

RALPH SADLEIR SCHOOL
(A Company Limited by Guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2018

RALPH SADLEIR SCHOOL
(A Company Limited by Guarantee)

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RALPH SADLEIR SCHOOL
(A Company Limited by Guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2018

| | |
|--|---|
| Members | J Tye D Spong S Nicholson R Brown S Forbes M Bell |
| Trustees | J Tye, Chair D Spong, Head Teacher S Nicholson R Brown S Forbes M Bell |
| Company registered number | 08663956 |
| Company name | Ralph Sadleir School |
| Registered and principal office | Ralph Sadleir School Station Road Puckeridge Hertfordshire SG11 1TF |
| Company Secretary | M Devine |
| Accounting Officer | D Spong |
| Senior Leadership Team | D Spong, Head Teacher R Fuller, Deputy Head Teacher M Devine, Academy Business Manager |
| Independent Auditors | Price Bailey LLP Chartered Accountants Causeway House 1 Dane Street Bishop's Stortford Hertfordshire CM23 3BT |
| Bankers | Natwest Bank 104 Fore Street Hertford SG14 1YY |

RALPH SADLEIR SCHOOL
(A Company Limited by Guarantee)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2018

The Trustees present their Annual Report together with the financial statements and Auditor's Report of Ralph Sadleir School (the Trust or the Charitable Company) for the year ended 31 August 2018. The Annual Report serves the purposes of both a Trustees' Report, and a Directors' Report under company law.

Constituted as a single Multi Academy Trust, the Charitable Company currently operates a middle school academy serving a catchment area in the Rib Valley region of Hertfordshire. The School has a roll of 382 in the 2017 school census.

Structure, Governance and Management

The Trust is a company limited by guarantee and an exempt charity. The Charitable Company's Memorandum and Articles of Association are its primary governing documents. The Trustees of The Charitable Company are also the Directors for the purposes of company law. The terms Trustee and Director are interchangeable. The Charitable Company includes Ralph Sadleir School (the School or the Academy) which converted on 1st October 2013.

The operation of the Academy's and employment of staff are the responsibility of the Board of Trustees. The Trust retains control of Academy budgets and finances, and monitors these through its Resources and Audit Committee.

Details of the Trustees who served throughout the period are included in the Reference and Administrative Details section. Within this Report the term Trustee refers to a member of the Board of Trustees and the term Governor to a member of a School Local Governing Body (LGB). Details of the Trustees who served during the year are included in the Reference and Administrative Details section.

Members' Liability

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

Trustees and Officers' Indemnities

The 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, Governors and Officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust 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.

Method of Recruitment and Appointment or Election of Trustees

The arrangements are as set out in the Articles and Funding Agreement.

Trustees are appointed for a fixed term. The Chief Executive Officer (CEO) is an ex officio member of the Board of Trustees. Other Trustees are elected to office or appointed if there are insufficient candidates offering themselves for election. The Articles of Association make provision for 5 Trustees plus the CEO.

Policies and Procedures Adopted for the Induction and Training of Trustees and Governors

The Trust is committed to providing adequate opportunities for Trustees and Governors to undertake and receive suitable training so as to enable them to perform their role effectively. To this end the Trust links with a number of local training providers. New Trustees and Governors are required to attend a training programme. The induction programme would involve a tour of the School, meetings with students and staff and provision of policy and procedures documents that are appropriate to the role they undertake with particular emphasis on the committee work that they will undertake.

Organisational Structure

The governance of the Trust is defined in the Memorandum and Articles of Association together with the Funding Agreement with the Department of Education.

The Board of Trustees, meets on at least 4 occasions per year and its two sub committees (Resources Committee and Curriculum and Achievement Committee) at least 4 times per year. The Board of Trustees are responsible for the strategic direction of the Trust. The Trustees are responsible for setting strategic policy, adopting an annual plan and budget, monitoring the Trust by the use of those budgets and making major decisions about its direction, capital expenditure and senior staff appointments.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

The Governors within their LGB's are responsible for monitoring performance against budget and capital spend.

The Senior Leadership Team (SLT) control their Academy at an executive level implementing policies and reporting to the LGB. The SLT is responsible for the day to day operation of the Academy, in particular organising staff, resources and students. They are responsible for the authorisation of spending within agreed budgets and for the appointment of staff following vetting and safer recruitment processes.

The Trust's CEO is the Accounting Officer.

Arrangements for setting pay and remuneration of key management personnel

Key management personnel include Trustees and those staff to whom the Trustees have delegated significant authority and responsibility in the day-to-day running of the Trust.

Pay and remuneration of key management personnel is decided by a variety of contributory factors, such as the pay scales for each role, outcome of performance appraisal meetings and the level of experience of each staff member. In addition, pay levels may be affected by nationally agreed pay awards in accordance with the Trust's appointment and pay policies.

All amendments to key management's pay and remuneration is approved by the appropriate sub-committee and ratified by the Board of Trustees.

Related Parties and other Connected Charities and Organisations

Owing to the nature of the Trust's operations and the composition of the Board of Trustees being drawn from local public and private sector organisations, it is inevitable that from time to time transactions will take place with organisations in which Trustees may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Trust's financial regulations and normal procedures. Any transaction where the Trustee may have a pecuniary interest is only undertaken in accordance with the 'at cost' principle described in the Academies Financial Handbook.

Objectives and Activities

Objects and Aims

The principal object and aim of the Charitable Company is the operation of an Academy to provide free education and care for pupils of different abilities within its local community between the ages of 9 and 13.

Objectives, Strategies and Activities

During the year the Trust has worked towards these aims by:

- ensuring good or better teaching throughout the School;
- expansion of pupil numbers, allowing four form entry in our year 5; and
- continued growth in pupil numbers and staff development.

Our success in fulfilling our aims can be measured by:

- increased pupil numbers, moving to four form entry in year 5;
- improved learning resource centre and SEN department for learners;
- improved teaching and learning areas for pupils and staff;
- increase in overall achievement of pupils in SATs;
- recruitment of quality staff for academic year 2018/19; and
- introduction of SLT advisor who also leads KS2 team.

Public Benefit

The Trustees believe that by working towards the objects and aims of the Trust as detailed above, they have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

STRATEGIC REPORT

Achievements and Performance

The Trust continued its mission to ensure that students achieved their potential in public examinations; encouraged a wide range of extra-curricular activities; developed and retained suitable staff and guided students in suitable progression when they left their School.

Specific achievements were as follows:

- excellent progress from pupils when reviewing the year 8 entry to exit data;
- recruitment of future teachers through our work with Hertfordshire and Bedfordshire Universities and the implementation of student teachers; and
- training of an additional staff member as Deputy Safeguarding officer.

Key Performance Indicators

The Trustees receive regular information at each committee meeting to enable them to monitor the performance of the Trust compared to aims, strategies and financial budgets.

- 2017/18 KPI Target: Monitoring staff related costs as a percentage of GAG income with an aim to reduce staffing costs to 80% of GAG income by 2021/22.

Outcome: Actual staffing costs for 2015/16 was 94.67% of GAG income. Through a staff reduction programme actual staffing costs for 2016/17 were reduced by 11.62% with an actual of 85.98% against GAG; the budget was 83.79%. For 2017/18, the actual staffing costs was 87.16 % of GAG income against set parameters 84.66%.

- Through a Marketing Strategy and a phased four form entry increase pupil led funding by aiming to increase pupil numbers to a maximum capacity of 480 pupils by 2021/22.

Outcome: The School census in October annually reported pupil numbers to be 326 pupils in 2015/16 and increasing significantly in 2016/17 to 341; 2017/18 census reported pupil numbers as 382 an increase of 11%

- 2017/18 KPI Target: Build upon the reserves and carried forward from 2016/17 by forecasting year end position and explanations for any significant changes.

Outcome: The monthly budget v actual forecast report monitors accruals and earmarked funding throughout the financial year. The report details end of year projections which aids the financial planning of the 1-3 year financial forecast plan. The carry forward at the end of each financial year supports the reserves fund. Projected carried forward of unrestricted funds for 2017/18 was £24,124. Reserves and contingencies are monitored by the SLT, Resources Committee and Board of Trustees.

- 2017/18 KPI Target: Monitoring of cash reserves by monthly profiling of budget.

Outcome: The budget v actual forecast report profiles on a monthly basis. Any variances are noted and further explanations are given to the SLT, Resources Committee and Board of Trustees. Further monitoring is linked to the KPI above.

The Trustees are confident that staffing levels are closely monitored to agreed necessary Full Time Equivalents and staffing structures all approved by the Board of Trustees.

The Resources Committee also monitor premises costs to General Annual Grant (GAG) income, capitation spend for curriculum departments to GAG income, total income less grants and cash flow on a regular basis to ensure that the budget is set and managed appropriately. All of the above KPI's were within the parameters set by the Board of Trustees.

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 it 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.

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TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2018

Financial Review

The principal source of funding for the Trust is the General Annual Grant (GAG) and other grants that it receives from the Education Funding Agency (ESFA). For the year ended 31 August 2018 the Trust received £1,700,675 of GAG and other funding (excluding capital funding). A high percentage of this income is spent on wages and salaries and support costs to deliver the Trust's primary objective of the provision of education. During the year the Trust spent £1,747,689 (excluding capital and depreciation) and transferred £5,000 to support capital new build and improvement projects on the School site. The Trust brought forward from 2016/17, £13,505 unrestricted funding and £15,633 restricted funding. The carry forward for 2017/18 is £Nil restricted funding and £24,124 unrestricted funding.

Due to the accounting rules for the Local Government Pension Scheme under FRS102, the Trust is recognising a significant pension fund deficit of £270,000. This does not mean that an immediate liability for this amount crystallises and such a deficit generally results in a cash flow effect in the form of increased employer contributions over a number of years.

Reserves Policy

The Trustees are aware of the requirement to balance current and future needs and always aim to set a balanced budget with annual income balancing annual expenditure. The Trustees monitor estimated year-end carry forward figures via the monthly reports from the Business Manager. The budget plan identifies how any carry forward will be allocated in the plan for the following academic year, including the identification of any funds earmarked for a specific project or purpose.

The Trust's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) is £24,124 has been built up from a mixture of locally raised income and balances transferred from the predecessor schools.

The Trust aims to hold two weeks' expenditure, approximately £65,000 for in year contingencies.

The Trust's balance on restricted general funds (excluding pension reserve) plus the balance on unrestricted funds at 31 August 2018 was £24,124.

The Trust ended the year with a cash balance of £88,720. A significant proportion of this cash is held against specific projects and is not available to meet normal recurring expenditure. The Trustees monitor cash flow as part of the committee Business Manager reports and aim to hold a minimum of £170,000 to cover short term cash flow variances.

Principal Risks and Uncertainties

The Trust works with the LGB in maintaining a central risk register identifying the major risks, to which the Trust is exposed, and identifying actions and procedures to mitigate those risks. This register is approved and monitored by the LGB via the Resources Committee with a formal review of the process undertaken on an annual basis. The principal risks facing the Trust are outlined below; those facing the Academy at an operational level are addressed by its systems and by internal financial and other controls.

The Trustees report that the Trust's financial and internal controls conform to guidelines issued by the ESFA, and that improvements to the wider framework of systems dealing with business risk and risk management strategy continue to be made and formally documented.

It is recognised that systems can only provide reasonable but not absolute assurance that major risks have been adequately managed.

As a Multi Academy Trust operating a single school, the level of financial risk is low. Cash flows can be reliably forecast, monitored and reported. Staff costs make up the majority of expenditure and are relatively stable with contingencies in place to cover such items as sickness and maternity.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

The Trustees assess the other principal risks and uncertainties facing the Trust as follows:

- the Trust has considerable reliance on continued Government funding through the ESFA and there is no assurance that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms;
- failures in governance and/or management - the risk in this area arises from potential failure to effectively manage the Trust's finances, internal controls, compliance with regulations and legislation, statutory returns, etc. The Trustees continue to review and ensure that appropriate measures are in place to mitigate these risks;
- reputational - the continuing success of the School is dependent on continuing to attract applicants in sufficient numbers by maintaining the highest educational standards. To mitigate this risk Trustees ensure that student progress and outcomes are closely monitored and reviewed;
- safeguarding and child protection - the Trustees continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health & safety and discipline;
- staffing - the success of the School is also reliant on the quality of its staff and the Trustees monitor and review policies and procedures and recruitment to ensure continued development and training of staff as well as ensuring there is clear succession planning;
- fraud and mismanagement of funds - the Trust has appointed Essex County Council to carry out independent and external checks on financial systems and records as required by the Academy Financial Handbook. All finance staff receive training to keep up to date with financial practice requirements and develop their skills in this area;
- financial instruments – the Trust only deals with bank balances, cash and trade creditors, with limited trade (and other) debtors. The risk in this area is considered to be low; and
- defined benefit pension liability – as the Government has agreed to meet the defined benefit pension liability of any academy ceasing to exist the main risk to the Trust is an annual cash flow funding of part of the deficit. Trustees take these payments into account when setting the annual budget plan.

The Trust and the Academy have continued to strengthen its risk management process throughout the year by improving the process and ensuring staff awareness.

Plans for Future Periods

As an Academy, Ralph Sadleir School has written a new improvement plan for the period 2018-2021. This includes areas of focus for the School of:

- to have a clear and compelling vision of the future;
- a clear scheme of delegation that sets out the responsibilities at the various levels;
- committed to outstanding leadership;
- driven to further improve teaching and learning;
- Dedicated to provide all pupils with the opportunity to make substantial and sustained progress;
- Continue to foster a culture which promotes growth mindset;
- Continue to use a wide range of qualitative and quantitative data;
- Clear systems for ensuring financial probity; and
- Continue to develop and improve upon a defined strategy for growth.

Auditor

Insofar as the Trustees are aware:

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

The Trustees' Report, incorporating a Strategic Report, was approved by the Board of Trustees on 20 December 2018 signed on the Board's behalf by:

J Tye
Chair

RALPH SADLEIR SCHOOL
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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

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

The Board of Trustees has delegated the day-to-day responsibility to the Head Teacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Ralph Sadleir School and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

GOVERNANCE

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has formally met 8 times during the year. Attendance during the year at meetings was as follows:

| | Meetings attended | Out of a possible |
|-----------------------|-------------------|-------------------|
| J Tye, Chair | 6 | 6 |
| D Spong, Head Teacher | 6 | 6 |
| S Nicholson | 6 | 6 |
| R Brown | 6 | 6 |
| S Forbes | 6 | 6 |
| M Bell | 6 | 6 |

There have not been any changes to the personnel on the Board of Trustees, but the continuing lack of funding continues to be an area of concern. We are looking at recruiting a new Director for academic year 2018/19, who specialises in grant funding. The Board of Trustees have reviewed options for expansion of the Ralph Sadleir MAT, but no appropriate options have become available.

A Trustees skills audit was completed in December 2017, it identified a weakness in HR knowledge within the Board of Trustees, including conflict of interest and risk management. Since then we have been proactive in advertising for the role of a HR specialist within our governing body and the Chair of the Board of Trustees has attended a Governor specific HR course.

The next review of governance is to be completed in December 2018.

The Resources and Audit Committee's main purpose and remit is to oversee the organisations assets, review and propose the annual budget, monitor regular financial reports and review financial procedures. Delegated authority to liaise with the auditors and accountants without prior reference to the Board of Trustees.

The Resources Committee were without a Staff Governor, other than the Headteacher and Business Manager, from January 2018, due to the sad passing of our teaching staff Governor. One co-opted Governor resigned during the academic year, due to work commitments and remained on committee as an Associate Governor. We recruited a GDPR Governor in line with legislation introduced in May to cover this vacancy.

Attendance at meetings in the year was as follows:

| | Meetings attended | Out of a possible |
|---------------|-------------------|-------------------|
| J Tye | 5 | 5 |
| S Nicholson | 0 | 0 |
| S Forbes | 5 | 5 |
| P Chowdhury * | 5 | 5 |
| R Brown | 5 | 5 |
| B Palmen * | 0 | 0 |
| M Devine | 1 | 1 |
| D Spong | 2 | 5 |
| H Midgley * | 0 | 1 |
| A Piddock * | 3 | 3 |
| B Bundgaard | 3 | 3 |
| M King | 5 | 5 |

RALPH SADLEIR SCHOOL

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GOVERNANCE STATEMENT (continued)

REVIEW OF VALUE FOR MONEY

As Accounting Officer, the Head Teacher has responsibility for ensuring that the 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 accepts responsibility and accountability for ensuring that the Trust delivers good value in the use of public resources. They are aware of the guide to academy value for money statements published by the Education Funding Agency and understand that value for money refers to the educational and wider outcomes in society achieved in return for the taxpayer resources received. Set out below is how they have ensured that the Trust's use of its resources has provided good value for money during the academic year 2017/18.

The Trust is committed to applying the four principles of best value; Challenge, Compare, Consult, Complete.

School Managers apply the principles of best value when making decisions about:

- the allocation of resources to best promote the aims and values of the Trust;
- the targeting of resources to best improve standards and the quality of provision; and
- the use of resources to best support the various education needs of all pupils.

School Managers:

- make comparisons with other/similar schools using external data, e.g. levels of expenditure, benchmarking;
- challenge proposals, examining them for effectiveness, efficiency, and cost, e.g. setting of annual pupil achievement targets;
- require suppliers to compete on grounds of cost, and quality/suitability of services/ products/backup; and
- consult individuals and organisations on quality/suitability of service we provide to parents and pupils, and services we receive from providers, e.g. assigned inspector, OFSTED.

School Managers monitor time and resources spent on investigating minor areas where improvements may be less cost effective.

This will apply in particular to:

- Staffing structure – staff are deployed to provide best value in terms of quality of teaching, quality of learning, teacher-pupil ratio, and curriculum management.
- Use of premises – consideration is given to the use of teaching areas, support areas and communal areas, to provide the best environment for teaching and learning for support services, and for communal access to central resources.
- Use of resources – deploy equipment, materials and services to provide pupils and staff with resources which support quality of teaching and quality of learning.
- Quality of teaching - review, in accordance with the Curriculum Policy, the quality of curriculum provision and quality of teaching, to provide parents and pupils with:
 - a curriculum which meets the requirements of the Funding Agreement with the Secretary of State and the needs of pupils; and
 - teaching which builds on previous learning and has high expectations of children's achievement.
- Quality of learning - review the quality of children's learning, to provide teaching which enables children to seek to achieve the Academy's Vision.
- Purchasing - continue with procedures for assessing need, and obtaining goods and services which provide "best value" in terms of suitability, efficiency, time, and cost. Measures already in place include:
 - competitive tendering procedures (contract and purchases above £75,001);
 - procedures for accepting "best value" quotes, which are not necessarily the cheapest (e.g. suitability for purpose and quality of workmanship); and
 - procedures which minimise office time by the purchase of goods or services under £5,000 direct from known, reliable suppliers (e.g. stationery, small equipment).
- Pupil's welfare - review the quality of the School environment and the School ethos, in order to provide a supportive environment conducive to learning and recreation.
- Health and safety - review the quality of the School environment and equipment, carrying out risk assessments where appropriate, in order to provide a safe working environment for pupils, staff and visitors.
- Managing risks – maintain a register of risks and seek to minimise and manage them.
- Monitoring – monitor all areas for best value in accordance with policies and Academy Improvement Plan.

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GOVERNANCE STATEMENT (continued)

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing 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 Ralph Sadleir School for the year 1 September 2017 to 31 August 2018 and up to the date of approval of the Annual Report and financial statements.

CAPACITY TO HANDLE RISK

The Board of Trustees has reviewed the key risks to which the Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Trust's significant risks, that has been in place for the year 1 September 2017 to 31 August 2018 and up to the date of approval of the Annual Report and financial statements. This process is regularly reviewed by the Board of Trustees.

THE RISK AND CONTROL FRAMEWORK

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees;
- regular reviews by the Resources Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties; and
- identification and management of risks.

The Board of Trustees has considered the need for a specific internal audit function and has decided to appoint Essex County Council as Internal Auditor.

The Internal Auditor's role includes giving advice on financial matters and performing a range of checks on the Trust's financial systems. In particular checks were performed to review payroll, internal processes, meeting minutes, control account reconciliations, and other financial risk areas.

On an annual basis, the Internal Auditor reports to the Board of Trustees through the Resources and Audit Committee on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

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GOVERNANCE STATEMENT (continued)

REVIEW OF EFFECTIVENESS

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

- the work of the Internal Auditor;
- the work of the external Auditors;
- the financial management and governance self-assessment process; and
- the work of the executive managers within the Trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Resources & Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by the Board of Directors on 20 December 2018 and signed on their behalf, by:

J Tye
Chair

D Spong
Accounting Officer

RALPH SADLEIR SCHOOL
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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Ralph Sadleir School I have considered my responsibility to notify the Board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Trust, under the funding agreement in place between the Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

I confirm that I and the Board of Trustees are able to identify any material irregular or improper use of 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 2017.

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

D Spong
Accounting Officer

Date: 20 December 2018

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STATEMENT OF TRUSTEES' RESPONSIBILITIES FOR THE YEAR ENDED 31 AUGUST 2018

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 issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in business.

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

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

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

Approved by the Board of Trustees on 20 December 2018 and signed on its behalf by:

J Tye
Chair

RALPH SADLEIR SCHOOL
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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF RALPH
SADLEIR SCHOOL**

OPINION

We have audited the financial statements of Ralph Sadleir School (the 'Trust') for the year ended 31 August 2018 which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, the Balance Sheet, the Statement of Cash Flows and the related notes, 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 (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Academies Accounts Direction 2017 to 2018 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 Trust's affairs as at 31 August 2018 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

BASIS FOR OPINION

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

CONCLUSIONS RELATING TO GOING CONCERN

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

- the 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 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.

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 Auditors' 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.

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.

RALPH SADLEIR SCHOOL
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF RALPH
SADLEIR SCHOOL**

OPINION 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 Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements .
- the Trustees' Report and the Strategic Report has been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of our knowledge and understanding of the Trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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

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

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the Trustees' Responsibilities Statement, the Trustees (who are also the Directors of the Charitable Company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. and for such internal control as the 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 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 Trust or to cease operations, or have no realistic alternative but to do so.

AUDITORS' 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 Auditors' 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.

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

RALPH SADLEIR SCHOOL
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF RALPH
SADLEIR SCHOOL**

USE OF OUR REPORT

This Report is made solely to the 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 Trust's Members those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trust and the Trust's Members, as a body, for our audit work, for this Report, or for the opinions we have formed.

Gary Miller (Senior Statutory Auditor)
for and on behalf of
Price Bailey LLP
Chartered Accountants
Statutory Auditors
Causeway House
1 Dane Street
Bishop's Stortford
Hertfordshire
CM23 3BT
20 December 2018

RALPH SADLEIR SCHOOL

(A Company Limited by Guarantee)

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO RALPH SADLEIR SCHOOL AND THE EDUCATION AND SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter dated 7 November 2018 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Ralph Sadleir School during the year 1 September 2017 to 31 August 2018 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 Ralph Sadleir School and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Ralph Sadleir School and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Ralph Sadleir School and the ESFA, for our work, for this report, or for the conclusion we have formed.

RESPECTIVE RESPONSIBILITIES OF RALPH SADLEIR SCHOOL'S ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT

The Accounting Officer is responsible, under the requirements of Ralph Sadleir School's funding agreement with the Secretary of State for Education dated 1 October 2013, and the Academies Financial Handbook extant from 1 September 2017, 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 2017 to 2018. 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 year 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

APPROACH

We conducted our engagement in accordance with the Academies Accounts Direction 2017 to 2018 issued by the 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 Trust's income and expenditure.

The work undertaken to draw to our conclusion includes:

- Consideration and corroboration of the evidence supporting the Accounting Officers' statement on regularity, propriety and compliance.
- Evaluation of the general control environment of the Trust, extending the procedures required for financial statements to include regularity.
- Discussions with and representations from the Accounting Officer and other key management personnel.
- An extension of substantive testing from our audit of the financial statements to cover matters pertaining to regularity, propriety and compliance in particular checking that selected items were appropriately authorised, and appropriate.

RALPH SADLEIR SCHOOL
(A Company Limited by Guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO RALPH
SADLEIR SCHOOL AND THE EDUCATION AND SKILLS FUNDING AGENCY (continued)**

CONCLUSION

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Reporting Accountant

Price Bailey LLP

Chartered Accountants

20 December 2018

RALPH SADLEIR SCHOOL
(A Company Limited by Guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2018**

| | Note | Unrestricted funds 2018 £ | Restricted funds 2018 £ | Restricted fixed asset funds 2018 £ | Total funds 2018 £ | Total funds 2017 £ |
|--|------|------------------------------------|----------------------------------|---|-----------------------------|-----------------------------|
| INCOME FROM: | | | | | | |
| Donations and capital grants | 2 | 11,479 | 50,404 | 8,764 | 70,647 | 222,346 |
| Charitable activities | 3 | 92,923 | 1,510,669 | - | 1,603,592 | 1,573,255 |
| Other trading activities | 4 | 6,555 | 28,573 | - | 35,128 | 22,807 |
| Investments | 5 | 72 | - | - | 72 | 46 |
| TOTAL INCOME | | <u>111,029</u> | <u>1,589,646</u> | <u>8,764</u> | <u>1,709,439</u> | <u>1,818,454</u> |
| EXPENDITURE ON: | | | | | | |
| Charitable activities | | <u>100,410</u> | <u>1,647,279</u> | <u>101,843</u> | <u>1,849,532</u> | <u>1,943,019</u> |
| TOTAL EXPENDITURE | 6 | <u>100,410</u> | <u>1,647,279</u> | <u>101,843</u> | <u>1,849,532</u> | <u>1,943,019</u> |
| NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES | | | | | | |
| | | 10,619 | (57,633) | (93,079) | (140,093) | (124,565) |
| Actuarial gains on defined benefit pension schemes | 21 | - | 70,000 | - | 70,000 | 137,000 |
| NET MOVEMENT IN FUNDS | | <u>10,619</u> | <u>12,367</u> | <u>(93,079)</u> | <u>(70,093)</u> | <u>12,435</u> |
| RECONCILIATION OF FUNDS: | | | | | | |
| Total funds brought forward | | <u>13,505</u> | <u>(282,367)</u> | <u>5,477,213</u> | <u>5,208,351</u> | <u>5,195,916</u> |
| TOTAL FUNDS CARRIED FORWARD | | <u><u>24,124</u></u> | <u><u>(270,000)</u></u> | <u><u>5,384,134</u></u> | <u><u>5,138,258</u></u> | <u><u>5,208,351</u></u> |

RALPH SADLEIR SCHOOL

(A Company Limited by Guarantee)
REGISTERED NUMBER: 08663956

BALANCE SHEET
AS AT 31 AUGUST 2018

| | Note | £ | 2018 £ | £ | 2017 £ |
|--|------|-----------|-----------|-----------|-----------|
| FIXED ASSETS | | | | | |
| Tangible assets | 12 | | 5,381,487 | | 5,474,608 |
| CURRENT ASSETS | | | | | |
| Debtors | 13 | 53,173 | | 105,857 | |
| Cash at bank and in hand | 19 | 88,720 | | 60,732 | |
| | | 141,893 | | 166,589 | |
| CREDITORS: amounts falling due within one year | 14 | (106,355) | | (124,485) | |
| NET CURRENT ASSETS | | | 35,538 | | 42,104 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | 5,417,025 | | 5,516,712 |
| CREDITORS: amounts falling due after more than one year | 15 | | (8,767) | | (10,361) |
| NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES | | | 5,408,258 | | 5,506,351 |
| Defined benefit pension scheme liability | 21 | | (270,000) | | (298,000) |
| NET ASSETS INCLUDING PENSION SCHEME LIABILITIES | | | 5,138,258 | | 5,208,351 |
| FUNDS OF THE TRUST | | | | | |
| Restricted income funds: | | | | | |
| Restricted income funds | 16 | - | | 15,633 | |
| Restricted fixed asset funds | 16 | 5,384,134 | | 5,477,213 | |
| Restricted income funds excluding pension liability | | 5,384,134 | | 5,492,846 | |
| Pension reserve | | (270,000) | | (298,000) | |
| Total restricted income funds | | | 5,114,134 | | 5,194,846 |
| Unrestricted income funds | 16 | | 24,124 | | 13,505 |
| TOTAL FUNDS | | | 5,138,258 | | 5,208,351 |

The financial statements on pages 18 to 37 were approved by the Trustees, and authorised for issue, on 20 December 2018 and are signed on their behalf, by:

J Tye
Chair

RALPH SADLEIR SCHOOL
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2018

| | Note | 2018 £ | 2017 £ |
|--|------|----------------------|----------------------|
| Cash flows from operating activities | | | |
| Net cash provided by/(used in) operating activities | 18 | 32,854 | (31,466) |
| Cash flows from investing activities: | | | |
| Interest received | | 134 | 46 |
| Purchase of tangible fixed assets | | (5,000) | - |
| Net cash (used in)/provided by investing activities | | <u>(4,866)</u> | <u>46</u> |
| Change in cash and cash equivalents in the year | | 27,988 | (31,420) |
| Cash and cash equivalents brought forward | | 60,732 | 92,152 |
| Cash and cash equivalents carried forward | | <u><u>88,720</u></u> | <u><u>60,732</u></u> |

RALPH SADLEIR SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES

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

1.1 Basis of preparation of financial statements

The financial statements of the 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 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Ralph Sadleir School constitutes a public benefit entity as defined by FRS 102.

1.2 Company status

The Trust is a company limited by guarantee. The Members are noted on page 1. In the event of the Trust being wound up, the liability in respect of the guarantee is limited to £10 per Member. The registered office is Ralph Sadleir School, Station Road, Puckeridge, Hertfordshire, SG11 1TF.

1.3 Fund accounting

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

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 Group.

1.4 Income

All income is recognised once the Trust has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Grants are included in the Statement of Financial Activities incorporating Income and Expenditure Account 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 entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the Statement of Financial Activities incorporating Income and Expenditure Account 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 in the restricted fixed asset fund.

Donations are recognised on a receivable basis where receipt is probable and the amount can be reliably measured.

Other income, including the hire of facilities, is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

RALPH SADLEIR SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

1.5 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

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

All expenditure is inclusive of irrecoverable VAT.

1.6 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 Trust 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 Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

1.7 Tangible fixed assets and depreciation

All assets costing more than £1,000 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the Government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities incorporating Income and Expenditure Account and carried forward in the Balance Sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities incorporating Income and Expenditure Account. 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, at rates calculated to write off the cost of these assets, less their estimated residual value, over their expected useful lives on the following bases:

| | | |
|------------------------|---|-----------------------------|
| Leasehold land | - | 125 years straight line |
| Leasehold buildings | - | 35 - 50 years straight line |
| Furniture and fixtures | - | 10 years straight line |
| Computer equipment | - | 5 years straight line |

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 incorporating Income and Expenditure Account .

1.8 Operating leases

Rentals under operating leases are charged to the Statement of Financial Activities incorporating Income and Expenditure Account on a straight line basis over the lease term.

RALPH SADLEIR SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

1.9 Taxation

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

1.10 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

1.11 Cash at Bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.12 Liabilities and provisions

Liabilities and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the 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. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.13 Financial instruments

The Trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the Trust and their measurement basis are as follows:

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 14. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in note 15 and 16. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments.

1.14 Pensions

Retirement benefits to employees of the Trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Governments Pension Scheme ("LGPS"). These are defined benefit schemes.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the 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 21, 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.

RALPH SADLEIR SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

1.14 Pensions (continued)

The LGPS is a funded scheme and the assets are held separately from those of the 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 incorporating Income and Expenditure Account 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.

1.15 Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 21, 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 2018. 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.

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

| | Unrestricted funds 2018 £ | Restricted funds 2018 £ | Restricted fixed asset funds 2018 £ | Total funds 2018 £ | Total funds 2017 £ |
|----------------|------------------------------------|----------------------------------|---|-----------------------------|-----------------------------|
| Donations | 11,479 | 50,404 | - | 61,883 | 43,856 |
| Capital grants | - | - | 8,764 | 8,764 | 178,490 |
| | <u>11,479</u> | <u>50,404</u> | <u>8,764</u> | <u>70,647</u> | <u>222,346</u> |
| Total 2017 | <u><u>14,043</u></u> | <u><u>29,813</u></u> | <u><u>178,490</u></u> | <u><u>222,346</u></u> | |

RALPH SADLEIR SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

3. FUNDING FOR ACADEMY TRUST'S EDUCATIONAL OPERATIONS

| | Unrestricted funds 2018 £ | Restricted funds 2018 £ | Total funds 2018 £ | Total funds 2017 £ |
|--------------------------------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| DfE/ESFA grants | | | | |
| General Annual Grant (GAG) | - | 1,411,758 | 1,411,758 | 1,392,330 |
| Other DfE / ESFA grants | - | 94,189 | 94,189 | 91,957 |
| | - | 1,505,947 | 1,505,947 | 1,484,287 |
| Other government grants | | | | |
| Local Authority grants | - | 4,722 | 4,722 | 14,290 |
| | - | 4,722 | 4,722 | 14,290 |
| Other funding | | | | |
| Catering income | 92,923 | - | 92,923 | 74,678 |
| | 92,923 | - | 92,923 | 74,678 |
| | 92,923 | 1,510,669 | 1,603,592 | 1,573,255 |
| Total 2017 | 74,678 | 1,498,577 | 1,573,255 | |

4. OTHER TRADING ACTIVITIES

| | Unrestricted funds 2018 £ | Restricted funds 2018 £ | Total funds 2018 £ | Total funds 2017 £ |
|----------------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| Letting income | 2,313 | - | 2,313 | 2,653 |
| Music income | - | 28,573 | 28,573 | 14,043 |
| Other income | 4,242 | - | 4,242 | 6,111 |
| | 6,555 | 28,573 | 35,128 | 22,807 |
| Total 2017 | 8,764 | 14,043 | 22,807 | |

5. INVESTMENT INCOME

| | Unrestricted funds 2018 £ | Total funds 2018 £ | Total funds 2017 £ |
|---------------|------------------------------------|-----------------------------|-----------------------------|
| Bank interest | 72 | 72 | 46 |
| Total 2017 | 46 | 46 | |

RALPH SADLEIR SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

6. EXPENDITURE

| | Staff costs 2018 £ | Premises 2018 £ | Other costs 2018 £ | Total 2018 £ | Total 2017 £ |
|-------------------------|--------------------------|-----------------------|--------------------------|--------------------|--------------------|
| Provision of education: | | | | | |
| Direct costs | 930,645 | - | 257,081 | 1,187,726 | 1,119,673 |
| Support costs | 327,721 | 206,407 | 127,678 | 661,806 | 823,346 |
| | <u>1,258,366</u> | <u>206,407</u> | <u>384,759</u> | <u>1,849,532</u> | <u>1,943,019</u> |
| Total 2017 | <u>1,223,862</u> | <u>361,592</u> | <u>357,565</u> | <u>1,943,019</u> | |

In 2017, of total expenditure £112,095 was to unrestricted funds, £1,553,460 was to restricted funds and £277,464 was to restricted fixed asset funds.

7. CHARITABLE ACTIVITIES

| | 2018 £ | 2017 £ |
|---------------|------------------|------------------|
| Direct costs | 1,187,726 | 1,119,673 |
| Support costs | 661,806 | 823,346 |
| Total | <u>1,849,532</u> | <u>1,943,019</u> |

Analysis of support costs

| | 2018 £ | 2017 £ |
|---------------------|----------------|----------------|
| Support staff costs | 327,721 | 318,138 |
| Depreciation | 98,121 | 99,239 |
| Technology costs | 41,662 | 37,432 |
| Premises costs | 108,286 | 217,353 |
| Other support costs | 74,045 | 136,307 |
| Governance costs | 11,971 | 14,877 |
| Total | <u>661,806</u> | <u>823,346</u> |

8. NET INCOME/(EXPENDITURE)

This is stated after charging:

| | 2018 £ | 2017 £ |
|--|----------------|----------------|
| Depreciation of tangible fixed assets: | | |
| - owned or leased by the Trust | 98,121 | 99,239 |
| Auditors' remuneration - audit | 5,100 | 4,950 |
| Auditors' remuneration - non-audit | 4,685 | 4,550 |
| Operating lease rentals | 27,784 | 9,657 |
| | <u>135,690</u> | <u>116,446</u> |

RALPH SADLEIR SCHOOL
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

9. STAFF COSTS

a. Staff costs

Staff costs were as follows:

| | 2018 £ | 2017 £ |
|-------------------------------------|-----------|-----------|
| Wages and salaries | 848,435 | 863,572 |
| Social security costs | 83,213 | 85,943 |
| Pension costs | 272,041 | 250,480 |
| | 1,203,689 | 1,199,995 |
| Agency staff costs | 53,303 | 15,365 |
| Staff restructuring costs | 1,374 | 8,502 |
| | 1,258,366 | 1,223,862 |
| Staff restructuring costs comprise: | | |
| Redundancy payments | - | 8,502 |
| Severance payments | 1,374 | - |
| | 1,374 | 8,502 |

b. Staff numbers

The average number of persons employed by the Trust on the head court basis during the year was as follows:

| | 2018 No. | 2017 No. |
|----------------------------|-------------|-------------|
| Teachers | 20 | 22 |
| Administration and support | 24 | 26 |
| Management | 4 | 4 |
| | 48 | 52 |

c. Higher paid staff

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

| | 2018 No. | 2017 No. |
|---------------------------------|-------------|-------------|
| In the band £ 60,001 - £ 70,000 | 1 | 1 |

The employee also participated in the Teacher's Pension Scheme. During the year ended 31 August 2018, pension contributions for these staff amounted to £10,542 (2017: £10,328).

d. Key management personnel

The key management personnel of the Trust comprise the Trustees and the Senior Management Team as listed on page 1. The total amount of employee benefits (including employer pension contributions and national insurance) received by key management personnel for their services to the Trust was £266,328 (2017: £262,240).

Included in the above are employer pension contributions of £37,705 (2017: £37,126) and national insurance contributions of £23,765 (2017: £23,354).

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NOTES TO THE FINANCIAL STATEMENTS
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10. TRUSTEE'S REMUNERATION AND EXPENSES

One or more Trustees has been paid remuneration or has received other benefits from an employment with the Trust. The Head Teacher and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Head Teacher and staff members under their contracts of employment, and not in respect of their role as Trustees. The value of Trustees' remuneration and other benefits was as follows:

D Spong (Head Teacher and Trustee)
 Remuneration £60,000 - £65,000 (2017: £60,000 - £65,000)
 Employer's pension contributions paid £10,000 - £15,000 (2017: £10,000 - £15,000)

R Brown (staff Trustee)
 Remuneration £40,000 - £45,000 (2017: £40,000 - £45,000)
 Employer's pension contributions paid £5,000 - £10,000 (2017: £5,000 - £10,000)

During the period 31 August 2018, no Trustees received any reimbursement of expenses for their role as Trustees (2017: £NIL).

11. TRUSTEES' AND OFFICERS' INSURANCE

The 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, Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust 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

| | Long term leasehold property £ | Furniture and fixtures £ | Motor vehicles £ | Computer equipment £ | Total £ |
|-----------------------|---|--------------------------------|----------------------|----------------------------|-------------------------|
| Cost | | | | | |
| At 1 September 2017 | 5,759,631 | 43,842 | 23,537 | 25,538 | 5,852,548 |
| Additions | - | 3,930 | - | 1,070 | 5,000 |
| At 31 August 2018 | <u>5,759,631</u> | <u>47,772</u> | <u>23,537</u> | <u>26,608</u> | <u>5,857,548</u> |
| Depreciation | | | | | |
| At 1 September 2017 | 336,169 | 19,170 | 3,139 | 19,462 | 377,940 |
| Charge for the year | 88,554 | 4,667 | 2,354 | 2,546 | 98,121 |
| At 31 August 2018 | <u>424,723</u> | <u>23,837</u> | <u>5,493</u> | <u>22,008</u> | <u>476,061</u> |
| Net book value | | | | | |
| At 31 August 2018 | <u><u>5,334,908</u></u> | <u><u>23,935</u></u> | <u><u>18,044</u></u> | <u><u>4,600</u></u> | <u><u>5,381,487</u></u> |
| At 31 August 2017 | <u><u>5,423,462</u></u> | <u><u>24,672</u></u> | <u><u>20,398</u></u> | <u><u>6,076</u></u> | <u><u>5,474,608</u></u> |

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

13. DEBTORS

| | 2018 | 2017 |
|--------------------------------|--------|---------|
| | £ | £ |
| Trade debtors | 2,911 | 1,861 |
| VAT recoverable | 11,523 | 25,638 |
| Prepayments and accrued income | 38,739 | 78,358 |
| | 53,173 | 105,857 |
| | 53,173 | 105,857 |

14. CREDITORS: Amounts falling due within one year

| | 2018 | 2017 |
|------------------------------------|---------|---------|
| | £ | £ |
| Trade creditors | 921 | 6,396 |
| Other taxation and social security | 22,406 | 21,361 |
| Other creditors | 22,870 | 22,045 |
| Accruals and deferred income | 60,158 | 74,683 |
| | 106,355 | 124,485 |
| | 106,355 | 124,485 |

| | 2018 | 2017 |
|--------------------------------------|----------|----------|
| | £ | £ |
| Deferred income | | |
| Deferred income at 1 September 2017 | 47,837 | 32,946 |
| Resources deferred during the year | 29,641 | 47,837 |
| Amounts released from previous years | (47,837) | (32,946) |
| | 29,641 | 47,837 |
| | 29,641 | 47,837 |

Deferred income relates to residential trip receipts received in advance.

15. CREDITORS: Amounts falling due after more than one year

| | 2018 | 2017 |
|---|-------|--------|
| | £ | £ |
| Salix loan | 8,767 | 10,361 |
| | 8,767 | 10,361 |
| Creditors include amounts not wholly repayable within 5 years as follows: | | |
| | 2018 | 2017 |
| | £ | £ |
| Salix loan | 2,391 | 3,985 |
| | 2,391 | 3,985 |

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

16. STATEMENT OF FUNDS

| | Brought forward £ | Income £ | Resources expended £ | Transfers in/out £ | Gains/ (losses) £ | Balance at 31 August 2018 £ |
|-------------------------------------|-------------------------|-------------------------|----------------------------|--------------------------|-------------------------|-----------------------------------|
| Unrestricted funds | | | | | | |
| Unrestricted funds | 13,505 | 111,029 | (100,410) | - | - | 24,124 |
| Restricted funds | | | | | | |
| | Brought forward £ | Income £ | Resources expended £ | Transfers in/out £ | Gains/ (losses) £ | Balance at 31 August 2018 £ |
| General Annual Grant (GAG) | - | 1,411,758 | (1,411,758) | - | - | - |
| Other DfE/ESFA grants | - | 94,189 | (94,189) | - | - | - |
| Other Government grants | - | 4,722 | (4,722) | - | - | - |
| Restricted donations | 15,633 | 30,138 | (45,771) | - | - | - |
| Restricted trip income | - | 48,839 | (48,839) | - | - | - |
| Pension reserve | (298,000) | - | (42,000) | - | 70,000 | (270,000) |
| | <u>(282,367)</u> | <u>1,589,646</u> | <u>(1,647,279)</u> | <u>-</u> | <u>70,000</u> | <u>(270,000)</u> |
| Restricted fixed asset funds | | | | | | |
| | Brought forward £ | Income £ | Resources expended £ | Transfers in/out £ | Gains/ (losses) £ | Balance at 31 August 2018 £ |
| Devolved Formula Capital | 2,605 | 8,764 | (3,722) | (5,000) | - | 2,647 |
| General restricted fixed assets | 5,474,608 | - | (98,121) | 5,000 | - | 5,381,487 |
| | <u>5,477,213</u> | <u>8,764</u> | <u>(101,843)</u> | <u>-</u> | <u>-</u> | <u>5,384,134</u> |
| Total restricted funds | <u>5,194,846</u> | <u>1,598,410</u> | <u>(1,749,122)</u> | <u>-</u> | <u>70,000</u> | <u>5,114,134</u> |
| Total of funds | <u><u>5,208,351</u></u> | <u><u>1,709,439</u></u> | <u><u>(1,849,532)</u></u> | <u><u>-</u></u> | <u><u>70,000</u></u> | <u><u>5,138,258</u></u> |

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NOTES TO THE FINANCIAL STATEMENTS
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16. STATEMENT OF FUNDS (continued)

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

General Annual Grant (GAG)

This represents income from the ESFA to cover the costs of recurrent expenditure.

Under the funding agreement with the Secretary of State, the Academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2018.

Other DfE and ESFA grants

This represents funding to be used to help raise achievement and improve outcomes for pupils from low income families who are eligible for free school meals.

Other Government grants

This represents various small grants from local and national Government bodies for the provision of specific services to pupils of the School.

Restricted donations and Restricted trip income

This represents donations received by the Trust which have restrictions on what they can be used for applied to them. These include contributions made by parents to the running of educational visits for the pupils of the School and the associated costs of running the trips as well as contributions towards music tuition.

Pension reserve

This fund represents the Trust's share of the deficit on the Local Government Pension Scheme (LGPS) transferred to the Trust on conversion from a state controlled school.

Restricted fixed asset fund

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

DfE/ESFA capital grants

This represents funding from the DfE or ESFA for a specific capital projects.

Unrestricted funds

This represents income received that does not have restrictions.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

16. STATEMENT OF FUNDS (continued)

STATEMENT OF FUNDS - PRIOR YEAR

| | Balance at 1 September 2016 £ | Income £ | Resources expended £ | Transfers in/out £ | Gains/ (losses) £ | Balance at 31 August 2017 £ |
|-------------------------------------|--|------------------|----------------------------|--------------------------|-------------------------|-----------------------------------|
| General funds | | | | | | |
| Unrestricted funds | 28,069 | 97,531 | (112,095) | - | - | 13,505 |
| Restricted funds | | | | | | |
| | Balance at 1 September 2016 £ | Income £ | Resources expended £ | Transfers in/out £ | Gains/ (losses) £ | Balance at 31 August 2017 £ |
| General Annual Grant (GAG) | - | 1,392,330 | (1,388,989) | (3,341) | - | - |
| Other DfE/ESFA grants | - | 91,957 | (91,957) | - | - | - |
| Other Government grants | - | 14,290 | (14,290) | - | - | - |
| Restricted donations | - | 15,633 | - | - | - | 15,633 |
| Restricted trip income | - | 28,223 | (29,224) | 1,001 | - | - |
| Pension reserve | (406,000) | - | (29,000) | - | 137,000 | (298,000) |
| | <u>(406,000)</u> | <u>1,542,433</u> | <u>(1,553,460)</u> | <u>(2,340)</u> | <u>137,000</u> | <u>(282,367)</u> |
| Restricted fixed asset funds | | | | | | |
| | Balance at 1 September 2016 £ | Income £ | Resources expended £ | Transfers in/out £ | Gains/ (losses) £ | Balance at 31 August 2017 £ |
| Devolved Formula Capital | - | 8,624 | (6,019) | - | - | 2,605 |
| ACMF/CIF Grants | - | 169,866 | (172,206) | 2,340 | - | - |
| General restricted fixed assets | 5,573,847 | - | (99,239) | - | - | 5,474,608 |
| | <u>5,573,847</u> | <u>178,490</u> | <u>(277,464)</u> | <u>2,340</u> | <u>-</u> | <u>5,477,213</u> |
| Total restricted funds | <u>5,167,847</u> | <u>1,720,923</u> | <u>(1,830,924)</u> | <u>-</u> | <u>137,000</u> | <u>5,194,846</u> |
| Total of funds | <u>5,195,916</u> | <u>1,818,454</u> | <u>(1,943,019)</u> | <u>-</u> | <u>137,000</u> | <u>5,208,351</u> |

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

17. ANALYSIS OF NET ASSETS BETWEEN FUNDS

| | Unrestricted funds 2018 £ | Restricted funds 2018 £ | Restricted fixed asset funds 2018 £ | Total funds 2018 £ |
|--|------------------------------------|----------------------------------|---|-----------------------------|
| Tangible fixed assets | - | - | 5,381,487 | 5,381,487 |
| Current assets | 24,124 | 104,761 | 13,008 | 141,893 |
| Creditors due within one year | - | (104,761) | (1,594) | (106,355) |
| Creditors due in more than one year | - | - | (8,767) | (8,767) |
| Provisions for liabilities and charges | - | (270,000) | - | (270,000) |
| | <u>24,124</u> | <u>(270,000)</u> | <u>5,384,134</u> | <u>5,138,258</u> |

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

| | Unrestricted funds 2017 £ | Restricted funds 2017 £ | Restricted fixed asset funds 2017 £ | Total funds 2017 £ |
|--|------------------------------------|----------------------------------|---|-----------------------------|
| Tangible fixed assets | - | - | 5,474,608 | 5,474,608 |
| Current assets | 13,505 | 138,524 | 14,560 | 166,589 |
| Creditors due within one year | - | (122,891) | (1,594) | (124,485) |
| Creditors due in more than one year | - | - | (10,361) | (10,361) |
| Provisions for liabilities and charges | - | (298,000) | - | (298,000) |
| | <u>13,505</u> | <u>(282,367)</u> | <u>5,477,213</u> | <u>5,208,351</u> |

18. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

| | 2018 £ | 2017 £ |
|---|---------------|-----------------|
| Net expenditure for the year (as per Statement of Financial Activities) | (140,093) | (124,565) |
| Adjustment for: | | |
| Depreciation charges | 98,121 | 99,239 |
| Interest received | (134) | (46) |
| Decrease/(increase) in debtors | 52,684 | (49,406) |
| (Decrease)/increase in creditors | (19,724) | 14,312 |
| Pension adjustment | 42,000 | 29,000 |
| Net cash provided by/(used in) operating activities | <u>32,854</u> | <u>(31,466)</u> |

19. ANALYSIS OF CASH AND CASH EQUIVALENTS

| | 2018 £ | 2017 £ |
|--------------|---------------|---------------|
| Cash in hand | 88,720 | 60,732 |
| Total | <u>88,720</u> | <u>60,732</u> |

RALPH SADLEIR SCHOOL

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018

20. MEMBERS' LIABILITY

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

21. PENSION COMMITMENTS

The Trust's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Hertfordshire County Council. Both are Multi-Employer Defined Benefit Pension Schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

Contributions amounting to £21,276 were payable to the schemes at 31 August 2018 (2017 - £20,451) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

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

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

The employer's pension costs paid to TPS in the period amounted to £ 186,623 (2017 - £188,951).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx).

Under the definitions set out in FRS 102, the TPS is an unfunded 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.

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NOTES TO THE FINANCIAL STATEMENTS
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21. PENSION COMMITMENTS (continued)

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £63,000 (2017 - £52,000), of which employer's contributions totalled £50,000 (2017 - £42,000) and employees' contributions totalled £13,000 (2017 - £10,000). The agreed contribution rates for future years are 25.3% for employers and 5.5-6.8% for employees.

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

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

| | 2018 | 2017 |
|--|---------|---------|
| Discount rate for scheme liabilities | 2.80 % | 2.50 % |
| Rate of increase in salaries | 2.50 % | 2.50 % |
| Rate of increase for pensions in payment | 2.40 % | 2.40 % |
| Commutation of pensions to lump sums | 50.00 % | 50.00 % |

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

| | 2018 | 2017 |
|----------------------|------|------|
| Retiring today | | |
| Males | 22.5 | 22.5 |
| Females | 24.9 | 24.9 |
| Retiring in 20 years | | |
| Males | 24.1 | 24.1 |
| Females | 26.7 | 26.7 |

As at the 31 August 2018 the Trust had a pension liability of £270,000 (2017 - £298,000). The sensitivity analysis detailed below would increase/ (decrease) the closing defined benefit obligation in the following way;

| Sensitivity analysis | At 31 August 2018 | At 31 August 2017 |
|--|----------------------|----------------------|
| | £ | £ |
| Discount rate +0.1% | (19,008) | (17,736) |
| Discount rate -0.1% | 19,008 | 17,736 |
| Mortality assumption - 1 year increase | 6,336 | 5,912 |
| Mortality assumption - 1 year decrease | (6,336) | (5,912) |
| CPI rate +0.1% | 15,840 | 13,302 |
| CPI rate -0.1% | (15,840) | (13,302) |

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

21. PENSION COMMITMENTS (continued)

The Trust's share of the assets in the scheme was:

| | Fair value at 31 August 2018 £ | Fair value at 31 August 2017 £ |
|------------------------------|---|---|
| Equities | 277,000 | 286,650 |
| Gilts | - | 110,250 |
| Corporate bonds | 183,000 | 30,870 |
| Cash | 21,000 | - |
| Property | 42,000 | - |
| Cash and other liquid assets | - | 13,230 |
| | <u>523,000</u> | <u>441,000</u> |
| Total market value of assets | <u>523,000</u> | <u>441,000</u> |

The actual return on scheme assets was £25,000 (2017 - £48,000).

The amounts recognised in the Statement of Financial Activities incorporating Income and Expenditure Account are as follows:

| | 2018 £ | 2017 £ |
|----------------------|-----------------|-----------------|
| Current service cost | (84,000) | (62,000) |
| Interest income | 12,000 | 7,000 |
| Interest cost | (20,000) | (16,000) |
| | <u>(92,000)</u> | <u>(71,000)</u> |
| Total | <u>(92,000)</u> | <u>(71,000)</u> |

Movements in the present value of the defined benefit obligation were as follows:

| | 2018 £ | 2017 £ |
|------------------------------------|----------------|----------------|
| Opening defined benefit obligation | 739,000 | 752,000 |
| Current service cost | 84,000 | 62,000 |
| Interest cost | 20,000 | 16,000 |
| Employee contributions | 13,000 | 10,000 |
| Actuarial gains | (57,000) | (96,000) |
| Benefits paid | (7,000) | (5,000) |
| | <u>792,000</u> | <u>739,000</u> |
| Closing defined benefit obligation | <u>792,000</u> | <u>739,000</u> |

Movements in the fair value of the Trust's share of scheme assets:

| | 2018 £ | 2017 £ |
|-------------------------------------|----------------|----------------|
| Opening fair value of scheme assets | 441,000 | 346,000 |
| Interest income | 12,000 | 7,000 |
| Actuarial losses | 13,000 | 41,000 |
| Employer contributions | 50,000 | 42,000 |
| Employee contributions | 13,000 | 10,000 |
| Benefits paid | (7,000) | (5,000) |
| | <u>522,000</u> | <u>441,000</u> |
| Closing fair value of scheme assets | <u>522,000</u> | <u>441,000</u> |

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

22. OPERATING LEASE COMMITMENTS

At 31 August 2018 the total of the Trust's future minimum lease payments under non-cancellable operating leases was:

| | 2018 £ | 2017 £ |
|-------------------------|---------------|---------------|
| Amounts payable: | | |
| Within 1 year | 27,784 | 27,784 |
| Between 1 and 5 years | 43,744 | 71,528 |
| Total | <u>71,528</u> | <u>99,312</u> |

23. RELATED PARTY TRANSACTIONS

Owing to the nature of the Trust 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 Trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the Academies Financial Handbook and with the Trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

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

Any transactions where the Trustee has a pecuniary interest is only undertaken in accordance with the 'at cost' principle stated in the Academies Financial Handbook.

There were no other related party transactions during the year.