

GFM Education
(A Company Limited by Guarantee)
Annual Report and Financial Statements
Year ended 31 August 2020

Company Registration Number:
07834711 (England and Wales)

GFM Education

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GFM Education

Reference and Administrative Details

Members:

C Beswick (to 3 November 2020)

J Bonsor

A Cojocar

N Duncan

R Williams (to 3 November 2020)

Trustees:

C Beswick

J Bonsor

A Cojocar

C Donovan

G Hicks (appointed 19 October 2020)

J Morgan

I Potter

K Robertson

R Williams (appointed 3 November 2020)

M Corkill (resigned 10 December 2019)

P Lane (passed away during the year)

Senior Management Team:

I Potter	Chief Executive Officer
G Mulhall	Executive Head Teacher
S Parker-Tyreman	Executive Head Teacher
S Hamilton	Executive Finance Director
M Smith	Director of Human Resources
K Andrew-Power	Head Teacher
N Matthias	Head Teacher
K Payne	Head Teacher
M Jones	Deputy Head Teacher
R Peet	Associate Head Teacher
C Willis	Executive Leader for Personal Development and Community Endeavour

Company Name

GFM Education

GFM Education

Reference and Administrative Details

Principal and Registered Office

Gomer Lane
Alverstoke
Gosport
Hampshire
PO12 2QP

Company Registration Number

07834711 (England and Wales)

Independent Auditor

Hopper Williams & Bell Limited
Statutory Auditor
Highland House
Mayflower Close
Chandlers Ford
Eastleigh
Hampshire
SO53 4AR

Bankers

Lloyds Bank Plc
38 London Road
North End
Portsmouth
Hampshire
PO2 0LR

Solicitors

Blake Morgan LLP
New Kings Court
Tollgate
Chandlers Ford
Eastleigh
Hampshire
SO53 3LG

GFM Education

Trustees' Report

The trustees present their annual report of GFM Education (or the Trust) together with the financial statements and auditor's report of the charitable company for the year ended 31 August 2020. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

GFM Education comprises 5 schools in the Gosport and Fareham area of Hampshire; two junior, two secondary and one specialised academy for students with social, emotional and mental health needs. These academies have a combined pupil capacity of 4,390 and had a roll of 3,991 as at 31 August 2020.

Structure, Governance and Management

Constitution

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The trustees of GFM Education are also the directors of the charitable company for the purposes of company law.

Details of the trustees who served during the year and to the date these accounts are approved 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 they are a member, or within one year after they cease to be a member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before they ceased to be a member.

Trustees' Indemnities

In accordance with normal commercial practice, GFM Education provides Directors' & Officers' indemnity insurance up to £2,000,000 on any one claim.

Method of Recruitment and Appointment or Election of Trustees

GFM Education's Members are responsible for appointing the directors of the Trust (Trustees). When appointing new trustees, the members give consideration to the skills and experience of the existing trustees in order to ensure that the Board has the necessary skills and expertise to contribute fully to GFM Education's development, set strategic direction and meet all its statutory obligations as set out in the Academies Financial Handbook.

Policies and Procedures Adopted for the Induction and Training of Trustees

During the year, Trustees and Members attended six meetings. All Trustees are provided with copies of procedures, minutes and other documents that they will need to undertake their role. All Trustees are made aware of, and invited to attend, a variety of governance training sessions both externally and in-house.

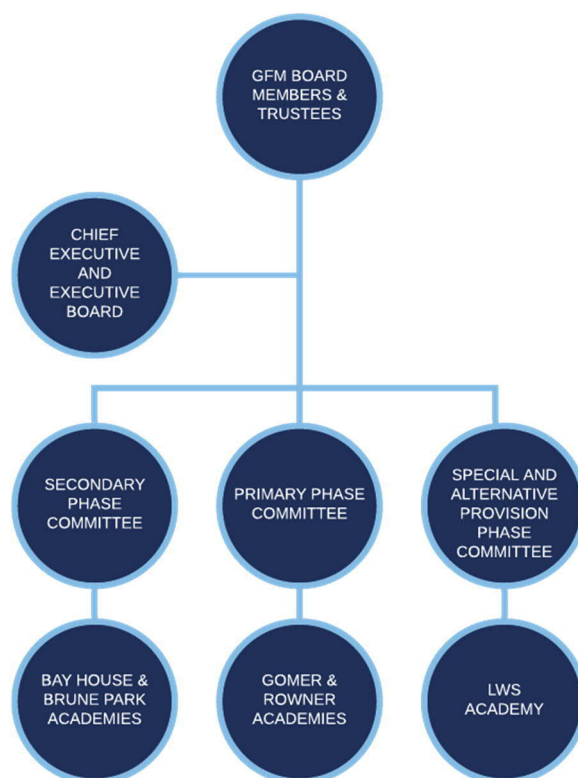
GFM Education

Trustees' Report

Organisational Structure

The structure of the Trust is outlined below and operates under a Scheme of Delegation which is renewed annually. Main powers under the Scheme include the following:

- Appointment: members appoint the trustees in accordance with the Articles of Association. The trustees retain the power to approve the appointment of non-elected Governors on Local Governing Committees. The trustees also oversee the appointment of the all Executive posts.
- Members: oversight of the Mission of the Trust.
- Trustees: compliance with various financial, legal and regulatory requirements including accountability to the DfE, ESFA and the Secretary of State under the terms of the Funding Agreement as well as to the various other stakeholders and beneficiaries of the Trust for the quality of education, health & safety and welfare of staff and students.
- Local Governing Committees: meet termly and have oversight of the quality of teaching, learning and assessment, ensuring a broad and balanced curriculum in line with the trust's vision.
- Executive Leadership: the team report on the performance of the Trust to the Board of Members and Trustees and meet approximately six times per term, chaired by the Chief Executive of GFM Education.



The Members and the Board of Trustees meet at least four times per year and monitor the academic progress of all GFM Education's schools and the overall strategic direction of the Trust. In addition, the Members meet independently throughout the year.

GFM Education

Trustees' Report

Organisational Structure (continued)

The Finance and Audit Committee meet a minimum of three times per year and is attended by the Chief Executive, the Executive Finance Director, at least one Trustee and representatives from each of the Local Governing Committees. The Finance and Audit Committee is responsible for planning the internal audit schedule for the year ahead based on the risk register and reports back on progress to the main Board.

Arrangements for setting pay and remuneration of key management personnel Trustees

The trustees are unpaid although they can claim reasonable expenses associated with the undertaking of their role in line with the GFM Trustee Expenses Policy.

Senior Leadership Team

Leadership are paid taking account of the provisions and recommendations of the School Teachers' Review Body (STRB). Pay progression is determined through individual reviews by the Executive Leadership Teams and moderation process by the Chief Executive. The task of appraising the Executive is carried out by the Chief Executive. The task of appraising the Chief Executive is carried out by the GFM Board. Final pay decisions are delegated by the Board to the Chief Executive, with the exception of the Chief Executive and Trustees are involved should there be an appeal.

For non-teaching staff, the Finance and Audit Committee, as delegated by the GFM Board, will determine, on an annual basis, salary increases to be applied to the various salary spines and other additional payments paying regard to the National Joint Council (NJC) for Local Government services National Agreement on Pay and conditions of Service.

All members of the Leadership Group must demonstrate sustained high quality of performance with particular regard to leadership, management and pupil progress with a school. There will be no automatic pay progression for those in the Leadership Group: progression (if any) up the leadership group pay range will depend on performance. Members of the Leadership Group who are at the top of their scale may be eligible for realignment with a new maxima of the pay scale as suggested by the STRB or NJC recommendations; however, this will be applied at the absolute discretion of the Trust, and only where the individual has had a successful performance management cycle.

GFM Education

Trustees' Report

Trade union facility time

Under the provisions of the Trade Union (Facility Time Publication Requirements) Regulations 2017, the information relating to GFM Education employees is as follows:

Relevant union officials

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
3	0.85

Percentage of time spent on facility time

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

Percentage of pay bill spent on facility time

Total cost of facility time	£39,386
Total pay bill	£20,488,890
Percentage of the total pay bill spent on facility time	0.20%

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	100%
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Related Parties and other Connected Charities and Organisations

GFM Education purchased consultancy services from JB Consultancy and Tabernam Skinner Limited during the year ended 31 August 2020, which are connected to Members of the Trust. The value of the services amounted to approximately £3.5k and £4k respectively.

GFM Education

Trustees' Report

Objectives and Activities

Objectives, Strategies and Activities

The principal object of GFM Education is the provision of education for pupils aged between 7 and 19 and was established with a focus of pioneering a local education model recognising the need to work in partnership with Hampshire County Council and all local schools to build better outcomes and opportunities for the young people of Gosport and Fareham.

The vision is to go greater and further in the local area for the ambition the town of Gosport has for itself and its young people. The GFM brings agency to the improvement of all schools and for social and economic regeneration of this coastal town. Its purpose is to realise an aspiration that Gosport becomes the best place to learn and live.

The Trust aims to do this through:

- Continually improving the quality of provision within all of its Academies.
- Managing the demands of austerity of provision within all of its Academies.
- Contributing to system governance, leadership and improvement.
- Implementing targeted improvement plans for all learners, particularly in terms of outcomes and Ofsted Ratings.
- Investing in and improving systems and processes to support excellent service delivery.
- Developing local solutions to deliver wider benefit and impact within the Gosport and Fareham community.

GFM Education became a Multi Academy Trust on 1st April 2017 with Brune Park Community School joining from 1st May 2017 and Rowner Junior School from 1st September 2018 extending reach across all phases of education: Sixth Form, Secondary, Primary and SEN. The local commitment to this initiative is overwhelming; schools and communities see this as an opportunity for a group of schools to become greater than the sum of its parts. This enables us to have an integrated and sustainable positive impact on our students through collaboration, cooperation and empathy.

We also recognise the value of, and are highly committed to developing strong and effective partnerships beyond our own walls. We actively contribute to and learn from educational improvement at a local, national and worldwide level, through the diversity and richness of our international and business links. In doing so, we empower our own learners to be successful 21st Century global citizens.

GFM Education

Trustees' Report

Public Benefit

GFM Education has considered the Charity Commission's guidance on Public Benefit. The key public benefit delivered by the trust is the provision of high-quality education for all its pupils and students. The trust aims, above all, to improve pupils' and students' knowledge, skills, experience and imaginative understanding, believing this to be the surest route to acquiring moral values, making informed choices and judgements in life, and learning to communicate effectively. Through its curriculums, GFM Education also encourages young people to become active participants in their own learning and society and be responsible contributors to both. To serve these ends, the trust endeavours to provide a rational, tolerant yet always disciplined atmosphere within all of its Schools, and to foster active participation by pupils and students in both the classroom and extra-curricular activities. In our society of rapid change, we believe that it is essential that young people should be equipped through their schooling to be sufficiently flexible to learn new roles and adapt to constantly changing circumstances in employment and in other respects.

In setting our objectives and planning our activities the trustees have carefully considered the Charity Commission's general guidance on public benefit.

GFM Education

Trustees' Report

Strategic Report

Very sadly for the Trust, Paul Lane died unexpectedly whilst in service as our Chair of Trustees during the past year. He leaves a legacy of successfully navigating the challenging pathway of forming the GFM to its present position of having a strong foundation. It is good that he was still with us to celebrate the series of Ofsted inspections within the MAT, all having outcomes independently verifying the improvement of all three schools since joining the Trust. His loss has been keenly felt as he was much admired and it came at a difficult time with all coping with the impact of the pandemic. It is a testament to him that he had built capacity within the Board that it has managed his succession smoothly, albeit wishing he is still with us, although the memory of his passion for the purpose of the GFM and the impact it can have in Gosport is very much still with us.

Achievements and Performance

The Trust continues to develop and has seen a number of achievements and challenges this year, including the impact of the Covid-19 pandemic on the Trust and its wider community. Managing the Trust through the pandemic has resulted in new challenges and tough decisions being made along the way. It has been critical to adhere to the risk mitigating measures put in place in order to reduce the chances of spreading the virus and having to interrupt onsite schooling. A reiterative risk assessment process has resulted in refreshing procedures with each new challenge through the collective endeavour of all staff across the Trust.

Additional risks identified include the potential of having to 'close down' a bubble, year group or school because of an outbreak or because operationally a school cannot continue onsite provision due to the number of staff self-isolating.

The focus on online learning has now become part of the 'new normal' with rapid developments in the use of technology and ability to teach online. To reduce any negative impact, the Trust continues to reorganise schools to be more Covid-secure when working and learning onsite, alongside increasing capacity to deploy technology, which, of course, enables the most Covid-secure type of schooling.

Despite these challenges, the Trust has pressed ahead with a number of strategic activities in order to continue to push forwards as the main agency for education and one of the largest employers in Gosport.

GFM Children & Families

The Children and Families team have been based at 1 Spring Garden Lane since April 2020 in order to provide outreach through focused and wider community support. The team has supported families during the Covid-19 crisis coordinating remote training for parents / carers, such as NVR (Non-Violent Resistance family therapy). Support for parents and also professionals is continuing and additional strategies will be developed in order to improve attendance of those poorest pupil attendees across the Trust, targeting those currently in the <85% bracket.

GFM Education

Trustees' Report

Achievements and Performance (continued)

GFM Community & STEM Curriculum

The systemic approach to developing the Community Curriculum response and engagement has proven essential during this period of school closure and COVID19. Community providers have supported teaching and learning, food parcel delivery to our children and families and offered online and telephone mentoring. The planning for our September curriculum revised for a post COVID19 curricula and developments have been enabled through collaboration with colleagues across the organisation and externally remotely.

During COVID19 we have moved our STEM centre online and now have a website designated to support students engaging with STEM learning virtually and this is supported by our STEM employers linked to the GFM Business & Education Forum.

In line with our learning strategy, we have moved our Careers learning online and virtually through telephone interviews, Unifrog enabling learning and pathway support for all learners and live webinars with our Business employers across Gosport and Portsmouth. The GFM has been invited by the Careers and Enterprise Company to showcase our online and virtual delivery of Careers Education nationally via a TES Article.

The Trust has also been successful in securing the patronage of Alex Thomson, British yachtsman and youngest skipper to win a round the world yacht race, for the GFM Marine and Maritime Careers Centre. This strategic development is part of our engagement with the local business community in order to inspire and equip our young people with the accessible skills needed in order to improve their quality of life and provide them with every opportunity to excel.

GFM Strategy for Disadvantaged

The Trust has developed a three tier approach which covers high quality teaching and learning, targeted support through specific interventions linked to overcoming barriers to learning, and wider strategies to support pupil and students that experience socio-economic disadvantage. During the year this included:

- Development of a 3-year strategy for the use of Pupil Premium where stakeholders from each setting in the organisation contributed.
- Each education phase (including SPAP) developed a linked phase plan which enables local implementation of the key priorities (available on websites).
- MAT wide Professional Learning which raised the awareness of the impact of deprivation and has ensured all colleagues have an understanding of their responsibility to overcome these barriers.

GFM Education

Trustees' Report

Achievements and Performance (continued)

GFM Inclusion Strategy

A new staffing structure has been implemented with accountabilities and responsibilities identified. Cost saving measures were taken and roles linked to impact on outcomes ensuring value for money is being achieved.

A Covid premium strategy was developed during the summer, extending into the following academic year. This links action to impact and ensures that the identification of learners for intervention is driven by a secure evidence base. The change of assessment approach (moving from the academic to the 'whole' child) has supported this process and all schools across the Trust are using Impact Ed so there is now comparable data that can also be compared to a national data set.

Academic Performance

Bay House School & Sixth Form

The school's intent is for pupils and students to experience a rich and diverse curriculum which promotes curiosity, enhances core knowledge and inspires a love of learning - even within the constraints of the post Covid-19 environment. The curriculum is designed to empower our learners to achieve their personal goals through academic success and make informed, positive and healthy decisions about their physical, mental, emotional and social wellbeing. These values are embedded securely and consistently across the school and Sixth Form. There was a significant improvement to behaviour and attitudes during the academic year in part due to a new behaviour policy which has had a positive impact on the quality of education and the experience of learners.

Examination Results This year examination boards used an algorithm which was informed by the prior attainment of schools, the GCSE performance of each cohort as well as national level grade distributions so that final grades were aligned across all schools and colleges, and of equal value to previous years. A full breakdown of grades is now available on SISRA.

The school's English and Mathematics departments did benefit from the strategic decision to opt for early entry in English Language I / GCSE and Statistics GCSE last year. Almost nine out of ten pupils earned a Grade 4+ in I / GCSE English this year with almost eight of ten passing both English and maths at Grade 4 and above. It is significant to remember that all of our pupils sat full GCSE examinations at the end of Year 10 (and in some cases in November) which foreshadowed the real success that they have earned last summer. Over 7 out of 10 pupils leave with 5 GCSE (or equivalent) passes including English and maths (and there are still some vocational course grades to be published early next week).

Bay House Sixth Form's A Level results remained well above the national average for the A*-B, A*-C and overall pass rate. With these grades Bay House Sixth Form remains one of the highest performing in the country.

GFM Education

Trustees' Report

Achievements and Performance (continued)

Brune Park Community School

Ofsted inspected Brune Park in January 2020 with a successful improvement to the overall effectiveness to Requires Improvement. In addition, as part of the inspection, Leadership and Management and Personal Development were classified as Good. Key points made include:

'Students say that they feel part of a strong community. Students report to feeling that they 'belong' in school'. You have fostered a culture where students and staff want to be better and have the conditions to be better and are with you'.

'Leadership is highly ambitious for all to be better. Leaders are providing the conditions to enable this. Staff recognise the significant improvements the school is making, and talk positively about the high challenge with high support provided by the leadership team. Staff are fully with the vision, drive and moral purpose, this has been very clear throughout the inspection. What has emerged is a strong moral purpose and moral drive to lift the life chances of a town.'

Gomer Junior School

Ofsted inspected Gomer Junior in February 2020 and reported that it continues to be a Good school. The school self-evaluation itself demonstrates the overall 'good' of the school, with elements of outstanding.

'Gomer Junior is a welcoming and inclusive place to learn. Pupils believe that they have supportive teachers who help them when they are stuck. They say that there is no bullying at Gomer. They understand that sometimes pupils fall out, but feel that these arguments are handled well by staff. Pupils feel happy and safe in school. They are well behaved, both in lessons and in the playgrounds.

Leaders, including trustees, have high expectations for all pupils. They are determined that pupils will 'learn today for the challenge of tomorrow'. Leaders make sure that pupils learn about the world they live in, as well as the world of the future, through the lens of science, technology, engineering and mathematics (STEM). Leaders have thought carefully about the habits they want pupils to acquire while learning, such as visualising and improving. Pupils show great resilience, for example explaining to me how they love working out where a computer code has gone wrong so they can fix it.' Ofsted Inspector

Rowner Junior School

Achieved a continued upward trend in end of Key Stage outcome data (predicted KS2 data report) with attendance prior to lockdown maintaining in line with national expectations. There was a significant reduction in exclusions and behavioural incidents and pupils, parents and staff all report (through surveys) that Rowner Junior is a Good school.

The school also maintained its history of success in the creative arts becoming Dance Live! 2020 Champions.

GFM Education

Trustees' Report

Achievements and Performance (continued)

Special & Alternative Provision

The Special and Alternative provision includes LWS Academy, the Enterprise Academy, Gateway and our new Spring Garden Lane provision. GCSE results for LWS and Enterprise Academy continued to improve and destination data for our students is strong. The LWS September 2019 OFSTED inspection demonstrated significant improvements including leadership, personal development education, behaviour and attitudes. LWS also appointed a new Head Teacher in July 2020.

The Enterprise Academy began the ambitious redevelopment of their site to add greater capacity and an environment that reflects the value the provision brings to the locality. Gateway which was introduced in September 2019 is still developing with some success already of transitioning young people back into mainstream provision.

Key Performance Indicators

1. Pupil Numbers

Number on roll vs maximum:

Bay House School:	1,731 v 1,750 (2019: 1,726 v 1,750)
Bay House Sixth Form:	412 v 460 (2019: 412 v 460)
Brune Park Community School:	1,333 v 1,650 (2019: 1,343 v 1,650)
Gomer Junior School:	242 v 240 (2019: 242 v 240)
LWS Academy:	55 v 55 (2019: 55 v 55)
Rowner Junior School:	218 v 240 (2019: 216 v 240)

2. Financial Performance Indicators

<u>Income KPIs</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>
Total Revenue Income per Pupil	£5,908	£5,904	£5,380
GAG Income per Pupil	£5,149	£4,900	£4,696
GAG Income as % of Total Revenue Income	87%	83%	87%

<u>Expenditure KPIs</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>
Staff Costs as % of Total Revenue Income	83%	80%	79%
Staff Costs as % of Total Revenue Expenditure	83%	83%	81%
Teaching Staff Costs as % of Total Revenue Income	71%	63%	65%
Teaching Staff Costs as % of Total Revenue Expenditure	71%	66%	67%
Teaching Staff Costs as % of Total Staff Costs	86%	79%	82%
Premises Costs as % of Total Revenue Expenditure	8%	8%	8%
Total Expenditure as % of Total Revenue Income	100%	95%	97%

GFM Education

Trustees' Report

Key Performance Indicators (continued)

Streamlined Energy and Carbon Reporting (SECR)

The Trust has commissioned a report on its current UK based annual energy usage and associated annual greenhouse gas emissions pursuant to the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 ("the 2018 Regulations") that came into force 1 April 2019.

In accordance with the 2018 Regulations, the energy use and associated greenhouse gas emissions are for those within the UK only for all assets that come under an operational control boundary. This includes all 5 schools controlled during the reporting period along with Trust-owned minibuses and personal vehicles used for business mileage ("grey fleet"). The newly acquired property at 1 Spring Garden Lane is also included.

The 2019 UK Government Environmental Reporting Guidelines and the GHG Protocol Corporate Accounting and Reporting Standard (revised edition) were followed. The 2020 UK Government GHG Conversion Factors for Company Reporting were used in emission calculations. The report has been reviewed independently by Briar Consulting Engineers Limited. A summary of energy consumption over the period is shown in the following table. The full report including actions taken to reduce emissions can be accessed on the GFM website.

Breakdown of energy consumption used to calculate emissions (kWh):

Energy type	2019/20
Mandatory energy:	
Gas	3,791,271
Purchased electricity	1,412,860
Transport fuel	55,650
Total mandatory energy	5,259,782

Going Concern

After making appropriate enquiries, the board of trustees has a reasonable expectation that the academy trust has adequate resources to continue in operational existence for the foreseeable future. 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.

GFM Education

Trustees' Report

Financial Review

Financial Performance & Operations

As the major funding stream comes from recurring grants from the Department of Education, the Trust has managed to support the additional requirements of the Covid-19 pandemic without major detriment to the overall reserves. The Trust made a small in-year operating surplus of £10.8k (combination of unrestricted and restricted funds). An additional £653k was spent from existing reserves on capital assets and improvements in order to expand capacity, provide additional facilities, and make the estates secure following school reopening guidelines. This results in a net reduction in general reserves of £643k.

No provision has been made for the future costs to be incurred by the Trust because of Covid-19 since the liabilities in this regard cannot be reliably estimated. Other key points to note:

- There were additional costs in the second half of the year relating to cleaning, health and safety and outdoor facilities (including catering pods, hiring of toilets, handwashing stations, canopies and groundworks) supporting the increased number of student 'bubbles' that are needed to run the academies safely and securely under Covid-19 guidelines. These amounted to £67k plus resources allocated from within the GFM site and maintenance teams. A further £29k was also spent on school meal vouchers prior to the Department for Education voucher scheme becoming available to support those vulnerable families in our community.
- The purchase of 1 Spring Garden Lane was completed within the year which provides the Trust with an extension to its facilities for the education of students with additional needs as well as providing space for the Children & Families team providing support to our wider community.
- The Trust received £3,463k in restricted capital grant income during the year. Of this, £3,126k was allocated as part of the School Conditions Allocation capital fund with £1,172k spent during the year on improvements to the condition of the Trust's buildings. Despite the partial closure of contractors and wholesale suppliers during the year, the following key improvement works were carried out:
 - Gomer Junior roof replacement;
 - Bay House Red Block roof and window refurbishment;
 - The Enterprise Academy rebuild;
 - Rowner Junior cladding & boiler replacement; and
 - Brune Park window replacement.

Additional planned work includes:

- Brune Park Humanities Block refurbishment;
- Bay House classroom upgrades; and
- Energy efficiency improvements across the estate.

GFM Education

Trustees' Report

Financial Review (continued)

Financial Reserves

A prior year adjustment following the revaluation of the land and buildings of three of the converted academies resulted in an uplift in total reserves brought forward for the year. The Trust's total reserves increased slightly by £73.6k (from a revalued £69,558k to £69,632k) taking into account depreciation adjustments following the revaluation. In addition, there was an uplift to the fixed asset reserve of £2,458k following the receipt of additional SCA grants as well as an adjustment to the LGPS pension scheme liability, based on the latest actuarial results, of £1,849k. The reserves summary as at 31 August 2020 is as follows:

- Unrestricted (free) reserves of £2,301,519
- A restricted fixed asset fund of £75,132,133, which can only be realised through disposal of tangible fixed assets
- A pension deficit of £9,652,000
- Other restricted funds of £1,850,565
- Total funds of £69,632,217

The Trustees are committed to monitoring and managing the ongoing liability of the LGPS scheme in order to reduce the risk of any default.

Reserves Policy

Current policy is to hold the equivalent to approximately one month's expenditure, currently estimated to be between £1.9m and £2.0m, of combined restricted and unrestricted general funds (excluding restricted fixed asset fund and pension reserve). GFM Education's reserves are the resources the Trust has or can make available to spend for or all of the school's purposes once it has met its commitments and covered its planned expenditure. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants.

The Board reviews its reserves annually and has recognised that in addition to the amount identified above, after various restructures and the receipt of a capital grant to help improve the condition of parts of the estate, that reserves are able to be used to enhance the educational services and to fund projects in line with the strategic aims outlined above. This has resulted in the purchase of 1 Spring Garden Lane which provides facilities for alternative provision and the GFM Children & Families team. The Trust reserves have also supported new outside facilities, cleaning and equipment to support increased health & safety requirements during the year.

The trustees are satisfied that the level of reserves is in line with the policy.

GFM Education

Trustees' Report

Investment Policy

The objective is to maximise investment on any long term accrued balances in order to protect those balances against inflation. The Trust also aims to invest any other surplus cash fund on a short term basis. All investments will be made ensuring there is no tangible risk to the loss of those funds. Where a short term surplus is identified, these funds will be invested through the Treasury Deposit mechanism using the Trust's bankers, Lloyds Bank. Investments are made with regards to the Charity Commission guidance in relation to investments.

Principal Risks and Uncertainties

All administrative and support staff are entitled to membership of the Local Government Pension Scheme. The fund was formally revalued in 18/19 and GFM Education's share of the Scheme's assets assessed to be less than its liabilities in the Scheme. An additional adjustment for 19/20 has been incorporated based on assumptions to various rates at the 31st August 2020 which include the rate of inflation and the amount by which future payments are discounted to calculate a value in today's terms (the discount rate). Consequently, the balance sheet shows a net liability of £9,652,000.

The increase is due mainly to the Covid-19 pandemic which has caused reduced yields on corporate bonds, upon which the discount rate is determined, and increased inflation expectations (increasing liabilities by 10% to 15% on average), and volatile investment returns.

Fundraising

As part of its work within the community, GFM Education undertakes fundraising activities, for example through fetes, cake sales, world book day, non-uniform days, etc. GFM Education raises funds in order to support its own operations and also to make donations to local and national charities. The academy trust undertakes all such activities itself, with the help of its students and their families. We confirm that when fundraising:

- No unsolicited approaches are made to members of the public.
- No commercial participators are used.
- No regularity schemes or standards are applicable.
- No complaints were made to the academy trust during the year.

GFM Education

Trustees' Report

Plans for Future Periods

The Trust aims to consolidate and enhance its on-line learning platforms as well as on-site provision in a Covid secure environment. This will incorporate new services, projects and facilities. Key activities planned for the next 2 years include:

1. Development of a social enterprise in order to deliver programmes with social benefit to the Gosport and Fareham community and develop growth in entrepreneurship.
2. Implementation of a GFM Marine & Maritime Careers Centre offering students the opportunity to explore marine and maritime-sector careers in classroom and practical settings. The aim of this project is to promote and develop practical industry and career opportunities.
3. A RNRMC funded Community Hub to support our significant number of service children and families alongside the wider community in well-being, inclusion, wraparound care, parent courses and community engagement.
4. Expanding our work with the community at Spring Garden Lane to include partnerships with Solent Mind to provide mental health and well-being support alongside emerging work with Pastoral Officers funded by Aggies and RNRMC across the town.
5. Implementation of a Rapid Transformational Therapy (RTT) 'pilot' which will enable the progress and development of students to challenge and manage their anxiety based needs and support them with their mental health.
6. Rollout of Chromebooks for learners in order to improve the learning opportunities in school and at home. This will be piloted with Year 7 which will be our first Chromebook year, where staff actively plan lessons to take advantage of this additional tool in a child's pencil case.
7. Implementation of a new cross-trust HR and payroll management system to improve facilities to support staff management.

Funds Held as Custodian Trustee on Behalf of Others

No funds are held on behalf of others.

Auditor

Insofar as the trustees are aware:

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

The Trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 8 December 2020 and signed on the board's behalf by:



C Beswick
Trustee

GFM Education

Governance Statement

Scope of Responsibility

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

The board of trustees has delegated the day-to-day responsibility to the Chief Executive 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 GFM Education and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

Governance

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

<u>Trustee</u>	<u>Meetings attended</u>	<u>Out of a possible</u>
Jenny Bonsor	4	4
Adrian Cojocaru	4	4
Max Corkill (resigned)	0	4
Chris Donovan	3	4
Paul Lane	4	4
Jean Morgan	4	4
Ian Potter	4	4
Kirsty Robertson	3	4

Following the resignation of one Trustee during the period, a further review of skills was undertaken and an appropriately qualified trustee has been appointed at the start of the new academic year in order to provide further support around finance, risk and scrutiny.

The full Board including trustees, members and the Executive met on a number of occasions during the wider shutdown, changing to online in order to manage health & safety requirements. The Executive team also changed to weekly meetings in order to manage the constant changes to regulations and legislation around the pandemic. This allowed closer Trust performance and management of risk assessments across all areas.

GFM Education

Governance Statement

Governance (continued)

The Finance and Audit Committee is a sub-committee of the main board of trustees. Its purpose is to review, and where applicable approve, the financial performance of the Trust including budgets and forecasts, to review the risk register and direct internal audit to ensure appropriate of identified areas of risk, and to make recommendations to the Board on all finance and audit matters. During the year, the committee also reviewed and authorised (through delegated powers) several large capital additions and service contracts ensuring value for money and adherence to policy and procedures of the Trust.

The Sub-Committee consists of the Chief Executive, Executive Finance Director and at least two members of the GFM Board. Additional members from the GFM Governors Committee are invited to attend (currently attended by a primary phase governor). Attendance at meetings in the year was as follows:

<u>Committee Members</u>	<u>Meetings attended</u>	<u>Out of a possible</u>
Max Corkill (Trustee, resigned during year)	1	1
Chris Donovan (Trustee & Chair of Committee)	3	3
Elodie Gardner (Primary Phase Governor)	2	3
Susan Hamilton (Executive Finance Director)	3	3
Jean Morgan (Trustee)	3	3
Ian Potter (Trustee & Chief Executive)	2	3

Review of Value for Money

As Accounting Officer, the Chief Executive 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 trustees where value for money can be improved, including the use of benchmarking data where appropriate. Over the financial year, the Trust has continued to achieve financial efficiencies in how it has sought out and taken opportunities for reductions in staffing and taking advantage of economies of scale through bringing services in-house where appropriate. Tighter contract management of key services such as cleaning, catering and contractors has also continued to ensure value for money.

GFM Education

Governance Statement

Review of Value for Money (continued)

Key achievements during the year include:

- Consolidating of cleaning contracts across the secondary phase leading to a more cost effective and better quality of service.
- An external review of HR processes across the Trust to improve the capacity of the central HR team and introduce more effective line management across the Trust.
- Transfer to the Department of Education backed Risk Protection Arrangement (RPA) as an alternative to commercial insurance, reducing overall cost and maintaining level of services.
- Continuation of a programme of centralisation of shared administration and support services in the secondary phase in order to support school needs and reduce costs.

Looking forward, the following areas will be reviewed for further efficiency savings and to ensure value for money:

- Implementation of a new HR and Payroll system to reduce inefficiencies and improve capacity across the Trust.
- Further development of the Trust asset plans to ensure money is spent on the highest priority areas in terms of need.

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 GFM Education for the period 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

GFM Education

Governance Statement

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 trustees
- 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
- delegation of authority and segregation of duties

The Board of Trustees considers the need for a specific internal audit function and has through the appointment of Wilkins Kennedy LLP, an external auditor, agreed to perform additional checks.

The reviewer's role will include giving advice on financial matters and performing a range of checks on the Trust's financial, governance and other systems. Particular focus will be around the key areas as highlighted in the Academies Financial Handbook published by the ESFA. This covers: leadership and governance, people management, policy and strategy, partnership and resources, processes, and systems and reports to the ESFA.

There were three internal audit visits throughout the year, all conducted remotely due to the pandemic. Risks were reviewed and key areas identified where an independent review and scrutiny of procedures would be beneficial given the development stage of the Trust. These were:

- Procedures around strategic planning for new capital developments;
- Procurement procedures including tendering and purchasing arrangements to ensure value for money and adherence to policy with regards to financial approval, monitoring and reporting;
- Grant management, specifically with regards to non-GAG income;
- Risk management including evaluation of school number data; and
- KPI and benchmarking monitoring and evaluation.

From the reviews undertaken there was nothing requiring urgent attention and no items were identified that were matters meriting attention. All have been actioned. All reports were presented and scrutinised by the Finance & Audit Sub-Committee.

GFM Education

Governance Statement

Review of Effectiveness

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

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

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the Finance & Audit Sub-Committee and ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on 8 December 2020 and signed on its behalf by:



C Beswick
Trustee


IAN POTTER (Dec 11, 2020 13:54 GMT)

I Potter
Accounting Officer

GFM Education

Statement of Regularity, Propriety and Compliance

As accounting officer of GFM Education I have considered my responsibility to notify the academy trust board of trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the 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 2019.

I confirm that I and the academy trust board of trustees 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 2019.

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

IAN POTTER

IAN POTTER (Dec 11, 2020 13:54 GMT)

I Potter
Accounting Officer
8 December 2020

GFM Education

Statement of Trustees' Responsibilities

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

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

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

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

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

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

Approved by order of the members of the board of trustees on 8 December 2020 and signed on its behalf by:



C Beswick
Trustee

GFM Education

Independent Auditor's Report on the Financial Statements to the Members of GFM Education

Opinion

We have audited the financial statements of GFM Education ('the charitable company') for the year ended 31 August 2020 which comprise the Statement of Financial Activities (including the Income and Expenditure Account), the Balance Sheet, the Statement of Cash Flows, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (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 2019 to 2020 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

GFM Education

Independent Auditor's Report on the Financial Statements to the Members of GFM Education

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. It includes the Reference and Administrative Details, the Trustees' Report (including the Strategic Report), and the Governance Statement. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

GFM Education

Independent Auditor's Report on the Financial Statements to the Members of GFM Education

Responsibilities of the trustees

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

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

Our 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 a Report of the Independent Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RA Hurst

RA Hurst (Dec 14, 2020 12:47 GMT)

R Hurst FCA (Senior statutory auditor)

For and on behalf of Hopper Williams & Bell Limited

Statutory Auditor

Highland House, Mayflower Close, Chandlers Ford, Eastleigh SO53 4AR

Date 14/12/2020

GFM Education

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

In accordance with the terms of our engagement letter dated 1 September 2019 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2019 to 2020, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by GFM Education during the period 1 September 2019 to 31 August 2020 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 Board of Trustees and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to GFM Education and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the GFM Education and the ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of GFM Education's accounting officer and the reporting accountant
The accounting officer is responsible, under the requirements of GFM Education's funding agreement with the Secretary of State for Education dated 1 January 2012 and the Academies Financial Handbook, extant from 1 September 2019, 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 2019 to 2020. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2019 to 31 August 2020 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

GFM Education

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

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2019 to 2020 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes:

- Consideration as to whether prior approval was sought from the Secretary of State where it is required by the Academies Financial Handbook (AFH).
- Review of any special payments to staff, including compromise agreements, to consider whether prior approval was sought where required by the AFH and that any payments are in line with the severance guidance published by ESFA.
- Consideration as to whether any borrowings have been made in accordance with the AFH.
- Review of any 'minded to' letters or Financial Notices to Improve have been issued to the academy trust.
- Review of any transactions with related parties to ensure that they have been carried out in accordance with the AFH.
- Review of governance arrangements to determine whether the requirements of the AFH have been met.
- Review of the academy trust's internal controls, including whether the general control environment has regard to the regularity of underlying transactions, including fraud management.
- Review of the academy trust's procurement policies to determine effectiveness and testing a sample of purchases to confirm that the policies have been correctly implemented.
- Identifying any conditions associated with specialist grant income and determining whether it has been spent as the purposes intended.

GFM Education

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

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2019 to 31 August 2020 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

RA Hurst
RA Hurst (Dec 14, 2020 12:47 GMT)

R Hurst FCA
Reporting Accountant
Hopper Williams & Bell Limited
Chartered Accountants
Highland House, Mayflower Close, Chandlers Ford, Eastleigh SO53 4AR

Date 14/12/2020

GFM Education

Statement of Financial Activities for the year ended 31 August 2020 (including Income and Expenditure Account)

	Note	Un- restricted funds £	Restricted General Funds £	Restricted Pension Funds £	Restricted Fixed Asset Funds £	2019/20 Total £	2018/19 Total (As restated) £
Income and endowments from:							
Donations and capital grants	2	-	37,196	-	3,463,037	3,500,233	2,871,714
Transfer from local authority on conversion		-	-	-	-	-	2,975,112
Charitable activities:							
Funding for the academy trust's educational operations	3	-	23,667,150	-	-	23,667,150	23,224,107
Other trading activities	4	145,762	-	-	-	145,762	262,944
Investments	5	5,567	-	-	-	5,567	3,463
Total		151,329	23,704,346	-	3,463,037	27,318,712	29,337,340
Expenditure on:							
Charitable activities:							
Academy trust educational operations	7	-	23,844,832	1,079,000	1,551,276	26,475,108	24,845,916
Net income / (expenditure)		151,329	(140,486)	(1,079,000)	1,911,761	843,604	4,491,424
Transfers between funds	18	-	(653,502)	-	653,502	-	-
Other recognised gains / (losses):							
Actuarial losses on defined benefit pension schemes	27	-	-	(770,000)	-	(770,000)	(2,601,000)
Net movement in funds		151,329	(793,988)	(1,849,000)	2,565,263	73,604	1,890,424
Reconciliation of funds							
Total funds brought forward		2,150,190	2,644,553	(7,803,000)	72,566,870	69,558,613	67,668,189
Total funds carried forward		2,301,519	1,850,565	(9,652,000)	75,132,133	69,632,217	69,558,613

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

GFM Education

Balance Sheet as at 31 August 2020

Company Number 07834711

	Note	2020 £	2020 £	As restated 2019 £	2019 £
Fixed assets					
Tangible assets	13		70,490,888		70,093,425
Current assets					
Stock	14	4,546		10,292	
Debtors	15	645,501		793,636	
Investments	16	-		100,000	
Cash at bank and in hand		<u>9,644,222</u>		<u>7,909,231</u>	
		10,294,269		8,813,159	
Liabilities					
Creditors: Amounts falling due within one year	17	<u>(1,500,940)</u>		<u>(1,544,971)</u>	
Net current assets			<u>8,793,329</u>		<u>7,268,188</u>
Total assets less current liabilities			79,284,217		77,361,613
Defined benefit pension scheme liability	27		(9,652,000)		(7,803,000)
Total net assets			<u>69,632,217</u>		<u>69,558,613</u>
Funds of the academy trust:					
Restricted funds					
Fixed asset fund	18	75,132,133		72,566,870	
Restricted income fund	18	1,850,565		2,644,553	
Pension reserve	18	<u>(9,652,000)</u>		<u>(7,803,000)</u>	
Total restricted funds			67,330,698		67,408,423
Unrestricted income funds	18		2,301,519		2,150,190
Total funds			<u>69,632,217</u>		<u>69,558,613</u>

The financial statements on pages 32 to 62 were approved by the trustees and authorised for issue on 8 December 2020 and are signed on their behalf by:



C Beswick
Trustee

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

GFM Education

Statement of Cash Flows for the year ended 31 August 2020

	Note	2020 £	2019 £
Cash flows from operating activities			
Net cash provided by (used in) operating activities	22	3,583,730	4,090,707
Cash flows from investing activities	23	(1,848,739)	(586,304)
Change in cash and cash equivalents in the reporting period		<u>1,734,991</u>	<u>3,504,403</u>
Cash and cash equivalents at 1 September 2019		7,909,231	4,404,828
Cash and cash equivalents at 31 August 2020	24	<u>9,644,222</u>	<u>7,909,231</u>

GFM Education

Notes to the Financial Statements for the Year Ended 31 August 2020

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.

Basis of Preparation

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (effective from 1 January 2019) (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) (effective from 1 January 2019) (Charities SORP (FRS 102)), the Academies Accounts Direction 2019 to 2020 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Going Concern

The trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Income

All incoming resources are recognised when the academy trust has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

- Grants

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

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

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

- Donations

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

GFM Education

Notes to the Financial Statements for the Year Ended 31 August 2020

Income (continued)

- Other Income
Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the academy trust has provided the goods or services.
- Donated goods, facilities and services
Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

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.

- Charitable Activities
These are costs incurred on the academy trust's educational operations, including support costs and costs relating to the governance of the academy trust apportioned to charitable activities.

All resources expended are inclusive of irrecoverable VAT.

GFM Education

Notes to the Financial Statements for the Year Ended 31 August 2020

Tangible Fixed Assets

Assets costing £5,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

Depreciation is provided on all tangible fixed assets other than land and assets under construction, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

Freehold Land and Buildings	10-50 years straight line or 15% reducing balance
Leasehold Land and Buildings	10-50 years straight line or 15% reducing balance
Furniture and Equipment	15% reducing balance or 10% straight line
Computer Equipment	20% straight line
Motor Vehicles	25% reducing balance

Long leasehold land has not been depreciated as it is similar to freehold land, which does not require depreciation.

Where the academy trust can identify the value of major components of freehold or leasehold buildings based upon additions following conversion to academy status, the academy trust reviews whether one or more such components have significantly different patterns of consumption of economic benefits. In such cases, the academy trust allocates the cost of the asset to its major components and depreciates each component separately over its useful life.

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.

Liabilities

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised 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.

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Notes to the Financial Statements for the Year Ended 31 August 2020

Provisions

Provisions are recognised when the academy trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

Leased Assets

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

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 basis are as follows:

Financial assets

Trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 15. Prepayments are not financial instruments.

Current asset investments

Current asset investments comprise fixed term bank deposits. These investments are classified as a basic financial instrument and are measured at amortised cost.

Cash at bank

Cash at bank is classified as a basic financial instrument and is measured at face value. An investment is treated as a cash equivalent when it has a short maturity of three months or less from the date of acquisition.

Financial liabilities

Trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost. 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.

Stock

Unsold uniforms and catering stocks are valued at the lower of cost or net realisable value.

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Notes to the Financial Statements for the Year Ended 31 August 2020

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.

Pensions Benefits

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

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.

Fund Accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the academy trust at the discretion of the trustees.

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

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder/donor and include grants from the Department for Education Group.

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Notes to the Financial Statements for the Year Ended 31 August 2020

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

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

The assumptions used are disclosed in note 27.

Critical areas of judgement

There are no other critical areas of judgement.

Agency arrangements

The academy trust acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the academy trust does not have control over the charitable application of the funds. The funds received and paid and any balances held are disclosed in the notes to the financial statements.

2 Donations and capital grants

	Unrestricted funds £	Restricted funds £	2019/20 Total £	2018/19 Total £
Capital grants	-	3,463,037	3,463,037	2,844,735
Other donations	-	37,196	37,196	26,979
	-	3,500,233	3,500,233	2,871,714
Total 2019	-	2,871,714	2,871,714	

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Notes to the Financial Statements for the Year Ended 31 August 2020

3 Funding for the Academy Trust's educational operations

	Unrestricted funds £	Restricted funds £	2019/20 Total £	2018/19 Total £
DfE / ESFA grants				
General Annual Grant (GAG)	-	19,550,987	19,550,987	19,570,696
Pupil Premium	-	1,182,357	1,182,357	1,311,556
Other DfE Group grants	-	1,430,084	1,430,084	566,385
		<u>-</u>	<u>22,163,428</u>	<u>21,448,637</u>
Other government grants				
Local authority grants	-	668,566	668,566	618,369
		<u>-</u>	<u>668,566</u>	<u>618,369</u>
Other income from the academy trust's educational operations				
Trip income	-	292,934	292,934	572,778
Tuition fee income	-	46,977	46,977	72,861
Other income	-	495,245	495,245	511,462
		<u>-</u>	<u>835,156</u>	<u>1,157,101</u>
		<u>-</u>	<u>23,667,150</u>	<u>23,224,107</u>
Total 2019	-	<u>23,224,107</u>	<u>23,224,107</u>	

4 Other trading activities

	Unrestricted funds £	Restricted funds £	2019/20 Total £	2018/19 Total £
Hire of facilities	145,762	-	145,762	262,944
Total 2019	<u>262,944</u>	<u>-</u>	<u>262,944</u>	

5 Investment income

	Unrestricted funds £	Restricted funds £	2019/20 Total £	2018/19 Total £
Short term deposits	5,567	-	5,567	3,463
Total 2019	<u>3,463</u>	<u>-</u>	<u>3,463</u>	

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Notes to the Financial Statements for the Year Ended 31 August 2020

6 Expenditure

	Staff costs	Non Pay Expenditure		Total 2019/20	Total 2018/19 As restated
		Premises	Other		
	£	£	£	£	£
Academy's educational operations:					
Direct costs	17,155,550	-	1,204,669	18,360,219	17,289,515
Allocated support costs	3,333,340	2,022,929	2,758,620	8,114,889	7,556,401
	<u>20,488,890</u>	<u>2,022,929</u>	<u>3,963,289</u>	<u>26,475,108</u>	<u>24,845,916</u>
Total 2019	<u>18,766,005</u>	<u>1,693,438</u>	<u>4,386,473</u>	<u>24,845,916</u>	

Net income/(expenditure) for the period includes:

	2019/20	2018/19 As restated
	£	£
Operating lease rentals	28,934	28,078
Depreciation	1,551,276	1,485,431
Fees payable to auditor for:		
Audit	11,255	11,145
Other services	<u>4,071</u>	<u>3,175</u>

Included within expenditure are the following transactions:

	Total	Individual items above £5,000	
		Amount	Reason
	£	£	
Gifts made by the academy trust	175	-	-

GFM Education

Notes to the Financial Statements for the Year Ended 31 August 2020

7 Charitable activities

	2019/20 Total	2018/19 Total As restated
	£	£
Direct costs	18,360,219	17,289,515
Support costs	8,114,889	7,556,401
	<u>26,475,108</u>	<u>24,845,916</u>

Analysis of support costs:

	Educational operations	2019/20 Total	2018/19 Total As restated
	£	£	£
Support staff costs	3,333,340	3,333,340	3,305,014
Depreciation	1,551,276	1,551,276	1,485,431
Technology costs	195,819	195,819	175,799
Premises costs	2,022,929	2,022,929	1,693,438
Other support costs	995,584	995,584	879,549
Governance costs	15,941	15,941	17,170
Total support costs	<u>8,114,889</u>	<u>8,114,889</u>	<u>7,556,401</u>
Total 2019		<u>7,556,401</u>	<u>7,556,401</u>

GFM Education

Notes to the Financial Statements for the Year Ended 31 August 2020

8 Staff

a) Staff costs

Staff costs during the period were:

	2019/20	2018/19
	£	£
Wages and salaries	14,707,188	13,756,487
Social security costs	1,391,119	1,283,814
Pension costs	4,060,657	3,083,237
	<u>20,158,964</u>	<u>18,123,538</u>
Agency staff costs	299,926	634,467
Staff restructuring costs	30,000	8,000
	<u>20,488,890</u>	<u>18,766,005</u>

Staff restructuring costs comprise:

Severance payments	30,000	8,000
	<u>30,000</u>	<u>8,000</u>

b) Non statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £30,000 (2019: £8,000). Individually, the payments were: £15,000, £10,000, and £5,000.

c) Staff numbers

The average number of persons employed by the academy trust during the year was as follows:

	2019/20	2018/19
	No.	No.
Teachers	275	270
Administration and support	286	285
Management	42	28
	<u>603</u>	<u>583</u>

d) Higher paid staff

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

	2019/20	2018/19
	No.	No.
£60,001 - £70,000	1	1
£70,001 - £80,000	2	2
£80,001 - £90,000	1	1
£140,001 - £150,000	1	-
£150,001 - £160,000	-	1

GFM Education

Notes to the Financial Statements for the Year Ended 31 August 2020

8 Staff (continued)

e) Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy trust was £929,432 (2019: £860,380).

9 Related Party Transactions – Trustees’ remuneration and expenses

One or more trustees has been paid remuneration or has received other benefits from employment with the academy trust. The principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment.

The value of trustees’ remuneration and other benefits was as follows:

		2019/20	2018/19
		£000	£000
I Potter	Remuneration	145-150	155-160
(Principal and trustee)	Employer’s pension contributions paid	-	20-25

During the period ended 31 August 2020, travel and subsistence expenses totalling £517 were reimbursed or paid directly to one trustee (2019: £1,724 to three trustees).

10 Trustees and officers insurance

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

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Notes to the Financial Statements for the Year Ended 31 August 2020

11 Central Services

The academy trust has provided the following central services to its academies during the year:

- Human resources
- Insurance
- Governance costs
- Other support costs

The academy trust charges for these services based upon fixed percentages. The actual amounts charged during the year were as follows:

	2019/20	2018/19	2019/20	2018/19
	%	%	£	£
Bay House School	51.0%	51.1%	1,236,259	1,046,812
Brune Park Community School	34.7%	34.6%	839,693	708,800
Gomer Junior School	4.6%	4.7%	112,270	96,282
Lord Wilson School	4.8%	4.8%	115,189	98,331
Rowner Junior School	4.9%	4.8%	117,853	98,331
	<u>100%</u>	<u>100%</u>	<u>2,421,264</u>	<u>2,048,556</u>

Although central services are charged out for financial purposes based on the size of each school, in reality, services are designed to support the Trust operate as a campus with facilities and services supporting phases and whole Trust development and improvement.

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Notes to the Financial Statements for the Year Ended 31 August 2020

12 Prior year adjustment

As highlighted in note 12 in last year's financial statements, an estimate of £39.5m for the fair value of the land and buildings for three of the academies had been included in the restricted fixed asset fund when the academies joined the trust. During the year the academy trust commissioned valuations of the freehold and leasehold land and buildings at these three academies. The valuations indicated that the Trustees' estimate of the fair value of the land and buildings transferred to the academy trust on conversion was materially understated. A prior year adjustment has therefore been included to restate the value of freehold and leasehold land and buildings transferred to the academy trust on conversion and to restate the subsequent charges for depreciation. The effect of this prior year adjustment on the result for the year ended 31 August 2019 is as follows:

		Increase/(decrease)
		£
Freehold Land and Buildings	- Cost	(427,375)
	- Depreciation	236,104
Leasehold Land and Buildings	- Cost	1,541,375
	- Depreciation	17,182
		<u>1,367,286</u>
Restricted fixed asset fund	- As at 1 September 2018	1,474,646
	- Depreciation charge for the year ended 31 August 2019	<u>(107,360)</u>
	- As at 31 August 2019	<u>1,367,286</u>

The comparative figures for the year ended 31 August 2019 have been restated accordingly.

GFM Education

Notes to the Financial Statements for the Year Ended 31 August 2020

13 Tangible fixed assets

	Freehold Land and Buildings £	Leasehold Land and Buildings £	Furniture and Equipment £	Computer Equipment £	Motor Vehicles £	Total £
Cost						
At 1 September 2019	62,766,624	11,965,227	1,264,003	1,006,632	173,851	77,176,337
Acquisitions	1,386,382	349,943	43,324	169,090	-	1,948,739
At 31 August 2020	<u>64,153,006</u>	<u>12,315,170</u>	<u>1,307,327</u>	<u>1,175,722</u>	<u>173,851</u>	<u>79,125,076</u>
Depreciation						
At 1 September 2019	5,070,333	404,212	639,370	835,116	133,881	7,082,912
Charged in year	1,153,287	227,896	93,843	66,257	9,993	1,551,276
At 31 August 2020	<u>6,223,620</u>	<u>632,108</u>	<u>733,213</u>	<u>901,373</u>	<u>143,874</u>	<u>8,634,188</u>
Net book values						
At 31 August 2019	57,696,291	11,561,015	624,633	171,516	39,970	70,093,425
At 31 August 2020	<u>57,929,386</u>	<u>11,683,062</u>	<u>574,114</u>	<u>274,349</u>	<u>29,977</u>	<u>70,490,888</u>

14 Stock

	2019/20 £	2018/19 £
Uniform stocks	<u>4,546</u>	<u>10,292</u>

15 Debtors

	2019/20 £	2018/19 £
Trade debtors	1,791	27,961
VAT recoverable	231,132	169,502
Other debtors	-	416
Prepayments and accrued income	412,578	595,757
	<u>645,501</u>	<u>793,636</u>

16 Current asset investments

	2019/20 £	2018/19 £
Bank deposits	<u>-</u>	<u>100,000</u>

GFM Education

Notes to the Financial Statements for the Year Ended 31 August 2020

17 Creditors: amounts falling due within one year

	2019/20	2018/19
	£	£
Trade creditors	434,200	505,762
Other taxation and social security	319,240	306,164
Loans falling due within one year	-	70,241
Other creditors falling due within one year	341,371	289,312
Accruals and deferred income	406,129	373,492
	<u>1,500,940</u>	<u>1,544,971</u>

	2019/20	2018/19
	£	£
Deferred income at 1 September 2019	269,944	228,370
Released from previous years	(269,944)	(228,370)
Resources deferred in the year	138,545	269,944
Deferred income at 31 August 2020	<u>138,545</u>	<u>269,944</u>

At the balance sheet date the academy trust was holding funds received in advance for trips, sixth form bus passes, locker deposits, and other income in relation to the forthcoming term.

Loans falling due within one year comprise the following:

- a) Salix energy efficiency interest free loans from the ESFA of £nil (2019: £45,241), which were repayable in monthly instalments from December 2014 to March 2020.
- b) An ESFA funding loan of £nil (2019: £25,000), which carried interest at 5% and was repayable in monthly instalments from October 2015 to February 2020.

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Notes to the Financial Statements for the Year Ended 31 August 2020

18 Funds

	Balance at 1 September 2019 (As restated) £	Income £	Expenditure £	Transfers £	Gains and losses £	Balance at 31 August 2020 £
Restricted general funds						
General Annual Grant (GAG)	2,630,670	19,550,987	(19,677,590)	(653,502)	-	1,850,565
Pupil Premium	-	1,182,357	(1,182,357)	-	-	-
Other DfE/ESFA grants	-	1,430,084	(1,430,084)	-	-	-
SGO grant	13,883	-	(13,883)	-	-	-
Other government grants	-	668,566	(668,566)	-	-	-
Other educational activities	-	872,352	(872,352)	-	-	-
	<u>2,644,553</u>	<u>23,704,346</u>	<u>(23,844,832)</u>	<u>(653,502)</u>	<u>-</u>	<u>1,850,565</u>
Pension reserve	(7,803,000)	-	(1,079,000)	-	(770,000)	(9,652,000)
	<u>(5,158,447)</u>	<u>23,704,346</u>	<u>(24,923,832)</u>	<u>(653,502)</u>	<u>(770,000)</u>	<u>(7,801,435)</u>
Restricted fixed asset funds						
Fixed asset fund	70,093,425	-	(1,551,276)	1,948,739	-	70,490,888
ESFA capital grants (DFC)	62,139	88,261	-	(123,315)	-	27,085
School Condition Allocation	2,411,306	3,126,001	-	(1,171,922)	-	4,365,385
Other capital grants	-	248,775	-	-	-	248,775
	<u>72,566,870</u>	<u>3,463,037</u>	<u>(1,551,276)</u>	<u>653,502</u>	<u>-</u>	<u>75,132,133</u>
Total restricted funds	<u>67,408,423</u>	<u>27,167,383</u>	<u>(26,475,108)</u>	<u>-</u>	<u>(770,000)</u>	<u>67,330,698</u>
Total unrestricted funds	<u>2,150,190</u>	<u>151,329</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,301,519</u>
Total funds	<u>69,558,613</u>	<u>27,318,712</u>	<u>(26,475,108)</u>	<u>-</u>	<u>(770,000)</u>	<u>69,632,217</u>

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Notes to the Financial Statements for the Year Ended 31 August 2020

18 Funds (continued)

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

General annual grant

This includes all funding received from the ESFA to carry out the objectives of the academy. It includes the school budget share; minimum funding guarantee; education services grant; insurance; rates; and pre-16 high needs funding streams.

Other DfE/ESFA grants

This is funding received from the ESFA for specific purposes, for example pupil premium funding.

Local authority grants

This is funding received from the local authority for specific purposes, for example Special Educational Needs funding.

Other educational activities

This includes all other educational income/expenditure.

Pension reserve

This represents the negative reserve in respect of the liability on the LGPS pension scheme which was transferred to the academy trust on conversion.

Fixed asset fund

The fund includes the value of the tangible fixed assets of the academy on conversion, and amounts transferred from GAG or other restricted funds specifically for expenditure on tangible fixed assets, and the annual charges for depreciation of these assets.

DfE/ESFA capital grants

This is funding received from the DfE/ESFA specifically for expenditure on tangible fixed assets.

Transfers between funds

Transfers to the restricted fixed asset fund represent the cost of fixed asset additions which have been funded from restricted or unrestricted general funds.

Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2020.

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Notes to the Financial Statements for the Year Ended 31 August 2020

18 Funds (continued)

Total funds analysis by academy

Fund balances at 31 August 2020 were allocated as follows:

	2019/20	2018/19
	(As restated)	
	£	£
Bay House School	801,630	1,250,470
Brune Park Community School	2,888,872	3,090,701
Gomer Junior School	324,367	238,963
Lord Wilson School	68,032	98,726
Rowner Junior School	69,183	115,883
Total before fixed assets and pension reserve	<u>4,152,084</u>	<u>4,794,743</u>
Restricted fixed asset fund	75,132,133	72,566,870
Pension reserve	(9,652,000)	(7,803,000)
Total	<u>69,632,217</u>	<u>69,558,613</u>

Total cost analysis by academy

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

	Teaching and Educational Support Staff Costs £	Other Support Staff Costs £	Educational Supplies £	Other Costs (excl. dep- reciation) £	2019/20 Total £	2018/19 Total £
Bay House School	8,978,174	1,682,135	717,335	1,397,176	12,774,820	12,472,103
Brune Park Community School	5,698,322	1,201,220	312,231	1,317,584	8,529,357	7,423,939
Gomer Junior School	745,543	159,265	51,390	152,732	1,108,930	1,119,721
Lord Wilson School	797,270	127,689	78,731	177,804	1,181,494	1,099,716
Rowner Junior School	936,241	163,031	44,982	184,977	1,329,231	1,245,006
	<u>17,155,550</u>	<u>3,333,340</u>	<u>1,204,669</u>	<u>3,230,273</u>	<u>24,923,832</u>	<u>23,360,485</u>

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Notes to the Financial Statements for the Year Ended 31 August 2020

18 Funds (continued)

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

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers £	Gains and losses £	Balance at 31 August 2019 £
Restricted general funds						
General Annual Grant (GAG)	1,954,299	19,570,696	(18,807,978)	(86,347)	-	2,630,670
Pupil Premium	-	1,311,556	(1,311,556)	-	-	-
Other DfE/ESFA grants	-	544,568	(544,568)	-	-	-
SGO grant	-	21,817	(7,934)	-	-	13,883
Other government grants	-	618,369	(618,369)	-	-	-
Other educational activities	-	1,184,080	(1,184,080)	-	-	-
	<u>1,954,299</u>	<u>23,251,086</u>	<u>(22,474,485)</u>	<u>(86,347)</u>	<u>-</u>	<u>2,644,553</u>
Pension reserve	(4,081,000)	(235,000)	(886,000)	-	(2,601,000)	(7,803,000)
	<u>(2,126,701)</u>	<u>23,016,086</u>	<u>(23,360,485)</u>	<u>(86,347)</u>	<u>(2,601,000)</u>	<u>(5,158,447)</u>
Restricted fixed asset funds						
Fixed asset fund	67,945,720	3,146,832	(1,485,431)	486,304	-	70,093,425
ESFA capital grants (DFC)	28,667	307,828	-	(274,356)	-	62,139
School Condition Allocation	-	2,536,907	-	(125,601)	-	2,411,306
	<u>67,974,387</u>	<u>5,991,567</u>	<u>(1,485,431)</u>	<u>86,347</u>	<u>-</u>	<u>72,566,870</u>
Total restricted funds	<u>65,847,686</u>	<u>29,007,653</u>	<u>(24,845,916)</u>	<u>-</u>	<u>(2,601,000)</u>	<u>67,408,423</u>
Total unrestricted funds	<u>1,820,503</u>	<u>329,687</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,150,190</u>
Total funds	<u>67,668,189</u>	<u>29,337,340</u>	<u>(24,845,916)</u>	<u>-</u>	<u>(2,601,000)</u>	<u>69,558,613</u>

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Notes to the Financial Statements for the Year Ended 31 August 2020

19 Analysis of net assets between funds

	Un- restricted funds	Restricted general funds	Restricted pension funds	Restricted fixed asset funds	Total funds
	£	£	£	£	£
Tangible fixed assets	-	-	-	70,490,888	70,490,888
Current assets	2,301,519	3,351,505	-	4,641,245	10,294,269
Current liabilities	-	(1,500,940)	-	-	(1,500,940)
Pension scheme liability	-	-	(9,652,000)	-	(9,652,000)
Total net assets	2,301,519	1,850,565	(9,652,000)	75,132,133	69,632,217

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

	Un- restricted funds	Restricted general funds	Restricted pension funds	Restricted fixed asset funds	Total funds
	£	£	£	£	£
Tangible fixed assets	-	-	-	70,093,425	70,093,425
Current assets	2,150,190	4,189,524	-	2,473,445	8,813,159
Current liabilities	-	(1,544,971)	-	-	(1,544,971)
Pension scheme liability	-	-	(7,803,000)	-	(7,803,000)
Total net assets	2,150,190	2,644,553	(7,803,000)	72,566,870	69,558,613

20 Capital commitments

	2019/20	2018/19
	£	£
Contracted for, but not provided in the financial statements	378,681	-

21 Commitments under operating leases

At 31 August 2020 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2019/20	2018/19
	£	£
Amounts due within one year	23,834	28,519
Amounts due between one and five years	10,926	31,577
Amounts due after five years	233	-
	34,993	60,096

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Notes to the Financial Statements for the Year Ended 31 August 2020

22 Reconciliation of net income/(expenditure) to net cash flow from operating activities

	2019/20	2018/19
	£	(As restated) £
Net income for the reporting period	843,604	4,491,424
Adjusted for:		
Depreciation	1,551,276	1,485,431
Defined benefit pension scheme cost less contributions payable	939,000	773,000
Defined benefit pension scheme finance cost	140,000	113,000
Defined benefit pension scheme net obligation on conversion	-	235,000
Transfer from local authority on conversion	-	(3,146,832)
Decrease in stocks	5,746	2,727
Decrease / (increase) in debtors	148,135	(59,784)
(Decrease) / increase in creditors	(44,031)	196,741
Net cash provided by Operating Activities	<u>3,583,730</u>	<u>4,090,707</u>

23 Cash flows from investing activities

	2019/20	2018/19
	£	£
Decrease / (increase) in current asset investments	100,000	(100,000)
Purchase of tangible fixed assets	<u>(1,948,739)</u>	<u>(486,304)</u>
Net cash used in investing activities	<u>(1,848,739)</u>	<u>(586,304)</u>

24 Analysis of cash and cash equivalents

	2019/20	2018/19
	£	£
Cash at bank and in hand	<u>9,644,222</u>	<u>7,909,231</u>

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Notes to the Financial Statements for the Year Ended 31 August 2020

25 Analysis of changes in net debt

	At 1 September 2019 £	Cash flows £	Acquisition/ disposal of subsidiaries £	New finance leases £	Other non-cash changes £	At 31 August 2020 £
Cash	7,909,231	1,734,991	-	-	-	9,644,222
Loans falling due within one year	(70,241)	70,241	-	-	-	-
Total	<u>7,838,990</u>	<u>1,805,232</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,644,222</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.

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Notes to the Financial Statements for the Year Ended 31 August 2020

27 Pension and similar obligations

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

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

Contributions amounting to £338,254 were payable to the schemes at 31 August 2020 (2019: £281,151) and are included within creditors.

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 teachers in academies. All teachers have the option to opt-out of the TPS following enrolment.

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

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury every 4 years. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The 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 period amounted to £2,271,745 (2019: £1,473,269).

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.

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Notes to the Financial Statements for the Year Ended 31 August 2020

27 Pension and similar obligations (continued)

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 2020 was as follows:

	2020	2019
	£	£
Employer's contributions	839,000	822,000
Employees' contributions	230,000	214,000
	<u>1,069,000</u>	<u>1,036,000</u>

The agreed contribution rates for future years are 18.9% for employers and 5.5% to 12.5% for employees.

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

Principal actuarial assumptions

	2020	2019
Rate of increase in salaries	3.2%	3.6%
Rate of increase for pensions in payment/inflation	2.2%	2.1%
Discount rate for scheme liabilities	1.7%	1.8%
Inflation assumption (CPI)	<u>2.2%</u>	<u>2.1%</u>

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

	2020	2019
Retiring today		
Males	23.0	23.1
Females	<u>25.5</u>	<u>25.8</u>
Retiring in 20 years		
Males	24.7	24.7
Females	<u>27.2</u>	<u>27.6</u>

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Notes to the Financial Statements for the Year Ended 31 August 2020

27 Pension and similar obligations (continued)

Sensitivity analysis	Increase/(reduction) in defined benefit obligation	
	2020	2019
	£	£
Discount rate +0.1%	(557,000)	(390,000)
Discount rate -0.1%	577,000	398,000
Mortality assumption – 1 year increase	722,000	608,000
Mortality assumption – 1 year decrease	<u>(722,000)</u>	<u>(601,000)</u>

The academy trust's share of the assets in the scheme were:

	2020	2019
	£	£
Equities	6,219,000	6,137,000
Property	658,000	734,000
Government bonds	2,128,000	2,100,000
Cash	175,000	194,000
Other	1,788,000	1,030,000
Total market value of assets	<u>10,968,000</u>	<u>10,195,000</u>

The actual return on scheme assets was -£159,000 (2019: £550,000).

Amount recognised in the Statement of Financial Activities

	2019/20	2018/19
	£	£
Current service cost	1,778,000	1,071,000
Past service cost	-	524,000
Interest income	(203,000)	(254,000)
Interest cost	343,000	367,000
Total amount recognised in the SOFA	<u>1,918,000</u>	<u>1,708,000</u>

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Notes to the Financial Statements for the Year Ended 31 August 2020

27 Pension and similar obligations (continued)

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

	2019/20	2018/19
	£	£
At 1 September	17,998,000	12,394,000
Conversion of academy trusts	-	679,000
Current service cost	1,778,000	1,071,000
Interest cost	343,000	367,000
Employee contributions	230,000	214,000
Actuarial loss	408,000	2,897,000
Benefits paid	(137,000)	(148,000)
Past service cost	-	524,000
At 31 August	<u>20,620,000</u>	<u>17,998,000</u>

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

	2019/20	2018/19
	£	£
At 1 September	10,195,000	8,313,000
Conversion of academy trusts	-	444,000
Interest income	203,000	254,000
Actuarial (loss) / gain	(362,000)	296,000
Employer contributions	839,000	822,000
Employee contributions	230,000	214,000
Benefits paid	(137,000)	(148,000)
At 31 August	<u>10,968,000</u>	<u>10,195,000</u>

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Notes to the Financial Statements for the Year Ended 31 August 2020

28 Related party transactions

Owing to the nature of the academy trust and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH, 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 in the financial period.

Expenditure Related Party Transactions:

Tabernam Skinner Limited - a company controlled by A Cojocar (trustee)

- The academy trust purchased services from Tabernam Skinner Limited totalling £4,400 (2019: £nil) during the period. There were no amounts outstanding at 31 August 2020 (2019: £nil).
- The academy trust made the purchase at arms' length following a competitive tendering exercise in accordance with its financial regulations, which A Cojocar neither participated in, nor influenced.
- In entering into the transaction the academy trust has complied with the requirements of the Academies Financial Handbook 2019.
- The element above £2,500 has been provided 'at no more than cost' and Tabernam Skinner Limited has provided a statement of assurance confirming this.

J Bonsor (trustee and member)

- The academy trust purchased services from J Bonsor totalling £3,461 (2019: £4,402) during the period. There were no amounts outstanding at 31 August 2020 (2019: £nil).
- The academy trust made the purchase at arms' length following a competitive tendering exercise in accordance with its financial regulations, which J Bonsor neither participated in, nor influenced.
- In entering into the transaction the academy trust has complied with the requirements of the Academies Financial Handbook 2019.
- The element above £2,500 has been provided 'at no more than cost' and J Bonsor has provided a statement of assurance confirming this.

J Morgan (trustee)

- The academy trust purchased services from J Morgan totalling £nil (2019: £1,104) during the period. There were no amounts outstanding at 31 August 2020 (2019: £nil).
- The academy trust made the purchase at arms' length following a competitive tendering exercise in accordance with its financial regulations, which J Morgan neither participated in, nor influenced.
- In entering into the transaction the academy trust has complied with the requirements of the Academies Financial Handbook 2019.

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Notes to the Financial Statements for the Year Ended 31 August 2020

29 Agency arrangements

The academy trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ended 31 August 2020 the academy trust received £22,110 and disbursed £14,760 from the fund. An amount of £7,350 is included in other creditors relating to undistributed funds that are repayable to ESFA. Comparatives for the accounting period ending 31 August 2019 are £23,485 received, £30,205 disbursed and £nil included in other creditors.