

Company Registration Number: 07696173 (England & Wales)

**THE GRAMMAR SCHOOL OF KING EDWARD VI AT STRATFORD-UPON-
AVON**

(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2021

THE GRAMMAR SCHOOL OF KING EDWARD VI AT STRATFORD-UPON-AVON
(A company limited by guarantee)

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REFERENCE AND ADMINISTRATIVE DETAILS

Members	Mr VG Matts Mr J Blann Mr M Evans Mrs F Fairbairn Dr M Fenton Prof N Johnson Mr JA Jones Mr P Maundrill Mrs MT Rendell (resigned 9 December 2020) Mrs J Short Ms P Streeter Mr PP Swann
Governors	Mr B Carr, Headmaster and Accounting Officer Mr VG Matts, Chairman Mr J Blann, Parent Governor Mr M Evans, Deputy Chairman Mrs F Fairbairn, Parent Governor Dr M Fenton Mrs KA Hayward, Staff Governor (resigned 9 December 2020) Prof N Johnson ¹ Mr JA Jones ¹ Mr P Maundrill, Parent Governor ¹ Mr S McCrink, Staff Governor Mrs MT Rendell (resigned 9 December 2020) Mrs FJ Roberts (appointed 9 December 2020) Mrs J Short Mrs E Speechley Ms P Streeter ¹ Mr PP Swann Mr N Treble, Staff Governor
	¹ members of the Finance and General Purposes Group
Company registered number	07696173
Company name	The Grammar School of King Edward VI at Stratford-upon-Avon
Principal and registered office	Church Street Stratford-upon-Avon Warwickshire CV37 6HB
Company Secretary	Mr MD Hawley
Clerk to the Governors	Mrs H Brazier

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REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)
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Senior Leadership Team

Mr B Carr, Headmaster
Mr PE Mills, Deputy Headmaster (Pastoral)
Mr TM Walton, Deputy Headmaster (Academic)
Mr S McCrink, Assistant Headmaster
Mr MD Hawley, Bursar

Independent auditors

Cooper Parry Group Limited
Chartered Accountants
Park View
One Central Boulevard
Blythe Valley Park
Solihull
West Midlands
B90 8BG

Bankers

National Westminster Bank plc
31 Rother Street
Stratford-upon-Avon
Warwickshire
CV37 6ZS

Lloyds Bank plc
22 Bridge Street
Stratford-upon-Avon
Warwickshire
CV37 6AG

Solicitors

Harrison Clark Rickerbys LLP Solicitors
Ellenborough House
Wellington Street
Cheltenham
Gloucestershire
GL50 1YD

Responsible officer

Mr G Hornsby, SBM Consultancy Ltd

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GOVERNORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2021

The Governors present their report and the audited financial statements of the charitable company for the period 1 September 2020 to 31 August 2021. The annual report serves the purposes of both a Governors' report and a Directors' report, including a strategic report, under company law.

The Trust operates as an Academy Trust for pupils aged 11 to 18 serving a catchment area geographically centred on Stratford-upon-Avon, with a pupil capacity of 770 and 774 pupils enrolled based on the 2020 Census.

Structure, governance and management

Constitution

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

The Governors act as the Trustees for the charitable activities of the Grammar School of King Edward VI at Stratford-upon-Avon and are also the Directors of the charitable company for the purposes of company law.

Details of Governors who served throughout the year except as noted are included in the Reference and Administrative details on page 1.

Members' liability

Each member of the Charitable Company undertakes to contribute to the assets of the Charitable Company in the event of it being wound up while 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 they cease to be a member. The Academy Trust has opted into the Department of Education's Risk Protection Arrangement ('RPA'), an alternative to insurance where UK government funds cover losses that arise. The scheme protects Governors from claims arising from negligent acts, errors or omissions occurring whilst on Academy Trust business. The scheme provides cover up to £10,000,000.

Method of recruitment and appointment or election of Governors

All Members of the Academy Trust shall be Governors. The following composition complies with articles 45-81. The Full Governing Body consists of:

2 Elected Parent Governors who are nominated and elected by a ballot of all parents to serve an initial four year term which is renewable. They will however relinquish their role in the calendar year when their child leaves the School.

3 Elected Staff Governors (the intention being to include one non-teacher) who are nominated and elected by a ballot of all staff to serve a four year term which is renewable.

10 Appointed Governors who serve a four year term. Three of these Governors at the time of their initial appointment will be parents of existing students. A meeting of the Full Governing Body will select this class of Governors. Each appointee will be proposed and seconded by other Governors and appointed by a majority vote in favour. Academy policy is that they may serve up to a maximum of four continuous terms from the date of their initial appointment (as either a Parent or Appointed Governor).

The Headmaster is an ex-officio Governor. The total number of Governors is 16.

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GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Structure, governance and management (continued)

Policies adopted for the induction and training of Governors

All Governors are given the opportunity to attend training sessions. A number of sessions were held for Governors covering the main elements of the position, including the legal framework and governor responsibilities. Each year all members of the Governing body are offered updates on relevant issues and changes in legislation etc. The topics covered are regularly reviewed to ensure that Governors are kept up to date as far as possible. When appointing new Members, the Board will give consideration to the skills and experience mix of existing Members in order to ensure the Board has the necessary skills to contribute fully to the Academy Trust's ongoing development. All new Governors also have the opportunity to undertake National Governor Association training and all Trustees receive regular National Governor Association updates.

Organisational structure

The Trustees are responsible for setting general policy, adopting an annual development plan and budget, approving the annual statutory accounts, monitoring the Academy Trust by the use of budgets and other data, and making the major decisions about the direction of the Academy Trust, capital expenditure and staff appointments.

The Full Governing Body (FGB) meets four times in each academic year. Twice in the Michaelmas term, once in the latter half of the Lent Term and once in the latter half of the Summer Term. The FGB has decided that it should be solely responsible for the following matters (which comply with articles 94-97):

- the School Strategic and Development Plans.
- the financial management of the School.
- approving the School budget and annual accounts.
- reviewing School budget monitoring reports from the Finance and General Purposes Group.
- the School income and expenditure, balance sheets and cash flows, having liaised with Trustees regarding the strategic financial position and priorities.
- the appointment and review of professional advisors (including auditors).
- personnel (with advice from the Leadership and Management Group)
- the procedure in pecuniary interest matters.
- accepting tenders above an agreed figure proposed by the Finance and General Purposes Group.
- election and removal of Chairman and/or Deputy Chairman.
- setting up of groups and decisions on what should be delegated (within these regulations) and to whom
- the annual review of the following mandatory policies:

School Governance
Mission Statement
Safeguarding
Whistleblowing

The FGB has also decided that it should be solely responsible for additional matters which are identified in each Governors' Group's Terms of Reference. Whilst the FGB has not delegated responsibility for these matters, the different Governors' Groups are responsible for producing proposals relating to these matters for consideration by the FGB.

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GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Structure, governance and management (continued)

Objectives of the Structure

- To establish a framework for effective delegation and decision-making.
- To provide regular reports to the FGB.
- To provide a clear audit trail for each decision of the FGB.
- To free the FGB for policy making.
- To provide opportunities for the debate of key issues.
- To provide for the full involvement of all Governors in the decision-making process.
- To strengthen the partnership between Governors and the School.
- To support the Headmaster and the staff.
- To ensure conformity with legislation and (where appropriate) with guidelines through detailed scrutiny of proposals.
- To promote efficient communication between Governors' Groups and with the FGB.

Governor Groups (Standing)

The Governors' Groups meet on one or more occasions in the lead up to each termly meeting of the FGB (Meeting 2 of the Michaelmas Term). Every Governor is a member of at least one of the following groups which comply with articles 101-103:

- **Leadership and Management Group** (Four Governors including the Headmaster)
- **Teaching, Learning and Achievement Group** (Four Governors plus the Deputy Headmaster - Academic)
- **Pastoral Group** (Four Governors plus the Deputy Headmaster - Pastoral)
- **Finance and General Purposes Group** (Four Governors plus the Bursar and the Headmaster)

The FGB appoints members to each Governor Group. Each Group elects its own Chairman. The Chairman of Governors shall not be Chairman or Deputy Chairman of any Governor Group. Governor Groups act with the authority of the FGB but each Chairman must provide a detailed report of activities and any recommendations to each FGB meeting.

Ad Hoc Committees

- **Disciplinary**
This committee shall be chosen from members of the FGB, excluding the Headmaster and staff members.
- **Appeals**
This committee will hear appeals relating to exclusions in accordance with legislation, guidelines and good practice. This Committee shall include governors appointed by the FGB in accordance with current regulations.
- **Health and Safety**
This is a sub-committee which reports to the Finance and General Purposes Group (See Terms of Reference).
- **Audit**
This is a sub-committee which forms as/when necessary and which would report to the Finance and General Purposes Group.

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GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Structure, governance and management (continued)

Link Governors

All Governors are allocated to departments in the School to act as a Link Governor. The aims of the Link Governor Programme are:

- To enable Governors to know and understand more about the day-to-day work of the School;
- To triangulate evidence between Governors, SLT and staff.
- To establish another opportunity for Governors and staff to meet and discuss issues concerning the School and its development.
- To enable staff to share and celebrate the success of their work.
- To be involved, where possible, in the appointment of new teaching staff within subject areas.

Governor Agreement

All Governors sign an agreement to adhere to this policy, the Articles of Association and to uphold the Nolan Standards of Public Life. To comply with Article 79 all governors complete an enhanced DBS check at the start of their first term of office.

Responsible Officer

The FGB has appointed Mr Graeme Hornsby as Responsible Officer ("RO") to provide an independent oversight of the Academy's financial affairs. The RO carries out spot checks of finance activities on a termly basis and reports to the Finance and General Purposes Group. The Responsible Officer is not a Member of the Academy or a Governor.

Accounting Officer

The Headmaster is the designated Accounting Officer of the Academy and has overall responsibility for the day to day financial management of the Charitable Company. The Headmaster has delegated responsibility for low values of expenditure to specific budget holders who are each responsible for managing their own departments within the constraints of their allocated budgets. A system of financial controls is in place to manage this process.

The Headmaster manages the Academy on a daily basis supported by a Senior Leadership Team. The Senior Leadership Team meets weekly to discuss emerging matters and to help to develop strategies for future development to be put to the Headmaster and the Governing Body as required for approval. Each member of the Senior Leadership Team has specific responsibilities to assist the Headmaster to manage certain aspects of the Academy. Please refer to the Reference and Administrative details on page 1 for more information.

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GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Structure, governance and management (continued)

Risk management

The major risks to which the Academy is exposed are as follows:

- Loss of (or reduction in) funding
- Loss of building or facilities preventing the delivery of education
- Loss of members of staff (either suddenly or gradually over time)
- Loss of reputation
- Lack of safeguarding of students
- Funding of pension deficits under the Local Government Pension Scheme (LGPS).

The Senior Leadership Team has considered these risks. Policies and procedures have been put into place to minimise these risks, including budget management and forecasting procedures, the procurement of adequate insurance cover, investing in staff training and continuing professional development, and continued local marketing and advertising highlighting the achievement of our students. We also include a budgeted reserve for staff cover costs, and maintain a large number of policies and procedures which protect our staff, students and the Academy, also reducing the risk of safeguarding failures.

The pension scheme is reviewed by qualified actuaries on behalf of the Academy. There is currently a deficit on this scheme as disclosed in note 23. The Trustees of the LGPS pension scheme arrange for appropriate contribution rates to be paid by the members and the employer to ensure that the pension scheme is properly funded over time. The academy is increasingly concerned by the LGPS deficit and the apparent growth in this. The imposition of capital payments by the Actuary for 2014/15 was an unwelcome development which has since escalated further the justification for which appears to be, at least in part, as a result of changing and increasingly conservative assumptions by the Actuary. The in-year servicing of a very long term, inherited debt impacts on the Academy's ability to continue to offer the same high quality education and it is felt that the DfE should consider offering extra funding to offset pension deficit demands. Furthermore, the DfE should also actively consider and provide guidance to help academies become pooled for support staff pension purposes or to offer an alternate akin to the Teachers' Pension Scheme. This would spread risk considerably and reduce employer contributions significantly.

Arrangements for Setting Pay and Remuneration

The pay structure for all employees is set with reference to and without variation from the nationally published scales for all staff. In the case of the Senior Leadership team, this is a function of the size of the academy. In the case of teachers this is with reference to the published main and upper pay scales as well as that for TLR allowances. In the case of support staff, pay is referenced to the National Joint Council Scale. Pay progression is subject to satisfactory performance, as determined by annual appraisal. Teaching and Senior Leadership Team pay scales are listed in a Staff Handbook which is published annually.

Connected Organisations, including Related Party Relationships

The Trustees of The Grammar School of King Edward VI School (established separately under Charity Number 528769) are a related party as they and the School share a common Trustee; refer to note 27 for further details.

Trade Union Facility Time

There are no employees who elect to act as union officials during the course of their work, and therefore the time spent on these activities is 0%.

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GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

OBJECTIVES AND ACTIVITIES

The principal objects of the Academy Trust, as set out in its Articles of Association, are to:

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

Objectives, Strategies and Activities

This was the tenth full year of operation the Grammar School of King Edward VI at Stratford-upon-Avon. Through the implementation of the key objectives in the School Development Plan 2020-21 the School has:

- Undertook the necessary action to re-open the School from September 2020 under government Coronavirus restrictions and in doing so:
 - o Supported student well-being
 - o Maintained a vibrant extra-curricular and enrichment programme
 - o Supported staff well-being
 - o Maintained parental engagement
- Developed a long-term strategy for the use of IT in teaching (and School organisation) through the work of a time-limited SLT role
- Rationalised the School's infrastructure to improve network speeds
- Reviewed all Policies, Procedures and Guidance to ensure that they are free from unconscious racism and actively promote cultural diversity and racial equality, in light of the Black Lives Matter movement
- Reviewed the Admissions Policy 2022 in order to maintain the thriving extra-curricular life at the School and high levels of parental engagement, and to reduce the impact of unsustainable school transport
- Conducted the five-yearly Teaching and Learning Responsibility (TLR) review
- Implemented online bookings for Parents' Evenings
- Delivered the improvements to the heating system enabled through the successful Condition Improvement Fund bid
- Prepared a Condition Improvement Fund bid to refurbish of the Quad classrooms
- Continued to actively seek funds to enable the installation of an all-weather surface and the modernisation of the Pavilion at the Manor Road Sports Ground
- Implemented significant elements of Year 1 of the Sustainability Action Plan
- Continued to make improvements to the accommodation via the rolling programme
- Implemented the Development Office Action Plan 2020/21
- Supported the first year of AIP's new catering operation
- Named 'Secondary State School of The Decade' by The Sunday Times.

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GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

OBJECTIVES AND ACTIVITIES (continued)

Student Achievements and Performance

A Level

- In line with DfE guidance, teacher-assessed grades were awarded in 2021

GCSE

- In line with DfE guidance, teacher-assessed grades were awarded in 2021

Overall Achievement

- In the context that the academic year was severely disrupted by Covid-19, it was considered a major achievement that the School was able to continue its core educational provision almost seamlessly throughout the reporting period.

Rugby

- A student was selected to play for Northampton Saints RFC Academy and ultimately was awarded a one-year Senior Academy Contract with Northampton Saints.

Football

- A student played for Birmingham City Ladies U21s.
- A student was selected to play Forest Green Rovers FC U17s.

Athletics

- A student was recruited onto the England Athletics Youth Talent Programme.

Sailing

- A student was selected to represent Great Britain in the Optimist class at the European Sailing Championships 2020 in Portoroz, Slovenia.

Music Examinations

- Six students achieved Grade 8, eleven Grade 7 and eight Grade 6 in their Music Examinations.

Duke of Edinburgh

- Duke of Edinburgh Gold Award was achieved by 2 students.
- Duke of Edinburgh Silver Award was achieved by 12 students.
- Duke of Edinburgh Bronze Award was achieved by 26 students.

ARTiculation

- A student won the regional heat of ARTiculation, hosted by the Barber Institute, with his presentation on Picasso's Guernica (1937) and competed in the Grand Final hosted by The National Gallery.

Foyle Young Poet of the Year

- A student was selected as one of the winners in the Foyle Young Poets of the Year.

Arkwright Scholarships

- Arkwright scholarships were awarded to three students.

Chemistry Olympiad

- Four students achieved the Gold Award, 10 the Silver Award and 10 the Bronze Award.

Cambridge Chemistry Challenge 2021

- One student attained Gold, 11 Silver and 5 Copper Awards.

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GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

OBJECTIVES AND ACTIVITIES (continued)

Computer Science

- A student won the Enigma Challenge, run by NCCE's Isaac Computer Science Program.

Mathematics

- The Ritangle team of 32 students was awarded second place in a national completion of over 900 schools.

Model UN

- The School delegation, representing Estonia, came second out of 33 other delegations in the Bath International Schools MUN Conference, with two students receiving Highly Commended Delegate.

Drama

- Silver Arts Award was achieved by 9 students
- Bronze Arts Award was achieved by 11 students.

LAMDA Public Speaking

- Grade Eight – Gold Medals were achieved by 24 students.
- Grade Six – Bronze Medals were achieved by 3 students.

Physics

- A student was selected as one of the five team members to represent the UK at the International Physics Olympiad in Lithuania.

Psychology

- A team of 5 students achieved third place nationally in the Royal Holloway University Psychology Competition.

Rotary Young Environmentalist

- A student won the regional round of the Rotary Young Environmentalist Competition, and two others were highly recommended.

Fencing

- The Oxford University sabre fencing team (made up entirely of Old Edwardians) defeated Cambridge University 45-23 in the annual Varsity match.

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GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

OBJECTIVES AND ACTIVITIES (continued)

PUBLIC BENEFIT STATEMENT

The primary purpose of the Grammar School of King Edward VI at Stratford-Upon-Avon is the advancement of education within the local area. The School's Mission Statement is:

King Edward VI School is committed to being the school of choice for the most able students in our locality by developing and maintaining an educational community in which we:

- provide the context to allow all individuals to achieve success in all aspects of school life;
- create a safe and secure environment in which self-confidence, respect for oneself and for others is valued;
- encourage each individual to fulfil their academic potential by placing particular emphasis on challenge, teamwork, independence, creativity and enjoyment;
- appreciate the value of extra-curricular activities and encourage – equally – wide participation and excellence;
- use open lines of communication and engagement across all interested parties to ensure we are a self-evaluative school, which constantly looks to improve.

We seek to prepare our students for rewarding lives, aware of their obligation to serve the local, national and international communities in a fast changing world, and to inculcate in them a sense of pride in the unique character of Shakespeare's School.

In accordance with legislation the Academy is an exempt Charity. The Trustees confirm that they have complied with the duty in the Charities Act 2011 to have due regard to the Charity Commission general guidance on public benefit in exercising their powers or duties. They have referred to this guidance when reviewing the Academy Trust's aims and objectives and in planning its future activities.

The Academy Trust also allows use of its facilities for recreational and other leisure time occupation for the community at large in the interests of social welfare and with the interest of improving the life of that community.

STRATEGIC REPORT

Achievements and performance

The Academy Trust uses a number of benchmarks or performance indicators to evaluate its financial performance and drive budgetary control and monitoring.

A key financial performance indicator for the Trust is the level of reserves held at the balance sheet date and, in particular, the amount of unrestricted reserves plus restricted income reserves carried forward. At 31 August 2021, the balance of the unrestricted and restricted income reserves was £216,924 (2020: £61,874). Further details on the level of reserves held by the Academy Trust are set out in the Reserves Policy section below.

As the majority of the Academy Trust's funding is based on pupil numbers, pupil numbers is also a key performance indicator. As noted earlier in this report, pupil numbers at the most recent census were 774. Pupil numbers are stable and the School is approaching its capacity, unless a decision is taken to add a form of entry at Year 7.

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GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

STRATEGIC REPORT (continued)

Achievements and performance (continued)

Going concern

After making appropriate enquiries, the Governing Body has a reasonable expectation that the Academy 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 at note 1.2 of these financial statements.

Fundraising

The Academy requests voluntary donations from parents to help sustain an extensive extracurricular programme, which would otherwise be extremely difficult to sustain in light of continuing funding pressures. Additional funds are also generated from on-site pay-and-display parking outside school hours. A self-funding Development Officer post was established in 2019 and which has already raised significant sums for the benefit of the School. The Academy also derived modest additional income by virtue of offering the Easyfundraising programme through which participants can shop generating cashback for the Academy.

Promoting the Success of the Academy Trust

The Trustees have acted in the way which they consider, in good faith, promotes the success of the Academy Trust for the benefit of its pupils and their parents, the Department for Education and the Education and Skills Funding Agency as principal funders and regulators, its suppliers and local wider school community as a whole, and in doing so have given regard to (amongst other matters):

Our educational business relationships and community

With a highly committed and dedicated workforce, the Academy Trust takes great pride in listening to what our pupils, parents and local community want and continues to provide the level of education outcomes and results that they have come to expect. The Academy Trust continues to evolve and to adapt to the ever-changing educational environment, leading to the continued increase in the awareness of the Academy Trust's overall activities and educational performance.

As an educational focused charitable organisation, public benefit is also at the heart of all we do. The details in the "Objectives and Activities" and "Achievements and Performance" section of the Trustees' report above provide full details of the impact of our activities and our achievements for the year.

With respect to suppliers, the Academy Trust's policy for the payment of suppliers is to agree to terms of payment in advance in line with normal commercial practices and, provided a supplier performs in accordance with the agreement, to abide by such terms.

The Academy Trust is also committed to contributing towards combating the threat of global warming by using energy efficient measures to reduce CO2 emissions throughout its buildings, facilities and operations.

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GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

STRATEGIC REPORT (continued)

Achievements and performance (continued)

Our stakeholders

In addition to our pupils, parents, suppliers and wider local community, the Trustees also recognise the importance of their relationship with the Department for Education (DfE) and the Education and Skills Funding Agency (ESFA), as principal funders, regulators and stakeholders. The Trustees are committed to the effective engagement with the DfE and the ESFA (and their representatives) and recognise that its success depends on the Trustees and senior management's ability to engage with them effectively and to work with them constructively, taking into account their guidance and best practice initiatives, whilst also working in line with the specific requirements of the Academy Trust's funding agreement and the Academies Financial Handbook.

Our people

The Academy Trust's key asset is its people. It employs an average of 100 staff, including agency workers, and it is only through the combined effort of this workforce, together with our supporters and volunteers, that we can change the lives of the children under our care. The Academy Trust encourages the involvement of all employees in decision making processes that impact on them directly.

Our Members

The Trustees are committed and openly engaged with our Members through the active involvement of Members as Trustees. The Members are actively engaged in understanding our strategy and vision for the future, our culture and ethos, our people and our educational performance and standards.

Maintaining a reputation for high standards

The Academy Trust has been in existence for 10 years, and is committed to continual improvement, which it achieves in a number of ways, including improvement planning, review meetings, continual professional development, lesson observations, performance management, self-evaluation, data analysis and action planning. The Academy Trust also continually develops strategies to maintain and grow its pupil base, including looking for new schools and academies to join the Trust, and further improve relationships with our suppliers.

The information in the "Achievements and Performance" section of the Trustees' report above provide full details of our achievements during the year and the standards of educational performance we have achieved for all our stakeholders.

FINANCIAL REVIEW

The majority of the Academy Trust's income is received from the Education and Skills Funding Agency ('ESFA') in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the year ended 31 August 2021 and the associated expenditure of these grants are shown as restricted funds in the Statement of Financial Activities.

The Academy Trust also receives grants for fixed assets from the ESFA and other organisations / funders and these are shown as restricted fixed asset funds in the Statement of Financial Activities. The balance of the restricted fixed asset fund is reduced by the depreciation charges on the assets acquired using these funds.

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GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

STRATEGIC REPORT (continued)

For the year ended 31 August 2021, the Academy Trust's total income (excluding capital income) was £5,105,699 (2020: £4,774,878) while the total expenditure (excluding depreciation and LGPS FRS102 pension cost charges) was £4,850,904 (2020: £4,727,104), resulting in a net revenue surplus before investment gains for the year of £254,795 (2020: £47,774). The Academy Trust had gains on investments of £44,340 in the year (2020: loss of £40,527).

The balance of reserves at 31 August 2021, excluding the restricted fixed asset funds and LGPS liability fund was £280,343 (2020: £61,874).

The net book value of fixed assets at 31 August 2021 were £17,592,419. The fixed assets held by the Academy Trust are used exclusively for providing education and associated support services to the pupils of the Academy Trust.

Included within the Academy's balance sheet at year end is a defined benefit pension scheme liability of £1,482,000 (2020: £1,204,000), which arises from the deficit in the Local Government Pension Scheme ("LGPS") that is attributable to the Academy. Further details regarding the deficit in the LGPS at 31 August 2021 are set out in note 23 to the financial statements.

The key financial policies reviewed and adopted during the period included the Financial Procedures Policies and Manual, which lays out the framework for the Academy Trust's financial management, including financial responsibilities of the Board of Trustees, Headmaster, managers, budget holders and other staff, as well as the delegated authorities for spending. The other financial policies reviewed and adopted during the period included Charges and Lettings, Asset Management and Insurance.

The 2020-21 academic year was profoundly affected by the Covid-19 pandemic in respect of the delivery of education. Ultimately, whilst the core delivery was sustained using remote teaching methods, much of the extra-curricular programme was lost, especially sports fixtures, trips, concerts and drama performances. In terms of costs to the School, the effect of the pandemic was broadly neutral given that the majority of income continued, and the majority of spending is on salaries, which were unaffected. The School incurred additional costs for cleaning and cleaning materials and due to a need to make infrastructure changes because of the pandemic, notably the installation of external handwashing facilities. This was exacerbated by a loss of letting income (mainly car parking). The extra costs were offset against Covid grants paid in-year. Loss of revenue was broadly offset against savings on consumables due to a general cessation of day-to-day activities, such that the overall financial impact was minimal.

Reserves policy

The School budget is managed proactively by drawing on an appropriate amount of funds and any significant reserves are held in the Foundation Account, controlled by the Governing Body. The Foundation account receives income exclusively from Trust Funds. The Trust Funds, although not a part of these accounts, are managed by a separate charity with the School as its sole object. The School is able to draw on additional funds from this Trust if required.

Investment policy

The School maintains an investment portfolio for its prize funds with M&G Investments. This fund sustains the two annual prize giving occasions: Lower School Celebration (LSC) (Years 7 and 8) held in July and Speech Day (Years 10 to 13) held in September. Due to Covid-19 constraints, the LSC was a virtual event and Speech Day was held virtually in January 2021. The School maintains a further investment account (The David Biddle Foundation), established following a donation from a former student and teacher on his death, to further students' extracurricular activities at the School. The School also has plans for further investments established

THE GRAMMAR SCHOOL OF KING EDWARD VI AT STRATFORD-UPON-AVON
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GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

through the work of the Development Officer.

Principal risks and uncertainties

The Trustees have assessed the major risks to which the Academy Trust is exposed, especially in the operational areas, such as in relation to teaching, health & safety, safeguarding and school trips, and in relation to the control of finances and strategical development of the Trust. They have introduced systems, including operational procedures and internal financial controls in order to minimise risk and have agreed a Risk Management Strategy and Risk Management Plan, which incorporates a Risk Register. Where significant financial risk still remains, the Trustees have ensured the Academy Trust has adequate insurance cover in place. The Risk Management Plan is constantly reviewed in light of any new information and formally reviewed annually.

The principal risks and uncertainties facing the Academy Trust are as follows:

Educational

The continuing success of the Academy Trust is dependent on continuing to attract pupil applicants in sufficient numbers by maintaining the highest educational standards across all key stages. To mitigate this risk, the Trustees ensure that pupil success and achievement are closely monitored and reviewed, with corrective actions embedded at an early stage, and that relationships and partnerships with parents, the local community and other organisations and groups are maintained and are effective in producing a cohesive and supportive community.

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.

Financial

The Academy Trust has considerable reliance on continued Government funding through the ESFA. In the year, approximately 86% of the Academy Trust's income was ultimately Government funded. Whilst this level is expected to continue, 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, particularly in light continuing changes in to the National Funding Formula for schools.

Continuing increases in employment costs, including pension costs association with both the Teachers' Pension Scheme and the Local Government Pension Schemes, and premises costs will also continue to place significant pressure on the Trust's financial position and its ability to deliver balanced budgets in the future.

The Trustees examine the financial health of the Academy Trust formally every twice termly, reviewing performance against budgets and overall expenditure by means of regular update reports at all full Trustees and Finance and General Purposes Committee meetings.

Staffing

The success of the Academy Trust is reliant on the quality of its staff so the Trustees monitor and review policies and procedures to ensure continued development and training of staff as well as ensuring there is clear succession planning.

Failures in governance and / or management

The risk in this area arises from the potential failure to effectively manage the Academy Trust's finances, internal controls, compliance with regulations and legislation, statutory returns etc. The Trustees continue to review and ensure appropriate measures are in place to mitigate these risks, which includes those relating to fraud and mismanagement of funds.

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GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Fraud and mismanagement of funds

The Academy Trust engaged Mr Graeme Hornsby as responsible officer (RO) to perform a program of work aimed at checking and reviewing the financial systems and records as required by the Academies Financial Handbook. All finance staff receive training to keep them up to date with financial practice requirements and to develop their skills in this area.

At the balance sheet date, the Academy Trust had no significant liabilities arising from trade creditors or debtors where there would be a significant effect on the Academy Trust's liquidity.

The Trustees recognise that the LGPS deficit represents a significant potential liability to the Academy Trust. However, as the Trustees consider the Academy Trust is able to meet its known annual contribution commitments for the foreseeable future, the risk from this liability is minimised.

Plans for future periods

Following a successful bid for CIF funds in the 2019/20 round, the School carried much needed replacement of the main boilers and heating infrastructure, the oldest parts of which dated from the 1960s. This work, was complete by August 2021. The Academy was again successful in the 2020/21 CIF round, securing a £220k project to replace windows and doors around the Quad area, features that date from the 1960s and suffer from significant heat loss.

We remain mindful that the long-term funding of schools remains under pressure and the National Funding Formula (NFF) has only offset some of the cuts that have been borne in the previous decade. It was heartening to note school funding (including Sixth Form) increase by above inflation levels in 2020/21, even though this left the School below 2010 funding levels in real terms. Additional income currently includes that from the separate Trust, car park charges, lettings and other fundraising activities. Accordingly, our Key Objectives for 2021/22 include continuing consideration of the viability of establishing an international presence that will draw on the School's unique brand and our strong ethos, with a view to ultimately securing a sustainable additional income source for the long-term future.

Funds held as custodian on behalf of others

The Academy Trust and its Trustees do not act as Custodian Trustees of any other charity.

The Academy does however hold Post 16 Bursary Funds on behalf of the ESFA, which are distributed to students as required and in line with the terms and conditions of the funds.

Auditor

Cooper Parry Group Limited has indicated its willingness to continue in office, but Audit Services will be retendered during 2022, it being 5 years since this was last done.

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GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Statement of Disclosure of information to auditors

The Governors have confirmed that, as far as they are aware:

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

The Governors' report, incorporating a strategic report, was approved by order of the Board of Governors, as the company directors, on 8 December 2021 and signed on its behalf by:

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Mr VG Matts
Chair of Governors

THE GRAMMAR SCHOOL OF KING EDWARD VI AT STRATFORD-UPON-AVON
(A company limited by guarantee)

GOVERNANCE STATEMENT

Scope of responsibility

As Governors, we acknowledge we have overall responsibility for ensuring that The Grammar School of King Edward VI at Stratford-upon-Avon 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.

As Governors, we have reviewed and taken account of the guidance in DfE's Governance Handbook and competency framework for governance.

The Board of Governors has delegated the day-to-day responsibility to the Headteacher, 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 The Grammar School of King Edward VI at Stratford-upon-Avon and the Secretary of State for Education. They are also responsible for reporting to the board of Governors any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Governors' report and in the statement of governors' responsibilities. The Board of Governors has formally met 4 times during the year.

Attendance during the year at meetings of the Board of Governors was as follows:

Governor	Meetings attended	Out of a possible
Mr B Carr	4	4
Mr VG Matts, Chairman	4	4
Mr J Blann	4	4
Mr M Evans	4	4
Mrs F Fairbairn	4	4
Dr M Fenton	4	4
Mrs KA Hayward	1	2
Prof N Johnson	4	4
Mr JA Jones	3	4
Mr P Maundrill	4	4
Mr S McCrink	4	4
Mrs MT Rendell	1	2
Mrs FJ Roberts	2	2
Mrs J Short	3	4
Mrs E Speechley	4	4
Ms P Streeter	1	4
Mr PP Swann	4	4
Mr N Treble	4	4

The details of the changes in the Board of Governors during the year are provided in the Reference and Administrative Details on page 1.

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GOVERNANCE STATEMENT (CONTINUED)

Governance (continued)

From the time of the School closure in March 2020, Board and Sub-Committee meetings were held virtually with all meetings being successfully held with invariably good attendance. The evidence afforded to the Governors was the same as that provided for face-to-face meetings such that effective governance continued seamlessly.

Although the Board of Governors has met less than 6 times during the current year, the Governors are satisfied they have maintained effective financial oversight of the Trust through the separate meetings of the Finance and General Purposes Group.

The Finance and General Purposes Group is a sub-group of the main Board of Governors. Its purpose is to provide proposals relating to the matters identified in its Terms of Reference for the Full Governing Body and to provide detailed scrutiny of relevant proposals. Attendance during the year at meetings was as follows:

Attendance during the year at meetings was as follows:

Governor	Meetings attended	Out of a possible
Mr JA Jones	5	6
Prof N Johnson	5	6
Mr P Maundrill	5	6
Ms P Streeter	4	6
Mr B Carr (Optional)	6	6
Mr VG Matts (Optional)	6	6

Review of value for money

As Accounting Officer, the Headteacher has responsibility for ensuring that the Academy Trust delivers good value in the use of public resources. The Accounting Officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The Accounting Officer considers how the Academy Trust's use of its resources has provided good value for money during each academic year, and reports to the Board of Governors where value for money can be improved, including the use of benchmarking data where appropriate.

The Accounting Officer for the Academy Trust has delivered improved value for money during the year by:

The Academy Trust has procedures in place that require at least 3 quotes to be sought for purchases over £10,000.

Utilities supplies are purchased through the Eastern Shires Purchasing Organisation (ESPO) which saves the School thousands of pounds per year when compared to commercial energy suppliers.

ESPO (a not-for-profit organisation) also offers a catalogue which is used for buying the bulk of the School's educational supplies.

The School has an Easy Fundraising link on its website which allows parents and friends of the School to use its Easy Fundraising link to generate further revenue for the School.

THE GRAMMAR SCHOOL OF KING EDWARD VI AT STRATFORD-UPON-AVON
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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 on-going process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The system of internal control has been in place in The Grammar School of King Edward VI at Stratford-upon-Avon for the year 1 September 2020 to 31 August 2021 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Board of Governors has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Governors is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the year 1 September 2020 to 31 August 2021 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Governors.

The risk and control framework

The Academy Trust's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability.

In particular, it includes:

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Governors
- regular reviews by the Finance and General Purposes 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
- identification and management of risks

The Board of Governors has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Governors appointed a Responsible Officer to carry out a programme of internal checks.

The appointee's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. In particular the checks carried out in the current period included:

- testing of purchase systems and tendering procedures;
- testing of salary payments and systems; and
- testing of petty cash and bank reconciliations.

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GOVERNANCE STATEMENT (CONTINUED)

The risk and control framework (continued)

On an annual basis, the reviewer reports to the Board of Governors through the Finance and General Purposes Group on the operation of the systems of control and on the discharge of the Governors' financial responsibilities. The work of the Responsible Officer was carried out in accordance with the ESFA's requirements during the year, and no material control issues were identified as a result of their work.

Review of effectiveness

As Accounting Officer, the Headteacher 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 reviewer;
- the work of the external auditors;
- the work of the executive managers within the Academy 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 Finance and General Purposes Group and a plan to ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Governors on 8 December 2021 and signed on their behalf by:

DocuSigned by:

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Mr VG Matts
Chair of Governors

DocuSigned by:

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Mr B Carr
Accounting Officer


THE GRAMMAR SCHOOL OF KING EDWARD VI AT STRATFORD-UPON-AVON
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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of The Grammar School of King Edward VI at Stratford-upon-Avon I have considered my responsibility to notify the Academy Trust Board of Governors and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Academy Trust, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2020.

I confirm that I and the Academy Trust Board of Governors are able to identify any material irregular or improper use of all funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's funding agreement and the Academies Financial Handbook 2020.

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

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Mr B Carr
Accounting Officer

Date: 8 December 2021

THE GRAMMAR SCHOOL OF KING EDWARD VI AT STRATFORD-UPON-AVON
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STATEMENT OF GOVERNORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2021

The Governors (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Governors' report and the financial statements in accordance with the Academies Accounts Direction published by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Governors to prepare financial statements for each financial period. Under company law, the Governors 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 Governors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2019 and the Academies Accounts Direction 2020 to 2021;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Governors are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the 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 Governors 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 Governors are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by order of the members of the Board of Governors on 8 December 2021 and signed on its behalf by:

DocuSigned by:

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Mr VG Matts
Chair of Governors

THE GRAMMAR SCHOOL OF KING EDWARD VI AT STRATFORD-UPON-AVON
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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
GRAMMAR SCHOOL OF KING EDWARD VI AT STRATFORD-UPON-AVON**

Opinion

We have audited the financial statements of The Grammar School of King Edward VI at Stratford-upon-Avon (the 'academy trust') for the year ended 31 August 2021 which comprise the Statement of financial activities, 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', the Charities SORP 2019 and the Academies Accounts Direction 2020 to 2021 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy Trust's affairs as at 31 August 2021 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2019 and the Academies Accounts Direction 2020 to 2021 issued by the Education and Skills Funding Agency.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Academy Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the 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

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

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

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

THE GRAMMAR SCHOOL OF KING EDWARD VI AT STRATFORD-UPON-AVON
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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
GRAMMAR SCHOOL OF KING EDWARD VI AT STRATFORD-UPON-AVON (CONTINUED)**

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditors' report thereon. The Governors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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 Governors' report including the Strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Governors' report and the Strategic report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of Governors

As explained more fully in the governors' responsibilities statement, the Governors (who are also the directors of the Academy Trust 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 Governors 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 Governors are responsible for assessing the Academy Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Governors either intend to liquidate the Academy Trust or to cease operations, or have no realistic alternative but to do so.

THE GRAMMAR SCHOOL OF KING EDWARD VI AT STRATFORD-UPON-AVON
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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
GRAMMAR SCHOOL OF KING EDWARD VI AT STRATFORD-UPON-AVON (CONTINUED)**

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.

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

Our assessment focussed on key laws and regulations the Academy Trust has to comply with and areas of the financial statements we assessed as being more susceptible to misstatement. These key laws and regulations included but were not limited to compliance with the Companies Act 2006, Charities Act 2011, the Academies Financial Handbook 2020, the Academies Accounts Direction 2020 to 2021, taxation legislation, data protection, anti-bribery and employment legislation.

We are not responsible for preventing irregularities, including fraud. Our approach to detecting irregularities, including fraud, included, but was not limited to, the following:

- obtaining an understanding of the legal and regulatory framework applicable to the Academy Trust and how the Academy Trust is complying with that framework, including agreement of financial statement disclosures to underlying documentation and other evidence;
- obtaining an understanding of the Academy Trust's control environment and how the Academy Trust has applied relevant control procedures, through discussions with Trustees and other management and by reviewing the reports on the internal scrutiny work commissioned by the trust in relation to the year and by performing walkthrough testing over key areas;
- obtaining an understanding of the Academy Trust's risk assessment process, including the risk of fraud;
- reviewing meeting minutes of those charged with governance throughout the year; and
- performing audit testing to address the risk of management override of controls, including testing journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias.

Whilst considering how our audit work addressed the detection of irregularities, we also considered the likelihood of detection of fraud based on our approach. Irregularities arising from fraud are inherently more difficult to detect than those arising from error.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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.

THE GRAMMAR SCHOOL OF KING EDWARD VI AT STRATFORD-UPON-AVON
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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
GRAMMAR SCHOOL OF KING EDWARD VI AT STRATFORD-UPON-AVON (CONTINUED)**

Use of our report

This report is made solely to the Academy Trust's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Academy Trust's members those matters we are required to state to them in an 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 Academy Trust and its members, as a body, for our audit work, for this report, or for the opinions we have formed.



Glen Bott FCA (Senior Statutory Auditor)

for and on behalf of

Cooper Parry Group Limited

Chartered Accountants

Statutory Auditor

Park View

One Central Boulevard

Blythe Valley Park

Solihull

West Midlands

B90 8BG

Date: 15 December 2021

THE GRAMMAR SCHOOL OF KING EDWARD VI AT STRATFORD-UPON-AVON
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE
GRAMMAR SCHOOL OF KING EDWARD VI AT STRATFORD-UPON-AVON AND THE EDUCATION AND
SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 2 November 2020 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2020 to 2021, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Grammar School of King Edward VI at Stratford-upon-Avon during the year 1 September 2020 to 31 August 2021 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 The Grammar School of King Edward VI at Stratford-upon-Avon and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to The Grammar School of King Edward VI at Stratford-upon-Avon and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than The Grammar School of King Edward VI at Stratford-upon-Avon and ESFA, for our work, for this report, or for the conclusion we have formed.

**Respective responsibilities of The Grammar School of King Edward VI at Stratford-upon-Avon's
accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of The Grammar School of King Edward VI at Stratford-upon-Avon's funding agreement with the Secretary of State for Education dated 17 August 2011 and the Academies Financial Handbook, extant from 1 September 2020, 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 2020 to 2021. 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 2020 to 31 August 2021 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Framework and Guide for External Auditors and Reporting Accountant of Academy Trusts issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

THE GRAMMAR SCHOOL OF KING EDWARD VI AT STRATFORD-UPON-AVON
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE
GRAMMAR SCHOOL OF KING EDWARD VI AT STRATFORD-UPON-AVON AND THE EDUCATION &
SKILLS FUNDING AGENCY (CONTINUED)**

The work undertaken to draw our conclusions included:

- Reviewing the internal control policies and procedures implemented by the Academy Trust and evaluating their design and effectiveness to understand how the Academy Trust has complied with the framework of authorities, including reviewing the reports on the internal scrutiny work commissioned by the trust in relation to the year.
- Reviewing the minutes of meetings of the Trustees, relevant sub-committees and other evidence made available to us, relevant to our consideration of regularity;
- Enquiries of the Accounting Officer, including reviewing the work undertaken by the Accounting Officer in relation to their Statement on Regularity, Propriety and Compliance; and
- Detailed testing of the income and expenditure of the Academy Trust based on our assessment of the risk of material irregularity, impropriety and non-compliance. This work was integrated with our audit of the financial statements where appropriate and included analytical review and detailed substantive testing of transactions.

Conclusion

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



Reporting Accountant
Cooper Parry Group Limited
Chartered Accountants
Statutory Auditor

Date: 15 December 2021

THE GRAMMAR SCHOOL OF KING EDWARD VI AT STRATFORD-UPON-AVON
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2021**

	Note	Unrestricted funds 2021 £	Restricted funds 2021 £	Restricted fixed asset funds 2021 £	Total funds 2021 £	Total funds 2020 £
Income from:						
Donations and capital grants	3	145,000	370,805	236,579	752,384	1,196,963
Charitable activities		35,096	4,368,496	-	4,403,592	4,062,076
Other trading activities		161,538	15,397	-	176,935	169,994
Investments	6	1,409	7,958	-	9,367	12,105
Total income		343,043	4,762,656	236,579	5,342,278	5,441,138
Expenditure on:						
Charitable activities		45,481	4,933,423	371,577	5,350,481	5,246,299
Total expenditure		45,481	4,933,423	371,577	5,350,481	5,246,299
Net income/(expenditure) before net gains/(losses) on investments						
		297,562	(170,767)	(134,998)	(8,203)	194,839
Net gains/(losses) on investments		6,464	37,876	-	44,340	(40,527)
Net income/(expenditure)		304,026	(132,891)	(134,998)	36,137	154,312
Transfers between funds	17	(80,666)	-	80,666	-	-
Net movement in funds before other recognised gains/(losses)		223,360	(132,891)	(54,332)	36,137	154,312
Other recognised gains/(losses):						
Actuarial losses on defined benefit pension schemes	24	-	(150,000)	-	(150,000)	(2,000)
Net movement in funds		223,360	(282,891)	(54,332)	(113,863)	152,312

THE GRAMMAR SCHOOL OF KING EDWARD VI AT STRATFORD-UPON-AVON
(A company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
(CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Note	Unrestricted funds 2021 £	Restricted funds 2021 £	Restricted fixed asset funds 2021 £	Total funds 2021 £	Total funds 2020 £
Reconciliation of funds:					
Total funds brought forward	25,947	(1,168,073)	18,064,104	16,921,978	16,769,666
Net movement in funds	223,360	(282,891)	(54,332)	(113,863)	152,312
Total funds carried forward	249,307	(1,450,964)	18,009,772	16,808,115	16,921,978

The Statement of financial activities includes all gains and losses recognised in the year.

The notes on pages 35 to 62 form part of these financial statements.

THE GRAMMAR SCHOOL OF KING EDWARD VI AT STRATFORD-UPON-AVON
(A company limited by guarantee)
REGISTERED NUMBER: 07696173

BALANCE SHEET
AS AT 31 AUGUST 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	13	17,592,419	17,338,554
Investments	14	213,897	169,557
		<u>17,806,316</u>	<u>17,508,111</u>
Current assets			
Debtors	15	429,920	680,477
Cash at bank and in hand		220,283	97,436
		<u>650,203</u>	<u>777,913</u>
Creditors: amounts falling due within one year	16	(166,404)	(160,046)
Net current assets		483,799	617,867
Total assets less current liabilities		18,290,115	18,125,978
Net assets excluding pension liability		18,290,115	18,125,978
Defined benefit pension scheme liability	24	(1,482,000)	(1,204,000)
Total net assets		16,808,115	16,921,978

THE GRAMMAR SCHOOL OF KING EDWARD VI AT STRATFORD-UPON-AVON
(A company limited by guarantee)
REGISTERED NUMBER: 07696173

BALANCE SHEET (CONTINUED)
AS AT 31 AUGUST 2021

	Note	2021 £	2020 £
Funds of the Academy Trust			
Restricted funds:			
Fixed asset funds	17	18,009,772	18,064,104
Restricted income funds	17	31,036	35,927
Pension reserve	17	(1,482,000)	(1,204,000)
Total restricted funds	17	16,558,808	16,896,031
Unrestricted income funds	17	249,307	25,947
Total funds		16,808,115	16,921,978

The financial statements on pages 30 to 62 were approved by the Governors, and authorised for issue on 08 December 2021 and are signed on their behalf, by:

DocuSigned by:

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Mr VG Matts
 Chair of Governors

The notes on pages 35 to 62 form part of these financial statements.

THE GRAMMAR SCHOOL OF KING EDWARD VI AT STRATFORD-UPON-AVON
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2021

	Note	2021 £	2020 £
Cash flows from operating activities			
Net cash provided by/(used in) operating activities	19	502,343	(730,240)
Cash flows from investing activities			
	21	(379,496)	641,175
Cash flows from financing activities			
	20	6,228	-
Change in cash and cash equivalents in the year		129,075	(89,065)
Cash and cash equivalents at the beginning of the year		91,208	180,273
Cash and cash equivalents at the end of the year	22, 23	220,283	91,208

The notes on pages 35 to 62 form part of these financial statements

THE GRAMMAR SCHOOL OF KING EDWARD VI AT STRATFORD-UPON-AVON
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

1. Accounting policies

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

1.1 Basis of preparation of financial statements

The financial statements of the Academy Trust, which is a public benefit entity under FRS 102, have been prepared under the historic cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2020 to 2021 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

1.2 Going concern

The Governors 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 Academy Trust to continue as a going concern. The Governors make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements.

The balance of reserves at 31 August 2021 is £280,343, which consists of unrestricted funds of £249,307, restricted prize funds of £194,848 and a deficit on the restricted General Annual Grant fund of £163,812. As the prize funds are restricted in their use, the Academy Trust therefore has an overall surplus of revenue funds of £51,726. The Academy Trust has net current assets at 31 August 2021 of £483,799 however this includes £389,801 of accrued CIF funding. Excluding the accrued CIF funding leaves net current assets of £93,998.

The Governors are aware of the challenges and issues that having low reserves bring. The Governors are reliant on the ongoing funding provided by the Trustees of The Grammar School of King Edward VI School (the "School Charity") each year and the commitment from the School Charity Trustees to provide ongoing and additional funding to support the Academy Trust in continuing to operate as a going concern for the foreseeable future. With the expected increases in funding in future years from the implementation of the new National Funding Formula and increases in pupil numbers, together with the ongoing funding and financial support available from the School Charity, the continued focus on exploring additional income generating opportunities and a continued focus on reviewing key areas of operational expenditure, the Governors are satisfied that the overall financial position of the Academy Trust will improve and that the GAG fund will return to a surplus position over the next 3 to 5 year period. The School Charity have provided a letter of support to the Governors, which indicates that the School Charity will continue to provide ongoing funding and financial support to the Academy Trust to enable it to continue as a going concern for the foreseeable future.

As such, after making appropriate enquiries, the Board of Governors, including all sub-Groups, has a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future and that there are no material uncertainties about the academy's ability to continue as a going concern. For this reason, the Governors continue to adopt the going concern basis of accounting in preparing the financial statements.

THE GRAMMAR SCHOOL OF KING EDWARD VI AT STRATFORD-UPON-AVON
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

1. Accounting policies (continued)

1.3 Taxation

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

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

1.4 Fund accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the 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.

Investment income, gains and losses are allocated to the appropriate fund.

THE GRAMMAR SCHOOL OF KING EDWARD VI AT STRATFORD-UPON-AVON
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

1. Accounting policies (continued)

1.5 Income

All income is recognised once the Academy 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**

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

General Annual Grant is recognised in full in the statement of financial activities in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability

Capital grants are recognised 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.

• **Sponsorship income**

Sponsorship income provided to the Academy Trust which amounts to a donation is recognised in the statement of financial activities in the period in which it is receivable, where receipt is probable and it is measurable.

• **Donations**

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

• **Other income**

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

1.6 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.

THE GRAMMAR SCHOOL OF KING EDWARD VI AT STRATFORD-UPON-AVON
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

1. Accounting policies (continued)

1.6 Expenditure (continued)

• **Charitable activities**

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

All expenditure is inclusive of irrecoverable VAT.

1.7 Operating leases

Rentals paid under operating leases are charged to the statement of financial activities on a straight line basis over the lease term.

1.8 Investments

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the balance sheet date, unless the value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and presented as 'Gains/(Losses) on investments' in the statement of financial activities.

1.9 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.

1.10 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.

1.11 Tangible fixed assets

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 and carried forward in the balance sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the statement of financial activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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

THE GRAMMAR SCHOOL OF KING EDWARD VI AT STRATFORD-UPON-AVON
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

1. Accounting policies (continued)

1.11 Tangible fixed assets (continued)

Land	- not depreciated
Buildings	- 50 years straight line
ICT equipment	- 3 years straight line
Fixtures, fittings and equipment	- 2-10 years straight line

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use and reclassified to freehold or leasehold land and buildings.

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

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 Academy Trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

1.13 Agency arrangements

The Academy Trust acts as agent in distributing bursary funds from the ESFA. Payments received from the ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the Trust does not have control over the charitable application of the funds. The funds received and any balances held are recognised in note 26.

1.14 Financial instruments

The Academy Trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the Academy Trust and their measurement bases 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 15. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 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 instrument.

THE GRAMMAR SCHOOL OF KING EDWARD VI AT STRATFORD-UPON-AVON
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

1. Accounting policies (continued)

1.15 Pensions

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

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

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

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

THE GRAMMAR SCHOOL OF KING EDWARD VI AT STRATFORD-UPON-AVON
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

2. Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions:

Tangible fixed assets are depreciated over their economic useful lives taking into account residual values where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors.

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 24, 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 2019 has been used by the actuary in valuing the pensions liability at 31 August 2020. 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.

Critical areas of judgement:

The classification of expenditure between restricted and unrestricted funds is deemed as a critical area of judgement as certain expenditure can be applied to both funds. Where this is the case and the amounts in question are considered material the expenditure is apportioned to both funding streams on an appropriate basis.

The Academy Trust obtains use of fixed assets as a lessee. The classification of such leases as operating or finance lease requires the Academy Trust to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the Balance Sheet.

THE GRAMMAR SCHOOL OF KING EDWARD VI AT STRATFORD-UPON-AVON
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

3. Income from donations and capital grants

	Unrestricted funds 2021 £	Restricted funds 2021 £	Restricted fixed asset funds 2021 £	Total funds 2021 £	Total funds 2020 £
Donations	145,000	127,118	-	272,118	236,731
Capital Grants	-	-	236,579	236,579	585,235
Private sponsorship	-	243,687	-	243,687	374,997
	<u>145,000</u>	<u>370,805</u>	<u>236,579</u>	<u>752,384</u>	<u>1,196,963</u>
Total 2020	<u>-</u>	<u>530,704</u>	<u>666,259</u>	<u>1,196,963</u>	

THE GRAMMAR SCHOOL OF KING EDWARD VI AT STRATFORD-UPON-AVON
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

4. Funding for the Academy Trust's educational operations

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
DfE/ESFA grants				
General Annual Grant (GAG)	-	3,745,517	3,745,517	3,362,290
Other DfE/ESFA grants				
Pupil Premium	-	11,931	11,931	12,357
Teachers pay grant	-	53,837	53,837	51,907
Teachers pension grant	-	152,133	152,133	146,968
Other DfE Group grants	-	24,406	24,406	18,227
	-	-	3,987,824	3,591,749
Other Government grants				
Other government grants	-	7,857	7,857	23,849
	-	7,857	7,857	23,849
Other income from the Academy Trust's educational operations	35,096	303,952	339,048	446,478
COVID-19 additional funding (DfE/ESFA)				
Catch-up Premium	-	35,840	35,840	-
Mass testing	-	33,023	33,023	-
	-	68,863	68,863	-
	35,096	4,368,496	4,403,592	4,062,076
Total 2020	1,214	4,060,862	4,062,076	

Following the reclassification in the Academies Accounts Direction 2020/21 of some grants received from the Department of Education and ESFA, the academy trust's funding for Pupil Premium, Teachers Pay and Teachers Pension is no longer reported under the Other DfE Group grants heading, but as separate lines under the Other DfE/ESFA grants heading. The prior year numbers have been reclassified.

The academy received £36k of funding for catch-up premium and costs incurred in respect of this funding totalled £36k during this financial year. The academy also received £33k of mass testing funding and costs incurred in respect of this fund totalled £33k during this financial year.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

5. Income from other trading activities

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Hire of facilities	15,922	-	15,922	25,962
Other income	145,616	15,397	161,013	144,032
	<u>161,538</u>	<u>15,397</u>	<u>176,935</u>	<u>169,994</u>
Total 2020	<u>146,780</u>	<u>23,214</u>	<u>169,994</u>	

6. Investment income

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Other investment income	1,358	7,958	9,316	11,719
Short term deposits	51	-	51	386
	<u>1,409</u>	<u>7,958</u>	<u>9,367</u>	<u>12,105</u>
Total 2020	<u>2,380</u>	<u>9,725</u>	<u>12,105</u>	

THE GRAMMAR SCHOOL OF KING EDWARD VI AT STRATFORD-UPON-AVON
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

7. Expenditure

	Staff Costs 2021 £	Premises 2021 £	Other 2021 £	Total 2021 £	Total 2020 £
Educational operations:					
Direct costs	2,906,969	-	968,894	3,875,863	3,912,901
Allocated support costs	740,653	343,562	390,402	1,474,617	1,333,398
	<u>3,647,622</u>	<u>343,562</u>	<u>1,359,296</u>	<u>5,350,480</u>	<u>5,246,299</u>
Total 2020	<u><u>3,491,311</u></u>	<u><u>254,103</u></u>	<u><u>1,500,885</u></u>	<u><u>5,246,299</u></u>	

8. Analysis of expenditure by activities

	Activities undertaken directly 2021 £	Support costs 2021 £	Total funds 2021 £	Total funds 2020 £
Educational operations	<u>3,875,863</u>	<u>1,474,617</u>	<u>5,350,480</u>	<u>5,246,299</u>
Total 2020	<u><u>3,912,901</u></u>	<u><u>1,333,398</u></u>	<u><u>5,246,299</u></u>	

THE GRAMMAR SCHOOL OF KING EDWARD VI AT STRATFORD-UPON-AVON
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

8. Analysis of expenditure by activities (continued)

Analysis of support costs

	Educational operations 2021 £	Total funds 2021 £	Total funds 2020 £
LGPS FRS102 net pension interest cost	21,000	21,000	21,000
Staff costs	740,653	740,653	710,367
Premises costs	343,562	343,562	254,103
Other costs	369,402	369,402	347,928
	<u>1,474,617</u>	<u>1,474,617</u>	<u>1,333,398</u>
Total 2020	<u>1,333,398</u>	<u>1,333,398</u>	

9. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2021 £	2020 £
Operating lease rentals	13,680	7,606
Depreciation of tangible fixed assets	371,577	394,194
Fees paid to auditors for:		
- audit	7,950	7,750
- other services	3,600	3,450
	<u>385,127</u>	<u>402,999</u>

THE GRAMMAR SCHOOL OF KING EDWARD VI AT STRATFORD-UPON-AVON
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NOTES TO THE FINANCIAL STATEMENTS
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10. Staff

a. Staff costs

Staff costs during the year were as follows:

	2021	2020
	£	£
Wages and salaries	2,693,139	2,580,314
Social security costs	256,869	241,172
Pension costs	697,614	669,825
	3,647,622	3,491,311

b. Staff numbers

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

	2021	2020
	No.	No.
Teachers	51	50
Administration and support	44	40
Management	5	5
	100	95

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10. Staff (continued)

c. Higher paid staff

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

	2021	2020
	No.	No.
In the band £70,001 - £80,000	2	2
In the band £120,001 - £130,000	1	1
	2	3

d. Key management personnel

The key management personnel of the Academy Trust comprise the Governors and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the Academy Trust was £530,992 (2020 £513,296).

11. Governors' remuneration and expenses

One or more Governors has been paid remuneration or has received other benefits from an employment with the Academy Trust. The principal and other staff Governors only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment. The value of Governors' remuneration and other benefits was as follows:

		2021	2020
		£	£
Mr B Carr	Remuneration	125,000 -	125,000 -
		130,000	130,000
	Pension contributions paid	25,000 -	25,000 -
		30,000	30,000
Mrs KA Hayward (resigned 9 December 2020)	Remuneration	15,000 -	10,000 -
		20,000	15,000
	Pension contributions paid	0 - 5,000	0 - 5,000
Mr S McCrink	Remuneration	55,000 -	50,000 -
		60,000	55,000
	Pension contributions paid	10,000 -	5,000 -
		15,000	10,000
Mr N Treble	Remuneration	40,000 -	40,000 -
		45,000	45,000
	Pension contributions paid	10,000 -	5,000 -
		15,000	10,000

During the year ended 31 August 2021, expenses totalling £nil were reimbursed or paid directly to Governors (2020: £1,398 to 5 Governors). The expenses were for reimbursement of travel costs.

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12. Governors' and Officers' insurance

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

13. Tangible fixed assets

	Leasehold property £	Furniture and fixtures £	Computer equipment £	Total £
Cost or valuation				
At 1 September 2020	19,742,308	384,344	193,153	20,319,805
Additions	394,290	150,486	80,666	625,442
At 31 August 2021	<u>20,136,598</u>	<u>534,830</u>	<u>273,819</u>	<u>20,945,247</u>
Depreciation				
At 1 September 2020	2,573,843	218,127	189,281	2,981,251
Charge for the year	320,472	47,233	3,872	371,577
At 31 August 2021	<u>2,894,315</u>	<u>265,360</u>	<u>193,153</u>	<u>3,352,828</u>
Net book value				
At 31 August 2021	<u>17,242,283</u>	<u>269,470</u>	<u>80,666</u>	<u>17,592,419</u>
At 31 August 2020	<u>17,168,465</u>	<u>166,217</u>	<u>3,872</u>	<u>17,338,554</u>

Included in long term leasehold property is the Academy Trusts interest in leasehold land, which is carried at a value at 31 August 2021 of £4,113,000 (2020 - £4,113,000) and which is not depreciated.

The freehold of the property occupied by the School is owned by the Trustees of the School Charity for the sole use of the School in perpetuity.

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14. Fixed asset investments

	Listed securities £
Cost or valuation	
At 1 September 2020	169,557
Revaluations	44,340
At 31 August 2021	213,897
Net book value	
At 31 August 2021	213,897
At 31 August 2020	169,557

15. Debtors

	2021 £	2020 £
Trade debtors	273	599
Other debtors	11,290	9,590
Prepayments and accrued income	418,357	670,288
	429,920	680,477

16. Creditors: Amounts falling due within one year

	2021 £	2020 £
Bank overdrafts	-	6,228
Trade creditors	55	3,819
Other taxation and social security	66,960	63,419
Other creditors	3,892	2,043
Accruals and deferred income	95,497	84,537
	166,404	160,046

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	2021	2020
	£	£
Deferred income		
Deferred income at 1 September 2020	54,537	133,361
Resources deferred during the year	65,497	54,537
Amounts released from previous periods	(54,537)	(133,361)
	<u>65,497</u>	<u>54,537</u>
	<u><u>65,497</u></u>	<u><u>54,537</u></u>

Deferred income consists of music fee income and trip income received in advance, which will be utilised during the year ending 31 August 2022.

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17. Statement of funds

	Balance at 1 September 2020 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2021 £
Unrestricted funds						
Designated funds						
Biddle fund	25,947	1,358	-	-	6,464	33,769
General funds						
General funds	-	341,685	(45,481)	(80,666)	-	215,538
Total Unrestricted funds	25,947	343,043	(45,481)	(80,666)	6,464	249,307
Restricted general funds						
General Annual Grant	(122,431)	3,745,517	(3,786,898)	-	-	(163,812)
Other DfE/ESFA revenue funds	-	242,307	(242,307)	-	-	-
Covid related funds	-	68,863	(68,863)	-	-	-
Prize funds	158,358	7,958	(9,344)	-	37,876	194,848
Other restricted funds	-	698,011	(698,011)	-	-	-
Pension reserve	(1,204,000)	-	(128,000)	-	(150,000)	(1,482,000)
	(1,168,073)	4,762,656	(4,933,423)	-	(112,124)	(1,450,964)
Restricted fixed asset funds						
Fixed assets	17,338,555	-	(371,577)	80,666	-	17,047,644
Capital grants	594,851	236,579	-	-	-	831,430
Trustee capital funding	130,698	-	-	-	-	130,698
	18,064,104	236,579	(371,577)	80,666	-	18,009,772
Total Restricted funds	16,896,031	4,999,235	(5,305,000)	80,666	(112,124)	16,558,808
Total funds	16,921,978	5,342,278	(5,350,481)	-	(105,660)	16,808,115

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17. Statement of funds (continued)

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

Designated funds

The Biddle fund represents amounts given to the Academy Trust with a request that it be used to fund discretionary awards to students of the Academy Trust to help them in their academic studies.

Restricted funds

The General Annual Grant (GAG) must be used for the normal running costs of the Academy. The balance of the GAG fund is in deficit at 31 August 2021. The Governors are reliant on the ongoing funding provided by the Trustees of The Grammar School of King Edward VI School (the "School Charity") each year and the commitment from the School Charity Trustees to provide ongoing and additional funding to support the Academy Trust in continuing to operate as a going concern for the foreseeable future. With the expected increases in funding in future years from the implementation of the new National Funding Formula and increases in pupil numbers, together with the ongoing funding and financial support available from the School Charity, the continued focus on exploring additional income generating opportunities and a continued focus on reviewing key areas of operational expenditure, the Governors are satisfied that the overall financial position of the Academy Trust will improve and that the GAG fund will return to a surplus position over the next 3 to 5 years period. The School Charity have provided a letter of support to the Governors, which indicates that the School Charity will continue to provide ongoing funding and financial support to the Academy Trust to enable it to continue as a going concern for the foreseeable future. Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the amount of GAG it could carry forward at 31 August 2021.

Other DfE and Local Authority grants must be utilised for the intended purpose for which the grant was given.

The pension reserve represents the deficit in the Local Government Pension Scheme.

The prize funds represent amounts given to the Academy Trust with a request that it be used to fund annual prizes and awards to students of the Academy Trust to help them in their academic studies.

Restricted fixed asset funds

These represent the fixed assets transferred on Academy conversion, additions and depreciation, as well as capital grants and donations received and receivable which have not been fully expended at year end.

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17. Statement of funds (continued)

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

	Balance at 1 September 2019 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2020 £
Unrestricted funds						
Designated funds						
Biddle fund	31,127	1,997	(1,269)	-	(5,908)	25,947
General funds						
General funds	-	148,376	(34,176)	(114,200)	-	-
Total Unrestricted funds	31,127	150,373	(35,445)	(114,200)	(5,908)	25,947
Restricted general funds						
General Annual Grant	(171,074)	3,353,569	(3,419,126)	114,200	-	(122,431)
Other DfE/ESFA revenue funds	1,184	259,964	(261,148)	-	-	-
Prize funds	193,390	10,420	(10,833)	-	(34,619)	158,358
Other restricted funds	-	1,000,552	(1,000,552)	-	-	-
Pension reserve	(1,077,000)	-	(125,000)	-	(2,000)	(1,204,000)
	(1,053,500)	4,624,505	(4,816,659)	114,200	(36,619)	(1,168,073)
Restricted fixed asset funds						
Fixed assets	17,695,560	-	(394,194)	37,189	-	17,338,555
Capital grants	28,305	603,735	-	(37,189)	-	594,851
Trustee capital funding	68,174	62,524	-	-	-	130,698
	17,792,039	666,259	(394,194)	-	-	18,064,104
Total Restricted funds	16,738,539	5,290,764	(5,210,853)	114,200	(36,619)	16,896,031
Total funds	16,769,666	5,441,137	(5,246,298)	-	(42,527)	16,921,978

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17. Statement of funds (continued)

18. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2021 £	Restricted funds 2021 £	Restricted fixed asset funds 2021 £	Total funds 2021 £
Tangible fixed assets	-	-	17,592,419	17,592,419
Fixed asset investments	31,180	182,717	-	213,897
Current assets	169,161	63,689	417,353	650,203
Creditors due within one year	48,966	(215,370)	-	(166,404)
Provisions for liabilities and charges	-	(1,482,000)	-	(1,482,000)
Total	249,307	(1,450,964)	18,009,772	16,808,115

Analysis of net assets between funds - prior year

	Unrestricted funds 2020 £	Restricted funds 2020 £	Restricted fixed asset funds 2020 £	Total funds 2020 £
Tangible fixed assets	-	-	17,338,554	17,338,554
Fixed asset investments	24,716	144,841	-	169,557
Current assets	482	51,881	725,550	777,913
Creditors due within one year	749	(160,795)	-	(160,046)
Provisions for liabilities and charges	-	(1,204,000)	-	(1,204,000)
Total	25,947	(1,168,073)	18,064,104	16,921,978

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19. Reconciliation of net income to net cash flow from operating activities

	2021 £	2020 £
Net income for the year (as per statement of financial activities)	36,137	154,312
Adjustments for:		
Depreciation	371,577	394,194
Capital grants from DfE and other capital income	(236,579)	(666,259)
Dividends, interest and rents from investments	(9,367)	(12,105)
Defined benefit pension scheme cost less contributions payable	107,000	104,000
Defined benefit pension scheme finance cost	21,000	21,000
Decrease/(increase) in debtors	250,557	(628,145)
Increase/(decrease) in creditors	6,358	(137,764)
Revaluations of investments	(44,340)	40,527
Net cash provided by/(used in) operating activities	502,343	(730,240)

20. Cash flows from financing activities

	2021 £	2020 £
Repayments of borrowing	6,228	-
Net cash provided by financing activities	6,228	-

21. Cash flows from investing activities

	2021 £	2020 £
Dividends, interest and rents from investments	9,367	12,105
Purchase of tangible fixed assets	(625,442)	(37,189)
Capital grants	236,579	666,259
Net cash (used in)/provided by investing activities	(379,496)	641,175

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22. Analysis of cash and cash equivalents

	2021 £	2020 £
Cash in hand and at bank	220,283	97,436
Overdraft facility repayable on demand	-	(6,228)
Total cash and cash equivalents	220,283	91,208

23. Analysis of changes in net debt

	At 1 September 2020 £	Cash flows £	At 31 August 2021 £
Cash at bank and in hand	97,436	122,847	220,283
Bank overdrafts repayable on demand	(6,228)	6,228	-
	91,208	129,075	220,283

24. Pension commitments

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

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

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

Teachers' Pension Scheme

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

The TPS is an unfunded scheme to which both the member and employer makes contributions, as a percentage of salary - these contributions are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

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24. Pension commitments (continued)

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury every 4 years. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education on 5 March 2019. The key elements of the valuation and subsequent consultation are:

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

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

The employer's pension costs paid to TPS in the year amounted to £480,614 (2020 - £464,825).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (<https://www.teacherspensions.co.uk/news/employers/2019/04/teachers-pensions-valuation-report.aspx>).

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

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2021 was £141,000 (2020 - £132,000), of which employer's contributions totalled £110,000 (2020 - £101,000) and employees' contributions totalled £ 31,000 (2020 - £31,000). The agreed contribution rates for future years are 23.1 per cent for employers and an average rate of 5.8 per cent for employees.

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

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.

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24. Pension commitments (continued)

Principal actuarial assumptions

	2021	2020
	%	%
Rate of increase in salaries	3.70	3.00
Rate of increase for pensions in payment/inflation	2.90	2.20
Discount rate for scheme liabilities	1.65	1.70

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

	2021	2020
	Years	Years
Retiring today		
Males	21.8	21.6
Females	24.2	23.8
Retiring in 20 years		
Males	23.0	22.5
Females	26.1	25.4

Sensitivity analysis

	2021	2020
	£000	£000
Discount rate -0.5%	410,000	331,000
Salary increase rate +0.5%	35,000	30,000
CPI rate +0.5%	365,000	295,000

Share of scheme assets

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

	2021	2020
	£	£
Equities	1,377,000	1,012,000
Bonds	533,000	422,000
Property	244,000	219,000
Cash and other liquid assets	67,000	34,000
Total market value of assets	2,221,000	1,687,000

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24. Pension commitments (continued)

The actual return on scheme assets was £432,000 (2020 - £16,000).

The amounts recognised in the Statement of financial activities are as follows:

	2021 £	2020 £
Current service cost	(217,000)	(205,000)
Interest income	30,000	29,000
Interest cost	(51,000)	(50,000)
Total	(238,000)	(226,000)

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

	2021 £	2020 £
Opening defined benefit obligation	2,891,000	2,643,000
Current service cost	217,000	205,000
Interest cost	51,000	50,000
Employee contributions	31,000	31,000
Actuarial losses/(gains)	552,000	(11,000)
Benefits paid	(39,000)	(27,000)
Closing defined benefit obligation	3,703,000	2,891,000

Changes in the fair value of the Academy Trust's share of scheme assets were as follows:

	2021 £	2020 £
Opening fair value of scheme assets	1,687,000	1,566,000
Interest income	30,000	29,000
Actuarial gains/(losses)	402,000	(13,000)
Employer contributions	110,000	101,000
Employee contributions	31,000	31,000
Benefits paid	(39,000)	(27,000)
Closing fair value of scheme assets	2,221,000	1,687,000

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25. Operating lease commitments

At 31 August 2021 the Academy Trust had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2021 £	2020 £
Amounts payable:		
Within 1 year	20,823	11,771
Between 1 and 5 years	51,581	40,968
Total	<u>72,404</u>	<u>52,739</u>

26. 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.

27. Agency arrangements

The Academy Trust distributes 16-19 bursary funds to students as an agent for the ESFA. In the year ended 31 August 2021 the Trust received £7,268 (2020: £8,721) and distributed £7,268 (2020: £9,700). An amount of £nil (2020: £nil) is included as undistributed funds that is repayable to the ESFA.

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28. Related party transactions

Owing to the nature of the Academy Trust and the composition of the Board of Governors being drawn from local public and private sector organisations, transactions may take place with organisations in which the governors have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the Academies Financial Handbook, including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and with the Academy Trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

The following related party transactions took place during the year:

The Trustees of The Grammar School of King Edward VI School (established separately under Charity Number 528769) are a related party as they and the Academy Trust share a common Trustee. Mr V G F Matts acts as both a Trustee of the Charity and as a Governor of the Academy Trust. The charity owns the freehold of the land and buildings for the sole use of the Academy Trust in perpetuity. This was recognised in the 2013 financial statements at a valuation of £17,784,000. Depreciation of £273,420 (2020: £273,420) has been charged in the current year.

The School Charity receives monies in the form of a non-discretionary grant from the Stratford Town Trust and transfers a proportion of these monies to the Academy Trust each year as an annual contribution, as specified in note 2 as "Private sponsorship". In addition to this, £nil (2020: £62,524) has been recognised by the Academy Trust in the year in respect of capital grants from the Charity. Accrued income in respect of this is £nil at 31 August 2021 (2020: £62,524). No other amounts were owed to or from the Charity at 31 August 2021 (2020: £nil).