values will underpin all that the Trust does;
- To realise the potential of every pupil in every school and to prepare them for a successful future in the 21st Century;
- To provide strong, ambitious and inspirational leadership in every school so that every pupil and every member of staff is encouraged to achieve more than they thought was possible;
- To set challenging targets for all our schools and to use key data sets to drive progress;
- To use the most effective new technologies to drive attainment and progress;
- To offer the very best Continued Professional Development (CPD) in: teaching and learning; leadership and management; and extra-curricular activities to all our staff;
- To develop a co-operative and collaborative ethos across all our schools so that best practice is shared in the best interests of all pupils and all staff; and
- To deliver all of the above within a predetermined budget, which is audited and gives best value for money through procurement of shared services.

#### **Ethos**

GEP Academies believes that all schools are more effective when they work in partnership than when they stand alone. We value and embrace each school's uniqueness and the community it serves, whilst seeking to learn from and share with each other so that we spread excellence effectively.

With a reformed Board of Trustees in place, the Trust's ethos and vision will be reviewed during the 2017/18 academic year.



**4.2 Objectives, strategies and activities**

Key objectives for the year are outlined below:

<b>GEP 2016-17</b>	<b>OBJECTIVE</b>	<b>STRATEGY</b>	<b>ACTIVITIES</b>
<b>Pupil Achievement</b>	Improve progress of disadvantaged pupils, particularly at secondary level.	Trust-wide external review of Pupil Premium.	Developed action plans for disadvantaged pupils. Tracked progress of disadvantaged pupils.
		Action plans for Kings College Guildford and Loseley Fields Primary School, with trust-wide support.	Deployed trust-wide and external resources Provided focused financial support
<b>Governance</b>	Improve effectiveness of governance.	Composition of Board to reflect skills needed, rather than representation.	Recruited educational and business-skilled Trustees.
		Articulate strategic plan.	Developed 5 year strategic plan with newly composed Board.
		Develop improved Trustee information systems.	Improved financial planning and reporting to Trustees. Selected automated data dashboard tool.
<b>Staffing</b>	Realise further benefits from multi-academy Trust freedoms.	Build capacity at Trust level to improve educational effectiveness and drive back-office efficiency.	Recruited full-time CEO and COO. Recruited additional curriculum Lead Practitioners and Operational Managers.
<b>Operations</b>	Mitigate financial risks.	Harmonise processes across schools associated with risk, financial planning and control.	Harmonised risk approach. Harmonised pension contributions. Introduced 5 year financial planning.

**4.3 Public benefit**

The Trustees have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission in exercising their powers or duties. The principal activity of GEP Academies is to offer an outstanding education to all the pupils in all of its schools. The vision and values of GEP Academies underpins all that the Trust does.



## 5 STRATEGIC REPORT

### 5.1 Achievements and performance

#### Schools

The governing bodies of Guildford Grove Primary School and Children's Centre and of Loseley Fields Primary School elected to convert to a Multi-Academy Trust and subsequently joined GEP Academies on 1 November 2016. Our four primary schools work closely to develop and share best practice, extending these benefits to other primary schools in the local area, including those that feed our secondary schools.

GEP Academies Trust has therefore grown to seven schools, as follows:

GEP SCHOOL	CONVERSION DATE	CONVERSION CATEGORY	HEADTEACHER	PAN	OFSTED CATEGORY
<b>PRIMARY</b>					
<b>Boxgrove Primary School</b>	1.9.13	Converter	Co-Headteachers: A Fitch R Stacey	90	<b>Good</b> (2015)
<b>Guildford Grove Primary School</b>	1.11.16	Converter	R Mackie	60	<b>Good</b> (2014 pre-conversion)
<b>Loseley Fields Primary School</b>	1.11.16	Converter	J Pearce-Haydon	30 YR 26 Y3	<b>Good</b> (2013 pre-conversion) Coasting schools definition notification, based on pre-conversion data (2017)
<b>Sandfield Primary School</b>	1.9.14	Sponsored	J Kirkham	30	<b>Good</b> (2017) Requires Improvement (2013, pre-conversion)
<b>SECONDARY</b>					
<b>Fullbrook School</b>	1.9.11	Converter	K Moore (from 1.1.17)	240	<b>Good</b> (2017) Good (2013, pre-conversion)
<b>George Abbot School</b>	1.9.13	Converter	K Carriett (from 1.9.16)	300	<b>Outstanding</b> (2006)
<b>Kings College Guildford</b>	1.9.14	Sponsored	A McKenzie (from 1.9.16)	180	<b>Special Measures</b> (2016) Requires Improvement (pre-conversion)

Loseley Fields Primary School has two intakes of pupils: The Published Admissions Number (PAN), for Reception is 30, and the PAN for Year 3 is 26 pupils.

Three of our seven schools received Ofsted inspection judgements during the academic year:

- Our sponsored primary school academy, Sandfield Primary School, was rated 'good' in summer 2017, with an 'outstanding' judgement for 'personal development, behaviour and welfare'. The Trust was recognised in Ofsted's report for the training, governance and support provided.
- Our most recently joined secondary school, Fullbrook School, was inspected in March 2017 and judged to be 'good'. In addition to a passion to drive the school and consistently strong teaching, the support of the Trust in school development was positively referenced.
- Since the inspection judgement at our sponsored secondary academy, Kings College Guildford, the Trust and school leadership have brought about significant improvements for the school. The subsequent HMI visit has attested to the leaders and managers taking effective action towards the removal of special measures.

Significantly, at Kings College Guildford, we have:

- (1) Provided additional capacity to the Senior Leadership Team to increase the ability to embed change.
- (2) Deployed improvement support from across the Trust, as well as from our partnership with the Royal Grammar School, Guildford and the University of Surrey.  
Over 78% of Kings College Guildford's pupils have benefited from 21 activities offered between January and July 2017, by the University of Surrey's Widening Participation and Outreach Team. Students have had support with reading, exam well-being and mentoring; learned more about their future pathways, researched subjects of interest and attended taster sessions for a variety of degree subjects e.g. criminology and chemical engineering.
- (3) Relunched the behaviour system, which has positively impacted on pupil attendance and behaviour for learning.
- (4) Implemented recommendations following an external review of Pupil Premium spend, enabling our more vulnerable pupils to receive improved provision and therefore achieve better outcomes.
- (5) Set-up a stronger and more systematic system of governance and monitoring at the school, through the introduction of an Executive Working Group (EWG), chaired by a National Leader in Governance, replacing the Local Governing Body.

The HMI visit on 24 and 25 May commented that, 'Members of the Guildford Education Partnership Trust work closely with school leaders to support ongoing improvement. They have contributed actively, ensuring that the statement of action is fit for purpose, and establishing effective governance in the form of the EWG. They have provided expertise from within the Trust to ensure that the external review of the school's use of pupil premium funding was carried out promptly and effectively.'

### **Professional development – School Centred Initial Teacher Training (SCITT) and Teaching School**

The SCITT, which offers primary and secondary teacher training to a partnership of over 50 schools, is governed by GEP Academies. The number of trainees has increased and we have piloted a new part-time route into teaching. We continue to work with the Brilliant Club and the Department for Education (DfE), to deliver post-doctoral teachers to develop E-Bacc subject expertise in schools, lead on subject-specific research and improve access to Russell Group Universities.

George Abbot School, one of the members of GEP Academies, is a designated Teaching School. Teaching schools are an integral part of a school-led system and school improvement. Teaching schools are centres of excellence, taking a focused role that prioritises:

- Co-ordinating and providing high-quality school-led initial teacher training (ITT)
- Providing high-quality school-to-school support to spread excellent practice, particularly to schools that need it most
- Providing evidence-based professional and leadership development for teachers and leaders across their network

As part of the Surrey Teaching Schools Network (STSN), we deliver high quality accredited leadership courses including National Professional Qualifications in Headship (NPQH), Senior Leadership (NPQSL) and Middle Leadership (NPQML). We have additionally delivered two grant-funded projects - diversity and school leadership (women) and Aspiring Headteachers.

Leadership development is crucial to GEP Academies' vision. Many of our employees have followed the SCITT and Teaching School programmes, evaluating the professional development very highly. Specialist Leaders in Education (SLEs) are identified and accredited by the Teaching School and deployed to support schools across the Trust.

## 5.2 Key performance indicators – educational

The Trust works together in primary and secondary phase groupings. There have been formal peer reviews of both primary and secondary schools alongside increased cross-phase working.

### Pupil attendance data

The national average is 96.1% for primary and 95% for secondary.

GEP SCHOOL	% ATTENDANCE (JULY 2017)
<b>PRIMARY</b>	
Boxgrove Primary School	96.6
Guildford Grove Primary School (from 1.11.16)	94.7
Loseley Fields Primary School (from 1.11.16)	95.9
Sandfield Primary School	96.6
<b>SECONDARY</b>	
Fullbrook School	96.2
George Abbot School	95.6
Kings College Guildford	94.3

Source: Autumn 2015-Spring 2016 data from Analyse School Performance – October 2017

### Primary school outcomes 2017

The national median progress is 0.

GEP PRIMARY SCHOOL	SCHOOL PROGRESS SCORES		
	Reading	Writing	Maths
Boxgrove Primary School	+1.21	-0.23	-1.74
Guildford Grove Primary School (from 1.11.16)	-2.17	-1.94	+0.51
Loseley Fields Primary School (from 1.11.16)	-2.87	-4.16	-1.63
Sandfield Primary School	+2.32	+1.11	+1.24

Source: Analyse School Performance, October 2017

The on-going improvement of Sandfield Primary School and its 'good' Ofsted judgement was a significant achievement for the Trust during this academic year. Work within the other schools focuses on support for specific subject areas through the use of GEP staff and on-going support for the Senior Leadership Team of each school.

Loseley Fields Primary School was designated as 'coasting school' on the basis of its prior three years' outcomes, whilst under Local Authority control. Both Loseley Fields Primary School and Guildford Grove Primary School joined GEP Academies during the academic year and therefore our ability to impact outcomes has not yet been fully realised.

### Secondary school outcomes 2017

SCHOOL OUTCOMES	GEP SECONDARY SCHOOL		
	Fullbrook	George Abbot	Kings College
Key Stage 2 average score <sup>1</sup>	29.4	31.12	26.22
Attainment 8 score <sup>1</sup>	53	56.8	33.1
Progress 8 score <sup>1</sup>	+0.2	+0.44	-0.91
Grade 5 above in English & Maths <sup>1</sup>	63%	67%	17%
Entering EBacc <sup>1</sup>	54%	40%	4%
Achieving EBacc at grade 5/C above <sup>1</sup>	29%	31%	17%
A2, grades A*-A (national 26.3%) <sup>2</sup>	16.0%	30.2%	N/A
A2, grades A*-B (national 53.1%) <sup>2</sup>	36.0%	57.1%	
A2, grades A*-C (national 77.4%) <sup>2</sup>	67.0%	80.4%	

<sup>1</sup> Source: DfE Performance Tables: 2017 provisional results, Nov 2017.

<sup>2</sup> Source: Internal data.



Progress 8 scores for both Fullbrook School and George Abbot School demonstrate improvements compared to 2016 performance (-0.08 and +0.26 respectively); Kings College Guildford results are broadly in line with those of last year. Significant improvements in the progress of disadvantaged pupils happened at George Abbot School (average 0.25 grade more progress), and Fullbrook (average 1 grade more progress), as a result of actions taken.

## **6 FINANCIAL REVIEW**

### **6.1 Financial performance**

Most of the Trust's income is obtained from the Department for Education (DfE), in the form of recurring grants, the use of which is restricted to particular purposes. The grants received from the DfE during the year ended 31 August 2017 and the associated expenditure are shown as restricted funds in the statement of financial activities.

During the year ended 31 August 2017, the total expenditure of £37.0m (2016: £30.7m) was less than the total of incoming resources of £52.2m (2016: £46.1m), including the significant fixed assets acquired and capital funding (as referred to below). This enabled the Trust to carry forward capital fund balances for planned condition and improvement works and revenue fund balances for utilisation in future years, as deemed necessary according to our five year financial plans.

At 31 August 2017, due to the growth of the Trust structure the net book value of tangible fixed assets had grown to £81.3m (2016: £64.0m). Movements in tangible fixed assets are shown in more detail in the notes to the financial statements. These assets were exclusively those used for our charitable aims, providing education and the associated support services to the students of the schools within the Trust. When these assets are not in use for educational purposes, they are available for community use and for generating sundry lettings income. In the year ended 31 August 2017, £0.5m of income was self-generated from use of the facilities (2016: £0.5m).

From the actuarial valuations for the year ended 31 August 2017, the Financial Reporting Standard 17 pension deficit on the Trust's proportion of the Surrey Local Government Pension Scheme increased with the abovementioned growth and at 31 August 2017 stood at £10.2m (2016: £9.6m). In March 2017, the Trustees elected to pool Surrey Local Government Pension Scheme funds across the Trust, thus harmonising the pension contribution rate across all GEP schools with effect from 1 September 2017.

During the year the Trust was awarded £2.4m for capital works from the School Condition Allocation. A condition survey has been undertaken at all seven academy schools and funds allocated according to a combined need and formulaic basis. A programme of identified priority works started in 2016-17 and will continue into the following academic years.

### **6.2 Reserves policy**

The Trustees have agreed a reserves policy for the Trust which will be reviewed annually. The review encompasses the nature of income and expenditure streams and the need to match income with commitments.

The Trustees are confident that the majority of schools have sufficient working reserves to cover delays between spending and receipt of grants and to provide a cushion to cover the financial risks facing the Trust such as reductions in funding formula and pupil numbers. The exception to this is Kings College Guildford. The Trust continues to be in conversation with the ESFA, as well as the Regional Schools Commissioner and Local Authority, around the funding for Kings College Guildford, to ensure financial solvency as it moves forward with lower than Local Authority forecast pupil numbers.

As at 31 August 2017, free reserves amounted to £1.4m (2016: £2.4m). It is anticipated that this free reserve balance will be utilised over the course of the following academic years, as our cost base rises with income remaining relatively flat, and as the Trust consolidates and expands.

The Trustees' policy is to generate reserves to provide funds to continue to enhance the educational facilities and services of the Trust and to fund future projects. The Trustees intend to review the reserves policy annually to ensure that this aim can be achieved.

### **6.3 Investment policy**

The Trustees' investment powers are set down in the charitable company's Articles of Association which permit the investment of monies of GEP Academies that are not immediately required for its purposes in such investments, securities or property as may be thought fit, subject to any restrictions which may from time to time be imposed or required by law.

The Trust's current policy is to invest surplus funds in a short-term cash deposit account.

### **6.4 Principal risks and uncertainties**

The major risks to which the Trust is exposed are related to financial uncertainties:

- (1) Shortfalls due to government policy change leading to rises in staffing costs and/or changes in the introduction of a national funding formula.
- (2) Reduction in school roll, especially at Kings College Guildford, leading to reduced funding.

As a Trust we are mitigating financial risk through a trust-wide rather than school-centric approach, robust financial planning and control and exploring alternative avenues of income by utilising the assets in our estate.

The Trust has a rolling programme of risk assessment and management through which risks across all areas of the Trust's operations are identified and managed. The risk register is reviewed regularly by Trustees, Governors and the schools' Senior Leadership Teams. The Trustees have overall responsibility for ensuring that GEP Academies has an appropriate and effective system of control, both financial and operational.

The system is designed to manage risk so to provide as high a level of assurance as is reasonably practical without unduly constraining the Trustees' wish to be an innovative organisation that leads by example. An element of risk is always present when treading new ground. The Trustees recognise that risk cannot be completely eliminated, but it can be understood, managed and controlled.

The Trustees' attitude to risk is conservative. Activities are undertaken with a clear understanding of the risk involved and no activity would be undertaken that risked the viability of our operations. All major decisions are taken with extensive discussion between Trustees, officers and staff and where appropriate other stakeholders are involved.

### **6.5 Going concern**

After making appropriate enquiries, the Trustees have a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future. 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.

**7 PLANS FOR FUTURE PERIODS**

GEP Academies has developed considerably over the financial year. Significant changes have been made to the composition of the Board of Trustees, who are reviewing our governance arrangements, business plan and school performance. Two new schools, Guildford Grove Primary School and Loseley Fields Primary School, joined the Trust on 1 November 2016. As part of ongoing succession planning, Principals have been appointed to all three secondary schools within the Trust in 2016-17. Additionally, skilled senior executives and operational managers have been recruited to focus on school improvement and harmonisation of our operations, in anticipation of future growth.

The Trust has leveraged resources from both the University of Surrey and the Royal Grammar School, Guildford, to its schools, especially Kings College Guildford. With Trustee representation on the GEP Academies Board, the Trust will continue to extend this across GEP schools.

There has been continued interest from other Surrey schools in joining the Trust. Governing Bodies in a number of schools have set up working groups to investigate the possibilities of becoming members of the Trust.

**8 FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS**

Although the Trust maintains restricted funds to deal with incoming resources that are earmarked for a particular purpose by donors, sponsors and other funders, GEP Academies does not hold, and the Trustees do not anticipate that it will in the future hold, any funds as custodian for any third party. There are no funds held as custodian Trustee on behalf of others.

**9 AUDITOR**


**9.1 Statement as to disclosure of information to the auditor**

The Trustees have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the Trustees have confirmed that they have taken all the steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

**9.2 Auditor appointment**

Moore Stephens LLP have been appointed to provide an external audit service, covering three financial years, to year ending 2018, subject to an annual review of performance. The Trustees will be reviewing the appointment (or reappointment), of an independent auditor, for the financial year starting 1 September 2018.

The Trustees' Report, including the Strategic Report, was approved by the Board of Trustees in their capacity as the Directors of the charitable company at their meeting on 14 December 2017 and signed on its behalf by:

  
\_\_\_\_\_  
Chair  
**Mr F Roche**  
14 December 2017

**GOVERNANCE STATEMENT**

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**1 SCOPE OF RESPONSIBILITY**

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

The Board of Trustees has delegated the day-to-day responsibility to the Chief Executive Officer, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and are in accordance with the requirements and responsibilities assigned to it in the Funding Agreement between GEP Academies and the Secretary of State for Education. He is also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

**2 GOVERNANCE**

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities.

**2.1 Composition of the Board**

Within the year, GEP Academies moved to a newly composed Board of Trustees. Resignations were therefore accepted from Trustees representing member schools as Chairs of Governors (J Bullock, K Hammersley, K Hawkswell, V Johnson, M Michell, JC Wijnja). On 4.5.17 the Members: re-appointed a Member who had resigned as Trustee (V Johnson); appointed one new Trustee (F Roche); and reappointed two existing Trustees (S Millin, G Wyss). New Trustees were additionally appointed and ratified by the Board on 4.5.17 (J Cox, C Holyoak, J Powell). Subsequently the remaining Trustee vacancy was filled (S Offord, from 12.9.17).

Following the resignation due to retirement of Trustee ex officio, D Moloney, the Trust elected to appoint a full-time CEO, to lead our growing Multi-Academy Trust (P Gale, CEO from 1.9.17).

**2.2 Performance of the Board**

In the spirit of continuous improvement, the Trust will continue its cycle of external reviews of the Board, with the next independent evaluation in 2018/19. The most recent self-evaluation of the multi-Academy Trust was conducted in autumn 2017. A five year trust-wide strategic plan has been approved and is being implemented.

**2.3 Meetings of the Board**

The Board of Trustees has formally met six times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

<b>Trustee</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
J Bullock (until 17.4.17)	4	4
J Cox (from 4.5.17)	1	2
P Evans (until 14.11.17)	4	6
K Hammersley (until 17.4.17)	4	4
K Hawkswell (until 17.4.17)	4	4
C Holyoak (from 4.5.17)	2	2
V Johnson (until 17.4.17)	3	4
M Michell (until 17.4.17)	2	4
S Millin	6	6
D Moloney (CEO until 31.8.17)	6	6
J Powell (from 4.5.17)	2	2
F Roche (from 25.4.17 and Chair from 4.5.17)	2	2
J C Wijnja (until 17.4.17)	4	4
G Wyss (Chair until 4.5.17, then Vice-Chair)	6	6



## GUILDFORD EDUCATION PARTNERSHIP

### GOVERNANCE STATEMENT (Continued)

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In addition, the Board of Trustees held Planning Conferences in February and March 2017. The newly composed Board also held a Strategy Day in June 2017 which provided an opportunity to focus on changes made at Trustee level, the strategic leadership and future growth of the Trust.

#### **Audit Committee**

The Trustees have an established Audit Committee to focus on risk management, financial controls and audit arrangements. The Audit Committee has formally met four times during the year.

Attendance during the year at meetings of the Audit Committee was as follows:

<b>Audit Committee members</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
C Holyoak (from 4.5.17, Audit Committee Chair from 6.7.17)	1	1
V Johnson (until 4.5.17)	2	3
S Millin (until 4.5.17)	1	3
J C Wijnja (Trustee until 17.4.17; continued as committee member) (Audit Committee Chair until 6.7.17)	4	4
G Wyss	4	4

#### **Resources Committee**

The Trustees set up the Resources Committee in the summer term to focus on matters of finance, administration, personnel and property. This committee met formally in June and July.

<b>Resources Committee members</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
C Holyoak (from 4.5.17)	2	2
D Moloney (until 31.8.17)	0	2
G Wyss (Resources Committee Chair from 27.6.17)	2	2

#### **Education Committee**

The Education Committee was also set-up in the summer term, with the first formal meeting in September 2018.

### **3 REVIEW OF VALUE FOR MONEY**

As Accounting Officer, the Chief Executive Officer 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 Academy's use of its resources has provided good value for money during each academic year, and reports to the Board of Trustees where value for money can be improved, including the use of benchmarking data where appropriate.

The Accounting Officer for the Academy has delivered improved value for money during the year by collective purchasing, for example, accountancy and audit services, insurance, legal support, procurement consultancy, professional service level agreements and software licenses (for governance, leadership, education and administration).

The Trust continues to use the most talented members of its teaching force to support school to school improvement and rely less on external consultancy. The Trust has access to a huge range of school improvement experts drawn from the HMI background (Her Majesty's Inspectorate), of GEP Academies' Director of Education (now CEO). These experts are regularly deployed to the benefit of Trust members on activities including Ofsted preparation, subject reviews and lesson observation training. Finally, links with the Royal Grammar School, Guildford and the University of Surrey, have also enabled us to deploy resources to a number of activities across the Trust, from Board level governance, to GCSE revision sessions and individual mentoring.

#### **4 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 and as such it can 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 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 GEP Academies for the year ended 31 August 2017 and up to the date of approval of the annual report and financial statements.

#### **5 CAPACITY TO HANDLE RISK**

The Board of Trustees has reviewed the key risks to which the Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees considers that there is a formal on-going process for identifying, evaluating and managing the Trust's significant risks on an on-going basis. This process is regularly reviewed by the Board of Trustees.

#### **6 THE RISK AND CONTROL FRAMEWORK**

The Trust's system of internal financial control is based on a system of delegation and accountability (which is defined in the scheme of delegation) and a framework of regular management information and administrative procedures including the segregation of duties. In particular, it includes:

- Comprehensive budgeting and monitoring systems with an annual budget set within the context of a five year budget plan and periodic financial reports which are reviewed and agreed by the Board of Trustees;
- Regular reviews by the Resources and Audit Committees of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- Setting targets to measure financial and other performance;
- Clearly defined purchasing (asset purchase or capital investment) guidelines;
- Delegation of authority and segregation of duties; and
- Identification and management of risks.

Additionally, a central risk register is proactively managed at each school and across the Trust, which is reviewed on a regular basis by the schools' Senior Leadership Teams, Governors and Trustees. The process of risk management is reviewed by the Audit Committee on an ongoing basis.

#### **7 REVIEW OF EFFECTIVENESS**

As Accounting Officer, the Chief Executive Officer 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 audit function;
- The work of the external auditor;
- The financial management and governance self-assessment process; and
- The work of the Audit Committee within the Trust who have responsibility for the oversight of the internal control framework.

The Accounting Officer has been advised of the implications of the result of the review of the system of internal control by the Audit Committee. As with all reviews, action plans are in place when any weaknesses are found, plans are monitored for completion and processes are adapted to ensure continuous improvement of the system.

Trustees have considered the need for a specific internal audit function and have decided to appoint Moore Stephens LLP, the external auditor, to perform additional checks, on an independent basis, instead of appointing a GEP Academies employee as internal auditor. This role includes performing a range of checks on the Trust's financial systems and providing recommendations to inform

**GUILDFORD EDUCATION PARTNERSHIP**

**GOVERNANCE STATEMENT (Continued)**

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management. In particular, checks carried out included testing of payroll systems and testing of purchasing systems. The appointee reports to the Board of Trustees via the Audit Committee, on the operation of controls and in the discharge of the Board of Trustees' financial responsibilities. In the year ending 31 August 2017, there were no significant weaknesses to report.

Approved by order of the members of the Board of Trustees on 14 December 2017 and signed on its behalf by:

  
\_\_\_\_\_  
**Mr F Roche**  
14 December 2017

Chair

  
\_\_\_\_\_  
**Mr P A Gale**  
14 December 2017

Chief Executive Officer

**GUILDFORD EDUCATION PARTNERSHIP**

**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

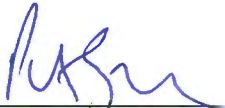
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As Accounting Officer of GEP Academies, I have considered my responsibility to notify the Board of Trustees and the Education Skills and Funding Agency (ESFA), of any material irregularity, impropriety and non-compliance with ESFA terms and conditions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

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

I confirm that no instances of material irregular, 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.

Signed by the Accounting Officer:



Chief Executive Officer

**Mr P A Gale**

14 December 2017

## GUILDFORD EDUCATION PARTNERSHIP

### STATEMENT OF TRUSTEES' RESPONSIBILITIES

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The Trustees (who 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 Trust 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 Statement of Recommended Practice 2015 (SORP 2015) and the Academies Accounts Direction 2016-17;
- Make judgments and accounting estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards, Financial Reporting Standard 102 (FRS 102), have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Trust will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Trust's transactions and disclose with reasonable accuracy at any time the financial position of the Trust 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 Trust 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 Trust 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 the 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 Trust'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 14 December 2017 and signed on its behalf by:



Chair

**Mr F Roche**  
14 December 2017



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS**

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**1 OPINION**

We have audited the financial statements of Guildford Education Partnership (the 'Academy Trust') for the year ended 31 August 2017 which comprise the consolidated statement of financial activities, the group and charitable company balance sheet, the consolidated statement of cash flows, and the related notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, 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 2016 to 2017 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- Give a true and fair view of the state of the group and the parent charitable company's affairs as at 31 August 2017 and of the group's 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; and
- Have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

This report is made solely to the Academy Trust'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 Academy Trust'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 Academy Trust and the Academy Trust's members as a body, for our audit work, for this report, or for the opinions we have formed.

**2 BASIS FOR OPINION**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Academy Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our 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 audit opinion.

**3 CONCLUSIONS RELATING TO GOING CONCERN**

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

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

**4 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 AUDITOR'S REPORT TO THE MEMBERS (Continued)**

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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.

**5 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, including the incorporated strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The Trustees' report, including the incorporated strategic report, has been prepared in accordance with applicable legal requirements.

**6 MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

In the light of the knowledge and understanding of the Academy Trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report, including the incorporated strategic report.

We have nothing to report in respect of the following matters where 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.

**7 RESPONSIBILITIES OF DIRECTORS**

As explained more fully in the Trustees' responsibilities statement set out on page 20, the Trustees (who are also the Directors of the charitable company for the purposes of the 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.

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

**8 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.



**GUILDFORD EDUCATION PARTNERSHIP**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS (Continued)**

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

For and on behalf of Moore Stephens LLP, Statutory Auditor  
150 Aldersgate Street, London. EC1A 4AB



Senior Statutory Auditor

**Mr N Simkins**

19 December 2017

## **GUILDFORD EDUCATION PARTNERSHIP**

# **INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO GUILDFORD EDUCATION PARTNERSHIP AND THE EDUCATION AND SKILLS FUNDING AGENCY**

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In accordance with the terms of our engagement letter dated 16 March 2016 and further to the requirements of the Education and Skills Funding Agency (ESFA), as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Guildford Education Partnership during the period 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

## **1 RESPECTIVE RESPONSIBILITIES OF GUILDFORD EDUCATION PARTNERSHIP'S ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT**

The Accounting Officer is responsible, under the requirements of Guildford Education Partnership's funding agreement with the Secretary of State for Education dated 1 July 2011 and the Academies Financial Handbook, extant from 1 September 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

## **2 APPROACH**

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

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

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

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

The work undertaken to draw to our conclusion includes:

- Reviewing minutes of meetings, management accounts and making enquiries of management;
- Performing sample testing of expenditure ensuring items are for the Trust's purposes and are appropriately authorised;
- Sample testing on credit card expenditure, reviewing for any indication of purchase for personal use by staff, Heads or Trustees;
- Reviewing the procedures for identifying and declaring related parties and other business interests;

**GUILDFORD EDUCATION PARTNERSHIP**

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON  
REGULARITY TO GUILDFORD EDUCATION PARTNERSHIP AND THE  
EDUCATION AND SKILLS FUNDING AGENCY (Continued)**

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- Obtaining formal representation from the Board of Trustees and Accounting Officer acknowledging their responsibilities;
- Scrutinising journals, and other adjustments posted during the year for evidence of unusual entries and making further enquiries into any such items where relevant;
- Performing an evaluation of the general control environment of the Trust; and
- Reviewing nominal ledger accounts for any large or unusual entries and obtaining supporting documentation.

**3 CONCLUSION**

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

Moore Stephens LLP, Chartered Accountants and Statutory Auditor  
150 Aldersgate Street, London. EC1A 4AB



19 December 2017

**GUILDFORD EDUCATION PARTNERSHIP**

**STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED  
31 AUGUST 2017**

	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Assets Funds £000	Total 2017 £000	Total 2016 £000
<b>Income from:</b>						
Donations & capital grants	2	265	3,738	-	<b>4,003</b>	2,763
Transfer from local authority on conversion	3	-	(1,152)	17,796	<b>16,644</b>	15,297
Charitable activities:						
Funding for the Academy Trust's educational operations	4	1,177	29,598	-	<b>30,775</b>	27,293
Other trading activities	5	539	-	-	<b>539</b>	490
Teaching School		-	284	-	<b>284</b>	249
Investments	6	-	-	-	-	5
<b>Total</b>		<u>1,981</u>	<u>32,468</u>	<u>17,796</u>	<u><b>52,245</b></u>	<u>46,097</u>
<b>Expenditure on:</b>						
Raising funds	7	103	-	-	<b>103</b>	106
Charitable activities:						
Funding for the Academy Trust's educational operations	7	1,478	32,971	2,400	<b>36,849</b>	30,375
Teaching School	7	-	18	-	<b>18</b>	226
<b>Total</b>	7	<u>1,581</u>	<u>32,989</u>	<u>2,400</u>	<u><b>36,970</b></u>	<u>30,707</u>
<b>Net income</b>		400	(521)	15,396	<b>15,275</b>	15,390
<b>Transfers between funds</b>	16	(1,452)	(399)	1,851	-	-
<b>Other recognised gains / (losses):</b>						
Actuarial gains/(losses) on defined benefit pension schemes	25	-	2,022	-	<b>2,022</b>	(2,063)
<b>Net movement in funds</b>		<u>(1,052)</u>	<u>1,102</u>	<u>17,247</u>	<u><b>17,297</b></u>	<u>13,327</u>
<b>Reconciliation of funds</b>						
Total funds brought forward		<u>2,432</u>	<u>(7,550)</u>	<u>64,021</u>	<u><b>58,903</b></u>	<u>45,576</u>
<b>Total funds carried forward</b>		<u>1,380</u>	<u>(6,448)</u>	<u>81,268</u>	<u><b>76,200</b></u>	<u>58,903</u>

All of the Academy Trust's activities derive from continuing operations during the above financial period.

The Statement of Financial Activities includes all gains and losses recognised in the period.

The net movement in funds for the year arises from the Trust's continuing and acquired operations (see note 16).

The notes on pages 31 onwards form part of these financial statements.

**GUILDFORD EDUCATION PARTNERSHIP**

**STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED  
31 AUGUST 2016**

	<b>Unrestricted Funds £000</b>	<b>Restricted General Funds £000</b>	<b>Restricted Fixed Assets Funds £000</b>	<b>Total 2016 £000</b>	<b>Total 2015 £000</b>
<b>Income from:</b>					
Donations & capital grants	193	2,570	-	<b>2,763</b>	2,472
Transfer from local authority on conversion	(51)	(1,843)	17,191	<b>15,297</b>	14,138
Charitable activities:					
Funding for the Academy Trust's educational operations	1,570	25,972	-	<b>27,542</b>	19,735
Other trading activities	490	-	-	<b>490</b>	254
Investments	5	-	-	<b>5</b>	6
<b>Total</b>	<u>2,207</u>	<u>26,699</u>	<u>17,191</u>	<u><b>46,097</b></u>	<u>36,605</u>
<b>Expenditure on:</b>					
Raising funds	106	-	-	<b>106</b>	-
Charitable activities:					
Funding for the Academy Trust's educational operations	1,006	27,548	2,047	<b>30,601</b>	21,976
<b>Total</b>	<u>1,112</u>	<u>27,548</u>	<u>2,047</u>	<u><b>30,707</b></u>	<u>21,976</u>
<b>Net income</b>	1,095	(849)	15,144	<b>15,390</b>	14,629
<b>Transfers between funds</b>	-	(1,897)	1,897	-	-
<b>Other recognised gains / (losses):</b>					
Actuarial gains/(losses) on defined benefit pension schemes	-	(2,063)	-	<b>(2,063)</b>	97
<b>Net movement in funds</b>	<u>1,095</u>	<u>(4,809)</u>	<u>17,041</u>	<u><b>13,327</b></u>	<u>14,726</u>
<b>Reconciliation of funds</b>					
Total funds brought forward	1,337	(2,741)	46,980	<b>45,576</b>	30,850
<b>Total funds carried forward</b>	<u>2,432</u>	<u>(7,550)</u>	<u>64,021</u>	<u><b>58,903</b></u>	<u>45,576</u>

The net movement in funds for the year arises from the Trust's continuing and acquired operations.

**GUILDFORD EDUCATION PARTNERSHIP**

**CONSOLIDATED BALANCE SHEET AS AT 31 AUGUST 2017**

Company Number: 07649091

	Notes	2017 £000	2017 £000	2016 £000	2016 £000
<b>Fixed assets</b>					
Tangible assets	12		<b>81,268</b>		64,021
<b>Current assets</b>					
Debtors	14	<b>1,236</b>		1,952	
Cash at bank and in hand		<b>7,757</b>		<b>4,423</b>	
		<b>8,993</b>		<b>6,375</b>	
<b>Liabilities</b>					
Creditors: Amounts falling due within one year	15	<b>(3,802)</b>		<b>(1,903)</b>	
		<b>(3,802)</b>		<b>(1,903)</b>	
<b>Net current assets</b>			<b>5,191</b>		4,472
<b>Total assets less current liabilities</b>					
Creditors: Amounts falling due after one year	15		<b>(35)</b>		(35)
<b>Net assets excluding pension scheme liability</b>			<b>86,424</b>		68,458
Defined benefit pension scheme liability	25		<b>(10,224)</b>		(9,555)
<b>Total net assets</b>			<b>76,200</b>		<b>58,903</b>
<b>Funds of the Academy Trust:</b>					
<b>Restricted funds</b>					
Fixed asset fund	16	<b>81,268</b>		64,021	
Restricted income fund	16	<b>3,776</b>		2,005	
Pension reserve	16	<b>(10,224)</b>		<b>(9,555)</b>	
<b>Total restricted funds</b>			<b>74,820</b>		56,471
<b>Unrestricted income funds</b>	16		<b>1,380</b>		<b>2,432</b>
<b>Total funds</b>			<b>76,200</b>		<b>58,903</b>

The financial statements were approved by the Trustees, and authorised for issue, on 14 December 2017 and are signed on their behalf, by:

  
 \_\_\_\_\_  
**Mr F Roche**  
 14 December 2017

Chair

  
 \_\_\_\_\_  
**Mr P A Gale**  
 14 December 2017

Chief Executive Officer

The notes on pages 31 onwards form part of these financial statements.

**GUILDFORD EDUCATION PARTNERSHIP**


**COMPANY BALANCE SHEET AS AT 31 AUGUST 2017**

Company Number: 07649091

	Notes	2017 £000	2017 £000	2016 £000	2016 £000
<b>Fixed assets</b>					
Tangible assets	12		<b>81,268</b>		64,021
<b>Current assets</b>					
Debtors	14	<b>1,231</b>		2,048	
Cash at bank and in hand		<b>7,691</b>		4,323	
		<b>8,922</b>		6,371	
<b>Liabilities</b>					
Creditors: Amounts falling due within one year	15	<b>(3,731)</b>		(1,899)	
		<b>(3,731)</b>		(1,899)	
<b>Net current assets</b>			<b>5,191</b>		4,472
<b>Total assets less current liabilities</b>					
Creditors: Amounts falling due after one year	15		<b>(35)</b>		(35)
<b>Net assets excluding pension scheme liability</b>			<b>86,424</b>		68,458
Defined benefit pension scheme liability	25		<b>(10,224)</b>		(9,555)
<b>Total net assets</b>			<b>76,200</b>		58,903
<b>Funds of the Academy Trust:</b>					
<b>Restricted funds</b>					
Fixed asset fund	16	<b>81,268</b>		64,021	
Restricted income fund	16	<b>3,776</b>		2,005	
Pension reserve	16	<b>(10,224)</b>		(9,555)	
<b>Total restricted funds</b>			<b>74,820</b>		56,471
<b>Unrestricted income funds</b>	16		<b>1,380</b>		2,432
<b>Total funds</b>			<b>76,200</b>		58,903

The financial statements were approved by the Trustees, and authorised for issue, on 14 December 2017 and are signed on their behalf, by:

  
 \_\_\_\_\_ Chair  
**Mr F Roche**  
 14 December 2017

  
 \_\_\_\_\_ Chief Executive Officer  
**Mr P A Gale**  
 14 December 2017

The notes on pages 31 onwards form part of these financial statements.



**GUILDFORD EDUCATION PARTNERSHIP****CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 AUGUST 2017**

	Notes	<b>2017</b> <b>£000</b>	2016 £000
<b>Cash flows from operating activities</b>			
Net cash provided by/(used in) operating activities	20	<b>767</b>	(723)
<b>Cash flows from financing activities</b>	21	<b>(14)</b>	(14)
<b>Cash flows from investing activities</b>	22	<b>2,581</b>	864
<b>Change in cash and cash equivalents in the reporting period</b>		<b>3,334</b>	127
<b>Cash and cash equivalents at 1 September 2016</b>		<b>4,423</b>	4,296
<b>Cash and cash equivalents at 31 August 2017</b>	23	<b>7,757</b>	4,423

Some of the cash flows of the Trust in the current year were derived from its acquired operations (see note 27). In particular, cash balances of £634,860 (2016: £146,000) were acquired during the current year.

The notes on pages 31 onwards form part of these financial statements.

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

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**1 STATEMENT OF ACCOUNTING POLICIES**

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

**1.1 Basis of preparation of financial statements**

**Basis of preparation**

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

**Basis of consolidation**

The consolidated financial statements consolidate the financial statements of the Trust and its wholly owned subsidiary, Fullbrook Sports Centre Limited, on a line by line basis.

No separate statement of financial activities has been presented for the Trust alone, as permitted by Section 408 of the Companies Act 2006 and paragraph section 24 of SORP 2015.

**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 and have concluded that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Academy Trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements. Having considered the factors highlighted in the Trustees' Report, the Trustees have a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future. Refer to the Trustees' report for further information.

**1.3 Income**

All income is recognised when the Academies Trust has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

**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 and there is not unconditional entitlement to the income, 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 when there is entitlement and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance sheet in the restricted fixed asset fund.

## **GUILDFORD EDUCATION PARTNERSHIP**

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

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#### **Sponsorship income**

Sponsorship income provided to the Academies 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.

#### **School trips and activities**

These transactions are included in unrestricted funds. Income is recognised when received and expenditure is recognised when paid, any surpluses being carried forward as deferred within restricted funds until the trip or activity is completed.

#### **Donations**

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

#### **Other income**

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

#### **Donated goods, facilities and services**

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

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

#### **Interest receivable**

Interest receivable is included within the Statement of Financial Activities on a receivable basis.

### **1.4 Expenditure**

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party and 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. Depreciation charges are allocated on the portion of the asset's use.

#### **Expenditure on raising funds**

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

#### **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

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

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**1.5 Tangible fixed assets**

Assets costing £2,000 or more (for GEP Primary Schools), or £5,000 or more (for GEP Secondary schools), 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. 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 such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy Trust's depreciation policy. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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

Freehold building	Over 125 years
Long leasehold land	Over 125 years
Long leasehold building	Over 8 to 50 years
Fixtures, fittings and equipment	Over 4 to 15 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.

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 the related grants require the asset to be held for a specific purpose and continued use they are credited to a restricted fixed asset fund with the related depreciation then being charged to that same fund.

**1.6 Liabilities**

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

**1.7 Leased assets**

Where assets are financed by leasing agreements that give rights approximating to ownership ("finance leases"), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as obligations to the lessor.

Lease payments are treated as consisting of capital and interest elements, and the interest is charged to the statement of financial activities in proportion to the remaining balance outstanding.

All other leases are "operating leases" and the annual rentals are charged to the Statement of Financial Activities on a straight line basis over the lease term.

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

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**1.8 Taxation**

The Academy Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

Accordingly, the Academy Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by part 11, chapter 3 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

**1.9 Pension benefits**

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

**Teachers' Pension Scheme**

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 25, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

**Local Government Pension Scheme**

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

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

**1.10 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 Department for Education.

**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.

## GUILDFORD EDUCATION PARTNERSHIP

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

Critical accounting estimates and assumptions:

- (1) 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.
- (2) 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 25, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.
- (3) On conversion to the Academy Trust, the assets and liabilities of a school are measured at fair value. This includes any land and buildings. The valuation of the land and buildings involves a significant degree of estimation. Refer to note 12 for further details on this estimation.

#### 1.12 Conversion to an academy

The conversion from a local authority school to an academy involves the transfer of identifiable assets and liabilities and the operations of a school for £Nil consideration and has been accounted for under the acquisition accounting method.

The assets and liabilities transferred upon conversion have been valued at their fair value being a reasonable estimate of the current value that the Trustees would expect to pay in an open market for an equivalent item. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in voluntary income as a gift in the Statement of Financial Activities and analysed under unrestricted, restricted general and restricted fixed asset funds.

## 2 DONATIONS AND CAPITAL GRANTS

	Unrestricted Funds £000	Restricted Funds £000	Total 2017 £000	Total 2016 £000
Capital grants (DfE / ESFA)	-	3,738	<b>3,738</b>	2,570
Other donations	265	-	<b>265</b>	193
	<u>265</u>	<u>3,738</u>	<u><b>4,003</b></u>	<u>2,763</u>

## 3 FUND TRANSFERRED FROM LOCAL AUTHORITY ON CONVERSION

	Unrestricted Funds £000	Restricted Fund £000	Total 2017 £000	Total 2016 £000
Agreed (deficits) / surpluses	-	694	<b>694</b>	(14)
Fixed assets	-	17,796	<b>17,796</b>	17,191
LGP scheme deficit	-	(1,846)	<b>(1,846)</b>	(1,880)
	<u>-</u>	<u>16,644</u>	<u><b>16,644</b></u>	<u>15,297</u>



**GUILDFORD EDUCATION PARTNERSHIP**

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

**4 FUNDING FOR THE ACADEMY TRUST'S EDUCATIONAL OPERATIONS**

	<b>Unrestricted Funds £000</b>	<b>Restricted Funds £000</b>	<b>Total 2017 £000</b>	<b>Total 2016 £000</b>
<b>DfE / ESFA grants</b>				
General Annual Grant (GAG)	-	24,771	<b>24,771</b>	22,279
Start up	-	50	<b>50</b>	-
Rates and insurance	-	109	<b>109</b>	155
Universal infant free school meals	-	211	<b>211</b>	162
Pupil premium	-	868	<b>868</b>	654
Scheme income	-	25	<b>25</b>	9
16-18 Bursary income	-	13	<b>13</b>	38
	-	26,047	<b>26,047</b>	23,297
<b>Other Government grants</b>				
Special educational projects	-	915	<b>915</b>	443
	-	915	<b>915</b>	443
<b>Other income from the Academy Trust's educational operations</b>				
East Guildford Confederation	-	211	<b>211</b>	141
11-19 Partnership income	-	224	<b>224</b>	221
Graduate teacher programme	-	981	<b>981</b>	1,167
Children's Centre early years	-	159	<b>159</b>	152
Growing school income	-	156	<b>156</b>	74
Other educational income	1,177	905	<b>2,082</b>	1,798
	1,177	2,636	<b>3,813</b>	3,553
<b>Total funding</b>	<b>1,177</b>	<b>29,598</b>	<b>30,775</b>	<b>27,293</b>

Other educational income includes £696,780 (2016: £592,527) relating to school fund activities.

**5 OTHER TRADING ACTIVITIES**

	<b>Unrestricted Funds £000</b>	<b>Restricted Funds £000</b>	<b>Total 2017 £000</b>	<b>Total 2016 £000</b>
Letting and hire of facilities	539	-	<b>539</b>	490
	539	-	<b>539</b>	490

**6 INVESTMENT INCOME**

	<b>Unrestricted Funds £000</b>	<b>Restricted Funds £000</b>	<b>Total 2017 £000</b>	<b>Total 2016 £000</b>
Interest receivable	-	-	-	5
	-	-	-	5



**GUILDFORD EDUCATION PARTNERSHIP**

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

**7 EXPENDITURE**

	Staff Costs £000	Non Pay Expenditure		Total 2017 £000	Total 2016 £000
		Premises £000	Other £000		
Expenditure on raising funds	-	-	103	<b>103</b>	106
Academy's educational operations:					
Direct costs	21,712	2,400	6,148	<b>30,260</b>	24,732
Allocated support costs	3,495	-	3,094	<b>6,589</b>	5,643
Teaching School	-	-	18	<b>18</b>	226
	<u>25,207</u>	<u>2,400</u>	<u>9,363</u>	<b><u>36,970</u></b>	<u>30,707</u>

Net income/(expenditure) for the period includes:

	2017 £000	2016 £000
Operating lease rentals	<b>67</b>	34
Depreciation	<b>2,400</b>	2,047
Fees payable to auditor for:		
Audit	<b>25</b>	17
Other services	<b>10</b>	13
	<u>        </u>	<u>        </u>

**7.1 Expenditure on raising funds**

	Unrestricted Funds £000	Restricted Funds £000	Total 2017 £000	Total 2016 £000
Other expenditure	<u>103</u>	<u>-</u>	<u><b>103</b></u>	<u>106</u>
	<u>103</u>	<u>-</u>	<u><b>103</b></u>	<u>106</u>

**GUILDFORD EDUCATION PARTNERSHIP**

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

**7.2 Expenditure on charitable activities**

	<b>Total 2017 £000</b>	Total 2016 £000
<b>Academy's educational operations - direct costs</b>		
Teaching and educational support staff costs	21,712	18,396
Depreciation	2,400	2,047
Educational supplies	1,852	1,825
Technology costs	346	345
Examination fees	402	426
Staff development	629	498
Other direct costs	2,919	1,195
	<b>30,260</b>	<b>24,732</b>
<b>Academy's educational operations - allocated support costs</b>		
Support staff costs	3,495	2,974
Pension finance costs	248	272
Maintenance of premises & equipment	540	465
Cleaning	584	532
Rent and rates	245	203
Energy costs	393	343
Insurance	128	99
Bank interest and charges	12	14
Other support costs	288	293
Technology costs	40	13
Governance costs	616	435
	<b>6,589</b>	<b>5,643</b>
<b>Total expenditure on charitable activities</b>	<b>36,849</b>	<b>30,375</b>

The Trust analyses expenditure as direct costs when transactions are being processed; thereafter, the Trust allocates support costs on the basis of estimated staff time involved and/or the nature of the cost.

There are no amounts, included in resources expended above, that relate to ex-gratia/compensation payments, fixed asset losses, stock losses, unrecoverable debts or cash losses.

## GUILDFORD EDUCATION PARTNERSHIP

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

#### 8 STAFF COSTS

##### 8.1 Staff costs

Staff costs during the period were:

	2017 £000	2016 £000
Wages and salaries	19,267	16,734
Social security costs	1,740	1,377
Operating costs of defined benefit pension schemes	3,918	3,045
Apprenticeship levy	30	-
	<b>24,955</b>	<b>21,156</b>
Supply staff costs	220	158
Staff restructuring costs	32	56
	<b>25,207</b>	<b>21,370</b>
Staff restructuring costs comprise:		
Redundancy payments	-	43
Severance payments	32	13
	<b>32</b>	<b>56</b>

##### 8.2 Non statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £31,650 (2016: £13,546). Individually, the payments were £30,000 and £1,650 made to two individuals (2016: £8,000, £3,000, £2,500 and £46 made to four individuals).

##### 8.3 Staff numbers

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

	2017 No.	2016 No.
Teachers	353	328
Administration and support <sup>1</sup>	359	306
Management	34	24
	<b>746</b>	<b>658</b>

<sup>1</sup> Note that this category covers all support staff who are not management and therefore includes education support staff, as well as administrative and operational staff.

##### 8.4 Higher paid staff

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

	2017 No.	2016 No.
£60,001 - £70,000	7	6
£70,001 - £80,000	1	2
£80,001 - £90,000	2	-
£90,001 - £100,000	1	3
£100,001 and over	1	1

## GUILDFORD EDUCATION PARTNERSHIP

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

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#### 8.5 Key management personnel

The key management personnel of the Academy Trust comprise the Trustees and the Executive Team as listed on page 3. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust was £292,317 (2016: £418,877).

#### 9 CENTRAL SERVICES

The Trust has provided the following central services to its academy schools during the current year:

- Educational services – for example Ofsted support, primary practitioner planning and intervention support.
- Administrative support services – for example long-term budget planning, financial cover services, internal and external audit support, freedom of information advice, generating income from assets.
- Central buying of educational supplies and other similar support costs – for example accountancy and audit services, insurance, legal support, procurement consultancy, professional service level agreements and software licenses (for governance, leadership, education and administration).

The Trust takes a top slice from each of its academy schools of between 1.25% and 4% of income – depending on whether the academy school concerned is rated good or requiring improvement – as a means of funding the provision of central services.

The actual amounts charged during the year were as follows:

	<b>2017</b>	2016
	<b>£000</b>	£000
Boxgrove Primary School	<b>44</b>	36
Fullbrook School	<b>117</b>	123
George Abbot School	<b>137</b>	115
Guildford Grove Primary School	<b>72</b>	-
Kings College Guildford	<b>116</b>	131
Loseley Fields Primary School	<b>51</b>	-
Sandfield Primary School	<b>35</b>	33
	<b>572</b>	438

#### 10 RELATED PARTY TRANSACTIONS - TRUSTEES' REMUNERATION AND EXPENSES

One or more Trustees has been paid remuneration or has received other benefits from an employment with GEP Academies. The Chief Executive Officer only receives remuneration in respect of services provided, undertaking the role of Chief Executive Officer under his contract of employment, and not in respect of his role as Trustee. The value of governors' remuneration and other benefits was as follows:

Mr D Moloney (Chief Executive Officer and Trustee)  
Remuneration £95,001 - £100,000 (2016: £95,001 - £100,000)  
Employer's pension contributions £0 - £5,000 (2016: £10,001 - 15,000)

During the year ended 31 August 2017, travel and subsistence expenses totalling £712 (2016: £364) were reimbursed to two Trustees (2016: three Trustees).

Other related party transactions involving the Trustees are set out in note 26.

**GUILDFORD EDUCATION PARTNERSHIP****NOTES TO THE FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED 31 AUGUST 2017****11 TRUSTEES' AND OFFICERS' INSURANCE**

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

**12 TANGIBLE FIXED ASSETS – GROUP AND ACADEMIES TRUST**

	<b>Freehold Land &amp; Buildings £000</b>	<b>Leasehold Land &amp; Buildings £000</b>	<b>Plant &amp; Machinery £000</b>	<b>Property under construction £000</b>	<b>Total £000</b>
<b>Cost</b>					
At 1 September 2016	31,568	36,839	3,181	1,326	<b>72,914</b>
Transfer on conversion	8,382	9,414	-	-	<b>17,796</b>
Additions	315	28	874	634	<b>1,851</b>
Transfers	-	1,320	6	(1,326)	-
<b>At 31 August 2017</b>	<b>40,265</b>	<b>47,601</b>	<b>4,061</b>	<b>634</b>	<b>92,561</b>
<b>Depreciation</b>					
At 1 September 2016	2,587	4,253	2,053	-	<b>8,893</b>
Charged in year	942	1,138	320	-	<b>2,400</b>
Disposals	-	-	-	-	-
<b>At 31 August 2017</b>	<b>3,529</b>	<b>5,391</b>	<b>2,373</b>	<b>-</b>	<b>11,293</b>
<b>Net book values</b>					
<b>At 31 August 2017</b>	<b>36,736</b>	<b>42,210</b>	<b>1,688</b>	<b>634</b>	<b>81,268</b>
At 31 August 2016	28,981	32,586	1,128	1,326	64,021

The freehold and long leasehold land and buildings transferred to the Trust upon conversion were valued at £45,406,088 (2016: £45,406,088) on an existing value basis and a depreciated replacement costs basis by DVS Property Specialists.

The cost of the leasehold land and buildings donated relates to the value on transfer of the land and buildings when Guildford Grove Primary School became an Academy on 1 November 2016. The property valuation was carried out by Chris Barnes MRICS, RICS Registered Valuer from DVS Property Specialists as at 1 November 2016. The valuation has been made in accordance with Practice Statements in the RICS Valuation Standards. The freehold is held by Surrey County Council.

The cost of the freehold land and buildings donated relates to the value on transfer of the land and buildings when Loseley Fields Primary School became an Academy on 1 November 2016. The property valuation was carried out by Chris Barnes MRICS, RICS Registered Valuer from DVS Property Specialists as at 1 November 2016. The valuation has been made in accordance with Practice Statements in the RICS Valuation Standards.

**GUILDFORD EDUCATION PARTNERSHIP**

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

Leasehold property is owned by the Local Authority and leased to the Trust.  
The cost of the above tangible assets was funded by:

	<b>2017</b>	2016
	<b>£000</b>	£000
Fixed assets transferred upon conversion	<b>84,071</b>	66,275
General Annual Grant funded	<b>707</b>	707
Capital grant funded	<b>7,768</b>	3,140
Special Educational Needs funded	<b>6</b>	13
Funded from unrestricted resources	<b>9</b>	9
	<b>92,561</b>	70,144

When not used for educational purposes, land and building assets are leased on a short term basis for community use and to generate sundry lettings income.

**13 INVESTMENT IN SUBSIDIARY**

The Trust has a subsidiary company, Fullbrook Sports Centre Limited (registered number 07834828), which is wholly owned and incorporated in Great Britain. The principal activity of the company is to generate income through lettings. It was incorporated, and also commenced trading, on 3 November 2011.

The following is a summary of the financial statements of Fullbrook Sports Centre Limited for the period ended 31 August 2017, which have been included in the consolidated financial statements:

	<b>2017</b>	2016
	<b>£000</b>	£000
Turnover	<b>170</b>	204
Administrative expenses	<b>(170)</b>	(204)
Net profit for the period	-	-
Retained profit at 1 September 2016	-	-
<b>Retained profit at 31 August 2017</b>	-	-

**14 DEBTORS**

	<b>Group</b>		<b>Academies Trust</b>	
	<b>2017</b>	2016	<b>2017</b>	2016
	<b>£000</b>	£000	<b>£000</b>	£000
Trade debtors	<b>122</b>	70	<b>119</b>	166
VAT recoverable	<b>441</b>	253	<b>441</b>	253
Prepayments and accrued income	<b>654</b>	1,629	<b>652</b>	1,629
Other debtors	<b>19</b>	-	<b>19</b>	-
	<b>1,236</b>	1,952	<b>1,231</b>	2,048

**GUILDFORD EDUCATION PARTNERSHIP**

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

**15 CREDITORS**

**15.1 Amounts falling due within one year**

	<b>Group</b>		<b>Academies Trust</b>	
	<b>2017</b>	2016	<b>2016</b>	2015
	<b>£000</b>	£000	<b>£000</b>	£000
Trade creditors	<b>1,188</b>	430	<b>1,188</b>	430
Other taxation and social security	-	277	-	277
Other creditors	<b>157</b>	259	<b>157</b>	259
Abatement of GAG	<b>691</b>	299	<b>691</b>	299
Accruals and deferred income	<b>1,766</b>	638	<b>1,695</b>	634
	<b>3,802</b>	1,903	<b>3,731</b>	1,899
Deferred income at 1 September 2016	<b>383</b>	292	<b>383</b>	292
Amounts released in the year	<b>(383)</b>	(292)	<b>(383)</b>	(292)
Resources deferred in the year	<b>821</b>	383	<b>821</b>	383
<b>Deferred income at 31 August 2017</b>	<b>821</b>	383	<b>821</b>	383

Deferred income includes funding relating to the Trust's educational operations for the 2017/18 academic year.

Included within creditors is a loan agreement entered into by Fullbrook School with the government's Salix loan provider to obtain funding for energy efficient lighting and boilers. The Salix loan is interest free and is repayable by instalments every six months.

**15.2 Amounts falling due after one year**

	<b>Group</b>		<b>Academies Trust</b>	
	<b>2017</b>	2016	<b>2017</b>	2016
	<b>£000</b>	£000	<b>£000</b>	£000
Other creditors	<b>35</b>	35	<b>35</b>	35
	<b>35</b>	35	<b>35</b>	35

Included within creditors due after more than one year is a loan agreement entered into by Fullbrook School with the government's Salix loan provider to obtain funding for energy efficient lighting and boilers. The Salix loan is interest free and is repayable by instalments every six months.



**GUILDFORD EDUCATION PARTNERSHIP**

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

**16 FUNDS – GROUP AND ACADEMIES TRUST**

	<b>Balance Brought forward £000</b>	<b>Income £000</b>	<b>Expenditure £000</b>	<b>Gains, losses &amp; transfers £000</b>	<b>Balance Carried forward £000</b>
<b>Restricted general funds</b>					
General Annual Grant (i)	(1,125)	24,771	(24,588)	942	-
Rates and Insurance fund (ii)	(20)	109	(296)	207	-
Capital Grants fund (iii)	2,478	3,738	(1,792)	(1,851)	<b>2,573</b>
Academy Start-up Grant fund (iv)	3	50	(53)	-	-
SCITT fund (v)	56	981	(889)	-	<b>148</b>
PE Teacher Release Scheme fund (vi)	9	25	-	-	<b>34</b>
Special Educational Needs fund (vii)	-	1,783	(1,783)	-	-
16-19 Bursary fund (viii)	62	13	(31)	-	<b>44</b>
Teaching School fund (ix)	164	284	(18)	-	<b>430</b>
East Guildford Confederation fund (x)	122	211	(201)	-	<b>132</b>
11-19 Partnership fund (xi)	144	224	(146)	-	<b>222</b>
Kings College fund (xii)	70	117	(56)	-	<b>131</b>
Sponsor Capacity fund (xiii)	11	-	-	-	<b>11</b>
Children's Centre Early Years fund (xiv)	16	159	(478)	303	-
Universal Free School Meals	-	211	(211)	-	-
Donation from Local Authority	-	694	(694)	-	-
Other grants	-	706	(706)	-	-
Growing Schools fund (xv)	15	238	(202)	-	<b>51</b>
LGPS deficit fund	(9,555)	(1,846)	(845)	2,022	<b>(10,224)</b>
- pension reserve (xvi)					
	<u>(7,550)</u>	<u>32,468</u>	<u>(32,989)</u>	<u>1,623</u>	<u><b>(6,448)</b></u>
<b>Restricted fixed asset funds</b>					
Transfer on Conversion (xvii)	60,440	17,796	(2,400)	-	<b>75,836</b>
GAG Fixed Asset fund (xviii)	113	-	-	1,851	<b>1,964</b>
Capital Grant fund (xix)	3,462	-	-	-	<b>3,462</b>
SEN Fixed Asset fund (xx)	6	-	-	-	<b>6</b>
	<u>64,021</u>	<u>17,796</u>	<u>(2,400)</u>	<u>1,851</u>	<u><b>81,268</b></u>
<b>Total restricted funds</b>	<u>56,471</u>	<u>50,264</u>	<u>(35,389)</u>	<u>3,474</u>	<u><b>74,820</b></u>
<b>Total unrestricted funds (xxi)</b>	<u>2,432</u>	<u>1,981</u>	<u>(1,581)</u>	<u>(1,452)</u>	<u><b>1,380</b></u>
<b>Total funds</b>	<u>58,903</u>	<u>52,245</u>	<u>(36,970)</u>	<u>2,022</u>	<u><b>76,200</b></u>

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

- i. The General Annual Grant (GAG) represents the core funding for the educational activities of the school that has been provided to the Trust via the Education Funding by the Department for Education. The General Annual Grant Fund has been set up because the GAG must be used for the normal running costs of the Academy. Under the funding agreement with the Secretary of State, the Trust was not subject to a limit on the GAG that it could carry forward at 31 August 2016.
- ii. The Rates and Insurance fund has been created to recognise the restricted funding received from the Department for Education to cover the cost to the Trust of rates and insurance.

## **GUILDFORD EDUCATION PARTNERSHIP**

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

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- iii. The Capital Grants fund has been created to recognise the restricted grant funding received from all sources towards capital expenditure projects undertaken throughout the Trust. Transfers are made to the Capital Grants Fixed Asset fund for expenditure incurred that is in respect of tangible fixed assets.
- iv. The Academy Start-Up Grant fund has been created to recognise the restricted funding received from the Department of Education for Kings College Guildford and Sandfield Primary School, as sponsored academies (which has been used on conversion and to improve standards) and for the conversion of Guildford Grove Primary School and Loseley Fields Primary School to the Trust.
- v. The School Centred Initial Teacher Training (SCITT) fund has been created to recognise the restricted funding received, including funding from the National College of Teaching and Leadership, to cover the operating costs of running the teacher training schemes.
- vi. The PE Teacher Release Scheme fund has been created to recognise restricted funding received by way of compensation to the Trust for allowing a PE teacher to spend part of his or her time working with local infant and primary schools. This funding is ring-fenced and covers the salary costs of those relevant PE teachers.
- vii. The Special Educational Needs (Local Authority) fund has been created to recognise all restricted income from various sources that is intended to be used to partially fund the costs incurred by the Trust in meeting the additional educational needs of some of its pupils. The relevant restricted expenditure is then also recorded through this fund with any overspend being covered by a transfer from the General Annual Grant fund.
- viii. The 16-19 Bursary fund has been created to recognise restricted funding which enables the Trust to provide mandatory bursaries under the Department for Education scheme for certain categories of qualifying student as well as discretionary payments awarded by the governors to other students in need of support.
- ix. The Teaching School fund has been created to recognise the restricted funding received from the Department for Education to cover the operating costs associated with the running of the Teaching School.
- x. The East Guildford Confederation fund has been created to recognise the restricted funding received from Surrey County Council, the Local Authority, to cover the operating costs associated with the running of the East Guildford Confederation fund.
- xi. The 11-19 Partnership fund has been created to recognise the restricted funding received from Surrey County Council, the Local Authority, and local schools within the Partnership to cover the operating costs associated with the running of the 11-19 Partnership.
- xii. The Kings College Guildford fund has been created to recognise the restricted funding received from Surrey County Council to cover the operating costs associated with initial support of Kings College Guildford by the CEO of GEP Academies.
- xiii. The Sponsor Capacity fund has been created to recognise the restricted funding received from the DfE to cover the set up costs associated with the creation and expansion of the multi-Academy Trust structure.
- xiv. The Children's Centre fund has been used for our Sure Start Children's Centres, which provide free or heavily subsidised activities both for children under 4 and their parent/carer.
- xv. The Growing Schools fund has been created to recognise the funding received from Surrey County Council to cover the costs of school expansion (an additional 30 pupils per year). The existing ESFA grant is based on the January census and as Boxgrove Primary School was expanding to 3 classes per year until September 2016, the Growing schools' grant will continue

## GUILDFORD EDUCATION PARTNERSHIP

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

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- to be paid until the end of August 2017. The same applies to Loseley Fields Primary School, following their acquisition during the year.
- xvi. The Local Government Pension Scheme (LGPS) deficit fund has been created to separately identify the pension deficit inherited from the local authority upon conversion to academy status, and through which all the pension scheme movements are recognised.
- xvii. The Transfer on Conversion Fixed Asset fund has been set up to recognise the tangible assets gifted to the Trust upon conversion of each school to academy status and represents the value of the school sites including the land and buildings and all material items of plant and machinery included therein. Depreciation charged on those inherited assets is allocated to the fund.
- xviii. The General Annual Grant Fixed Asset fund has been set up to recognise the tangible assets purchased by the Trust that have been funded from the General Annual Grant. This fund has been created by a transfer from the General Annual Grant fund of an amount equivalent to the cost of the tangible assets involved. Depreciation charged on those tangible assets is allocated to the fund.
- xix. The Capital Grant Fixed Asset fund has been set up to recognise the tangible assets purchased by the Trust that have been funded from capital grants. This fund has been created by a transfer from the Capital Grant Fixed Asset fund of an amount equivalent to the cost of the tangible assets involved. Depreciation charged on those tangible assets is allocated to the fund.
- xx. The Special Educational Needs (SEN) Fixed Asset fund has been set up to recognise the tangible assets purchased by the Trust that have been funded from Special Educational Needs income. This fund has been created by a transfer from the Special Educational Needs fund of an amount equivalent to the cost of the tangible assets involved. Depreciation charged on those tangible assets is allocated to the fund.
- xxi. Funds include income generated from sponsorship, hire of facilities, etc.

#### 16.1 Total funds analysis by academies

Fund balance at 31 August 2017 were allocated as follows:

	2017 £000	2016 £000
Boxgrove Primary School	346	308
Fullbrook School	39	41
George Abbot School	1,223	1,310
Guildford Grove Primary School	329	-
Kings College Guildford	(442)	(79)
Loseley Fields Primary School	450	-
Sandfield Primary School	137	304
Central services	3,073	2,553
Total before fixed assets and pension reserve	5,156	4,437
Restricted fixed assets fund	81,268	64,021
Pension reserve	(10,224)	(9,555)
<b>Total</b>	<b>76,200</b>	<b>58,903</b>

The abovementioned balances are comprised, in the majority, of restricted funds, including for example capital grants and school fund balances.

Kings College Guildford is carrying a net deficit of £442,352 on restricted general funds (excluding pension reserve) plus unrestricted funds because of an abatement of GAG payments from the ESFA.

**GUILDFORD EDUCATION PARTNERSHIP**

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

**16.2 Total cost analysis by academy**

Expenditure incurred by each academy during the year was as follows:

	Teaching & educational support staff costs £000	Other support staff costs £000	Educational supplies £000	Other costs (exc. dep'n) £000	Total 2017 £000	Total 2016 £000
Boxgrove Primary School	2,183	295	210	503	<b>3,191</b>	2,934
Fullbrook School	5,715	844	352	1,632	<b>8,543</b>	8,392
George Abbot School	7,522	1,289	739	1,995	<b>11,545</b>	12,594
Guildford Grove Primary School	2,060	270	61	311	<b>2,702</b>	-
Kings College Guildford	2,237	280	48	647	<b>3,212</b>	3,533
Loseley Fields Primary School	1,098	159	106	207	<b>1,570</b>	-
Sandfield Primary School	642	122	46	295	<b>1,105</b>	939
Central services	255	236	290	1,921	<b>2,702</b>	268
<b>Total</b>	<b>21,712</b>	<b>3,495</b>	<b>1,852</b>	<b>7,511</b>	<b>34,570</b>	<b>28,660</b>

**17 ANALYSIS OF NET ASSETS BETWEEN FUNDS**

Fund balances at 31 August 2017 are represented by:

**Group**

	Unrestricted funds	Restricted general funds	Restricted fixed asset funds	Total funds
Tangible fixed assets	-	-	81,268	81,268
Current assets	1,380	7,613	-	8,993
Creditors due within one year	-	(3,802)	-	(3,802)
Creditors due after one year	-	(35)	-	(35)
Pension scheme liability	-	(10,224)	-	(10,224)
	<b>1,380</b>	<b>(6,448)</b>	<b>81,268</b>	<b>76,200</b>

**Academies Trust**

	Unrestricted funds	Restricted general funds	Restricted fixed asset funds	Total funds
Tangible fixed assets	-	-	81,268	81,268
Current assets	1,380	7,542	-	8,922
Creditors due within one year	-	(3,731)	-	(3,731)
Creditors due after one year	-	(35)	-	(35)
Pension scheme liability	-	(10,224)	-	(10,224)
	<b>1,380</b>	<b>(6,448)</b>	<b>81,268</b>	<b>76,200</b>

**GUILDFORD EDUCATION PARTNERSHIP**

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

**18 CAPITAL COMMITMENTS**

	<b>2017</b>	2016
	<b>£000</b>	£000
Contracted for, but not provided in the financial statements	<u>762</u>	<u>73</u>
	<b>762</b>	<b>73</b>

At the balance sheet date, the Trust had capital commitments of £761,846 (2016: £72,582) relating to school improvements at Fullbrook School, refurbishment at Kings College Guildford and conditional improvements following the GEP-commissioned condition survey at Loseley Fields Primary School.

**19 COMMITMENTS UNDER OPERATING LEASES**

At 31 August 2017 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	<b>2017</b>	2016
	<b>£000</b>	£000
Amounts due within one year	<b>5</b>	35
Amounts due between one and five years	<b>7</b>	21
Amounts due after five years	<b>-</b>	-
	<u><b>12</b></u>	<u>56</u>

**20 RECONCILIATION OF NET INCOME/(EXPENDITURE) TO NET CASH FLOW FROM OPERATING ACTIVITIES**

	<b>2017</b>	2016
	<b>£000</b>	£000
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	<b>15,275</b>	15,390
Adjusted for:		
Transfer of fixed assets on conversion	<b>(17,796)</b>	(17,229)
Transfer of cash on conversion	<b>(694)</b>	(146)
Depreciation	<b>2,400</b>	2,047
Capital grants from DfE and other capital income	<b>(3,738)</b>	(2,570)
Interest receivable [note 6]	<b>-</b>	(5)
Defined benefit pension scheme cost less contributions payable [note 25]	<b>597</b>	72
Defined benefit pension scheme finance cost [note 25]	<b>248</b>	272
Defined benefit pension scheme inherited	<b>1,846</b>	1,880
(Increase)/decrease in debtors	<b>716</b>	(457)
Increase/(decrease) in creditors	<b>1,913</b>	23
<b>Net cash provided by / (used in) Operating Activities</b>	<u><b>767</b></u>	<u>(723)</u>

**21 CASH FLOWS FROM FINANCING ACTIVITIES**

	<b>2017</b>	2016
	<b>£000</b>	£000
Repayments of borrowing	<u><b>(14)</b></u>	<u>(14)</u>
<b>Net cash provided by / (used in) financing activities</b>	<u><b>(14)</b></u>	<u>14</u>

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

**22 CASH FLOWS FROM INVESTING ACTIVITIES**

	<b>2017</b>	2016
	<b>£000</b>	£000
Dividends, interest and rents from investments	-	5
Purchase of tangible fixed assets	<b>(1,851)</b>	(1,857)
Capital grants from DfE/ESFA	<b>3,738</b>	2,570
Transfer of cash on conversion	<b>694</b>	146
<b>Net cash provided by / (used in) investing activities</b>	<b><u>2,581</u></b>	<u>864</u>

**23 ANALYSIS OF CASH AND CASH EQUIVALENTS**

	<b>2017</b>	2016
	<b>£000</b>	£000
Cash in hand and at bank	<b><u>7,757</u></b>	<u>4,423</u>
<b>Total cash and cash equivalents</b>	<b><u>7,757</u></b>	<u>4,423</u>

**24 MEMBERS' LIABILITY**

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

**25 PENSION AND SIMILAR OBLIGATIONS**

The Academy Trust's employees belong to two principal pension schemes:

- Teacher's Pension Scheme England and Wales (TPS) for academic and related staff; and
- Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Surrey County Council.

Both are multi-employer defined benefit schemes.

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

Contributions amounting to £323,873 were payable to the scheme at 31 August 2017 (2016: £51,460) and are included within creditors.

**25.1 Teachers' Pension Scheme**

**Introduction**

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

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

**Valuation of the Teachers' Pension Scheme**

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



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March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

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

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The pension costs paid to TPS in the period amount to £1,960,679 (2016: £1,834,864).

A copy of the valuation report and supporting documentation is available on the Teachers' Pension website ([www.teacherspensions.co.uk](http://www.teacherspensions.co.uk)).

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

## 25.2 Local Government Pension Scheme

### Introduction

The Local Government Pension Scheme (LGPS) obligation relates to the employees of the Academy Trust, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the Scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the Academy Trust at the balance sheet date.

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 2016 was £1,794,000 (2016: £1,395,000), of which employer's contributions totalled £1,473,000 (2015: £1,133,000) and employees' contributions totalled £321,000 (2016: £262,000).

The agreed contribution rates for future years are between 27% - 33% for employers and between 5.5% and 12.5% for employees.

Parliament has agreed, at the request of the Secretary of State for Education, to guarantee that, in the event of academy closure, outstanding Local Government Pension Scheme liabilities would be met by the Department of Education. The guarantee came into force on 18 July 2013.

### Principal actuarial assumptions

	At 31 August 2017	At 31 August 2016
Rate of increase in salaries	2.7%	2.4%
Rate of increase for pensions in payment/inflation	2.4%	2.1%
Discount rate	2.5%	2.1%
Inflation-CPI	2.4%	2.1%

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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:

	<b>At 31 August 2017</b>	At 31 August 2016
Retiring today		
Males	<b>22.5</b>	22.5
Females	<b>24.6</b>	24.6
Retiring in 20 years		
Males	<b>24.1</b>	24.5
Females	<b>26.4</b>	26.9

The Academy Trust's share of the assets in the scheme and the expected rates of return were:

	<b>Fair value at 31 August 2017 £000</b>	Fair value at 31 August 2016 £000
Equities instruments	<b>10,305</b>	7,327
Debt instruments	<b>2,089</b>	1,661
Property	<b>975</b>	586
Cash	<b>557</b>	195
Total market value of assets	<b>13,926</b>	9,769
Present value of scheme liabilities	<b>(24,150)</b>	(19,324)
<b>(Deficit)/Surplus in the scheme</b>	<b>(10,224)</b>	(9,555)

The actual return on the scheme assets was £258,000 (2016: £294,000).

**The amount recognised in the Statement of Financial Activities is as follows:**

	<b>31 August 2017 £000</b>	<b>31 August 2016 £000</b>
Current service cost (net of employer contributions)	<b>597</b>	50
Net interest cost	<b>248</b>	272
Benefit changes, gain/(loss) on curtailment and gain/(loss) on settlement	<b>-</b>	21
<b>Total operating charge</b>	<b>845</b>	343

The actuarial gains and losses for the current period are recognised in the Statement of Financial Activities. The cumulative amount of actuarial gains and losses recognised in the Statement of Financial Activities is £2,022,000 - gain (2016: £2,063,000 - loss).

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

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

	2017 £000	2016 £000
<b>At 1 September</b>	<b>19,324</b>	10,640
Upon conversion	<b>3,535</b>	3,734
Current service cost	<b>2,070</b>	1,183
Interest cost	<b>506</b>	566
Employee contributions	<b>321</b>	262
Actuarial (gain)/loss	<b>(1,410)</b>	3,070
Benefits paid	<b>(196)</b>	(152)
Plan introductions, benefit changes, curtailments and settlements	-	21
<b>At 31 August</b>	<b>24,150</b>	19,324

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

	2017 £000	2016 £000
<b>At 1 September</b>	<b>9,769</b>	5,372
Upon conversion	<b>1,689</b>	1,854
Interest income	<b>258</b>	294
Return on plan assets (excluding net interest on the net defined pension liability)	<b>612</b>	1,006
Employer contributions	<b>1,473</b>	1,133
Employee contributions	<b>321</b>	262
Benefits paid	<b>(196)</b>	(152)
<b>At 31 August</b>	<b>13,926</b>	9,769

## 26 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 a Trustee has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy Trust's financial regulations and normal procurement procedures.

A related party relationships existed following the appointment of the new Chairman of the Board. The necessary due diligence was performed upon appointment of the Chairman. No expenditure has been recognised for the year ended 31 August 2017 (2016: none).

## 27 TRANSFER OF SCHOOL

On 1st November 2016 Guildford Grove Primary School and Loseley Fields Primary School converted to academy status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Guildford Education Partnership from the Surrey County Council for £Nil consideration.

The transfer has been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the Balance Sheet under the appropriate headings with a corresponding net amount recognised as net incoming resources in the Statement of Financial Activities as voluntary income.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an

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analysis of their recognition in the Statement of Financial Activities.

	<b>Unrestricted Funds £000</b>	<b>Restricted General Funds £000</b>	<b>Restricted Fixed Asset Funds £000</b>	<b>Total 2016 £000</b>
Tangible fixed assets:				
Land and buildings	-	-	17,796	17,796
Budget surplus	-	694	-	694
LGPS pension deficit	-	(1,846)	-	(1,846)
<b>Net assets/Income</b>	<b>-</b>	<b>(1,152)</b>	<b>17,796</b>	<b>16,644</b>

The above net assets include £634,860 that was transferred as cash.