

Financial Statements

Caroline Chisholm Education Trust
(formerly Caroline Chisholm School)

For the Year Ended 31 August 2017

Registered number: 07638756

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Reference and administrative details of the academy trust, its trustees and advisers

For the Year Ended 31 August 2017

Members

Mr P Quelch (resigned 18 January 2017)

Mrs L Browett

Mrs L Samways

Mr G Irons (appointed 18 January 2017)

Trustees

Mrs J Blaize, Staff trustee

Mrs L Browett, Chair of trustees

Mrs J Croasdale, Trustee

Ms S Duffy, Trustee

Mr S Gregson, Staff trustee

Mr G Irons, Trustee

Mr D James, Principal

Mrs T Macrae, Trustee

Mr A Phillips, Staff trustee (resigned 18 January 2017)

Mr P Quelch, Trustee (resigned 18 January 2017)

Dr C Rees, Trustee (resigned 25 April 2017)

Mrs S Robson, Trustee

Mrs L Samways, Trustee

Mrs M Simmonds, Staff trustee

Mr S Stringer, Trustee

Mrs L Tyson, Trustee (resigned 18 October 2017)

Mrs S Boak, Trustee (appointed 20 September 2017)

Mr A Sortwell, Trustee (appointed 20 November 2017)

Company registered number

07638756

Company name

Caroline Chisholm Education Trust (formerly Caroline Chisholm School)

Principal and registered office

Wooldale Centre for Learning

Wooldale Road

Wootton

Northampton

Northamptonshire

NN4 6TP

Reference and administrative details of the academy, its trustees and advisers

For the Year Ended 31 August 2017

Advisers (continued)

Company secretary

Mrs S Sweetland

Senior management team

Mr D James, Principal

Mrs K Patterson, Vice Principal

Mr G Wakefield, Vice Principal

Mr P Ashton, Assistant Principal

Mrs J Casswell, Assistant Principal

Mr A Colman, Assistant Principal

Mrs A Crawte, Assistant Principal

Mr M Guiver, Assistant Principal

Mr M Lopez, Assistant Principal

Mr A Phillips, Assistant Principal

Miss L West (appointed 1 September 2016), Assistant Principal

Mrs C Wilke, Assistant Principal

Mrs S Sweetland, Director of Finance

Independent auditor

Grant Thornton UK LLP

Chartered Accountants

Victoria House

199 Avebury Boulevard

Milton Keynes

MK9 1AU

Trustees' report

For the Year Ended 31 August 2017

The trustees present their annual report together with the financial statements and auditors' reports of the charitable company for the year ended 31 August 2017. The annual report serves the purposes of both a trustees' report and a directors' report, under company law. The trust operates an academy for pupils aged 4 to 19 serving a catchment area in Wootton, Wootton Fields, Grange Park, Quinton and Courteenhall. It has a pupil capacity of 2,002 and had a roll of 1,986 in the school census on 6 October 2017.

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 Caroline Chisholm Education Trust are also the directors of the charitable company for the purposes of company law. Details of the trustees who served throughout the year except as noted are included in the Reference and administrative details on page 1.

Members' liability

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

Trustees' Indemnities

Trustees benefit from indemnity insurance to cover the liability of the trustees which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the academy trust. The cost of this insurance in the year was £248.

Method of recruitment and appointment or election of trustees

The board of trustees is responsible for appointing community trustees and seeking sponsor trustees and for ensuring that parent trustees and staff trustees are elected by a secret ballot. Trustees are subject to retirement by rotation but are eligible for re-election at the meeting at which they retire. The board of trustees elect the chair and vice chair to serve for a period of three years but they are eligible for re-election at the meeting at which they retire. Trustees committees elect their own chairs annually.

Policies and procedures adopted for the induction and training of trustees

All new trustees are invited to attend an induction meeting with the chair and/or vice chair of the board of trustees. All new trustees are introduced to the Clerk to the trustees who shares with them the calendar of meeting dates for the academic year and provides them with access to Dropbox - the file sharing system. Correspondence is via email and minute/agenda circulation via Dropbox. All Trustee information is available on the school website and is updated annually. Trustees are strongly encouraged to attend one training event during each academic year.

Trustees' report (continued)

For the Year Ended 31 August 2017

Organisational structure

The structure consists of the trustees, the leadership team and curriculum leaders. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

The trustees are responsible for setting general policy, adopting an annual plan and budget, monitoring the academy trust by the use of budgets and making major decisions about the direction of the academy trust, capital expenditure and senior staff appointments.

The senior management team officers are the principal and the two vice principals. These officers control the academy trust at an executive level implementing the policies laid down by the trustees and reporting back to them. As a group the senior officers are responsible for the authorisation of spending within agreed budgets and the appointment of staff, though appointment panels for posts in the leadership team always contain a trustee. Some spending control is devolved to curriculum leaders, with limits above which a senior officer must countersign.

The leadership team includes the senior officers and 9 assistant principals and the director of finance. The leadership team are responsible for the day to day operation of the academy trust, in particular organising the teaching staff, curriculum timetables and students.

Arrangements for setting pay and remuneration of key management personnel

The key management personnel are the leadership team, as detailed in the reference and administrative details. They have authority and responsibility for planning, directing and controlling the activities of a reporting entity, and have responsibility in the day-to-day running of the academy trust. The arrangements for setting their pay and remuneration is based on 3 or 4 criteria, and reviewed by line managers.

Connected organisations, including related party relationships

Caroline Chisholm Education Trust continues to work closely with cluster primary schools to support the provision of education to the community of Wootton, Wootton Fields and Grange Park. As part of the Wooldale Centre for Learning the academy trust works in partnership with both PFI and other users on the site to promote and deliver community activities to adults and children. Caroline Chisholm Education Trust is one of 11 schools in the South West Area of Northamptonshire (SWAN); SWAN schools share good practice via effective networking.

Risk management

The Trustees have assessed the major risks to which the academy is exposed, in particular those related to the operations and finances of the academy, and are satisfied that systems and procedures are in place to mitigate our exposure to the major risks.

Objectives and Activities

Objects and aims

The principal object and activity of the charitable company is the operation of Caroline Chisholm Education Trust to provide education for the benefit of the inhabitants of Wootton, Wootton Fields, Grange Park and the surrounding area; by establishing, maintaining and developing a school offering a broad and balanced curriculum. Caroline Chisholm Education Trust provides education for pupils of different abilities between the ages of 4 and 19 with an emphasis on business & enterprise.

Trustees' report (continued)

For the Year Ended 31 August 2017

Objectives, strategies and activities

The school has set its sights much higher than a simple Ofsted grade and intends to develop 'national best practice' across all areas.

The clear and focused ambition of the leadership team is for Caroline Chisholm Education Trust to become the highest performing school in the Northamptonshire area over the next 5 years.

This would mean that our students:

- Make exceptional progress in their learning whilst at the school. To ensure this, progress will be consistently high across all phases and key stages.
- Are ambitious, confident and resilient and a much larger number of students would move from CCET into the top performing universities, top level apprenticeships and eventually into successful careers and vocations.
- Are prepared for adult life with the social and emotional health and resilience needed to succeed in the modern world.

The key objectives of Caroline Chisholm Education Trust during the period 1 September 2016 to 31 August 2017 are summarised below:

To continue to improve the levels of performance of its pupils at all levels and continue efforts to ensure students are secure in their next steps on leaving the academy trust with regard to employment or continuing in training or formal education. Additional resources in the form of Pupil Premium funding will continue to be targeted towards closing the gap for disadvantaged students and vulnerable groups.

Caroline Chisholm Education Trust strives to be at the forefront of innovation in education and trustees and senior leaders will continue to evaluate and review the curriculum to ensure that it reflects and meets the changing needs of our pupils.

Whole Academy Priorities

- Assuring and developing the quality of teaching, learning and assessment
- Improving outcomes for students
- Building leadership and leadership capacity
- Maintaining a positive learning culture

In addition, the school is also working to

- Provide a relevant and challenging curriculum
- Build relationships with students, parents and the local community
- Significantly reduce costs to ensure the long term financial sustainability of the school

Public benefit

The trustees of the academy trust have complied with their duty to have due regard to the guidance on Public Benefit published by the Charity Commission in exercising their powers and duties. The activities undertaken to further the academy trust's purpose for the Public Benefit includes provision of education to the local community of Wootton, Wootton Fields and Grange Park in Northampton and in partnership with the PFI provider offers recreational facilities to a variety of local community groups outside of school hours for the benefit of the general public. Community based projects are also undertaken throughout the year by staff and students.

Trustees' report (continued)

For the Year Ended 31 August 2017

Strategic report

Achievements and performance

Primary Phase

- 83% of children in the Foundation Stage achieved a Good Level of Development. Good level of Development = Expected Standard in literacy, mathematics physical development and PSED
- 95% of children passed the Year 1 Phonics Screening test
- 80% of children at the end of Key Stage 1 achieved the expected standards in reading, writing and mathematics
- 77% of children at the end of Key Stage 2 achieved the expected standard in reading, writing and maths

GCSE

- A* - C in English and Mathematics 78%
- Progress 8* 0.06
- Attainment 8 50.1
- Achieving EBACC 26

A Level

- Average point score per A level entry 31.76
- Average point score per A level entry expressed as a grade C+
- Value Added for A Level subjects -0.07

Key ALPS A Level (Y13) scores

- 1 Year T Score: 5
- Quality Indicator Score: 5

The academy trustees and the leadership team:

- Monitors the quality of teaching and learning via the performance management process
- Undertakes a rigorous review of attainment using ASP DfE Analyse School Performance Data, Fischer Family Trust Data and A Level Performance System (ALPS) to measure pupil progress.

The school was inspected at the end of October 2017. The outcome of the inspection was that the school has moved from a 'Good' grading, to a 'Requires Improvement' rating.

The inspection team were keen to look at the progress that our students make compared to their starting points. In recent years, progress measures across primary and secondary have improved, but are still rated by the DfE as "average". The inspection team were clear that although there had been improvements, the rate of this progress has not been sufficiently rapid to warrant a continued good grading. Lesson observations across the school also showed some inconsistency in teaching, an issue that we were again aware of and are working hard to improve.

The school has now been rated as "Requires improvement", which of course is a real disappointment. The inspection team, however, have given us clear areas that we need to focus on for us to move rapidly back to good. As with all "Requires improvement" inspection reports – the focus of the report is improvement and as a result, there is not the scope in the report to focus on many areas of our provision that we do extremely well. However, the blunt messages in the report have required leaders and teachers to reflect hard on the work that we do and the speed that these changes need to occur. The school leadership and the teaching staff are determined to use the inspection findings as a catalyst to accelerate the rate of improvement in the school and to strive to return our inspection status to at least "Good" rapidly.

The areas for improvement identified by Ofsted are to:

Trustees' report (continued)

For the Year Ended 31 August 2017

Improve the quality of leadership and management by making sure that:

- Senior and subject leaders work to check on the quality of teaching secures consistently good classroom practice across all areas of the school, particularly in the secondary phase
- The system for checking primary and secondary pupils' and sixth form students' progress is sharp enough to identify quickly when pupils or students are not making at least good progress
- Leaders develop a sharp oversight of their use of additional government funding, particularly the pupil premium and the Year 7 literacy and numeracy catch-up premium
- Leaders across all phases work more closely together to share best practice
- The reports that parents of pupils in key stage 3 receive provide precise information about the progress that their child is making
- Governors continue to develop their knowledge and skills within their leadership role, so that they consistently hold senior leaders to account for the use of additional government funding, the quality of teaching, and pupils' achievement.

Improve the quality of teaching to raise further pupils' achievement, particularly that of the disadvantaged pupils and the most able, by making sure that all teachers:

- Use information about pupils' prior learning and attainment to set suitably challenging work that secures good progress
- Plan activities that enable pupils to engage fully in their learning
- Have high expectations of the quantity of work that pupils, particularly the most able, can complete.
- Reduce the proportion of disadvantaged pupils who are absent from school, so that their attendance is in line with the national level for all pupils.
- Ensure that teaching in the sixth form is consistently good across the whole provision, to allow students to make consistently good progress in both academic and work related qualifications.
- Undertake an external review of the school governance to assess how this aspect of leadership may be improved.

What are we doing to improve:

1. We have strengthened the capacity and skills of the governing body by recruiting a former Director of Education, Mr Sortwell, to the board.
2. Mr Sortwell will now chair the "Progress committee", which will monitor, challenge and support the school as it works to get back to good grading, and beyond.
3. We are working with teachers to increase the level of challenge in lessons, especially for the most able. In secondary phase in particular, the expectation on students to achieve has and will increase further. Teachers will set more challenging work in lessons and will increase the amount and challenge of homework that the most able students are expected to complete out of school.
4. We have accelerated our work to improve teaching across the school. Students in Y10/11 and the 6th form should already have seen many more senior leaders observing lessons to help teachers improve. This will increase further and students will be seeing more adults in lessons across the school supporting teacher development.
5. We are looking at how we improve our reports to parents in year 7, 8 and 9, so that parents have a much better understanding of how well their children are making progress. Students in year 7 will now be able to see what grades that we are expecting them to achieve at GCSE and whether they are making the required progress. We will work closely with the parent voice group to produce a reporting system that parents are happy with.
6. We have appointed a highly experienced consultant/advisor Mr Wootton, to undertake the external governance review. He will also undertake a parallel leadership review of the school to provide guidance on how leadership can be developed across the school. Mr Wootton is a former Headteacher, executive Headteacher and MAT CEO. He sits on the all-party parliamentary committee on leadership and

Trustees' report (continued)

For the Year Ended 31 August 2017

governance. He was the chair of the Independent Academies Association. He is also active on many working groups and advisory panels for the Department for Education.

Key financial performance indicators

The academy trust uses key financial performance indicators to monitor financial success of the academy trust and progress/improvement against the targets set. These include:

- Staffing costs are monitored as a percentage of total income. For the year ended 31 August 2017, staffing costs amounted to 82% of total income (target 80%) (82% against target 80% for period ending 31 August 16).
- PFI costs are monitored as a percentage of total income. For the period ended 31 August 2017, PFI costs amounted to 10% of total income (target 11%) (10% against target 11% for period ending 31 August 2016).

The academy trust also uses a number of non-financial key performance indicators to monitor its performance. These include:

- Student attendance rates – for the academic year ended 31 August 2017 student attendance was 96.9% (96.1% for the period ending 31 August 2016).
- Staff turnover – for the academic year ended 31 August 2017 teaching staff turnover was 16% (17%) and support staff 17% (18%).

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 Accounting Policies.

Financial review

Most of the academy trust's income is obtained from the DfE in the form of recurrent grants disbursed via the Education and Skills Funding Agency (ESFA), the use of which is restricted to particular purposes. The grants received from the DfE during the period ending 31 August 2017 and the associated expenditure is shown as restricted funds in the statement of financial activities.

Expenditure to support the key objectives of the academy trust is specifically allocated as part of the annual financial planning process.

The academy trust has a low exposure to risks.

There are limited trade debtors and controls are in place.

At 31 August 2017 the total funds comprised:

	2017	2016
Unrestricted funds	41,923	47,357
Restricted fixed asset funds	31,261,047	31,925,527
Restricted general funds	1,364,156	1,252,879
Pension reserve	<u>(1,723,000)</u>	<u>(2,787,000)</u>
Total	<u>30,944,126</u>	<u>30,438,763</u>

Trustees' report (continued)

For the Year Ended 31 August 2017

Reserves policy

The trustees review the reserve levels of Caroline Chisholm Education Trust annually. The review considers the nature of the income and expenditure streams, the need to match income with commitments and the nature of reserves.

Unrestricted funds are for use on the general purposes of the academy trust, at the discretion of the trustees.

Restricted funds will be spent in accordance with the terms of the particular funds. Demands on the academy trust's restricted income funds will vary over the coming years. The academy trust's policy is that the appropriate level of restricted reserves should be at least £500,000. The reason for this is to provide sufficient working capital to cover delays between spending and grant receipts and to provide a cushion to deal with unexpected operational expenses.

The deficit on the pension reserve relates to the non-teaching staff pension scheme where, unlike the teachers scheme, separate assets are held to fund future liabilities as discussed in note 23. The deficit can be met in the longer term from any combination of increased employer or employee contributions, increased government funding or changes to scheme benefits.

Investments policy

The academy trust's investment policy is to invest surplus cash balances with high street banks. Investment returns are market tested periodically to ensure that the returns are maximised whilst safeguarding the funds invested.

Principal risks and uncertainties

The academy trust development planning process takes account of social and economic factors that may impact on the academy trust's ability to achieve its objectives. The planning process results in the production of The School Development Plan informs current and future years financial planning.

Financial Risk

- **DfE and ESFA legislation**
The Academy will keep abreast of any changes brought about by legislation and plan to incorporate them within the financial plan.
- **Potential funding cuts in future years**
Financial planning incorporates flexibilities and scenario planning to reflect varying funding outcomes which may, amongst others, be determined by:
 - Changes to the funding rate for the Education Services Grant;
 - Special Educational Needs (SEN) funding changes; and
 - National funding formula.

The academy trust will continue to set a balanced budget based on ESFA funding, generated income and agreed efficiencies.

- **Potential claw backs of GAG or other grants**
The academy trust is aware of the current criteria for potential claw back (GAG carry forward of > 12%) which is detailed in clause 78 of our Funding Agreement. Our 5 year financial plan indicates that we will not exceed the 12% GAG carry forward limit.

Trustees' report (continued)

For the Year Ended 31 August 2017

- **Changing demographics in catchment area**
The academy trust will review its Admissions Policy annually as required by the Code and review the Published Admission Number (PAN) if there is demographic change.
- **LGPS deficit**
Financial plans consider fluctuations in the employer contributions that maybe required addressing the deficit long term. Actual changes to employer contributions may be made in response to the outcome of an actuarial valuation of the scheme.

PFI Risk

- The academy trust is represented as part of the special purpose vehicle (SPV) which meets monthly to monitor contract operation. The academy trust may invoke penalty clauses should poor performance by the PFI contractor become a limiting factor to effective teaching and learning.
- Planned PFI related revenue expenditure incorporates appropriate indexation in line with contract parameters.
- PFI capital expenditure planning incorporates provision for associated increases in future lifecycle and maintenance revenue costs.

Reputational risk

- Trustees and school leaders, through the committee structure, identify key legal and regulatory requirements and implement appropriate compliance and monitoring reporting.
- Academy trustees and leadership team review and agree internal compliance procedures, allocating key staff to key areas of regulatory responsibility.

Performance Risk

- The academy trust measures performance against internal and National targets. Responsibility for achieving these targets is shared by all staff via the School Improvement Plan and the annual performance management cycle.

The academy trust practices through its Board, namely the Governing Body and the constituted subcommittees risk management principles. Any major risks highlighted at any sub committee are brought to the main Board with proposed mitigating actions and they continue to be reported until the risk is adequately mitigated.

The Governing Body accepts managed risk as an inevitable part of its operations but maintains an objective not to run unacceptable levels of risk in any area. The subjective nature of this process requires major risks to be resolved by the governing body collectively, whilst more minor risks are dealt with by senior executive officers.

Plans for future periods

Future developments

Whole Academy Priorities

- Assuring and developing the quality of teaching, learning and assessment
- Improving outcomes for students
- Building leadership and leadership capacity
- Maintaining a positive learning culture

Trustees' report (continued)

For the Year Ended 31 August 2017

In addition, the academy trust is also working to:

- Provide a relevant and challenging curriculum
- Build relationships with students, parents and the local community
- Significantly reduce costs to ensure the long term financial sustainability of the academy

Disclosure of information to auditors

Each of the persons who are trustees at the time when this trustees' report is approved has confirmed that:

- so far as that trustee is aware, there is no relevant audit information of which the charitable company's auditor is unaware, and
- that trustee has taken all the steps that ought to have been taken as a trustee in order to be aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

Auditors

The auditors, Grant Thornton UK LLP, have indicated their willingness to continue in office.

This report, incorporating the Strategic report, was approved by order of the board of trustees, as the company directors, on and signed on the board's behalf by:

Mrs L Browett
Chair of Trustees

Governance Statement

Scope of Responsibility

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

The board of trustees has delegated the day-to-day responsibility to the Principal, 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 Caroline Chisholm Education Trust (formerly Caroline Chisholm School) and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the trustees' report and in the trustees' responsibilities statement. The board of trustees has formally met 4 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
Mrs J Blaize, Chair of trustees	4	4
Mrs L Browett, Chair of trustees	4	4
Mrs J Croasdale, Staff trustee	3	4
Ms S Duffy, Trustee	4	4
Mr S Gregson, Staff trustee	4	4
Mr G Irons, Trustee	3	4
Mr D James, Principal	4	4
Mrs T Macrae, Trustee	4	4
Mr A Phillips, Staff trustee	2	2
Mr P Quelch, Trustee	1	1
Dr C Rees, Trustee	0	3
Mrs S Robson, Trustee	4	4
Mrs L Samways, Trustee	4	4
Mrs M Simmonds, Staff trustee	2	4
Mr S Stringer, Trustee	3	4
Mrs L Tyson, Trustee	2	4
Mrs S Boak, Trustee	0	0
Mr A Sortwell, Trustee	0	0

Throughout 2016/17 we have been carrying out a skills audit to make sure that we have the breadth of skills necessary to challenge the Principal and the Senior Leadership team in order to help Caroline Chisholm become the highest performing school in Northamptonshire.

Whilst we have not had any key changes in the composition of the Board of Trustees in 2016/17 we expect to recruit new Trustees in 2017/18 to complement the existing skills.

More recently Governors have taken action to develop a more secure understanding of the quality of the school's provision. They have created a standards committee that solely focuses on considering pupil's achievement. The Board believe that this committee reinforces the quality of data that is being delivered to the trustees and validates its integrity.

Individual governors are also linked to subject areas, to check on the quality of the provision of these subjects. The Governors are aware however that they need to have greater oversight of the school, in particular area, in the effectiveness in which senior leaders use additional government funding.

Governance Statement (continued)

Some of the other Sub Committees are:-

Finance –This committee’s purpose is to propose a draft budget, to scrutinise income and expenditure against budget, monitor the controls and oversee statutory reporting.

Staff - To oversee the school’s plan for recruitment of staff and monitor and approve remuneration through the Pay Committee and to ensure that policies relating to human resources follow the guidance and procedures given by the DfE.

To monitor the school’s implementation of Performance Management and the provision of Continuing Professional Development. To receive an annual report on CPD.

Students and learning- To provide guidance and assistance to the Principal and Governing Body in all matters relating to and student welfare and learning.

Pay - To oversee and review the implementation of the pay policy on behalf of the governing body, including the determination of grading’s and salaries.

In addition Project Groups will be set up as appropriate to deal with particular subjects.

The board uses DfE performance data from Raiseonline and the new ASP system. In addition school leaders present in year data to the board in a format that allows them to analyse the school’s performance. DfE data is benchmarked to national standards and internal school data references national performance averages.

The governing body 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 governing body is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the year ending 31 August 2017 and up to the date of the approval of the annual report and financial statements. This process is regularly reviewed by the governing body.

The Finance and PFI Committee is a sub-committee of the main governing body. Its purpose is to propose a draft budget, scrutinise income and expenditure against the budget, monitor systems of control and oversee statutory returns of a financial nature. The Finance and PFI committee performs the role of the audit committee.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mrs L Browett	4	4
Mr D James	4	4
Dr C Rees	1	2
Mrs L Samways	4	4
Mr S Stringer	3	4

Review of Value for Money

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

Governance Statement (continued)

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. The Accounting Officer for the academy trust has delivered improved value for money during the year by:

- Allocating the necessary resources to best promote the aims and values of the academy
- Targeting resources deployed to best improve standard and the quality of provision
- Using resources to best support the various educational needs of all students
- In-house monitoring by the senior and middle management teams
- Annual budget planning plus monthly management reporting of income and expenditure to the Headteacher and governors
- Regular auditing of the financial and management information throughout the academic year
- Analysis of school student performance data
- Published minutes of the Full Governing Body and Governors' Committees
- Analysis of DfE student performance data

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of 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 Caroline Chisholm Education Trust (formerly Caroline Chisholm School) for the year 1 September 2016 to 31 August 2017 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 ongoing process for identifying, evaluating and managing the academy trust's significant risks, that has been in place for the year 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- regular reviews by the Finance and PFI 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;
- identification and management of risks.

The board of trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the trustees have appointed Grant Thornton UK LLP, the external auditors, to perform additional checks. Grant Thornton UK LLP, the external auditor, to perform additional checks.

Governance Statement (continued)

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

- Testing of purchase systems
- Testing of income systems
- Testing of control account/bank reconciliations

On a semi-annual basis, the auditor reports to the board of trustees through the audit committee on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

Review of Effectiveness

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

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

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

Approved by order of the members of the board of trustees on 15 December 2017 and signed on their behalf, by:

Mrs L Browett
Chair of Trustees

Mr D James
Accounting Officer

Statement of Regularity, Propriety and Compliance

As Accounting Officer of Caroline Chisholm Education Trust (formerly Caroline Chisholm School) I have considered my responsibility to notify the academy trust board of trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2016.

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

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.

Mr D James
Accounting Officer

Date: 15 December 2017

Statement of Trustees' Responsibilities

For the Year Ended 31 August 2017

The trustees (who act as governors of Caroline Chisholm Education Trust and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the trustees' report (including the Strategic report) and the financial statements in accordance with the Annual Accounts Direction issued by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP;
- 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 and signed on its behalf by:

**Mrs L Browett, Member
Chair of Trustees**

Date: 15 December 2017

Independent Auditor's Report on the Financial Statements to the Members of Caroline Chisholm Education Trust (formerly Caroline Chisholm School)

Opinion

We have audited the financial statements of Caroline Chisholm Education Trust (formerly Caroline Chisholm School) for the year ended 31 August 2017 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102; The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2017 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017.

Basis for opinion

We have been appointed as auditor under the Companies Act 2006 and report in accordance with regulations made under that Act. We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the academy in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, 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.

Who we are reporting to

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 its members as a body, for our audit work, for this report, or for the opinions we have formed.

Independent Auditor's Report on the Financial Statements to the Members of Caroline Chisholm Education Trust (formerly Caroline Chisholm School)

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 academy's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the 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 including the Strategic Report for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Report and the Strategic Report have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

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

Matters on which we are required to report by exception

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

Independent Auditor's Report on the Financial Statements to the Members of Caroline Chisholm Education Trust (formerly Caroline Chisholm School)

from branches not visited by us; or

- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remunerations specified by law not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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. The description forms part of our Auditor's report.

Gareth Norris ACA (Senior statutory auditor)

for and on behalf of

Grant Thornton UK LLP

Statutory Auditor

Chartered Accountants

Milton Keynes

18 December 2017

Independent Reporting Accountant's Assurance Report on Regularity to Caroline Chisholm Education Trust and the Education and Skills Funding Agency

In accordance with the terms of our engagement letter dated 25 September 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Caroline Chisholm Education Trust (formerly Caroline Chisholm School) during the year 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of Caroline Chisholm Education Trust's accounting officer and the reporting accountant

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

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

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2016 to 2017 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's income and expenditure.

Independent Reporting Accountant's Assurance Report on Regularity to Caroline Chisholm Education Trust and the Education and Skills Funding Agency (continued)

The work undertaken to draw our conclusion includes:

- an assessment of the risk of material irregularity and impropriety across the Academy Trust's activities;
- evaluation of the processes and controls established and maintained in respect of regularity, propriety and compliance of the use of public funds through observation and testing of the arrangements in place and enquiry of the Accounting Officer;
- consideration and corroboration of the evidence supporting the Accounting Officer's statement on regularity, propriety and compliance; and
- limited testing on a sample basis of income and expenditure for the areas identified as high risk.

Conclusion

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

Reporting Accountant

Grant Thornton UK LLP
Chartered Accountants

Milton Keynes

Date: 18 December 2017

Statement of Financial Activities incorporating Income and Expenditure Account

For the Year Ended 31 August 2017

	Note	Unrestricted income funds 2017 £	Restricted income funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
Income from:						
Donations and capital grants	2	23,569	35,531	-	59,100	51,113
Charitable activities:	3					
Funding for academy trust's educational operations		-	8,649,415	-	8,649,415	8,766,696
Other trading activities	4	6,691	334,978	-	341,669	364,234
Investments	5	7,344	-	-	7,344	14,738
Total income		37,604	9,019,924	-	9,057,528	9,196,781
Expenditure on:						
Raising funds		105	286,994	-	287,099	251,553
Charitable activities: academy trust's educational operations	6	38,486	8,838,221	715,359	9,592,066	9,638,054
Total expenditure	7	38,591	9,125,215	715,359	9,879,165	9,889,607
Net expenditure before transfers		(987)	(105,291)	(715,359)	(821,637)	(692,826)
Transfers between funds	18	(4,447)	(46,432)	50,879	-	-
Net expenditure before other recognised gains and losses		(5,434)	(151,723)	(664,480)	(821,637)	(692,826)
Actuarial gains/(losses) on defined benefit pension schemes	23	-	1,327,000	-	1,327,000	(1,289,000)
Net movement in funds		(5,434)	1,175,277	(664,480)	505,363	(1,981,826)
Reconciliation of funds:						
Total funds brought forward		47,357	(1,534,121)	31,925,527	30,438,763	32,420,589
Total funds carried forward		41,923	(358,844)	31,261,047	30,944,126	30,438,763

The notes on pages 26 to 48 form part of these financial statements.

Balance Sheet

As at 31 August 2017

	Note	£	2017 £	£	2016 £
Fixed assets					
Intangible assets	14		866		1,665
Tangible assets	15		31,260,181		31,923,861
			31,261,047		31,925,526
Current assets					
Debtors	16	142,404		116,058	
Cash at bank and in hand		1,732,621		1,588,836	
		1,875,025		1,704,894	
Creditors: amounts falling due within one year	17	(468,946)		(404,657)	
Net current assets			1,406,079		1,300,237
Total assets less current liabilities			32,667,126		33,225,763
Defined benefit pension scheme liability	23		(1,723,000)		(2,787,000)
Net assets including pension scheme liabilities			30,944,126		30,438,763
Funds of the academy trust					
Restricted income funds:					
Restricted income funds	18	1,364,156		1,252,879	
Restricted fixed asset funds	18	31,261,047		31,925,527	
Restricted income funds excluding pension liability		32,625,203		33,178,406	
Pension reserve		(1,723,000)		(2,787,000)	
Total restricted income funds			30,902,203		30,391,406
Unrestricted income funds	18		41,923		47,357
Total funds			30,944,126		30,438,763

The financial statements were approved by the trustees, and authorised for issue, on 15 December 2017 and are signed on their behalf, by:

Mrs L Browett
Chair of Trustees

The notes on pages 26 to 48 form part of these financial statements.

Statement of Cash Flows

For the Year Ended 31 August 2017

	Note	2017 £	2016 £
Cash flows from operating activities			
Net cash provided by/(used in) operating activities	20	<u>187,321</u>	<u>(43,534)</u>
Cash flows from investing activities:			
Dividends, interest and rents from investments		7,344	14,738
Purchase of tangible fixed assets		<u>(50,880)</u>	<u>(66,985)</u>
Net cash used in investing activities		<u>(43,536)</u>	<u>(52,247)</u>
Change in cash and cash equivalents in the year		143,785	(95,781)
Cash and cash equivalents brought forward		<u>1,588,836</u>	<u>1,684,617</u>
Cash and cash equivalents carried forward	21	<u><u>1,732,621</u></u>	<u><u>1,588,836</u></u>

The notes on pages 26 to 48 form part of these financial statements.

Notes to the Financial Statements

For the Year Ended 31 August 2017

1. Accounting Policies

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

1.1 Basis of preparation of financial statements

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

Caroline Chisholm Education Trust (formerly Caroline Chisholm School) constitutes a public benefit entity as defined by FRS 102.

1.2 Fund accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Department for Education 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 and include grants from the Department for Education.

1.3 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 academy 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.

Notes to the Financial Statements

For the Year Ended 31 August 2017

1. Accounting Policies (continued)

1.4 Income

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

Grants are included in the Statement of financial activities incorporating income and expenditure account on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

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

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

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the Statement of financial activities incorporating income and expenditure account in the period in which it is receivable, where receipt is probable and it is measurable.

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

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

Notes to the Financial Statements

For the Year Ended 31 August 2017

1. Accounting Policies (continued)

1.5 Expenditure

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

Expenditure on raising funds includes all expenditure incurred by the academy to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

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

All expenditure is inclusive of irrecoverable VAT.

1.6 Intangible fixed assets and amortisation

Intangible assets costing £1,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment

1.7 Tangible fixed assets and depreciation

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

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

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of these assets, less their estimated residual value, over their expected useful lives on the following bases:

Notes to the Financial Statements

For the Year Ended 31 August 2017

1. Accounting Policies (continued)

Short-term leasehold property	-	2% straight line (Buildings) / 0.8% straight line (Leasehold land)
Motor vehicles	-	25% straight line
Fixtures and fittings	-	10% straight line
Computer equipment	-	25% straight line

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

The academy trust occupies buildings which were built under Private Finance Initiative (PFI) contracts. The Transfer Agreement does not transfer ownership of the new school built by the Contractor (the PFI asset) until the end of the Project Agreement. Whilst the PFI agreement remains between the Local Authority and the Contractor, the Academy Trust is party to a Schools Agreement with the Local Authority.

The Trustees have considered the risks and rewards associated with the PFI asset and consider that these represent a finance lease arrangement, as risks and rewards associated with the PFI buildings are deemed to have transferred to the Academy Trust. As a result, the buildings have been capitalised on the Academy Trust's balance sheet and are depreciated over their useful economic life.

1.8 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the academy trust; this is normally upon notification of the interest paid or payable by the Bank.

1.9 Operating leases

Rentals under operating leases are charged to the Statement of financial activities incorporating income and expenditure account on a straight line basis over the lease term.

The academy trust occupies buildings which were built under Private Finance Initiative (PFI) contracts. The Transfer Agreement does not transfer ownership of the new school built by the Contractor (the PFI asset) until the end of the Project Agreement. Whilst the PFI agreement remains between the Local Authority and the Contractor, the Academy Trust makes an Academy Contribution to the unitary charge via the Schools Agreement to cover the services element of the charge.

The Trustees have considered the risks and rewards associated with the agreement in respect of facilities management and consider that these represent operating lease arrangements, as risks and rewards associated with the services element relate are not transferred to the Academy Trust until the end of the contract. Accordingly, the Academy Contributions are recognised as operating charges in the Statement of Financial Activities on a straight line basis over the life of the contract.

1.10 Debtors

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

Notes to the Financial Statements

For the Year Ended 31 August 2017

1. Accounting Policies (continued)

1.11 Cash at Bank and in hand

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

1.12 Liabilities and provisions

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

1.13 Financial instruments

The 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 16. Prepayments are not financial instruments. Amounts due to the academy's wholly owned subsidiary are held at face value less any impairment. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in note 17. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments. Amounts due to the academy's wholly owned subsidiary are held at face value less any impairment.

1.14 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 Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Notes to the Financial Statements

For the Year Ended 31 August 2017

1. Accounting Policies (continued)

1.15 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 23, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

Notes to the Financial Statements

For the Year Ended 31 August 2017

1. Accounting Policies (continued)

1.16 Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 23, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement:

The trust occupies buildings under PFI agreements with the local authority and has applied judgement in determining that these buildings should be capitalised on the balance sheet. The academy trust does not believe that there are any other additional critical areas where judgement is used.

2. Income from donations and capital grants

	Unrestricted income funds 2017 £	Restricted income funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
Donations	23,569	-	-	23,569	15,563
Capital grants	-	35,531	-	35,531	35,550
	<u>23,569</u>	<u>35,531</u>	<u>-</u>	<u>59,100</u>	<u>51,113</u>
<i>Total 2016</i>	<u>15,563</u>	<u>35,550</u>	<u>-</u>	<u>51,113</u>	

Notes to the Financial Statements

For the Year Ended 31 August 2017

3. Funding for academy trust's educational operations

	Unrestricted income funds 2017 £	Restricted income funds 2017 £	Total funds 2017 £	Total funds 2016 £
DfE/ESFA grants				
General annual grant (GAG)	-	8,200,707	8,200,707	8,442,960
Other DfE/ESFA grants	-	273,685	273,685	160,161
	<u>-</u>	<u>8,474,392</u>	<u>8,474,392</u>	<u>8,603,121</u>
Other government grants				
Other grants	-	9,856	9,856	23,442
Local authority grants	-	165,167	165,167	140,133
	<u>-</u>	<u>175,023</u>	<u>175,023</u>	<u>163,575</u>
	<u>-</u>	<u>8,649,415</u>	<u>8,649,415</u>	<u>8,766,696</u>
<i>Total 2016</i>	<u>-</u>	<u>8,766,696</u>	<u>8,766,696</u>	

4. Other trading activities

	Unrestricted income funds 2017 £	Restricted income funds 2017 £	Total funds 2017 £	Total funds 2016 £
Music, books and exam recharges	-	250,143	250,143	276,979
Letting income	4,800	-	4,800	4,800
Other income	1,891	84,835	86,726	82,455
	<u>6,691</u>	<u>334,978</u>	<u>341,669</u>	<u>364,234</u>
<i>Total 2016</i>	<u>7,414</u>	<u>356,820</u>	<u>364,234</u>	

Notes to the Financial Statements

For the Year Ended 31 August 2017

5. Investment income

	Unrestricted income funds 2017 £	Restricted income funds 2017 £	Total funds 2017 £	Total funds 2016 £
Bank interest receivable	7,344	-	7,344	14,738
<i>Total 2016</i>	14,738	-	14,738	

6. Analysis of expenditure on charitable activities

	Unrestricted income funds 2017 £	Restricted income funds 2017 £	Total funds 2017 £	Total funds 2016 £
Direct costs	38,486	7,170,992	7,209,478	7,246,558
Allocated support costs	-	2,382,588	2,382,588	2,391,496
	38,486	9,553,580	9,592,066	9,638,054
<i>Total 2016</i>	-	9,638,054	9,638,054	

Direct costs

	Unrestricted funds £	Restricted funds £	2017 £	2016 £
Wages and salaries	-	5,178,412	5,178,412	5,437,522
National insurance	-	479,341	479,341	351,507
Pension costs	-	1,056,368	1,056,368	949,082
Educational supplies	38,486	217,246	255,732	290,982
Staff development	-	31,033	31,033	28,437
Examination fees	-	148,592	148,592	135,028
Defined benefit net pension finance cost	-	60,000	60,000	54,000
Total	38,486	7,170,992	7,209,478	7,246,558

Notes to the Financial Statements

For the Year Ended 31 August 2017

Allocated support costs

	Unrestricted funds £	Restricted funds £	2017 £	2016 £
Wages and salaries	-	341,767	341,767	369,145
National insurance	-	21,913	21,913	22,188
Pension costs	-	60,279	60,279	71,692
Depreciation	-	713,508	713,508	722,778
Recruitment costs	-	7,770	7,770	17,856
Insurance	-	46,907	46,907	45,715
Maintenance of premises and equipment	-	102,560	102,560	96,031
Rent and rates	-	51,788	51,788	53,456
Catering	-	84,990	84,990	86,591
PFI Charges	-	793,930	793,930	801,950
Legal and professional fees	-	77,437	77,437	43,052
Other costs	-	4,397	4,397	-
Governance costs	-	69,303	69,303	58,039
Apprenticeship levy	-	5,240	5,240	-
Amortisation	-	799	799	3,003
Total	-	2,382,588	2,382,588	2,391,496

7. Expenditure

	Staff costs 2017 £	Premises 2017 £	Other costs 2017 £	Total 2017 £	Total 2016 £
Expenditure on raising funds	-	-	287,099	287,099	251,553
Academy trust's educational operations:					
Direct costs	6,714,121	-	495,357	7,209,478	7,246,558
Support costs	423,959	915,562	1,043,067	2,382,588	2,391,496
	7,138,080	915,562	1,825,523	9,879,165	9,889,607
Total 2016	7,201,136	951,437	1,737,034	9,889,607	

Notes to the Financial Statements

For the Year Ended 31 August 2017

8. Net income/(expenditure)

This is stated after charging:

	2017	2016
	£	£
Depreciation of tangible fixed assets:		
- owned by the charity	713,508	722,778
Amortisation of intangible fixed assets	799	3,003
Auditor's remuneration - audit	10,375	11,450
Auditor's remuneration - other services	3,640	3,340
Auditor's remuneration - other ESFA requirements	3,825	3,725
Operating lease rentals	11,506	18,333
	<u> </u>	<u> </u>

Notes to the Financial Statements

For the Year Ended 31 August 2017

9. Staff costs

Staff costs were as follows:

	2017	2016
	£	£
Wages and salaries	5,427,861	5,684,334
Social security costs	501,254	373,695
Operating costs of defined benefit pension schemes	1,116,647	1,020,774
	<u>7,045,762</u>	<u>7,078,803</u>
Supply teacher costs	67,818	114,889
Staff restructuring costs	24,500	7,444
	<u><u>7,138,080</u></u>	<u><u>7,201,136</u></u>

Staff restructuring costs comprise:

	2017	2016
	£	£
Severance payments	<u>24,500</u>	<u>7,444</u>

Included in staff restructuring costs are non-statutory / non-contractual severance payments totaling £24,500 (2016: £7,444). This comprised two payments of £10,000 and £14,500 (2016: one individual payment).

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

	2017	2016
	No.	No.
Teachers	117	134
Support staff	109	105
Management	13	13
	<u>239</u>	<u>252</u>

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

	2017	2016
	No.	No.
In the band £ 60,001 - £ 70,000	0	2
In the band £ 70,001 - £ 80,000	2	1
In the band £100,001 - £110,000	1	1

All of the above employees participated in the Teachers' Pension Scheme and the value of employer pension contributions for these employees for the year amounted to £40,552 (2016: £51,582).

Key management personnel are the members of the senior leadership team. Total employment benefits, including employer pension and national insurance contributions, of the key management personnel were £946,072 (2016: £958,608).

Notes to the Financial Statements

For the Year Ended 31 August 2017

10. Central services

No central services were provided by the academy to its academies during the year and no central charges arose.

11. Trustees' remuneration and expenses

One or more trustees has been paid remuneration or has received other benefits from an 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 other staff members under their contracts of employment, and not in respect of their role as trustees. The value of trustees' remuneration and other benefits was as follows:

		2017	2016
		£	£
A Phillips (staff trustee)	Remuneration	20,000-25,000	50,000-55,000
(trustee to 18 Jan 2017)	Pension contributions paid	0-5,000	5,000-10,000
J Blaize (staff trustee)	Remuneration	30,000-35,000	25,000-30,000
(trustee throughout)	Pension contributions paid	5,000-10,000	5,000-10,000
S Gregson (staff trustee)	Remuneration	45,000-50,000	25,000-30,000
(trustee from 25 Nov 2015)	Pension contributions paid	5,000-10,000	5,000-10,000
M Simmonds (staff trustee)	Remuneration	35,000-40,000	20,000-25,000
(trustee from 25 Nov 2015)	Pension contributions paid	5,000-10,000	0-5,000
D James (Principal and staff trustee)	Remuneration	100,000-105,000	100,000-105,000
(trustee throughout)	Pension contributions paid	15,000-20,000	15,000-20,000

During the year ended 31 August 2017, no trustees received any reimbursement of expenses (2016 - £NIL).

12. Trustees' and Officers' Insurance

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy trust business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2017 was £248 (2016 - £266).

13. Other finance income

	2017	2016
	£	£
Interest on pension scheme liabilities	<u>(60,000)</u>	<u>(54,000)</u>

Notes to the Financial Statements

For the Year Ended 31 August 2017

14. Intangible fixed assets

	Software £
Cost	
At 1 September 2016 and 31 August 2017	15,015
Amortisation	
At 1 September 2016	13,350
Charge for the year	799
At 31 August 2017	14,149
Carrying amount	
At 31 August 2017	866
At 31 August 2016	1,665

15. Tangible fixed assets

	Long-term leasehold property £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
Cost					
At 1 September 2016	35,073,206	5,250	93,294	325,371	35,497,121
Additions	-	-	24,586	26,294	50,880
Disposals	-	-	-	(63,362)	(63,362)
At 31 August 2017	35,073,206	5,250	117,880	288,303	35,484,639
Depreciation					
At 1 September 2016	3,338,549	5,250	27,823	201,638	3,573,260
Charge for the year	659,086	-	10,297	44,125	713,508
On disposals	-	-	-	(62,310)	(62,310)
At 31 August 2017	3,997,635	5,250	38,120	183,453	4,224,458
Net book value					
At 31 August 2017	31,075,571	-	79,760	104,850	31,260,181
At 31 August 2016	31,734,657	-	65,471	123,733	31,923,861

Notes to the Financial Statements

For the Year Ended 31 August 2017

16. Debtors

	2017	2016
	£	£
Trade debtors	11,941	11,743
Other debtors	16,035	18,637
Prepayments and accrued income	114,428	85,678
	<u>142,404</u>	<u>116,058</u>

17. Creditors: Amounts falling due within one year

	2017	2016
	£	£
Other taxation and social security	133,247	132,583
Other creditors	116,540	-
Accruals and deferred income	219,159	272,074
	<u>468,946</u>	<u>404,657</u>

	2017	2016
	£	£
Deferred income		
Deferred income at 1 September 2016	165,591	128,129
Resources deferred during the year	112,105	165,591
Amounts released from previous years	<u>(165,591)</u>	<u>(128,129)</u>
Deferred income at 31 August 2017	<u>112,105</u>	<u>165,591</u>

Deferred income relates to school trip income received in respect of future trips of £44,242 (2016: £77,260), deferred ESFA income of £56,891 (2016: £80,741), deferred music lesson income of £9,282 (2016: £6,099) and deferred parent pay income of £1,690 (2016: £1,491).

Notes to the Financial Statements

For the Year Ended 31 August 2017

18. Statement of funds

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/(out) £	Gains/ (losses) £	Balance at 31 August 2017 £
Unrestricted funds						
Unrestricted Funds	47,357	37,604	(38,591)	(4,447)	-	41,923
Restricted funds						
General Annual Grant (GAG)	491,933	8,200,708	(8,068,610)	(46,432)	-	577,599
Other DfE/ESFA Grants	31,263	309,216	(312,639)	-	-	27,840
Local Authority Grants	729,683	135,167	(135,167)	-	-	729,683
Other	-	344,833	(342,926)	-	-	1,907
HGS - New school grant	-	30,000	(2,873)	-	-	27,127
Pension reserve	(2,787,000)	-	(263,000)	-	1,327,000	(1,723,000)
	<u>(1,534,121)</u>	<u>9,019,924</u>	<u>(9,125,215)</u>	<u>(46,432)</u>	<u>1,327,000</u>	<u>(358,844)</u>
Restricted fixed asset funds						
Transfer from Local Authority	31,403,268	-	(659,086)	-	-	30,744,182
Capital expenditure from other funds	522,259	-	(56,273)	50,879	-	516,865
	<u>31,925,527</u>	<u>-</u>	<u>(715,359)</u>	<u>50,879</u>	<u>-</u>	<u>31,261,047</u>
Total restricted funds	<u>30,391,406</u>	<u>9,019,924</u>	<u>(9,840,574)</u>	<u>4,447</u>	<u>1,327,000</u>	<u>30,902,203</u>
Total of funds	<u><u>30,438,763</u></u>	<u><u>9,057,528</u></u>	<u><u>(9,879,165)</u></u>	<u><u>-</u></u>	<u><u>1,327,000</u></u>	<u><u>30,944,126</u></u>

Statement of funds - prior year

	Balance at 1 September 2015 £	Income £	Expenditure £	Transfers in/(out) £	Gains/ (losses) £	Balance at 31 August 2016 £
Unrestricted funds						
Unrestricted Funds	28,051	37,715	(13,816)	(4,593)	-	47,357
	<u>28,051</u>	<u>37,715</u>	<u>(13,816)</u>	<u>(4,593)</u>	<u>-</u>	<u>47,357</u>

Notes to the Financial Statements

For the Year Ended 31 August 2017

18. Statement of funds (continued)

Restricted funds

General Annual Grant (GAG)	386,221	8,389,537	(8,212,720)	(71,105)	-	491,933
Other DfE/ESFA Grants	10,465	249,135	(228,337)	-	-	31,263
Local Authority Grants	729,683	140,133	(140,133)	-	-	729,683
Other	58,847	380,261	(447,820)	8,712	-	-
Pension reserve	(1,377,000)	-	(121,000)	-	(1,289,000)	(2,787,000)
	<u>(191,784)</u>	<u>9,159,066</u>	<u>(9,150,010)</u>	<u>(62,393)</u>	<u>(1,289,000)</u>	<u>(1,534,121)</u>

Restricted fixed asset funds

Transfer from Local Authority	32,062,354	-	(659,086)	-	-	31,403,268
Capital expenditure from other funds	521,968	-	(66,695)	66,986	-	522,259
	<u>32,584,322</u>	<u>-</u>	<u>(725,781)</u>	<u>66,986</u>	<u>-</u>	<u>31,925,527</u>
Total restricted funds	<u>32,392,538</u>	<u>9,159,066</u>	<u>(9,875,791)</u>	<u>4,593</u>	<u>(1,289,000)</u>	<u>30,391,406</u>
Total of funds	<u><u>32,420,589</u></u>	<u><u>9,196,781</u></u>	<u><u>(9,889,607)</u></u>	<u><u>-</u></u>	<u><u>(1,289,000)</u></u>	<u><u>30,438,763</u></u>

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

Restricted general funds will be used for educational purposes in line with the academy's objects and its funding agreement with the ESFA.

Fixed asset funds amounting to £31,261,047 will be reserved against future depreciation charges, and the remainder relates to unspent capital grants which will be utilised to enhance the academy's facilities.

The transfer between the general restricted fund and the restricted fixed asset fund represents fixed asset additions funded by general restricted funds.

Analysis of academies by fund balance

Fund balances at 31 August 2017 were allocated as follows:

	Total 2017 £	Total 2016 £
Caroline Chisholm School	1,378,952	1,300,236
Head office	27,127	-
Total before fixed asset fund and pension reserve	<u>1,406,079</u>	1,300,236
Restricted fixed asset fund	31,261,047	31,925,527
Pension reserve	(1,723,000)	(2,787,000)
Total	<u><u>30,944,126</u></u>	<u><u>30,438,763</u></u>

Notes to the Financial Statements

For the Year Ended 31 August 2017

18. Statement of funds (continued)

Analysis of academies by cost

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 excluding depreciat- ion £	Total 2017 £	Total 2016 £
Caroline Chisholm School	6,714,121	423,959	255,732	2,482,480	9,876,292	9,889,607
Head office	-	-	-	2,873	2,873	-
	<u>6,714,121</u>	<u>423,959</u>	<u>255,732</u>	<u>2,485,353</u>	<u>9,879,165</u>	<u>9,889,607</u>

19. Analysis of net assets between funds

	Unrestricted income funds 2017 £	Restricted income funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Intangible fixed assets	-	-	866	866
Tangible fixed assets	-	-	31,260,181	31,260,181
Current assets	41,923	1,833,102	-	1,875,025
Creditors due within one year	-	(468,946)	-	(468,946)
Provisions for liabilities and charges	-	(1,723,000)	-	(1,723,000)
	<u>41,923</u>	<u>(358,844)</u>	<u>31,261,047</u>	<u>30,944,126</u>

Analysis of net assets between funds - prior year

	Unrestricted income funds 2016 £	Restricted income funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £
Intangible fixed assets	-	-	1,665	1,665
Tangible fixed assets	-	-	31,923,861	31,923,861
Current assets	47,357	1,657,537	-	1,704,894
Creditors due within one year	-	(404,657)	-	(404,657)
Provisions for liabilities and charges	-	(2,787,000)	-	(2,787,000)
	<u>47,357</u>	<u>(1,534,120)</u>	<u>31,925,526</u>	<u>30,438,763</u>

Notes to the Financial Statements

For the Year Ended 31 August 2017

20. Reconciliation of net movement in funds to net cash flow from operating activities

	2017 £	2016 £
Net expenditure for the year (as per Statement of Financial Activities)	(821,637)	(692,826)
Depreciation and amortisation charges		
Depreciation charges	714,307	725,781
Dividends, interest and rents from investments	(7,344)	(14,738)
Loss on the sale of fixed assets	1,052	-
Increase in debtors	(26,346)	(35,405)
Increase/(decrease) in creditors	64,289	(147,346)
Defined benefit pension scheme cost less contributions payable	203,000	67,000
Defined benefit pension scheme finance cost	60,000	54,000
Net cash provided by/(used in) operating activities	187,321	(43,534)

21. Analysis of cash and cash equivalents

	2017 £	2016 £
Cash in hand	1,732,621	1,588,836
Total	1,732,621	1,588,836

22. Capital commitments

There were no capital commitments as at 31 August 2017 or 31 August 2016.

Notes to the Financial Statements

For the Year Ended 31 August 2017

23. Pension commitments

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

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

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

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

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

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

The employer's pension costs paid to TPS in the period amounted to £702,313 (2016 - £732,037).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website

Notes to the Financial Statements

For the Year Ended 31 August 2017

23. Pension commitments (continued)

(www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx).

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £276,000 (2016 - £288,000), of which employer's contributions totalled £210,000 (2016 - £221,000) and employees' contributions totalled £66,000 (2016 - £67,000). The agreed contribution rates for future years are 19.4% for employers and 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 academy closure, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

Principal actuarial assumptions:

	2017	2016
Discount rate for scheme liabilities	2.50 %	2.10 %
Rate of increase in salaries	2.70 %	4.10 %
Rate of increase for pensions in payment / inflation	2.40 %	2.10 %

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

	2017	2016
Retiring today		
Males	22.1	22.3
Females	24.2	24.3
Retiring in 20 years		
Males	23.9	24.0
Females	26.1	26.6

Notes to the Financial Statements

For the Year Ended 31 August 2017

23. Pension commitments (continued)

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

	Fair value at 31 August 2017 £	Fair value at 31 August 2016 £
Equities	2,740,220	2,130,000
Bonds	592,480	570,000
Property	259,210	240,000
Cash and other liquid assets	111,090	60,000
	<u>3,703,000</u>	<u>3,000,000</u>

The actual return on scheme assets was £435,000 (2016 - £480,000).

The amounts recognised in the Statement of financial activities incorporating income and expenditure account are as follows:

	2017 £	2016 £
Current service cost	(413,000)	(288,000)
Interest cost	(60,000)	(54,000)
	<u>(473,000)</u>	<u>(342,000)</u>

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

	2017 £	2016 £
Opening defined benefit obligation	5,787,000	3,615,000
Current service cost	413,000	288,000
Interest cost	126,000	144,000
Employee contributions	66,000	67,000
Actuarial (gains)/losses	(958,000)	1,679,000
Benefits paid	(8,000)	(6,000)
	<u>5,426,000</u>	<u>5,787,000</u>

Notes to the Financial Statements

For the Year Ended 31 August 2017

23. Pension commitments (continued)

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

	2017	2016
	£	£
Opening fair value of scheme assets	3,000,000	2,238,000
Expected return on assets	66,000	90,000
Actuarial losses	369,000	390,000
Employer contributions	210,000	221,000
Employee contributions	66,000	67,000
Benefits paid	(8,000)	(6,000)
	<u>3,703,000</u>	<u>3,000,000</u>
Closing fair value of scheme assets	<u>3,703,000</u>	<u>3,000,000</u>

24. Operating lease commitments

At 31 August 2017 the total of the academy trust's future minimum lease payments under non-cancelable operating leases was:

	Land and buildings		Other	
	2017	2016	2017	2016
	£	£	£	£
Amounts payable:				
Within 1 year	620,057	610,715	4,680	11,506
Between 1 and 5 years	2,480,228	2,442,860	-	4,680
After more than 5 years	4,340,399	4,885,721	-	-
Total	<u>7,440,684</u>	<u>7,939,296</u>	<u>4,680</u>	<u>16,186</u>

The land and buildings operating lease commitment relates to the PFI building which expires in 2029.

25. 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.

26. Related party transactions

Owing to the nature of the academy trust's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the academy trust's financial regulations and normal procurement procedures.

There were no related party transactions during the year ended 31 August 2017 or 31 August 2016.