

Company Registration No.6237630 (England & Wales)

# **Great Academies Education Trust**

(A CHARITABLE COMPANY LIMITED BY GUARANTEE)

## **ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 AUGUST 2016**

SATURDAY



\*A5Z1LILM\*

A17

28/01/2017

#270

COMPANIES HOUSE

**GREAT ACADEMIES EDUCATION TRUST**  
**FINANCIAL STATEMENTS**  
**Year ended 31 August 2016**

**Contents**

	<b>Page</b>
Company Information	3
Trustees' Report	4 – 14
Governance Statement	15 – 18
Statement On Regularity, Propriety And Compliance	19
Statement of Trustees' Responsibilities	20
Auditor's Report on the Financial Statement	21 – 22
Statement of Financial Activities	23
Balance Sheet	24
Cash Flow Statement	25
Notes to the Financial Statements	26 – 48
Reporting Accountant's Report on Regularity	49 - 50

# **GREAT ACADEMIES EDUCATION TRUST**

## **COMPANY INFORMATION**

**Year ended 31 August 2016**

<b>Members</b>	<b>Position</b>	<b>Date of change</b>
D McLoughlin		
M Frost		Resigned 15/6/16
<b>Members &amp; Trustees</b>		
Ian Munro (Chair)	Sponsor Nominee	
Ann Djordjevic	Sponsor Nominee *	
Christine Amyes	Sponsor Nominee *	
Tony Powell	Sponsor Nominee *	
<b>Trustees</b>		
Helen Whittingham	Sponsor Nominee *	
Mark Tweedie	Sponsor Nominee	Resigned 26/9/16
Deborah Mason	Principal (Co-optee) *	Resigned 15/6/16
Matt Jennings	Principal (Co-optee) *	Resigned 15/6/16
David Shaw	Principal (Co-optee) *	Resigned 15/6/16
Emma Perry	Sponsor Nominee	Appointed 28/9/15
Paul Stopford	Sponsor Nominee	Appointed 28/9/15
Kieran Quinn	Sponsor Nominee	Appointed 14/3/16
Allison Crompton	Chief Executive Officer *	Appointed 26/9/16
Joanne Manfred	Sponsor Nominee (Co-optee)	Appointed 26/9/16

\* member of the Finance & Audit Committee

**Company Secretary:** D McLoughlin

**Senior Managers:**

A Crompton	Chief Executive Officer
D Shaw	Principal New Charter Academy
D Mason	Principal Silver Springs Primary Academy
M Jennings	Principal Copley Academy
C Barlow	Director of Finance & Corporate Services

**Principal and Registered Office:** Cavendish 249  
Cavendish Street  
Ashton-under-Lyne  
OL6 7AT

**Independent Auditor:** RSM UK Audit LLP  
3 Hardman Street  
Manchester  
M3 3HF

**Bankers:**

Co-operative Bank	Yorkshire Bank
1 Balloon Street	58 Spring Gardens
Manchester M60 4EP	Manchester M2 1YB

## **GREAT ACADEMIES EDUCATION TRUST**

### **TRUSTEES' REPORT**

**Year ended 31 August 2016**

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year ended 31 August 2016. The annual report serves the purposes of both a trustees' report and a directors' report under company law.

The Trust operated two secondary academies and one primary academy in Tameside during the year. The academies have a combined pupil capacity of 2,846 ranging from 3 to 19 years old and had a roll of 2,482 in Autumn 2016.

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

#### **Constitution**

The Trust is a company limited by guarantee (company number 6237630) and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Trust. The trustees of Great Academies Education Trust are also the directors of the charitable company for the purposes of company law. Details of the trustees who served during the year are included in the company information section on page 3. The Principals are no longer co-opted trustees due to the adoption of new articles on the 15th June 2016. The three academies within the Trust during the financial year are New Charter Academy, Copley Academy and Silver Springs Primary Academy.

#### **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**

The Trust is a member of the Department for Education risk protection arrangement (RPA) which includes risk protection for Governors Liability with a liability limit of £5m.

#### **Method of Recruitment and Appointment or Election of Trustees**

The Trust currently has nine trustees who may appoint committees to be known as Local Governing Bodies for each Academy. The constitution, membership and proceedings of any committee shall be determined by the trustees. Appointments will be in accordance with the Trust's Memorandum and Articles of Association and Governor Recruitment Policy.

The members may appoint up to nine trustees and any number of staff trustees so long as the number does not exceed one third of the total number. The trustees may also co-opt up to three trustees onto the Board.

Trustees with the appropriate skills and experience are sought out to ensure a good balance of knowledge and expertise on the Board. A combination of printed press and on-line adverts are used to attract suitable candidates.

## **GREAT ACADEMIES EDUCATION TRUST**

### **TRUSTEES' REPORT**

**Year ended 31 August 2016**

#### **Policies and Procedures Adopted for the Induction and Training of Trustees**

The Board has developed a number of documents to support trustees in their role including a handbook, code of conduct, role profile and competency framework.

A flexible induction process takes place taking into account the skills and experience of the trustee but includes as a minimum meetings with the Chair of the Board and the Chairs and Principals of each Academy.

Trustees receive no remuneration or benefits in respect of their duties as trustees but are reimbursed for expenses incurred in carrying out their duties. During the year, the trustees held four Trust Board meetings.

#### **Organisational structure**

The trustees meet periodically to receive reports and manage its strategic objectives. In addition to the Trust Board, there are three Academy Governing Bodies and a number of sub-committees which meet to review and discuss key areas in more detail and make recommendations to the governing body.

The day to day management is delegated to the Chief Executive Officer and the Principals who are each supported by a Leadership Team. The scheme of delegation clarifies those decisions that must be referred to the trustees.

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

The Trust has a Remuneration Committee which is responsible for setting the pay and remuneration of the Academy Trust's senior managers. The Committee consists of three Trustees.

#### **Related Parties and other Connected Charities and Organisations**

The Trust works closely with its sponsor, New Charter Housing Trust Limited, the Department for Education (DfE), the Education Funding Agency (EFA), the Local Authority, Tameside Sports Trust, local primary schools and other local organisations to advance for public benefit education for pupils at the Academies and establish links with the local community.

The trustees acknowledge the support of the Trust's sponsor which has been provided in a number of ways, including legal and governance support and HR and payroll services. The EFA provides grant funding to the Trust (details of which are provided in Note 3 to the financial statements).

## **GREAT ACADEMIES EDUCATION TRUST**

### **TRUSTEES' REPORT**

**Year ended 31 August 2016**

#### **OBJECTIVES AND ACTIVITIES**

##### **Objects and Aims**

The Trust's objects are specifically restricted to the following:

- Advancing education by:
  - establishing, maintaining, managing and developing schools offering a broad and balanced curriculum
  - providing childcare facilities and adult training to develop the capacity and skills of parents-to-be and parents with children primarily but not exclusively under five in such a way that they are better able to identify and help meet the needs of children
- Promoting the physical, intellectual and social development of primarily, but not exclusively, children under five especially those who are socially and economically disadvantaged
- Developing the capacity and skills of those who are socially and economically disadvantaged in such a way that they are better able to identify and help meet their needs and to participate more fully in society
- Providing recreational and leisure time facilities in the interest of social welfare for the local communities in which the academies reside, especially those who have need of such facilities by reason of their youth, age, infirmity or disablement, poverty or social and economic circumstances.

Our aim is to provide outstanding schools to improve opportunities for and achievement of the children and young people in the areas surrounding our academies.

##### **Objectives, Strategies and Activities**

The main objectives of the Trust are summarised below:

- deliver maximum value-added for each student
- improve standards of student attainment in literacy and numeracy
- develop an enriched and extended curriculum with a focus on active citizenship and cultural entitlement
- raise aspirations for individual students, parents and the wider community
- provide high quality buildings, designed to minimise impact on the environment and which encourages learning, self-discipline and community involvement
- provide a high achieving and disciplined environment
- establish centres of excellence in school leadership
- meet the needs of local and regional employers for workforce of the future
- work in collaboration with the Local Authority, schools, colleges and universities
- create a training school culture of continuous professional development for all staff
- establish a viable sixth form
- provide childcare facilities and childcare training for adults to identify and help better meet the needs of children
- promote the physical, intellectual and social development of children, primarily those under five and those who are socially and economically disadvantaged

## **GREAT ACADEMIES EDUCATION TRUST**

### **TRUSTEES' REPORT**

**Year ended 31 August 2016**

#### **Objectives, Strategies and Activities (continued)**

The Trust has a number of strategies to aid the achievement of the stated objectives including:

- The appointment of a Chief Executive Officer to lead the Academy Trust
- The identification of an outstanding secondary school to join the Academy Trust
- Tuition and learning opportunities for all students to attain appropriate academic qualifications, including after hours, weekend and holiday classes
- A programme of sport, music and other enrichment activities for all students
- Opportunities for student placements with industrial and commercial partners
- Training opportunities for all staff and especially teaching staff
- A Community Team focussed on links with parents and the community

Among the activities undertaken to achieve the objectives of the Trust are:

- Participation in The Teacher Effectiveness Enhancement Programme (TEEP). TEEP is a teacher professional development programme which aims to improve teachers' classroom practice. Training is run by outstanding teachers, and participant teachers take the role of pupils during the training, in order to gain a deeper understanding of how effective learning behaviours can be encouraged.
- Collaboration with external consultants to identify ways to accelerate student progress across the curriculum
- Appointment of an Every Child A Reader Teacher (Literacy) and an Every Child Counts Teacher (Maths) to provide targeted support for children before they reach year 6.

#### **Public Benefit**

The trustees have considered the duty in section 17 of the Charities Act 2011 to have due regard to the public benefit guidance published by the Charities Commission. The main activities of the Trust are to advance for public benefit education for pupils of different abilities between the ages of 3 and 19; to develop the capacity and skills of local residents who are socially and economically disadvantaged and to promote the provision of facilities for recreation or other leisure time occupation in the interests of social welfare and with the objective of improving the condition of life of those residents.

#### **Equal opportunities**

The trustees recognise that equal opportunities should be an integral part of good practice within the workplace. The Trust aims to establish equal opportunities in all areas of its activities including creating a working environment in which the contribution and needs of all people are fully valued.

#### **Disabled persons**

The Trust welcomes applications from candidates with a disability. A cover letter is sent with all application packs which invites applications to be made by other methods such as audio tape, and both within this cover letter and the letter inviting candidates for interview, we invite candidates to inform us if any alternative arrangements need to be made.

Selection panels are not provided with information about whether candidates have a disability at the shortlisting stage, as the equal opportunities monitoring information is removed prior to shortlisting taking place. New starters complete a health questionnaire which enables us to assess whether any adjustments are needed to the working environment.

## **GREAT ACADEMIES EDUCATION TRUST**

### **TRUSTEES' REPORT**

**Year ended 31 August 2016**

#### **Disabled persons (continued)**

The Trust makes use of an occupational health provider. Any employee can request self-referral, and the Academies make regular referrals, most often for staff returning to work after a period of sickness absence, but also for employees who may be encountering difficulties at work, either due to a disability or due to other reasons. The Academies endeavour to act on the advice provided wherever possible, and will consult with the employee to ensure reasonable adjustments are provided.

Disabled employees are entitled to the same opportunities for training, development and promotion as other employees. Opportunities for promotion are advertised within the Academy, and staff wishing to be considered would be entitled to the same adjustments as candidates coming for interview and to have other adjustments considered, thus ensuring there are no barriers to their promotion.

#### **Employee Consultation**

The Trust recognises and regularly consults with a number of trade unions for both teaching and non-teaching staff. Regular scheduled meetings are held with full time union officials, and both the Academies and the trade union representatives also request additional meetings whenever the need arises. In addition to consultation with full time officials, local meetings are also held with the internal representatives both on a regular scheduled basis and on an ad hoc basis as required.

Consultation also takes place through staff events, staff questionnaires and a general culture of leaders being available and open to staff feedback.

### **STRATEGIC REPORT**

#### **Achievements and Performance**

##### **New Charter Academy**

New Charter Academy continues to develop strongly, retaining its popularity with parents in Tameside and surrounding areas, as an oversubscribed school. 270 students are recruited to Year 7 each year, with most other year groups at the 270 capacity or close. The sixth form continues to develop as the depth of provision increases.

In February 2015 Ofsted inspected the academy identifying that whilst the overall judgement remained at 'requires improvement', significant improvement had taken place. Ofsted noted that both leadership and management, including governance, and the sixth form provision were 'good'. A number of other strengths were identified, including student attendance identified as above the national average.

Achievement across the academy rose marginally when using the new Progress and Attainment 8 measures, compared to last year. The percentage of students achieving the English Baccalaureate suite of subjects was almost in line with national average. Half of all subjects studied in Year 11 achieved results that were in line with, or above, the national progress averages with considerable improvement in a number of other key subject areas. Notable strengths include excellent achievement in Business, Catering, Global Citizenship, History, Music, Performing Arts and Science. However, the academy remains committed to ensuring that all students achieve a positive progress score of +0.5 in every subject. Since the opening of the academy the number of students leaving to become NEET has declined from 12% to below 2%.



## GREAT ACADEMIES EDUCATION TRUST

### TRUSTEES' REPORT

Year ended 31 August 2016

#### **New Charter Academy (continued)**

In summer 2016 the academy was assessed and awarded the prestigious 'Inspiring IAG Gold' award in recognition of the highly effective careers information, advice and guidance work taking place.

Sixth form achievement was broadly in line with national outcomes at A level and above national outcomes at AS level, despite students entering the sixth form with attainment on entry below the national average. Most importantly 100% of Year 13 students achieved results that enabled them to progress into a University of their choice.

The academy remains a vibrant place with an interesting enrichment offer. As new opportunities are fully realised in the new academic year, students will have access to an increasingly large number of study intervention and additional enrichment activities. These will range from dance based exercise classes and model car building to bushcraft and cycling. Given the social context within which the academy operates, an attendance figure of 95% is high and is an indicator of very positive student attitudes and their enjoyment of academy life.

#### **Silver Springs Primary Academy**

Despite the strong record of improvement of the last four years, results at Silver Springs were down on previous years and in comparison to national averages due to the new raised expectations nationally. However, the school is above the Government's floor standards because the school achieved sufficient progress in all three subjects.

By comparison the school is larger than national average (4<sup>th</sup> quintile) with more than twice as many children who are eligible for FSM that the national average (5<sup>th</sup> quintile). This is also reflected in the school's deprivation indicator, which is also in the highest quintile.

Early Years Foundation Stage (EYFS) results have remained steady and in some aspects of learning above the national average. The impact of a number of initiatives designed to improve school readiness, along with consistently outstanding teaching, is evidenced by maintained improvements in the Speech and Language Assessments. The school continues to take a leading role in the specialist Best Practice group for Early Years Foundation Stage.

EYFS Profile	2013	2014	2015	2016	2016 National
Good level of development	15%	47% (+32)	55%	50%	61%
Listening	41%	78% (+37)	82%	78%	84%
Understanding	35%	73% (+38)	81%	73%	84%
Speaking	50%	83% (+33)	84%	83%	82%

# GREAT ACADEMIES EDUCATION TRUST

## TRUSTEES' REPORT

Year ended 31 August 2016

### Silver Springs Primary Academy (continued)

Key Stage One results were below national averages in all subjects and were affected not only by considerable numbers of low attaining mobile children but also by the new higher expectations and testing regime.

This is reflected in the school's stability rating: the school is currently in the lowest quintile (bottom 20%) for stability at 76% with a three-year downward trend, which we were aware of but that in previous years was not evident in reported data. This is due in part to the school's growing popularity.

KS1	2014	2015	National Average 2015	National Average 2016	2016
L2+	Reading:70% Writing: 77% Maths: 84%	Reading:81% Writing:73% Maths:93% Combined: 73%	Reading:90% Writing:86% Maths:92%	Reading:74% Writing:65% Maths:73%	Reading:51% Writing: 51% Maths: 53%

Whilst these results can be attributed in part to the new testing regime, there are still significant indicators of the priorities for improvement, which are supported by our self-evaluation. They still represent a considerable achievement in terms of achieving the new higher standards particularly based on prior attainment data and the levels of SEN in the cohort.

	% achieving National Standard	National Average	Average Scaled Score	National Average
Reading	47%	66%	100.6	102.6
Writing	57%	74%	N/A	N/A
Maths	63%	70%	103.1	103
EPSC	74%	72%	102.6	104
RWM	37%	53%	N/A	N/A

During the academic year 2015 – 2016, the academy moved into a new building, located on the existing site. This was built as part of the Priority School Building Programme managed by the Education Funding Agency (EFA) on behalf of the Department for Education. Following the move to the new building in November 2015, work on site continued in order to demolish the old buildings and to landscape the grounds. All works were completed by June 2016.

## **GREAT ACADEMIES EDUCATION TRUST**

### **TRUSTEES' REPORT**

**Year ended 31 August 2016**

#### **Copley Academy**

Copley Academy has 670 pupils on roll from 11- 16 and is smaller than the average-sized secondary school. Its pupils are drawn from a mixed catchment area that includes pockets of severe deprivation as indicated by a school deprivation indicator of 0.30, this is just below the highest group of schools. The number of pupils eligible for free school meals is significantly higher than the national average, currently 48.7% (National Average 28.2%). The majority of our pupils enter the school with attainment that is lower than the national average. The school is currently judged 'Requires Improvement' by Ofsted.

Attainment in 2016 was significantly improved on the previous year with 59.1% achieving 5 A\*-C including English and Maths. This is a 31% rise in the last two years. The Progress 8 figure, still provisional, is -0.3. Value Added data shows the school just below National Average but not significantly so.

Pupil and parent surveys tell us that pupil behaviour is good and pupils are happy and feel safe at Copley Academy. We have an active choir, Samba band and a thriving partnership with the Royal Exchange theatre. We are part of a pilot project with the Cadet Force and have a large range of extra-curricular sporting activities that our pupils can access. Pupil leadership is a feature of the school. We continue to develop strong links with other schools, both in the UK and overseas, last year our staff and pupils visited Germany, Italy, Turkey and Romania as part of the British Council run Comenius project. We are part of the Erasmus international project for 2016/17.

#### **Key Financial Performance Indicators**

The Trust Board received reports on financial performance and management at each meeting. Key information monitored by the Trust Board and Governing Bodies include:

- balanced budget approved by the Trust Board and reported on throughout the year along with regular forecasts (along with assessment of reserves position to address any in-year deficit budget)
- healthy cash balance - surplus cash placed on deposit and sufficient available funds to meet operational needs
- staff costs as a percentage of total income less donations – 74% in 2015/16, 75% in 2014/15, 77% in 2013/14, 74% in 2012/13 and 73% in 2011/12.
- examination / key stage results
- pupil recruitment, attendance and exclusion data

#### **Going concern**

After making appropriate enquiries, the Trust Board has a reasonable expectation that the Trust has adequate resources to continue for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

## **GREAT ACADEMIES EDUCATION TRUST**

### **TRUSTEES' REPORT**

**Year ended 31 August 2016**

#### **FINANCIAL REVIEW**

##### **Financial report for the year**

The principal sources of funding for the Trust are grants from the EFA, donations and investment income. Most of the Academy's income is obtained from the EFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the EFA during the year ended 31 August 2016 and the associated expenditure are shown as restricted funds in the statement of financial activities.

The Academy also receives grants for fixed assets from the DfE. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' SORP (FRS 102), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. In addition to the grants received, the Trust recognised fixed asset related voluntary income in the current year in respect of the value of the building occupied by Silver Springs Primary Academy and in prior years in respect of the value of the land and buildings occupied by New Charter Academy and Copley Academy and land at Silver Springs Primary Academy. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

There were no donations from related parties in the current year (2015: £300,000).

£2,000,000 permanent endowment fund and other cash not required to meet day to day running expenses is invested in short-term deposit accounts with the Academy Trust's banks. Interest received on these deposits was £72,960 compared to £67,245 in the previous year (£27,676 being interest on the endowment fund (2015: £22,076)).

During the year ended 31 August 2016, total expenditure after accounting for the movement on the pension deficit and voluntary income in respect of the land and building occupied by Silver Springs Primary Academy exceeded recurrent grant funding from the EFA together with other incoming resources. The net movement in funds for the year was (£69,136). This included voluntary income in respect of buildings of £4,131,500, depreciation charges on land and buildings of £946,169 and FRS102 pension charges relating to the Local Government Pension Scheme of £3,427,000. (2015: net movement in funds of (£1,058,693)) including depreciation charges on land and buildings of £876,216 and FRS102 pension charges of £559,000).

Non-teaching staff are members of the Local Government Pension Scheme (LGPS). The deficit as at 31 August 2016 is £6.466m (2015: £3.04m). Employer contribution rates rose to 17% during the year and we are awaiting the outcome of the latest actuarial valuation which will determine the contribution rates for the next three years. In light of the considerable deficit balance, we are expecting contribution rates to continue to rise.

The Academy held fund balances at 31 August 2016 of £48,544,222 comprising £2,000,000 Permanent Endowment Fund, £3,036,779 Unrestricted Fund, £49,164,378 Restricted Fixed Asset Fund, £809,065 Restricted General Fund and a pension reserve deficit of £6,466,000.

The Trust monitors cash flow and prepares financial forecasts to anticipate and manage financial risk and meet financial objectives.

## **GREAT ACADEMIES EDUCATION TRUST**

### **TRUSTEES' REPORT**

**Year ended 31 August 2016**

#### **Reserves policy**

The trustees review the reserve levels of the Trust annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The trustees have determined that the appropriate level of reserves should be equivalent to 10% of income. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance, falling student numbers or no-notice changes in schools funding methodology.

In addition, each Academy considers whether the balance of their reserves is sufficient to meet any anticipated significant investment. Areas currently identified include development of the building (to accommodate a growing sixth form) and a maintenance reserve (there is no provision within the outsourced Facilities Management provision) at New Charter Academy.

The Trust's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) is £3,036,779 (2015: £3,092,450). Restricted general funds are in deficit due to the recognition of the LGPS deficit of £6.466m. The balance on this reserve mainly comprises charitable donations received from Great Neighbourhoods and is used to fund both discreet initiatives at individual academies and development of the Trust.

#### **Investment policy**

The Trust has a preference for banking institutions that have strong ethical values and a low risk profile. In order to manage risk whilst maximising returns, deposits are placed with more than one institution. Only those institutions which meet the criteria set out in the Trust's Treasury Policy are used for the placing of deposits.

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

The Trustees formally review the risk register and matrix on an annual basis and key risks are discussed at Trustee meetings as required. The major risks to which the Trust is exposed, in particular those relating to teaching, provision of facilities and other operational areas of the Trust and its finances have been assessed and appropriate processes and controls have been implemented to minimise and manage risk, including an effective system of internal financial control which is further detailed in the Governance Statement. The main risks identified include:

- \* Financial
- \* Market and Sector
- \* Personnel
- \* Business Continuity
- \* Safeguarding
- \* Health and safety
- \* Legal and compliance

The Trust also monitors and manages risk through the Self Evaluation Framework (SEF) which reports key risks and challenges. Action planning to address areas highlighted and impact of actions taken is reported to the Trust Board directly or via the individual Academy Governing Bodies. The management of financial risk centres on continuing to have strong student numbers and therefore attract maximum funding. This risk is addressed by a marketing programme aimed at prospective students and by driving improvement in academic standards.

## **GREAT ACADEMIES EDUCATION TRUST**

### **TRUSTEES' REPORT**

**Year ended 31 August 2016**

#### **Principal risks and uncertainties (continued)**

The on-going changes in funding methodology and associated reduction in grants received, combined with rising staff costs (in particular significant increases in pension costs for both teaching and non-teaching staff) and high fixed cost of the managed service charges for the building at New Charter Academy present major financial risk and uncertainty for the years ahead.

#### **Plans for future periods**

The Trust has plans to expand the Trust and seeks to identify suitable primary and secondary academies who may wish to join. Middleton Technology School, an outstanding secondary school in Rochdale, made the decision to join the Trust with effect from 1 September 2016. This addition to the Trust, along with the appointment of a Chief Executive Officer, will help drive improvement in the secondary academies. The Trust will continue to strive to improve the performance of all its students and make efforts to ensure its secondary and sixth form students successfully secure employment, further education or training upon leaving the secondary academies and its primary students move onto secondary education with the required numeracy and literacy skill levels upon leaving the primary academy. In addition to academic achievement, the Trust aims to ensure that when students leave, they take other life skills with them.

#### **Auditor**

RSM UK Audit LLP has indicated its willingness to continue in office.

#### **Statement as to disclosure of information to auditors**

Insofar as the trustees are aware:

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

The report of the trustees, incorporating a strategic report, was approved by the trustees, as the company directors, and signed on their behalf by:



Chair of Board: I H MUNRO

Date: 8/12/16

## GREAT ACADEMIES EDUCATION TRUST

### GOVERNANCE STATEMENT

Year ended 31 August 2016

#### Scope of Responsibility

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

The board of trustees has delegated the day-to-day responsibility to the Chief Executive Officer, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Great Academies Education Trust and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

#### Governance

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

Trustee	Meetings attended	Out of possible
Ian Munro (Chair)	4	4
Ann Djordjevic	4	4
Christine Amyes	4	4
Deborah Mason (Principal)	4	4
Helen Whittingham	4	4
Tony Powell	3	4
Matt Jennings (Principal)	4	4
Mark Tweedie	2	4
David Shaw (Principal)	3	4
Emma Perry	3	4
Paul Stopford	3	4
Kieran Quinn	1	2

#### Governance reviews

Governor and Trustee appraisals are held on an annual basis to review effectiveness across the boards. Feedback from the appraisals is used to help shape the training and development calendar for the following academic year. There is a termly training session for all GAET members on subjects such as Safeguarding, Admissions and Exclusions, plus academy specific training appropriate to each governing body. In addition we hold an annual GAET Away Day for all members to look at Governor and Director roles, GAET's vision and objectives and hosts guest speakers. Within the development brochure Governors and Directors can find a range of information on online resources to which we are subscribing members such as the National Governors Association, Governor e-Learning and The Key. Training records are held centrally by the clerk and are reviewed at individual appraisals to ensure attendance and that Governors are playing an active part in their personal training and development needs.

## **GREAT ACADEMIES EDUCATION TRUST**

### **GOVERNANCE STATEMENT**

**Year ended 31 August 2016**

#### **Governance reviews (continued)**

The external review commissioned last year is still in progress. The recently appointed Chief Executive Officer will now lead on this review and it will be completed during the next financial year. The findings will be shared in the next annual report.

#### **Finance and Audit Committee**

The Finance and Audit Committee is a sub-committee of the main board of trustees. Its purpose is to oversee financial reporting and review and approve the audit activity. In addition to the Finance Director, Helen Whittingham, who is a qualified accountant, is a member of the committee. Attendance at meetings in the year is as follows:

<b>Trustee</b>	<b>Meetings attended</b>	<b>Out of possible</b>
Ann Djordjevic	5	5
Christine Amyes	5	5
Tony Powell	4	5
Helen Whittingham	4	5
Deborah Mason	4	5
Matt Jennings	5	5
David Shaw	5	5

#### **Review of Value for Money**

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

The accounting officer considers how the 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 available. The accounting officer for the academy trust has delivered improved value for money during the year by:

- **Targeting resources to focus on improving educational results**  
The Academy Trust regularly reviews its staffing structure to ensure that staffing levels are appropriate to support the delivery of the curriculum. The on-going reduction in funding levels has renewed the focus on ensuring that the right staff are in post to drive improvement in the key areas. Although staff numbers have reduced in response to budget pressures, more flexible and focused deployment of the remaining staff has enabled the Trust to continue driving improvement.
- **On-going review and challenge of all costs**  
The Academy Trust has an established culture of challenging all requested spend – do we need to spend, is there an alternative, more cost effective way of providing, have we secured the best procurement deal? There has been a renewed focus on this in light of the funding cuts with renegotiation of all service contracts as they have come due, benchmarking and sharing cost data across the Trust and seeking ways to secure better deals Trust-wide.

There are opportunities to further expand group procurement and exploit potential economies of scale, and this will be the value for money focus for the next financial year.



## **GREAT ACADEMIES EDUCATION TRUST**

### **GOVERNANCE STATEMENT**

**Year ended 31 August 2016**

#### **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 Great Academies Education Trust for the year ended 31 August 2016 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 ending 31 August 2016 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 Audit 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 Susanne Dewhurst, the Finance Director of Warrington Collegiate Education Trust, to perform peer review.

The reviewer's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. On an annual basis, the reviewer reports to the board of trustees, through the finance and audit committee, on the operation of the systems of control

For the year ending 31 August 2016, the agreed schedule of work was delivered as planned with no control issues arising from the work.

**GREAT ACADEMIES EDUCATION TRUST**  
**GOVERNANCE STATEMENT**  
**Year ended 31 August 2016**

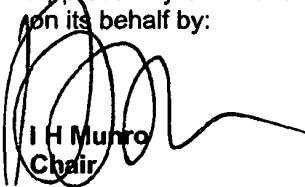
**Review of effectiveness**

As accounting officer, the CEO 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 Susanne Dewhurst (peer review)
- the work of the external auditor
- the work of the directors 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 Audit Committee and a plan to ensure continuous improvement of the system is in place.

Approved by order of the members of the Governing Body on 5 December 2016 and signed on its behalf by:

  
**I H Munro**  
**Chair**

  
**A Crompton**  
**Accounting Officer**

**GREAT ACADEMIES EDUCATION TRUST**  
**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

**Year ended 31 August 2016**

As accounting officer of Great Academies Education Trust I have considered my responsibility to notify the academy trust board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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.

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 EFA.



**A Crompton**  
**Accounting Officer**  
**5 December 2016**

**GREAT ACADEMIES EDUCATION TRUST**  
**STATEMENT OF TRUSTEES' RESPONSIBILITIES**

Year ended 31 August 2016

**STATEMENT OF TRUSTEES' RESPONSIBILITIES**

The trustees (who act as governors of Great Academies 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 Academies Accounts Direction published by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

The trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the EFA/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 5 December 2016 and signed on its behalf by:

Chair of Board: I H MUNRO

**GREAT ACADEMIES EDUCATION TRUST**  
**REPORT OF THE INDEPENDENT AUDITOR'S TO THE MEMBERS OF**  
**GREAT ACADEMIES EDUCATION TRUST**

We have audited the financial statements of Great Academies Education Trust for the year ended 31 August 2016 on pages 23 to 48. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard Applicable in the UK and Republic of Ireland' and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

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

**Respective responsibilities of trustees and auditor**

As explained more fully in the Statement of Trustees' Responsibilities set out on page 20, the trustees (who act as governors of Great Academies Education Trust and are also the directors of the company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>

**Opinion on financial statements**

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 2016 and of its incoming resources and application of resources, including its income and expenditure, for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the Companies Act 2006; and
- have been prepared in accordance with the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

**Opinion on other requirement of the Companies Act 2006**

In our opinion the information given in the Trustees' Report and the incorporated Strategic Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

**GREAT ACADEMIES EDUCATION TRUST**  
**REPORT OF THE INDEPENDENT AUDITOR'S TO THE MEMBERS OF**  
**GREAT ACADEMIES EDUCATION TRUST**

**Matters on which we are required to report by exception**

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

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

*RSM UK Audit LLP*

Anna Spencer-Gray (Senior Statutory Auditor)  
For and on behalf of RSM UK AUDIT LLP, Statutory Auditor  
Chartered Accountants  
3 Hardman Street  
Manchester  
M3 3HF

*15 December* 2016

**GREAT ACADEMIES EDUCATION TRUST**  
**STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 AUGUST 2016**  
**(including income and expenditure account)**

**Company number: 6237630**

		Permanent Endowment Fund	Unrestricted Fund	Restricted General Funds	Restricted Fixed Asset Funds	Total 2016	Total 2015
	Note	£'000	£'000	£'000	£'000	£'000	£'000
<b>Income from:</b>							
Donations and capital grants	3	-	-	-	4,262	4,262	459
Charitable activities:							
Funding for the Academy Trust's educational operations	4	-	-	14,826	-	14,826	14,777
Other trading activities	5	-	309	-	-	309	299
Investments	6	-	73	-	-	73	67
<b>Total</b>		-	382	14,826	4,262	19,470	15,602
<b>Expenditure on:</b>							
Raising funds	7	-	263	-	-	263	271
Charitable activities:							
Academy trust educational operations	7 / 8	-	-	15,040	1,181	16,221	16,158
<b>Total</b>		-	263	15,040	1,181	16,484	16,429
<b>Net income/(expenditure)</b>		-	119	(214)	3,081	2,986	(827)
Transfers between funds	18	-	(175)	(510)	685	-	-
<b>Other recognised gains / (losses)</b>							
Remeasurement of net defined benefit obligations	25	-	-	(3,056)	-	(3,056)	(231)
<b>Net movement in funds</b>		-	(56)	(3,780)	3,766	(70)	(1,058)
<b>Reconciliation of funds</b>							
Total funds brought forward		2,000	3,092	(1,877)	45,399	48,614	49,672
<b>Total funds carried forward</b>		2,000	3,036	(5,657)	49,165	48,544	48,614

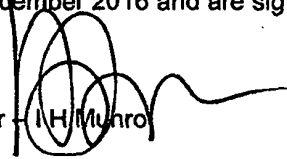
**GREAT ACADEMIES EDUCATION TRUST**  
**BALANCE SHEET**

as at 31 August 2016

Company number: 6237630

	Note	2016 £'000	2015 £'000
<b>Fixed assets</b>			
Tangible assets	13	49,165	45,399
<b>Current assets</b>			
Debtors	15	745	406
Current asset investments: cash on deposit		4,315	4,799
Cash at bank and in hand		3,000	2,546
		8,060	7,751
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	16	(2,215)	(1,497)
<b>Net current assets</b>		5,845	6,254
<b>Total assets less current liabilities</b>		55,010	51,653
Defined benefit pension scheme liability	25	(6,466)	(3,039)
<b>Total net assets</b>		48,544	48,614
<b>Funds of charity</b>			
<b>Restricted funds</b>			
Permanent Endowment Fund	18 & 19	2,000	2,000
Restricted Fixed Asset Fund	18 & 19	49,165	45,399
Restricted General Fund	18 & 19	809	1,162
Restricted Pension Fund	18 & 19	(6,466)	(3,039)
		45,508	45,522
<b>Unrestricted funds</b>			
Unrestricted General Fund	18 & 19	3,036	3,092
<b>Total funds</b>		48,544	48,614

The financial statements on pages 23 to 48 were approved by the trustees and authorised for issue on 5 December 2016 and are signed on their behalf by:

Chair  I H Munro



**GREAT ACADEMIES EDUCATION TRUST**

**Statement of Cash Flows**

**for the year ended 31 August 2016**

	<b>Notes</b>	<b>2016 £'000</b>	<b>2015 £'000</b>
<b>Cash flows from operating activities</b>			
Net cash provided by operating activities	21	4,792	375
<b>Cash flows from investing activities</b>	22	(4,822)	44
		<hr/>	<hr/>
<b>Change in cash and cash equivalents in the reporting period</b>		(30)	419
		<hr/>	<hr/>
<b>Cash and cash equivalents at 1 September 2015</b>	23	7,345	6,926
		<hr/>	<hr/>
<b>Cash and cash equivalents at 1 September 2016</b>	23	7,315	7,345
		<hr/>	<hr/>
<b>Represented by:</b>			
Cash at bank and in hand		3,000	2,546
Cash on deposit		4,315	4,799
		<hr/>	<hr/>
		7,315	7,345
		<hr/>	<hr/>

**GREAT ACADEMIES EDUCATION TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 August 2016**

**1 STATEMENT OF ACCOUNTING POLICIES**

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

**General information**

Great Academies Education Trust is a charitable company. The principal place of business is noted on page three. The nature of the Trust's operations are set out in the Trustees' Report.

**Basis of preparation**

**First time adoption of FRS 102**

These financial statements are the first financial statements of Great Academies Education Trust prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102), the Charities SORP FRS 102, the Academies Accounts Direction 2015 to 2016 issued by the EFA, the Charities Act 2011 and the Companies Act 2006. The Academy Trust is a public benefit entity under FRS 102 and has therefore applied the relevant public benefit requirements of FRS 102. The financial statements of Great Academies Education Trust for the year ended 31 August 2015 were prepared in accordance with previous Generally Accepted Accounting Practice (UK GAAP) and SORP 2005.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the trustees have amended certain accounting policies to comply with FRS 102 and SORP FRS 102.

The prior year SoFA is included in note 30.

**Correction of prior period error**

A prior period adjustment has been made in respect of recognition of leasehold land. Further detail is given in note 2.

**Going Concern**

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

**Income**

All incoming resources are recognised when the academy trust has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

- Grants receivable are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of 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 year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund.

**GREAT ACADEMIES EDUCATION TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 August 2016**

**Income (continued)**

- Capital grants are recognised when receivable 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 in the period in which it is receivable, where receipt is probable and it can be measured reliably.
- Interest income on cash balances is included in the statement of financial activities on a receivable basis or on an accruals basis where receipt is probable and it can be measured reliably.

**Expenditure**

Expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

- Expenditure on raising funds  
These are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.
- Charitable activities  
These are costs incurred on the academy trust's educational operations.

**Tangible fixed assets**

All assets of a capital nature costing more than £500 and with an expected useful life exceeding one year are capitalised. Tangible fixed assets are stated at cost less depreciation.

Depreciation is charged on a straight line basis beginning in the year in which the asset is brought into use at the following annual rates:-

Leasehold land	0.8% p.a. (reflecting 125 year lease)
Leasehold buildings	2% p.a.
Furniture and equipment	20% p.a.
ICT equipment	33% p.a.

Where fixed assets have been acquired with the aid of specific grants, they are included in the balance sheet at cost and are depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund (in the Statement of Financial Activities and carried forward in the balance sheet). The depreciation on such assets is charged in the statement of financial activities over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

**GREAT ACADEMIES EDUCATION TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 August 2016**

**Liabilities**

Liabilities are recognised where there is an obligation at the reporting 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 measured reliably. Liabilities are recognised at the amount the Academy Trust anticipates it will pay to settle the debt or the amount it has received as advance payment for goods or services it must provide.

**Financial Instruments**

The Academy Trust has chosen to adopt Sections 11 of FRS 102 in full in respect of financial instruments.

*Financial assets and liabilities*

Financial assets and financial liabilities are recognised when the Academy becomes a party to the contractual provisions of the instrument.

Financial liabilities are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), unless the arrangement constitutes a financing transaction. A financial asset or financial liability that is payable or receivable in one year is measured at the undiscounted amount expected to be received or paid net of impairment, unless it is a financing transaction.

Financial assets and financial liabilities are offset only when there is a current legally enforceable right to set off the recognised amounts and the intention to either settle on a net basis, or to realise the asset and settle the liability simultaneously

**Operating Leases**

Rentals applicable to operating leases where substantially all the benefits and risks of ownership remain with the lessor are charged to the statement of financial activities on a straight line basis over the lease term.

**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.

**Pensions Benefits**

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

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 quinquennial valuations using a prospective benefit method.

**GREAT ACADEMIES EDUCATION TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 August 2016**

**Pensions Benefits (continued)**

As stated in note 24, the TPS is a multi-employer scheme and the academy trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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 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 net income are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. Net interest on the net defined benefit liability is also recognised in the Statement of Financial Activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses. Actuarial gains and losses are recognised immediately in other gains and losses.

**Fund Accounting**

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

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

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

**Agency arrangements**

The Academy Trust acts as an agent in the administering of 16-19 Bursary Funds on behalf of the EFA. Related payments received from the EFA and subsequent disbursements to students are excluded from the statement of financial activities to the extent that the Academy Trust does not have a beneficial interest in the individual transactions. A maximum allowance of 5% of the total bursary funds received may be recognised as a contribution to administration costs in the statement of financial activities. Where funds have not been fully applied in the year then an amount will be included within creditors for distribution to students in the following year.

**Critical accounting estimates and areas of judgement**

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

**Critical accounting estimates and assumptions**

The Academy Trust makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results.

**GREAT ACADEMIES EDUCATION TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 August 2016**

**Critical accounting estimates and areas of judgement (continued)**

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 24, will impact the carrying amount of the pension liability.

*Critical areas of judgement*

The trustees deem the key area of judgement in the accounts to be depreciation, the treatment of which has been outlined in the accounting policies section.

**2 First time adoption of Charities SORP (FRS 102)**

**Explanation of transition to FRS 102**

It is the first year that the Academy Trust has presented its financial statements under SORP FRS 102 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 August 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 1 September 2014. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

Reconciliation of the effect of the transition to FRS 102 and SORP FRS 102 on net income/(expenditure) for the comparative period reported under previous UK GAAP and SORP 2005 are given below.

**Reconciliation of net income/(expenditure)**

	<b>31 August 2015 £'000</b>
Net expenditure previously reported under UK GAAP	(661)
Pre transition error (see note below)	(14)
Change in recognition of LGPS interest cost	(152)
	<hr/>
Net movement in funds reported under FRS 102	(827)
	<hr/>

**Change in recognition of LGPS interest cost**

Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in income. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in expenditure. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to increase the debit to net expenditure by £152k and reduce the debit in other recognised gains and losses in the SoFA by an equivalent amount.

**GREAT ACADEMIES EDUCATION TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 August 2016

**Reconciliation of funds**

	<b>31 August 2015 £'000</b>
Funds as reported under UK GAAP	46,886
Prior period error	1,728
	<hr/>
Net movement in funds reported under FRS 102	48,614
	<hr/>

**Prior period error**

The Academy Trust had not previously recognised leasehold land and buildings for Silver Springs Primary Academy on the basis that there were plans to move into a new building in Autumn 2015, and a note accompanied the fixed assets disclosure to this effect. As the land had been part of the gift to the Trust when Silver Springs converted in April 2012, and the new building was to be built on the existing site, it should have been recognised at that time. When recognising the value of land and buildings in the accounts for financial year ended 31 August 2016, the error has been corrected as the value of the leasehold land of £1,776k and associated depreciation of £14k pa has been reflected with effect from 1<sup>st</sup> April 2012. As it was certain at the time of conversion that there would be a new building for Silver Springs, and the existing building would only be occupied for a short period of time, the Trustees considered that the amount was not material and therefore it has not been accounted for.

**3 Donations and capital grants**

	<b>Restricted funds £'000</b>	<b>Total 2016 £'000</b>	<b>Total 2015 £'000</b>
<b>Restricted</b>			
Capital grants	52	52	159
Donated fixed assets	4,210	4,210	-
Other donations (income from related parties: Great Neighbourhoods)	-	-	300
	<hr/>	<hr/>	<hr/>
	4,262	4,262	459
	<hr/>	<hr/>	<hr/>

**4 Funding for the Academy Trust's educational operations**

	<b>Restricted Funds £'000</b>	<b>Total 2016 £'000</b>	<b>Total 2015 £'000</b>
<b>DfE / EFA grants</b>			
General Annual Grant (GAG)	13,334	13,334	13,351
Pupil Premium	1,190	1,190	1,208
Other DfE/EFA grants	152	152	100
	<hr/>	<hr/>	<hr/>
	14,676	14,676	14,659
<b>Other Government Grants</b>			
Local authority grants	150	150	118
	<hr/>	<hr/>	<hr/>
	14,826	14,826	14,777
	<hr/>	<hr/>	<hr/>

**GREAT ACADEMIES EDUCATION TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 August 2016

**5 Other trading activities**

	Unrestricted Funds £'000	Total 2016 £'000	Total 2015 £'000
Catering	263	263	256
Hire of facilities	3	3	16
Other income	43	43	27
	<u>309</u>	<u>309</u>	<u>299</u>

**6 Investment income**

	Unrestricted funds £'000	2016 £'000	2015 £'000
Short term deposits	73	73	67

**7 Expenditure**

	Staff Costs	Non-Pay Expenditure		2016	2015
	£'000	Premises £'000	Other £'000	£'000	£'000
Expenditure on raising funds	169	-	94	263	271
Academy's educational operations:					
Direct costs	10,180	-	1,222	11,402	11,204
Support costs	1,606	2,133	1,080	4,819	4,954
	<u>11,955</u>	<u>2,133</u>	<u>2,396</u>	<u>16,484</u>	<u>16,429</u>

Net income / (expenditure) for the period includes:

	2016 £'000	2015 £'000
Operating leases	20	21
Depreciation	1,229	1,267
Fees payable to auditor for:		
Audit	12	12
other services	5	4
Net interest on defined benefit pension liability	117	96



**GREAT ACADEMIES EDUCATION TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 August 2016

**8 Charitable activities**

	2016 £'000	2015 £'000
<b>DIRECT COSTS</b>		
Teaching and educational support staff costs, including supply staff	10,180	10,290
Depreciation	112	74
Technology	40	50
Educational supplies	474	368
Examination fees	193	156
Staff development	69	44
Educational consultancy	58	24
Travel and trips	26	18
Other direct costs	250	180
	<u>11,402</u>	<u>11,204</u>
<b>SUPPORT COSTS</b>		
Support staff costs	1,606	1,634
Depreciation	1,069	1,193
Technology costs	279	256
Recruitment	60	55
Maintenance of premises	475	441
Cleaning	51	25
Operating lease rentals	20	21
Rent and rates	205	206
Energy costs	333	390
Insurance	105	118
Catering	114	124
Governance costs	17	16
Bank interest and charges	3	3
Other support costs	482	472
	<u>4,819</u>	<u>4,954</u>
<b>TOTAL DIRECT AND SUPPORT COSTS</b>	<u>16,221</u>	<u>16,158</u>

**GREAT ACADEMIES EDUCATION TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 August 2016

**9 Staff**

**Staff costs**

Staff costs during the period were:	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
Wages and salaries	8,937	9,325
Social security costs	743	692
Operating costs of defined benefit pension schemes	1,622	1,539
	<hr/>	<hr/>
	11,302	11,556
Supply staff costs	278	198
Staff restructuring costs	258	234
	<hr/>	<hr/>
	11,838	11,988
	<hr/>	<hr/>
Staff restructuring costs comprise:		
Redundancy payments	129	215
Severance payments	30	19
Other restructuring costs	99	0
	<hr/>	<hr/>
	258	234
	<hr/>	<hr/>

**Non statutory / non-contractual staff severance payments**

There was one non-statutory/non-contractual severance payment included in staff restructuring totalling £16,496 (2015: £19,175).

**Staff numbers**

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

	<b>2016</b>	<b>2016</b>	<b>2015</b>	<b>2015</b>
	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>No.</b>
	<b>Actual</b>	<b>FTE</b>	<b>Actual</b>	<b>FTE</b>
Teachers	167	160	169	163
Administration and support	175	138	188	145
Management	4	4	6	6
	<hr/>	<hr/>	<hr/>	<hr/>
	346	302	363	314
	<hr/>	<hr/>	<hr/>	<hr/>

**GREAT ACADEMIES EDUCATION TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 August 2016

**9 Staff (continued)**

**Higher paid staff**

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

	2016	2015
£60,001 - £70,000	6	3
£70,001 - £80,000	2	2
£90,001 - £100,000	1	2
£100,001 - £110,000	1	-
£130,001 - £140,000	-	1

Nine of the employees earning more than £60,000 per annum participated in the Teachers' Pension Scheme. During the year ended 31 August 2016, pension contributions for these staff amounted to £105,224 (2015: £72,546). The other employee participated in the Local Government Pension Scheme, pension contributions amounted to £12,715 (2015: £12,212).

**Key management personnel**

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 3. The trustees do not receive remuneration for their services. The total amount of employee benefits (including employer pension contributions) received by the senior management team for their services to the academy trust was £439,771 (2015: £469,526).

**10 Related Party Transactions – Trustees' remuneration and expenses**

Trustees did not receive any payments, other than expenses, from the academy trust in respect of their role as trustees. The principals only receive remuneration in respect of services they provide undertaking the role of principal under their contracts of employment.

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

**D Shaw (principal and trustee):**

Remuneration £100,000 - £110,000 (2015: £30,000 - £40,000 (part yr))

Employer's pension contributions £15,000-£20,000 (2015: £5,000-£10,000 (part yr))

**D Mason (principal and trustee)**

Remuneration £70,000 - £80,000 (2015: £70,000 - £80,000)

Employer's pension contributions £10,000-£15,000 (2015: £5,000-£10,000)

**M Jennings (principal and trustee)**

Remuneration £90,000 - £100,000 (2015: £90,000 - £100,000)

Employer's pension contributions £10,000-£15,000 (2015: £15,000-£20,000)

During the year ended 31 August 2016, travel and subsistence expenses totalling £397 (2015 - £nil) was reimbursed to one Trustee.

**GREAT ACADEMIES EDUCATION TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 August 2016

**11 Trustees and officers insurance**

In accordance with normal commercial practice the Academy Trust has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The Academy Trust is a member of the Education Funding Agency's Risk Protection Arrangement which provides cover for Governors, Officers and Trustees with a liability limit of £5m. The cost of this insurance is included in the total insurance cost.

**12 Central Services**

The Academy Trust has provided the following central services to its academies during the year:

- Human Resources
- Finance
- Legal
- Governance
- School Improvement
- Health & Safety

The Trust charges for these services as a percentage of income and is currently charged at 3.5%. The actual amounts charged in 2016 were as follows:

	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
New Charter Academy	268	198
Copley Academy	123	96
Silver Springs Primary Academy	52	36
	<hr/> 443 <hr/>	<hr/> 330 <hr/>

**GREAT ACADEMIES EDUCATION TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 August 2016

**13 Tangible Fixed Assets**

	Land & Building £'000	Furniture and Equipment £'000	ICT equipment £'000	Total £'000
<b>Cost</b>				
As at 31 August 2015	47,607	758	564	48,929
Additions	4,132	428	387	4,947
Disposals	-	(31)	(212)	(243)
At 31 August 2016	<u>51,739</u>	<u>1,155</u>	<u>739</u>	<u>53,633</u>
<b>Depreciation</b>				
As at 31 August 2015	2,591	455	484	3,530
Charge in year	947	151	83	1,181
Disposals	-	(31)	(212)	(243)
At 31 August 2016	<u>3,538</u>	<u>575</u>	<u>355</u>	<u>4,468</u>
<b>Net book value</b>				
At 31 August 2016	<u>48,201</u>	<u>580</u>	<u>384</u>	<u>49,165</u>
At 31 August 2015	<u>45,016</u>	<u>303</u>	<u>80</u>	<u>45,399</u>

The Academy Trust had not previously recognised leasehold land and buildings for Silver Springs Primary Academy on the basis that there were plans to move into a new building in Autumn 2015. As the land had been part of the gift to the Trust when Silver Springs converted in April 2012, and the new building was to be built on the existing site, it should have been recognised at that time. When recognising the value of land and buildings in the accounts for financial year ended 31 August 2016, the error has been corrected as the value of the leasehold land and associated depreciation has been reflected with effect from 1<sup>st</sup> April 2012. As it was certain at the time of conversion that there would be a new building for Silver Springs, and the existing building would only be occupied for a short period of time, the Trustees considered that the amount was not material and therefore it has not been accounted for.

On 24<sup>th</sup> August 2012, New Charter Academy entered a 125 year lease in respect of the building that they now occupy. The land and building were valued by Tameside MBC at £38,228,000 (land £3,552,000, building £34,676,000). This value has been taken as the deemed cost and is reflected within the accounts.

On 1<sup>st</sup> February 2013, Copley Academy entered into a 125 year lease in respect of the building that they occupy. This was valued by the EFA at 31<sup>st</sup> March 2013 at £7,603,000 (land £999,000, building £6,604,000) on a depreciated replacement cost basis which has been taken to be the fair value of the asset. In addition, equipment and furniture transferred was included at written down value at date of conversion.

**14 Capital commitments**

There are no capital commitments at the year end.

**GREAT ACADEMIES EDUCATION TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 August 2016

**15 Debtors**

	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
Prepayments & accrued income	449	287
HMRC - VAT debtor	277	96
Other debtors	19	23
	<u>745</u>	<u>406</u>

**16 Creditors: amounts falling due within one year**

	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
Trade creditors	725	358
Other creditors	67	27
Accruals	1,022	657
Deferred Income	181	251
Other taxation and social security	220	204
	<u>2,215</u>	<u>1,497</u>

**Deferred income**

	<b>2016</b>
	<b>£'000</b>
Deferred income at 1 September 2015	251
Resources deferred in the year	136
Amounts released from previous years	(206)
Deferred income at 31 August 2016	<u>181</u>

Deferred income at 31 August 2016 includes universal infant free school meals, Autumn 2016 Nursery funding, rates reimbursement and schools sports partnership funding.

**17 Financial Instruments**

The Academy Trust has the following financial instruments:

	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
<b>Financial Assets</b>		
Debt instruments measured at amortised cost	19	23
<b>Financial Liabilities</b>		
Financial liabilities measured at amortised cost	1,747	1,015

**GREAT ACADEMIES EDUCATION TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 August 2016

**18 Funds**

	Balance at 31 August 2015 £'000	Incoming resources £'000	Resources Expended £'000	Gains, losses and transfers £'000	Balance at 31 August 2016 £'000
<b>Restricted general funds</b>					
General Annual Grant (GAG)	1,052	13,334	(13,067)	(510)	809
Start up grant	110	-	(110)	-	-
Pupil Premium	-	1,190	(1,190)	-	-
Other grants	-	302	(302)	-	-
Pension reserve	(3,039)	-	(371)	(3,056)	(6,466)
	<u>(1,877)</u>	<u>14,826</u>	<u>(15,040)</u>	<u>(3,566)</u>	<u>(5,657)</u>
<b>Endowment</b>	<u>2,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,000</u>
<b>Restricted fixed asset fund</b>	<u>45,399</u>	<u>4,262</u>	<u>(1,181)</u>	<u>685</u>	<u>49,165</u>
<b>Total restricted funds</b>	<u>45,522</u>	<u>19,088</u>	<u>(16,269)</u>	<u>(2,881)</u>	<u>45,508</u>
<b>Unrestricted funds</b>	<u>3,092</u>	<u>382</u>	<u>(263)</u>	<u>(175)</u>	<u>3,036</u>
<b>Total funds</b>	<u>48,614</u>	<u>19,470</u>	<u>(16,484)</u>	<u>(3,056)</u>	<u>48,544</u>

Income generated from endowed investments has been credited to unrestricted funds.

Restricted incoming resources must be used by the academy to deliver and improve educational provision. The restricted fixed asset fund includes the Devolved Formula Capital Grant and land and buildings.

Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31st August 2016.

Unrestricted funds includes donations from related parties.

Where assets have been purchased with a cost in excess of capital funding received in the year, funds have been transferred from the general reserve to the fixed asset reserve. In addition, where specific projects have been funded from unrestricted reserves, the value of these projects has been transferred from unrestricted reserves to general reserves.

**GREAT ACADEMIES EDUCATION TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 August 2016

**18 Funds (continued)**

**Total funds analysis by academy**

	<b>Balance at 31 August 2016 £'000</b>	<b>Balance at 31 August 2015 £'000</b>
New Charter Academy	1,609	1,546
Silver Springs Primary Academy	365	449
Copley Academy	(159)	98
Trust (including donations and central services)	2,030	2,161
<b>Total before fixed assets and pension reserve</b>	<b>3,845</b>	<b>4,254</b>
Endowment	2,000	2,000
Restricted fixed asset fund	49,165	45,399
Pension reserve	(6,466)	(3,039)
<b>Total net funds carried forward</b>	<b>48,544</b>	<b>48,614</b>

Copley Academy is carrying a net deficit of £159k on these funds as a result of falling pupil numbers. A cost reduction programme has been in place however the Trust has initiated a further cost review with a view to eliminating the deficit position over an agreed period.

**Analysis of academies by cost:**

	<b>Teaching &amp; Educational Support Staff Costs £'000</b>	<b>Other Support Staff Costs £'000</b>	<b>Educational Supplies £'000</b>	<b>Other Costs (excl Dep'n) £'000</b>	<b>Total £'000</b>
New Charter Academy	5,693	759	561	1,716	8,729
Silver Springs Primary Academy	1,333	153	121	245	1,852
Copley Academy	2,965	405	341	579	4,290
<b>Academy Trust</b>	<b>9,991</b>	<b>1,317</b>	<b>1,023</b>	<b>2,540</b>	<b>14,871</b>

Support staff costs exclude amounts relating to FRS102 pension accounting.



**GREAT ACADEMIES EDUCATION TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 August 2016

**19 Analysis of net assets between funds**

	Endowment Fund	Unrestricted Funds	Restricted General Fund	Restricted Fixed Asset Fund	Total
	£'000	£'000	£'000	£'000	£'000
<b>Balance 31 August 2016</b>					
Tangible Fixed Assets	-	-	-	49,165	49,165
Current Assets	2,000	3,036	3,024	-	8,060
Creditors: falling due within 1 year	-	-	(2,215)	-	(2,215)
Pension scheme liability	-	-	(6,466)	-	(6,466)
Funds	<u>2,000</u>	<u>3,036</u>	<u>(5,657)</u>	<u>49,165</u>	<u>48,544</u>

**20 Commitments under operating leases**

At 31 August 2016 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases are as follows:

Amounts due:	2016 £'000	2015 £'000
Within one year	13	9
Within two to five years	26	9
Over five years	-	-
	<u>39</u>	<u>18</u>

**GREAT ACADEMIES EDUCATION TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 August 2016

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

	<b>2016</b> <b>£'000</b>	<b>2015</b> <b>£'000</b>
Net income / (expenditure) for the reporting period (as per the statement of financial activities)	2,986	(827)
Depreciation	1,181	1,267
Donated assets	(4,211)	-
Capital grants from DfE	(52)	(159)
Interest receivable	(73)	(67)
Defined benefit pension scheme cost less contributions payable	254	232
Defined benefit pension scheme finance cost	117	96
(Increase) in debtors	(339)	(80)
Increase / (decrease) in creditors	718	(87)
<b>Net cash provided by / (used in) operations</b>	<b>581</b>	<b>375</b>

**22 Cash flows from Investing activities**

	<b>2016</b> <b>£'000</b>	<b>2015</b> <b>£'000</b>
Interest received	73	67
Purchase of tangible fixed assets	(736)	(182)
Capital grants from DfE/EFA	52	159
<b>Net cash provided by / (used in) investing activities</b>	<b>(611)</b>	<b>44</b>

**23 Analysis of cash and cash equivalents**

	<b>2016</b> <b>£'000</b>	<b>2015</b> <b>£'000</b>
Cash in hand and at bank	3,000	2,546
Notice deposits	4,315	4,799
<b>Total cash and cash equivalents</b>	<b>7,315</b>	<b>7,345</b>

**24 Members liability**

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

**GREAT ACADEMIES EDUCATION TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 August 2016**

**25 Pension and similar obligations**

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

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

**Teachers' Pension Scheme (TPS)**

**Introduction**

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme governed by the Teachers' Pensions Regulations (2014).

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.

**Valuation of the Teachers' Pension Scheme**

Not less than every four years 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 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 (previously 14.1%))
- 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% 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 16.48% which was payable from September 2015. The next valuation of the TPS will be as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

**GREAT ACADEMIES EDUCATION TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 August 2016

**25 Pension and similar obligations (continued)**

The employers pension cost paid to the TPS in the period amounted to £966,705 (2015: £861,834), which were the contributions due for the year. Employer contributions for the financial year ended 31 August 2017 are estimated at approximately £1,489,394 (including £457,884 in respect of Middleton Technology School).

A copy of the valuation report and supporting documentation is on the Teachers Pension website. Under the definitions set out in FRS102 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 the assets held in separate trustee administered funds. The total contribution made for the year ended 31 August 2016 was £557,475 (2015: £569,834) of which employer's contributions totalled £401,753 (2015: £415,574) and employees' contributions totalled £155,722 (2015: £154,260). Employer's contributions are included in the statement of financial activities. The agreed contribution rates as at 31 August 2016 were 17% for employers and an average of 6% for employees. We are awaiting the outcome of the actuarial valuation at 31 March 2016 which will determine contributions for the next three years commencing April 2017.

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

**Principal Actuarial Assumptions**

The following information is based upon a full actuarial valuation of the fund at 31 March 2013, updated to 31 August 2016 by a qualified independent actuary.

The major assumptions used by the actuary were:

	31 Aug 2016	31 Aug 2015
	% p.a.	% p.a.
Rate of increase in salaries	3.4	3.8
Rate of increase for pensions	2.1	2.6
Discount rate for liabilities	2.0	3.7

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The average future life expectancies at age 65 are summarised below:

	2016	2015
<i>Males</i>		
Current pensioners	21.4	21.4
Future pensioners	24.0	24.0
<i>Females</i>		
Current pensioners	24.0	24.0
Future pensioners	26.6	26.6

**GREAT ACADEMIES EDUCATION TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 August 2016

**25 Pension and similar obligations (continued)**

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

	Value at 31 August 2016	Value at 31 August 2015
	£'000	£'000
Equities	7,984	6,366
Bonds	1,885	1,591
Property	665	530
Cash	555	354
<b>Total fair value of assets</b>	<b>11,089</b>	<b>8,841</b>

The actual return on scheme assets was £1,820k (2015: £192k)

**Amounts recognised in the statement of financial activities**

	2016	2015
	£'000	£'000
Current service cost	(641)	(667)
Net interest cost	(117)	(96)
Benefit changes, gain/(loss) on curtailment and gain/(loss) on settlement	(22)	(18)
<b>Total operating charge</b>	<b>(780)</b>	<b>(781)</b>

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

	2016	2015
	£'000	£'000
<b>At 1 September</b>	<b>11,880</b>	<b>10,652</b>
Current service cost	641	667
Past service cost (including curtailments)	22	18
Interest cost	452	407
Employee contributions	149	154
Actuarial (gain)/loss	4,541	112
Benefits paid	(130)	(130)
<b>At 31 August</b>	<b>17,555</b>	<b>11,880</b>

**GREAT ACADEMIES EDUCATION TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 August 2016

**25 Pension and similar obligations (continued)**

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

	2016	2015
	£'000	£'000
<b>At 1 September</b>	8,841	8,172
Interest income	335	311
Return on plan assets (excluding net interest on the net defined pension liability)	1,485	(119)
Employer contributions	409	453
Employee contributions	149	154
Benefits paid	(130)	(130)
<b>At 31 August</b>	<u>11,089</u>	<u>8,841</u>

**26 Related party transactions**

The Academy Trust has a close working relationship with its sponsor, New Charter Housing Trust (NCHT), which is related by virtue of common directors. New Charter Housing nominate the majority of trustees (see the trustees' annual report) and have provided funding to enable the charity to carry out its charitable objectives. The Academy Trust is also related to Great Neighbourhoods by virtue of common directors.

The building in which Copley Academy resides is attached to Tameside Sports Trust (TST). Copley Academy does not have any internal sports facilities, and therefore these are hired from TST. In addition, TST have recharged Copley for shared utilities and both Silver Springs Primary Academy and Copley Academy have purchased swimming lessons and sports coaching from TST during the year. Mark Tweedie, Chief Executive of TST, served as a trustee of the Academy Trust during the year and Ian Munro, Chair of the Academy Trust is also a Director of TST.

The following is a summary of transactions with NCHT and other related parties:

	2016	2015
	£	£
Donation from Great Neighbourhoods included as income	-	300,000
Support services invoiced by NCHT included in expenses	(212,456)	(170,806)
Premises costs and sports provision invoiced by TST	(169,842)	(180,500)

There was a trade creditor balance of £106,570 (2015 £81,468) and costs within accruals of £9,000 (2015: £3,000) in respect of New Charter Housing Trust and a trade creditor balance of £22,036 (2015: £15,372) and costs within accruals of nil (2014: £13,976) with Tameside Sports Trust as at 31st August 2016.

In entering into the transactions, the trust has complied with the requirements of the EFA's Academies Financial Handbook.

The charity trustees were reimbursed expenses to the value of £397 during the year (2015: nil) and no charity trustee received any emolument or payment for professional or other services.

**GREAT ACADEMIES EDUCATION TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**

**for the year ended 31 August 2016**

**27 Schools Sports Partnership (SSP)**

Schools Sports Partnership are groups of schools working together to develop PE and sport opportunities for young people. In 2010 the academy became host to Tameside SSP comprising a partnership development manager, seven local secondary and 34 primary schools. Additionally the academy hosted other smaller community sporting projects. 2011 was the final year for this activity in its previous form, as funding streams for schools sports activities have changed. However the SSP Development Manager remains in post and accesses available funding in order to continue these activities. These sporting projects spent grants of £80,171 in the year. The associated expenditure is excluded from the academy's income and expenditure account on the basis that the Academy acts only as host to these projects.

**28 Events after the end of the reporting period**

On 1 September 2016, Middleton Technology School, an outstanding secondary school in Middleton, joined the Academy Trust.

**29 Agency arrangements**

The academy trust distributes 16-19 bursary funds to students as an agent for EFA. In the accounting period ending 31 August 2016 the trust received £21,098 and disbursed £13,492 from the fund. An amount of £18,311 is included in other creditors relating to undistributed funds that is repayable to the EFA.

**GREAT ACADEMIES EDUCATION TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 August 2016

**30 Prior year SoFA**

	Permanent Endowment Fund	Unrestricted Fund	Restricted General Funds	Restricted Fixed Asset Funds	Total 2015 Restated £'000	Total 2014 Restated £'000
	£'000	£'000	£'000	£'000		
<b>Income from:</b>						
Donations and capital grants	-	300	-	159	459	261
Charitable activities:						
Funding for the Academy Trust's educational operations	-	-	14,777	-	14,777	15,042
Other trading activities	-	299	-	-	299	322
Investments	-	67	56	-	123	90
<b>Total</b>	-	666	14,833	159	15,658	15,715
<b>Expenditure on:</b>						
Raising funds	-	271	-	-	271	273
Charitable activities:						
Academy trust educational operations	-	-	14,795	1,267	16,062	16,153
<b>Total</b>	-	271	14,795	1,267	16,333	16,426
<b>Net income/(expenditure)</b>	-	395	38	(1,108)	(675)	(711)
Transfers between funds	-	(142)	119	23	-	-
<b>Other recognised gains / (losses)</b>						
Actuarial (losses) on defined benefit pension schemes	-	-	(383)	-	(383)	(1,103)
<b>Net movement in funds</b>	-	253	(226)	(1,085)	(1,058)	(1,814)
<b>Reconciliation of funds</b>						
Total funds brought forward	2,000	2,839	(1,651)	46,484	49,672	51,486
<b>Total funds carried forward</b>	2,000	3,092	(1,877)	45,399	48,614	49,672