

Registered number: 07344732 (England & Wales)

SWALE ACADEMIES TRUST
(A company limited by guarantee)

Annual report and financial statements
for the year ended 31 August 2016

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SWALE ACADEMIES TRUST
(A company limited by guarantee)

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SWALE ACADEMIES TRUST
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**Reference and administrative details of the multi academy trust, its trustees and advisers
for the year ended 31 August 2016**

Members	<p>Mr G Clifton Mr J Whitcombe (resigned 13 July 2016) Mr J Fassenfelt, Chairman Mr D Stevens (appointed 13 July 2016) Mr A Barham (appointed 13 July 2016)</p>
Trustees	<p>Mr J Fassenfelt, Chairman^{1,2} Mr G Clifton^{1,2} Mr J Whitcombe^{1,2} Mr M Wilson Mrs C Wood Mr K Holmes (resigned 23 September 2015) Mr S Cox (resigned 23 September 2015) Mr A Barham Mrs S Dickinson (resigned 23 September 2015) Mrs K Mirams (resigned 31 July 2016) Mrs F Trigwell (resigned 31 July 2016) Mr D Stevens Mr R Slee (resigned 21 July 2016) Mr S Wood Mr D Trimmer Mr B Chilton Mrs L Hook (appointed 23 September 2015) Mr S Penney (appointed 9 December 2015) Mr T Woodhouse (appointed 9 December 2015, resigned 23 March 2016) Mrs J Garraway (appointed 23 March 2016) Mrs V Jessel (appointed 23 March 2016) Mrs J Anderson (appointed 23 March 2016) Mr G Ward (appointed 12 July 2016)¹</p> <p>¹ Member of the Finance Management Committee ² Member of Audit and Risk Assurance Committee</p>
Company registered number	07344732
Company name	Swale Academies Trust
Principal and registered office	<p>Ashdown House Johnson Road Sittingbourne Kent ME10 1JS</p>
Company secretary	Brachers LLP
Senior management team	<p>Mr J Whitcombe, Trust Principal Mr D Timmer, Executive Headteacher Secondaries Mr M Wilson, Executive Headteacher Primaries Mrs C Wood, Advisory Head Primaries Mrs S Quirke, Advisory Head Primaries Mrs J Garraway, Chief Operating Officer Mrs S Goddard, Trust Business Manager (resigned 30 November 2015) Mr G Bailey, Trust Business Manager (appointed 1 December 2015)</p>

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**Reference and administrative details of the multi academy trust, its trustees and advisers
for the year ended 31 August 2016**

Advisers (continued)

Independent auditors	Williams Giles Limited Chartered Accountants and Registered Auditors 12 Conqueror Court Sittingbourne Kent ME10 5BH
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Bankers	HSBC PLC 115 High Street Sittingbourne Kent ME10 4AL
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Solicitors	Brachers LLP Somerfield House 59 London Road Maidstone Kent ME16 8JH
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SWALE ACADEMIES TRUST
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Trustees' report
for the 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 1 September 2015 to 31 August 2016. The Annual report serves the purposes of both a Trustees' report, and a Directors' report under company law.

The trust operates five primary and three secondary academies in the south east. Its academies have a combined pupil capacity of 5802 and had a roll of 5269 in the school census on 1 October 2015.

Structure, governance and management

a. Constitution

The Swale Academies Trust is a charitable company limited by guarantee and an exempt charity.

The charitable company's Memorandum and Articles of Association are the primary governing documents of the academy trust.

The Trustees of Swale Academies Trust are also the directors of the charitable company for the purpose of company law.

The charitable company is known as Swale Academies Trust.

Details of the Trustees who served during the year are included in the Reference and administrative details on page 1.

b. 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.

c. Method of recruitment and appointment or election of Trustees

The number of Trustees shall be not less than three but shall not be subject to a maximum.

The Members of the Multi Academy Trust may appoint up to nineteen Trustees save that, for each Academy, there shall be no more than three employees of the Multi Academy Trust including the Trust Principal appointed as Trustees.

The Trust Principal shall be a Trustee for as long as he remains in office as such.

The Trustees may appoint up to three co-opted Trustees. A Co-opted Trustee means a person who is appointed to be a Trustee by being co-opted by Trustees who have not themselves been so appointed. The Trustees may not co-opt an employee of the Multi Academy Trust as a co-opted Trustee if the number of Trustees who are employed by the Multi Academy Trust would thereby exceed three including the Trust Principal.

The Secretary of State may appoint Additional Trustees as he thinks fit if a warning notice has been given to the Trustees because the standards of performance of pupils at any of the Academies are unacceptably low, there is a serious breakdown in the way any of the Academies are managed or governed or the safety of staff and pupils is threatened and following this, the Trustees have failed to comply, or secure compliance, with the notice to the Secretary of State's satisfaction within the compliance period.

The Secretary of State may also appoint Additional Trustees following an inspection by the Chief Inspector in accordance with the Education Act 2005 any Academy receives an Ofsted grading which amounts to a drop, either from one inspection to the next inspection or between any two inspections carried out within a five year period.

The Secretary of State may also appoint Further Trustees as he thinks fit if a Special Measures Termination Event occurs in respect of any Academy.

The term of office for any Trustee shall be 4 years, save that this time limit shall not apply to the Trust Principal. Subject to remaining eligible to be a particular type of Trustee the Trustee may be re-appointed or re-elected.

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Trustees' report (continued)
for the year ended 31 August 2016

d. Policies and procedures adopted for the induction and training of Trustees

All new Trustees will be given a tour of the multi academy trust and the chance to meet with staff and students. All Trustees are provided with copies of policies, procedures, minutes, financial statements, budgets, plans and other documents that they will need to undertake their role. Induction tends to be done informally and is tailored specifically to the individual upon their appointment. Where necessary, induction will provide training on charity, educational, legal and financial matters.

e. Pay policy for key management personnel

Pay and remuneration of key management personnel are determined by the Performance Management and Salaries Committee. The terms of reference for this committee are:

- To implement the Pay Policy in a fair and objective manner and to consider any individual representations that may be made in respect of pay decisions;
- To oversee the annual pay review for each member of staff based on the criteria set out in the Pay Policy;* On the basis of recommendations from the Trust Principal, make the determination about all applications for Executive Headteacher and above.
- To manage the Trust Principal's performance management and to ratify decisions;
- To observe all statutory and contractual obligations, including making arrangements to notify pay decisions to individual members of staff within appropriate timescales;
- To minute clearly the reasons for all decisions and report these decisions to the next meeting of the Directors;
- To recommend to the Directors the annual budget required for pay purposes, including provision for discretionary pay advancement arising from performance reviews;
- To keep informed of relevant developments including legislation and statutory guidance affecting the Pay Policy and to review and to recommend changes or modification to the Directors, as appropriate and at least annually;
- To quality assure and moderate the processes for pay progression
- To review annually trends in pay progression, including an analysis of progression across specific groups of staff

f. Organisational structure

A unified management structure is operated within Swale Academies Trust. The structure consists of three levels: the Trustees, The Senior Managers and the Management Team. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels. There is a clear line of delegation which is supported by a detailed Scheme of Delegation. The Trust Principal is also confirmed as the Accounting Officer.

The Trustees are responsible for setting general policy, adopting an annual plan and budget, monitoring the multi academy trust by the use of budgets and making major decisions about the direction of the multi academy trust, capital expenditure and senior staff appointments. The Trustees also receive and approve the audited financial statements of the Multi Academy Trust at the period end.

The Senior Managers are the Trust Principal, two Executive Headteachers, two Advisory Headteachers, the Chief Operating Officer and the Trust Business Manager. These managers control the Multi Academy Trust at an executive level implementing the policies laid down by the Trustees and reporting back to them. As a group the Senior Managers are responsible for the authorisation of spending within agreed budgets and the appointment of staff, though appointment boards for posts in the Management Team always contain a Trustee. Some spending control is devolved to members of the Management Team, with limits above which a Senior Manager must countersign.

The Management Team includes the Headteachers, School Senior Management and Curriculum Area Managers. These managers are responsible for the day to day operation of Swale Academies Trust, in particular organising the teaching staff, facilities and students.

g. Connected organisations, including related party relationships

Swale Academies Trust is working in conjunction with the EFA and Kent County Council with Community College Whitstable, Pent Valley School and The North School and with East Sussex County Council with Peacehaven School, assisting with the schools' improvement and subsequent conversion to academy status.

The Trust purchased consultancy services from Alan Barham Support Services Ltd (a company in which Mr A Barham (a Trustee of the Multi Academies Trust) has a majority interest) during the year.

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Trustees' report (continued)
for the year ended 31 August 2016

h. Trustees' indemnities

Subject to the provisions of the Companies Act 2006, the Governors' Liability Insurance has a limit of indemnity of £1,000,000 for losses brought about or contributed to by any dishonest, fraudulent, criminal or malicious act or omission by any governor, employee or volunteer.

Achievements and Performance

Swale Academies Trust is working towards ensuring that each of its schools has at least a Good Ofsted judgement and that examination results in each of its schools show strong evidence of value added as measured against national benchmarks.

Objectives and Activities

a. Objects and aims

The object and aim of the charitable company is the operation of the Swale Academies Trust to provide education for pupils of different abilities up to the age of 19 with an emphasis on Mathematics, English, Computing, Science, Geography, History and Modern Foreign Languages.

The curriculum should comply with the substance of the national curriculum with an emphasis on Mathematics, English, Computing, Science, Geography, History and Modern Foreign Languages and their practical applications.

The main objectives of the Academy during the year ended 31 August 2016 are summarised below:

- to ensure that every child enjoys the same high quality education in terms of resourcing, tuition and care;
- to raise the standard of educational achievement of all pupils;
- to improve the effectiveness of the Academy by keeping the curriculum and organisational structure under continual review;
- to provide value for money for the funds expended;
- to comply with all appropriate statutory and curriculum requirements;
- to maintain close links with industry and commerce; and
- to conduct the Academy's business in accordance with the highest standards of integrity, probity and openness

b. Objectives, strategies and activities

The Multi Academy Trust's main objective is encompassed in its mission statement which is 'Working together to succeed'.

To this end the activities provided include:

- tuition and learning opportunities for all students to attain appropriate academic qualifications;
- training opportunities for all staff;
- a programme of sporting and after school leisure activities for all students;
- a system of after school clubs; and
- a careers advisory service to help students obtain employment or move on to higher education.

c. Public benefit

The Swale Academies Trust Trustees confirm that they have complied with the duties in Section 4 of the Charities Act 2006 to have due regard to the Charity Commission's general guidance on public benefit and in particular to its supplementary public benefit guidance on advancing education.

The Trustees confirm that the primary objective of Swale Academies Trust is to provide a good service of education within the local community. The management of, and future planning of, the Trust consistently considers how this objective will be met.

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Trustees' report (continued)
for the year ended 31 August 2016

Achievements and performance

Swale Academies Trust is working towards ensuring that each of its schools has at least a Good Ofsted judgement and that examination results in each of its schools show strong evidence of value added as measured against national benchmarks.

a. Key financial performance indicators

Staff Costs to Total Income

School	2016	2015
Westlands	75.10%	76.71%
Sittingbourne Community College	81.62%	76.42%
Meopham School	83.46%	83.64%
Westlands Primary School	75.57%	72.90%
Regis Manor Primary School	73.59%	73.07%
South Borough Primary School	76.56%	67.53%
Beaver Green Primary School	74.88%	65.30%
Istead Rise Primary School	83.85%	-

Pupil Teacher Ratio

School	2016	2015
Westlands	12.44	11.51
Sittingbourne Community College	10.86	9.20
Meopham School	12.16	11.47
Westlands Primary School	19.80	20.09
Regis Manor Primary School	18.77	18.18
South Borough Primary School	18.15	18.93
Beaver Green Primary School	15.58	21.45
Istead Rise Primary School	15.89	-

Financial review

a. Going concern

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

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Trustees' report (continued)
for the year ended 31 August 2016

b. Financial report for the year

A proportion of Swale Academies Trust's income is obtained from the Education Funding Agency (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.

During the year ended 31 August 2016, total expenditure (excluding restricted fixed asset funds) of £33,788,233 was funded by recurrent grant funding from the EFA together with other incoming resources and reserves. The excess of expenditure over income for the year (excluding restricted fixed asset funds but including transfers between funds) was £1,425,948.

At 31 August 2016 the net book value of fixed assets was £56,340,637 and movements in tangible fixed assets are shown in note 17 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of Swale Academies Trust.

Also at 31 August 2016, as a result of the calculation in the FRS102 report which produces the defined benefit pension scheme liability for the Local Government Pension Scheme, the net liability is £15,055,000. This is an increase of £7,805,000 on the previous year. An increased liability is calculated for each of the schools in the Multi Academy Trust plus there has been the addition of 1 school during the 2015/16 financial year.

c. Financial and risk management objectives and policies

The financial and other risks of the Swale Academies Trust have been reviewed at part of the Financial Management and Government Evaluation. Risk Management within the Multi Academy Trust is a continuing process of identification, evaluation and management of risks to enable the Multi Academy Trust to meet its main objective of providing a quality education to its pupils.

d. Principal risks and uncertainties

The principal risks and uncertainties are the changes in educational policy, practices and outcomes which are yet to be determined.

Swale Academies Trust held fund balances at 31 August 2016 of £44,199,785 comprising £482,320 of restricted funds, £56,415,805 of restricted fixed asset funds, £2,356,660 of unrestricted funds and a pension reserve deficit of £15,055,000. The pension balance deficit, as per the Balance Sheet, arose as a result of the deficit inherited when the schools converted to Academy status and subsequent actuarial gains and losses.

e. Reserves policy

The Trustees review the reserve levels of the Swale Academies 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 free reserves should be equivalent to one month's salary expenditure, approximately £2,500,000. 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. The Swale Academies Trust's current level of free reserves (total funds less the amount held in fixed assets restricted funds) is £2,838,980. The amount in excess of the reserve policy of £2,500,000 has been designated by the Trustees for the Flexible Response Fund for Capacity Development. Swale Academies Trust will take appropriate action to ensure that reserves are always at a prudent level.

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Trustees' report (continued)
for the year ended 31 August 2016

f. Material investments policy

The investment policy includes the following terms:

- The investment policy of Swale Academies Trust is to maximise the interest return to the Multi Academies Trust from available cash while providing the necessary liquidity for day-to-day operations and ensuring as far as possible the security of the funds invested.
- Trust funds may only be invested with UK based financial institutions, regulated by the Financial Services Authority, with a Standard & Poors credit rating of at least A.
- In total, no more than £500,000 should be invested with any one financial institution.
- £200,000, plus or minus 50%, should be retained in the Trust's current and sweep accounts.
- £300,000, plus or minus £100,000, should be maintained in an instant access account with a financial institution that meets the criteria of this policy.
- Any surplus should be invested in call, deposit and/or bond accounts from three to twelve months' notice with a financial institution that meets the criteria of this policy.

The Trustees ensure that no risks are taken with the capital investment and they have due regard to the banks rating.

Plans for future periods

a. Future developments

The Trust plans to grow in an organised and sustained manner building upon our experience of turning around struggling underperforming schools. Currently our work is mainly focused upon Kent, however there are possible opportunities to develop a footprint in East Sussex. The Trust remains fully committed to producing improved outcomes for its students across our schools as we move forward.

The Regional School's Commissioner has approved the Trust to take on additional schools in 2016/17 and discussions with the Kent and East Sussex Local Authorities are underway to facilitate this.

James Dixon Primary School will join the Trust on 1st December 2016.

Employee Consultation

At Swale Academies Trust we value the contribution our employees make to the overall success of our schools. We recognise that we have a very talented team and we welcome their input and involvement.

Swale Academies Trust provides employees with information about the Trust through staff briefings; staff meetings; the posting of updates on the staff information boards and through the staff email system. There are also appointed staff governors, which enables those members of staff who wish to become more involved in the running of the Trust to stand for election. Once elected, these members of staff have a direct involvement in the running of the Trust.

Swale Academies Trust has implemented a number of detailed policies in relation to all aspects of personnel matters including:

- Equal opportunities policy
- Volunteers' policy
- Health & safety policy

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Trustees' report (continued)
for the year ended 31 August 2016

Disabled employees

Swale Academies Trust promotes equality of opportunity for all with the right mix of talent, skills and potential.

Swale Academies Trust gives full and fair consideration to applications for employment made by disabled persons, having regard to their particular aptitudes and abilities. All candidates are selected for interview based on their skills, qualifications and experience.

Swale Academies Trust supports the recruitment and retention of employees by adapting the physical environment, by making support resources available and through training and career development. Employees who become disabled are retained in their existing posts where possible or retrained for suitable alternative posts.

Equal opportunities policy

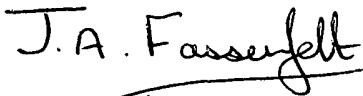
The Trustees recognise that equal opportunities should be an integral part of good practice within the workplace. The Multi Academy Trust aims to establish equal opportunity in all areas of its activities including creating a working environment in which contribution and needs of all people are fully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

Disclosure of information to auditors

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

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

Trustees' report, incorporating a strategic report, was approved by order of the board of trustees as the company directors, on 20 December 2016 and signed on its behalf by:



Mr J Fassenfelt
Chairman



Mr J Whitcombe
Trust Principal

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Governance Statement

Scope of Responsibility

As Trustees, we acknowledge we have overall responsibility for ensuring that Swale Academies 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 Trust Principal, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Swale Academies 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 4 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
Mr J Fassenfelt	4	4
Mr G Clifton	4	4
Mr J Whitcombe	3	4
Mr M Wilson	4	4
Mrs C Wood	3	4
Mr K Holmes	1	1
Mr S Cox	1	1
Mr A Barham	3	4
Mrs S Dickinson	1	1
Mrs K Mirams	4	4
Mrs F Trigwell	4	4
Mr D Stevens	3	4
Mr R Slee	4	4
Mr S Wood	3	4
Mr D Trimmer	2	4
Mr B Chilton	4	4
Mrs L Hook	2	4
Mr S Penney	3	4
Mr T Woodhouse	0	1
Mrs J Garraway	2	2
Mrs V Jessel	2	2
Mrs J Anderson	1	1
Mr G Ward	1	1

Swale Academies Trust has undertaken a review of Governance. The Trust has established a Finance Management Committee to enable a more intensive focus of financial management.

The Finance Management Committee is a sub-committee of the main board of trustees. Its remit is to:

1. Recommend annually for approval, to the Trust Board, the formal budgets for the schools within the Trust.
2. Monitor and review current and predicted levels of revenue expenditure and income of the various Trust schools to ensure they remain within their approved budgets and to report quarterly to the Trust Board.
3. Monitor the capital budget of the Trust to ensure adequate funding of capital projects.
4. Approve any expenditure greater than £10,000 outside the agreed budgets except where emergencies dictate immediate action, this expenditure would be agreed by the CEO and Chairman of Directors.
5. To agree virement between budget heads of individual schools where they are above £25,000.
6. Oversight of the monthly operation of the Trust finances, with due regard to the requirements of the Trust Financial Handbook and the Trusts Funding Agreements.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mr J Whitcombe	2	2
Mr J Fassenfelt, Chairman	2	2
Mr G Clifton	2	2

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Governance Statement (continued)

The Audit and Risk Assurance Committee is also a sub-committee of the main board of trustees. Its purpose is to advise the Board and Accounting Officer on:

1. The strategic processes for risk, control and governance and the Governance Statement;
2. The accounting policies, the accounts, and the annual report of the organisation, including the process for review of the accounts prior to submission for audit, levels of error identified, and management's letter of representation to the external auditors;
3. The planned activity and results of both internal and external audit;
4. Adequacy of management response to issues identified by audit activity, including external audit's management letter;
5. Assurances relating to the management of risk and corporate governance requirements for the organisation;
6. (Where appropriate) proposals for tendering for either Internal or External Audit services or for purchase of non-audit services from contractors who provide audit services;
7. Anti-fraud policies, whistle-blowing processes, and arrangements for special investigations; and
8. The Audit and Risk Assurance Committee will also periodically review its own effectiveness and report the results of that review to the Board.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mr J Whitcombe	3	3
Mr J Fassenfelt	3	3
Mr G Clifton, Chairman	3	3
Mr T Woodhouse	1	1

Review of Value for money

As Accounting Officer, the Trust Principal has responsibility for ensuring that the multi 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 multi academy trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the multi academy trust has delivered improved value for money during the year by:

- Focusing on targeted improvement linked to the Strategic Improvement Plan to ensure maximum impact on outcomes for pupils. The Trust has focused on improving the quality of teaching by ensuring teachers set challenging targets for pupils, by ensuring teachers provide feedback to pupils that helps them move their learning forward.
- Commencing a programme of actively promoting the wider use of IT devices to engage pupils in their learning and to accelerate their progress across all subjects.
- Collaborating across our community of schools and with schools outside of the Trust, extending the National Leader of Education work undertaken.

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 multi 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 Swale Academies Trust for the year 1 September 2015 to 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 multi 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 multi academy trust's significant risks, that has been in place for the year 1 September 2015 to 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.

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Governance Statement (continued)

The Risk and Control Framework

The multi 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 Management 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 to appoint Mr Grahame Ward as internal auditor.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the multi academy trust's financial systems. On an annual basis, the internal auditor reports to the board of trustees on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities. In particular the checks carried out in the current period included:

- Review of payroll and personnel functions
- Review of school trip procedures
- Review of purchasing arrangements
- Review of petty cash arrangements
- Review of asset registers
- Review of catering processes at Westlands School

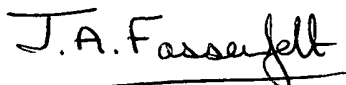
Review of Effectiveness

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

- the work of the internal auditor;
- the work of the external auditors;
- the work of the executive managers within the multi 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 Management Committee and a plan to ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on 20 December 2016 and signed on their behalf, by:



Mr J Fassenfelt
Chair of Trustees



Mr J Whitcombe
Accounting Officer

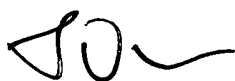
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Statement on Regularity, Propriety and Compliance

As Accounting Officer of Swale Academies 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 for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

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 2015.

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.



Mr J Whitcombe
Accounting Officer

Date: 20/12/2016

SWALE ACADEMIES TRUST
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Statement of Trustees' responsibilities
for the year ended 31 August 2016

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

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

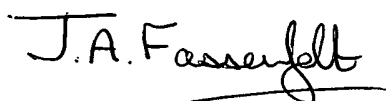
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies' Accounts Direction 2015 to 2016;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

The Trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from 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 20 December 2016 and signed on its behalf by:



Mr J Fassenfelt
Chairman

SWALE ACADEMIES TRUST
(A company limited by guarantee)

Independent auditors' report on the financial statements to the members of Swale Academies Trust

We have audited the financial statements of Swale Academies Trust for the year ended 31 August 2016 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows and the related notes. 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 Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members, as a body, for our audit work, for this report, or for the opinion we have formed.

Respective responsibilities of Trustees and auditors

As explained more fully in the Statement of Trustees' responsibilities, the Trustees (who are also the directors of the charitable multi academy trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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 Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the multi academy trust's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' report, incorporating the Strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

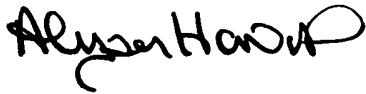
SWALE ACADEMIES TRUST
(A company limited by guarantee)

Independent auditors' report on the financial statements to the members of Swale Academies 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:

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



Alyson Howard FCCA DChA CF (Senior statutory auditor)

for and on behalf of

Williams Giles Limited

Chartered Accountants and Registered Auditors

12 Conqueror Court
Sittingbourne
Kent
ME10 5BH

Date:

20 December 2016

SWALE ACADEMIES TRUST
(A company limited by guarantee)

Independent reporting auditors' assurance report on regularity to Swale Academies Trust and the Education Funding Agency

In accordance with the terms of our engagement letter dated 21 March 2016 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Swale Academies Trust during the year 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of Swale Academies Trust's accounting officer and the reporting auditors

The Accounting Officer is responsible, under the requirements of Swale Academies Trust's funding agreement with the Secretary of State for Education dated 01 September 2010, and the Academies Financial Handbook extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2015 to 2016. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2015 to 2016 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

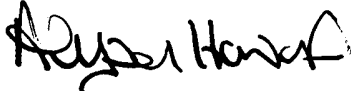
Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the multi academy trust's income and expenditure.

SWALE ACADEMIES TRUST
(A company limited by guarantee)

**Independent reporting auditors' assurance report on regularity to Swale Academies Trust and the
Education Funding Agency (continued)**

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Alyson Howard FCCA DChA CF (Senior statutory auditor)

for and on behalf of

Williams Giles Limited

Chartered Accountants and Registered Auditors

12 Conqueror Court
Sittingbourne
Kent
ME10 5BH

Date: 20 December 2016

SWALE ACADEMIES TRUST
(A company limited by guarantee)

**Statement of financial activities incorporating income and expenditure account
for the year ended 31 August 2016**

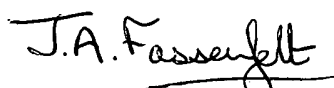
	Note	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	As restated Total funds 2015 £
Income from:						
Donations and capital grants	3	(21,341)	(200,697)	4,164,114	3,942,076	9,239,416
Charitable activities	6	-	29,704,599	-	29,704,599	27,275,761
Other trading activities	4	1,884,202	941,887	-	2,826,089	2,111,037
Investments	5	2,293	-	-	2,293	3,595
Other income		-	43,040	-	43,040	32,840
Total income		1,865,154	30,488,829	4,164,114	36,518,097	38,662,649
Expenditure on:						
Raising funds	7	1,309,089	831,530	-	2,140,619	1,985,851
Charitable activities		78,070	31,569,544	1,810,774	33,458,388	29,310,369
Total expenditure	10	1,387,159	32,401,074	1,810,774	35,599,007	31,296,220
Net income / (expenditure) before transfers		477,995	(1,912,245)	2,353,340	919,090	7,366,429
Transfers between Funds	24	-	8,302	(8,302)	-	-
Net income / (expenditure) before other recognised gains and losses		477,995	(1,903,943)	2,345,038	919,090	7,366,429
Actuarial gains/(losses) on defined benefit pension schemes	30	-	(6,708,000)	-	(6,708,000)	181,000
Net movement in funds		477,995	(8,611,943)	2,345,038	(5,788,910)	7,547,429
Reconciliation of funds:						
Total funds brought forward		1,878,665	(5,960,737)	54,070,767	49,988,695	42,441,266
Total funds carried forward		2,356,660	(14,572,680)	56,415,805	44,199,785	49,988,695


SWALE ACADEMIES TRUST
(A company limited by guarantee)
Registered number: 07344732

Balance sheet
as at 31 August 2016

	Note	2016	As restated 2015
		£	£
Fixed assets			
Tangible assets	18	56,340,637	53,770,713
Current assets			
Stocks	19	15,867	24,133
Debtors	20	2,290,949	2,066,103
Cash at bank and in hand		3,073,405	3,494,964
		<u>5,380,221</u>	<u>5,585,200</u>
Creditors: amounts falling due within one year	21	<u>(2,466,073)</u>	<u>(2,076,829)</u>
Net current assets		<u>2,914,148</u>	<u>3,508,371</u>
Total assets less current liabilities		<u>59,254,785</u>	<u>57,279,084</u>
Creditors: amounts falling due after more than one year	22	<u>-</u>	<u>(40,389)</u>
Net assets excluding pension scheme liabilities		<u>59,254,785</u>	<u>57,238,695</u>
Defined benefit pension scheme liability	30	<u>15,055,000</u>	<u>(7,250,000)</u>
Net assets including pension scheme liabilities		<u><u>44,199,785</u></u>	<u><u>49,988,695</u></u>
Funds of the academy			
Restricted income funds:			
Restricted income funds	24	482,320	1,289,263
Restricted fixed asset funds	24	<u>56,415,805</u>	<u>54,070,767</u>
Restricted income funds excluding pension liability		<u>56,898,125</u>	<u>55,360,030</u>
Pension reserve		<u>(15,055,000)</u>	<u>(7,250,000)</u>
Total restricted income funds		<u>41,843,125</u>	<u>48,110,030</u>
Unrestricted income funds	24	<u>2,356,660</u>	<u>1,878,665</u>
Total funds		<u><u>44,199,785</u></u>	<u><u>49,988,695</u></u>

The financial statements were approved by the Trustees, and authorised for issue, on 20 December 2016 and are signed on their behalf, by:


Mr J Fassenfelt
Chairman


Mr J Whitcombe
Accounting Officer

The notes on pages 22 to 48 form part of these financial statements.

SWALE ACADEMIES TRUST
(A company limited by guarantee)

**Statement of cash flows
for the year ended 31 August 2016**

	Note	2016 £	As restated 2015 £
Cash flows from operating activities			
Net cash (used in)/provided by operating activities	26	(89,961)	3,188,798
Cash flows from investing activities:			
Dividends, interest and rents from investments		2,293	3,595
Purchase of tangible fixed assets		(973,157)	(1,599,469)
Capital grants from DfE/EFA		756,573	1,583,376
Cash on conversion		(26,807)	92,601
Prior year adjustment		-	(3,406,000)
Net cash used in investing activities		(241,098)	(3,325,897)
Cash flows from financing activities:			
Repayments of borrowings		(90,500)	(90,500)
Net cash used in financing activities		(90,500)	(90,500)
Change in cash and cash equivalents in the year		(421,559)	(227,599)
Cash and cash equivalents brought forward		3,494,964	3,722,563
Cash and cash equivalents carried forward		3,073,405	3,494,964

SWALE ACADEMIES TRUST
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 August 2016

1. Accounting policies

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

1.1 Basis of preparation of financial statements

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

Swale Academies Trust constitutes a public benefit entity as defined by FRS 102.

First time adoption of FRS 102

These financial statements are the first financial statements of Swale Academies Trust prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the Charities SORP 2015 (SORP 2015). The financial statements of Swale Academies 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 2015. The Trustees have also taken advantage of certain exemptions from the requirements of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

Reconciliations to previous UK GAAP for the comparative figures are included in note 34.

1.2 Fund accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the multi 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 the Department for Education where the asset acquired or created is held for a specific purpose.

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

1.3 Going concern

The Trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the multi academy trust to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the 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.

SWALE ACADEMIES TRUST
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 August 2016

1. Accounting policies (continued)

1.4 Income

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

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

General Annual Grant is recognised in full in the Statement of financial activities incorporating income and expenditure account in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

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

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

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

1.5 Expenditure

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

Costs of generating funds are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

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

All resources expended are inclusive of irrecoverable VAT.

SWALE ACADEMIES TRUST
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 August 2016

1. Accounting policies (continued)

1.6 Tangible fixed assets and depreciation

All assets costing more than £5,000 are capitalised.

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

The land and buildings from which the multi academy trust operates are leased from Kent County Council for a period of 125 years, with the exception of one freehold property held at Meopham Secondary School. Rentals payable in respect of this lease are one peppercorn per annum. Under the terms of the lease the risks and rewards of ownership of the buildings have been substantially transferred to the multi academy trust and accordingly to reflect its use, the value of the property has been included in fixed assets with an appropriate credit to voluntary income within the Statement of Financial Activities. The values for these transfers have been taken from the valuations provided by the EFA.

The valuation for freehold property is taken from the land valuation provided by the Valuation Office Agency completed for the EFA and a building valuation provided by a MRICS qualified individual for insurance purposes. The basis of the value is Fair Value, as defined by the International Financial Reporting Standards (IFRS).

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

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

Tangible fixed assets are carried at cost or valuation, net of depreciation and any provision for impairment. Depreciation is not charged on freehold land. Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Assets under construction	-	0%
Freehold property	-	2%
L/Term leasehold property	-	2%
Motor vehicles	-	20%
Furniture and equipment	-	10%
Computer equipment	-	25%
Leasehold Improvements	-	10%

1.7 Operating leases

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

1.8 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

SWALE ACADEMIES TRUST
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 August 2016

1. Accounting policies (continued)

1.9 Taxation

The multi 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 multi 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.

1.10 Interest receivable

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

1.11 Debtors

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

1.12 Cash at Bank and in hand

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

1.13 Liabilities and provisions

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

1.14 Pensions

Retirement benefits to employees of the multi 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 multi 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 multi academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 30, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

SWALE ACADEMIES TRUST
(A company limited by guarantee)

Notes to the financial statements
for the year ended 31 August 2016

1. Accounting policies (continued)

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

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

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 30, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 August 2016 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2. General Annual Grant (GAG)

Under the funding agreement with the Secretary of State some academies within the academy trust were subject to limits at 31 August 2016 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

No academies within the trust exceeded the limits during the year ended 31 August 2016.

SWALE ACADEMIES TRUST
(A company limited by guarantee)

**Notes to the financial statements
for the year ended 31 August 2016**

3. Income from donations and capital grants

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	As restated Total funds 2015 £
Donations on conversion	(26,807)	(304,000)	3,407,541	3,076,734	7,284,717
Donations	5,466	-	-	5,466	371,323
Devolved formula funding	-	-	751,260	751,260	436,976
Capital grants	-	-	5,313	5,313	1,146,400
Other grants	-	103,303	-	103,303	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total donations and capital grants	(21,341)	(200,697)	4,164,114	3,942,076	9,239,416
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

In 2015, of the total income from donations and capital grants, £101,024 was to unrestricted funds and £9,138,392 was to restricted funds

4. Other trading activities

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Hire of facilities	66,695	-	66,695	37,285
Uniform sales	13,206	-	13,206	7,278
School trips	484,261	-	484,261	196,403
GTP income	248	-	248	4,815
Catering income	7,568	465,963	473,531	399,042
Other income	132,126	-	132,126	41,200
Nursery income	183,242	475,924	659,166	464,889
Department income	57,689	-	57,689	64,511
Consultancy	800,085	-	800,085	598,969
Skills centre income	75,126	-	75,126	164,053
Sports centre income	63,956	-	63,956	132,592
	<hr/>	<hr/>	<hr/>	<hr/>
	1,884,202	941,887	2,826,089	2,111,037
	<hr/>	<hr/>	<hr/>	<hr/>

In 2015, of the total income from other trading activities, £1,168,398 was to unrestricted funds and £942,639 was to restricted funds.

5. Investment income

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Short term deposits	2,293	-	2,293	3,595
	<hr/>	<hr/>	<hr/>	<hr/>

In 2015, of the total investment income, £3,595 was to unrestricted funds and £ NIL was to restricted funds.

SWALE ACADEMIES TRUST
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**Notes to the financial statements
for the year ended 31 August 2016**

6. Funding for the multi academy trust's educational operations

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
DfE/EFA grants				
General Annual Grant (GAG)	-	24,903,436	24,903,436	23,794,654
Start up grants	-	102,475	102,475	118,893
Other DfE/EFA grants	-	899,019	899,019	567,174
Pupil premium	-	1,712,948	1,712,948	1,460,878
	-	27,617,878	27,617,878	25,941,599
Other government grants				
Other government grants	-	586,298	586,298	194,514
Local authority pupil premium	-	68,652	68,652	47,251
Local authority SEN funding	-	1,431,771	1,431,771	1,092,397
	-	2,086,721	2,086,721	1,334,162
	-	29,704,599	29,704,599	27,275,761

In 2015, of the total income from charitable activities, £ NIL was to unrestricted funds and £27,275,761 was to restricted funds.

7. Costs of generating funds

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	As restated Total funds 2015 £
School trips	383,847	-	383,847	303,036
Nursery costs	32,369	-	32,369	15,358
Uniform costs	12,970	-	12,970	18,942
Hire of facilities	-	-	-	12,789
Skills centre costs	97,326	-	97,326	57,881
Sports centre costs	6,176	-	6,176	19,069
Catering	-	645,463	645,463	402,212
Additional Support	-	-	-	26,400
Other costs	8,993	-	8,993	12,933
Staff costs	767,408	186,067	953,475	1,117,231
	1,309,089	831,530	2,140,619	1,985,851

In 2015, of the total voluntary income, £982,732 was to unrestricted funds and £1,003,119 was to restricted funds.

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**Notes to the financial statements
for the year ended 31 August 2016**

8. Direct costs

	Educational operations £	Total 2016 £	Total 2015 £
Educational supplies	868,092	868,092	814,614
Examination fees	370,583	370,583	393,050
Staff development	410,916	410,916	205,849
Educational consultancy	80,476	80,476	132,490
Supply teacher costs	202,958	202,958	486,817
Recruitment and support	23,219	23,219	18,846
Other direct costs	147,725	147,725	77,570
(Profit)/Loss on disposal of assets	-	-	(446)
Staff related insurance	74,240	74,240	25,190
Redundancies	30,989	30,989	125,450
Wages and salaries	17,449,108	17,449,108	16,594,466
National insurance	1,458,028	1,458,028	1,161,222
Pension costs	2,724,479	2,724,479	2,073,710
	<u>23,840,813</u>	<u>23,840,813</u>	<u>22,108,828</u>

In 2015, the multi academy trust incurred the following Direct costs:

£22,108,828 in respect of Educational operations

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**Notes to the financial statements
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9. Support costs

	Educational operations £	Total 2016 £	As restated Total 2015 £
LGPS costs	280,000	280,000	170,000
Travel and subsistence	26,585	26,585	20,278
Recruitment and support	56,441	56,441	86,954
Maintenance of premises	696,223	696,223	671,550
Cleaning	271,182	271,182	185,450
Rates	138,886	138,886	135,368
Light and heat	387,261	387,261	365,962
Insurance	198,496	198,496	138,511
Security	47,009	47,009	50,618
Catering	56,528	56,528	53,585
Interest and charges	4,718	4,718	1,033
Computer costs	502,081	502,081	488,896
Printing, postage and stationery	189,349	189,349	197,448
Other support costs	166,266	166,266	112,946
Rent	19,476	19,476	25,369
Maintenance of equipment	46,261	46,261	80,403
Water Rates	78,085	78,085	134,443
Irrecoverable VAT	9,978	9,978	-
Transport	19,289	19,289	16,144
Operating lease rentals	62,120	62,120	79,524
Governance costs	183,693	183,693	167,250
Redundancies	70,025	70,025	11,760
Wages and salaries	3,128,749	3,128,749	1,931,945
National insurance	179,184	179,184	151,159
Pension costs	988,916	988,916	413,194
Depreciation	1,810,774	1,810,774	1,511,751
	<u>9,617,575</u>	<u>9,617,575</u>	<u>7,201,541</u>

During the year ended 31 August 2016, the multi academy trust incurred the following Governance costs:

£183,693 (2015 - £167,250) included within the table above in respect of Educational operations.

In 2015, the multi academy trust incurred the following Support costs:

£7,201,541 in respect of Educational operations

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**Notes to the financial statements
for the year ended 31 August 2016**

10. Expenditure

	Staff costs 2016 £	Premises 2016 £	Other costs 2016 £	Total 2016 £	As restated Total 2015 £
Expenditure on raising voluntary income	953,475	-	1,187,144	2,140,619	1,987,851
Educational operatio:					
Direct costs	21,935,587	-	1,905,226	23,840,813	22,108,828
Support costs	4,296,849	2,755,212	2,565,514	9,617,575	7,115,541
	<u>27,185,911</u>	<u>2,755,212</u>	<u>5,657,884</u>	<u>35,599,007</u>	<u>31,212,220</u>

In 2016, of the total expenditure, £1,387,159 (2015 £982,732) was to unrestricted funds and £34,211,848 (2015 - £30,229,488) was to restricted funds.

11. Expenditure - Analysis of specific expenses

Included within expenditure are the following transactions:

	Total £	Individual items above £5,000 Amount £	Reason
Redundancy payments	53,726	12,546	Termination of employment
		10,330	Termination of employment
		7,771	Termination of employment
		7,672	Termination of employment
Compensation payments	47,582	20,000	Termination of employment
		19,811	Termination of employment
		6,000	Termination of employment

12. Net incoming resources/(resources expended)

This is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets:		
- owned by the charity	1,810,774	1,511,751
Audit fees	33,075	21,912
Operating lease rentals	62,120	79,524
	<u>1,810,774</u>	<u>1,511,751</u>

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**Notes to the financial statements
for the year ended 31 August 2016**

13. Auditors' remuneration

	2016	2015
	£	£
Fees payable to the multi academy trust's auditor for the audit of the multi academy trust's annual accounts	19,500	17,500
Fees payable to the multi academy trust's auditor in respect of:		
Audit-related assurance services	4,650	-
All other non-audit services not included above	3,525	4,212
	<hr/> 2016 <hr/> £	<hr/> 2015 <hr/> £
Fees payable to the multi academy trust's auditor and its associates in connection with the multi academy trust's pension scheme(s) in respect of:		
The auditing of accounts of the scheme(s)	5,400	-
	<hr/> 5,400 <hr/>	<hr/> - <hr/>

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**Notes to the financial statements
for the year ended 31 August 2016**

14. Staff costs

Staff costs were as follows:

	2016 £	2015 £
Wages and salaries	21,520,771	19,439,437
Social security costs	1,638,612	1,376,919
Operating costs of defined benefit pension schemes	3,722,556	2,626,571
	<u>26,881,939</u>	<u>23,442,927</u>
Supply teacher costs	202,958	486,817
Staff restructuring costs	101,014	137,210
	<u><u>27,185,911</u></u>	<u><u>24,066,954</u></u>

Staff restructuring costs comprise:

	2016 £	2015 £
Redundancy payments	53,432	53,120
Severance payments	47,582	84,090
	<u>101,014</u>	<u>137,210</u>

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

	2016 No.	As restated 2015 No.
Teachers	407	384
Administration and support	549	477
Management	15	11
	<u>971</u>	<u>872</u>

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

	2016 No.	As restated 2015 No.
In the band £60,001 - £70,000	14	9
In the band £70,001 - £80,000	5	2
In the band £80,001 - £90,000	2	1
In the band £90,001 - £100,000	1	1
In the band £100,001 - £110,000	2	0
In the band £110,001 - £120,000	0	2
In the band £120,001 - £130,000	1	0
In the band £130,001 - £140,000	1	0

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Notes to the financial statements
for the year ended 31 August 2016

14. Staff costs (continued)

The key management personnel of the academy trust comprise of the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £703,156 (2015: £560,332)

15. Central services

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

- Central Finance
- Central Leadership

The multi academy trust charges for these services on the following basis:

Central costs are charged on the basis of pupil numbers with a time apportionment for newly joining Academies.

The actual amounts charged during the year were as follows:

	2016 £
Westlands School	389,426
Sittingbourne Community College	289,198
Meopham School	122,076
Westlands Primary School	102,255
Regis Manor Primary	87,615
Beaver Green Primary	85,000
South Borough Primary	10,000
Total	<u><u>1,085,570</u></u>

16. Trustees' remuneration and expenses

During the year retirement benefits were accruing to 8 Trustees (2015 - 8) in respect of defined benefit pension schemes.

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**Notes to the financial statements
for the year ended 31 August 2016**

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

		2016 £	2015 £
Mr J Whitcombe	Remuneration	170,000-175,000	150,000-155,000
	Pension contributions paid	20,000-25,000	20,000-25,000
Mr D Trimmer	Remuneration	160,000-165,000	55,000-60,000
	Pension contributions paid	10,000-15,000	5,000-10,000
Mr S Cox	Remuneration	5,000-10,000	90,000-95,000
	Pension contributions paid	0-5,000	10,000-15,000
Mrs S Dickinson	Remuneration	5,000-10,000	70,000-75,000
	Pension contributions paid	0-5,000	10,000-15,000
Mrs F Trigwell	Remuneration	80,000-85,000	85,000-90,000
	Pension contributions paid	10,000-15,000	10,000-15,000
Mr K Holmes	Remuneration	5,000-10,000	40,000-45,000
	Pension contributions paid	0-5,000	5,000-10,000
Mrs C Wood	Remuneration	30,000-35,000	35,000-40,000
Mrs K Mirams	Remuneration	70,000-75,000	75,000-80,000
	Pension contributions paid	10,000-15,000	10,000-15,000
Mr M Wilson	Remuneration	90,000-95,000	80,000-85,000
	Pension contributions paid	10,000-15,000	10,000-15,000
Mrs J Garraway	Remuneration	35,000-40,000	
	Pension contributions paid	5,000-10,000	

The above salaries reflect paid remuneration and other benefits received for the period Trustees served as a member of the board.

During the year, no non-employee Trustees received any remuneration (2015 - £NIL).

Trustees received benefits in kind amounting to £17,995 in the current year (2015 - £6,450). These were received by 2 Trustees (2015 - 1).

During the year ended 31 August 2016, expenses totalling £10,733 (2015 - £6,959) were reimbursed to 11 Trustees (2015 - 7).

17. Trustees' and Officers' Insurance

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £1,000,000 on any one claim and the cost for the year ended 31 August 2016 was £2,918 (2015 - £2,918).

18. Other finance income

	2016 £	2015 £
Interest income on pension scheme assets	361,000	261,000
Interest on pension scheme liabilities	(641,000)	(431,000)
	<u>(280,000)</u>	<u>(170,000)</u>

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Notes to the financial statements
for the year ended 31 August 2016

19. Tangible fixed assets

	Freehold property £	Long term leasehold property £	Leasehold improvement £	Assets under construction £	Furniture & equipment £
Cost or valuation					
At 1 September 2015	11,863,122	42,228,741	1,793,274	271,280	1,675,293
Additions	-	3,270,147	49,450	-	243,827
Revaluation surplus/(deficit)	-	505,756	-	-	-
At 31 August 2016	11,863,122	46,004,644	1,842,724	271,280	1,919,120
Depreciation					
At 1 September 2015	436,951	3,181,170	503,148	-	517,787
Charge for the year	169,142	917,884	232,687	-	190,227
On revalued assets	-	4,215	-	-	-
At 31 August 2016	606,093	4,103,269	735,835	-	708,014
Net book value					
At 31 August 2016	11,257,029	41,901,375	1,106,889	271,280	1,211,106
At 31 August 2015	11,426,171	39,047,571	1,290,126	271,280	1,157,506
			Computer equipment £	Motor vehicles £	Total £
Cost or valuation					
At 1 September 2015			1,586,521	105,361	59,523,592
Additions			261,401	54,332	3,879,157
Revaluation surplus/(deficit)			-	-	505,756
At 31 August 2016			1,847,922	159,693	63,908,505
Depreciation					
At 1 September 2015			1,048,699	65,124	5,752,879
Charge for the year			226,892	73,942	1,810,774
On revalued assets			-	-	4,215
At 31 August 2016			1,275,591	139,066	7,567,868
Net book value					
At 31 August 2016			572,331	20,627	56,340,637
At 31 August 2015			537,822	40,237	53,770,713

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**Notes to the financial statements
for the year ended 31 August 2016**

19. Tangible fixed assets (continued)

Included in freehold property is freehold land at a valuation on conversion of £3,406,000 which is not depreciated.

During the year the trust transactions relating to assets included:

The financial statements have been restated to reclassify the land and buildings at Meopham Secondary School from long term leasehold to freehold property. Refer to note 22 for further details.

Long term leasehold property at Beaver Green Primary was revalued from it's original cost of £3,897,244 to £4,403,000 after the property was valued by Kier.

Assets relating to leasehold improvements have been reclassified and depreciated over 10 years instead of including within long term leasehold property.

The taking up of a leasehold property at Istead Rise Primary by the trust for £2,552,000 over a term of 125 years.

20. Stocks

	2016 £	2015 £
Uniform & Catering	15,867	24,133

21. Debtors

	2016 £	2015 £
Trade debtors	308,542	276,421
VAT Recoverable	169,406	419,639
Other debtors	888,911	705,087
Prepayments and accrued income	924,090	664,956
	<u>2,290,949</u>	<u>2,066,103</u>

22. Creditors: Amounts falling due within one year

	2016 £	2015 £
Bank loans and overdrafts	352,665	-
Other loans	53,890	90,500
Trade creditors	547,066	590,161
Other taxation and social security	479,658	426,174
Other creditors	430,325	351,144
Accruals and deferred income	602,469	618,850
	<u>2,466,073</u>	<u>2,076,829</u>

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**Notes to the financial statements
for the year ended 31 August 2016**

22. Creditors: Amounts falling due within one year (continued)

	2016 £	2015 £
Deferred income		
Deferred income at 1 September 2015	361,737	951,535
Resources deferred during the year	323,311	361,737
Amounts released from previous years	(361,737)	(951,535)
	<u>323,311</u>	<u>361,737</u>
Deferred income at 31 August 2016	<u>323,311</u>	<u>361,737</u>

**23. Creditors:
Amounts falling due after more than one year**

	2016 £	2015 £
Other loans	-	40,389
	<u>-</u>	<u>40,389</u>

Included within the above are amounts falling due as follows:

	2016 £	2015 £
Between one and two years		
Other loans	-	40,389
	<u>-</u>	<u>40,389</u>

24. Prior year adjustment

The financial statements have been restated to reclassify the land held by the trust at Meopham Secondary School from long term leasehold land to freehold property. The restatement has resulted in the following movements:

Fixed assets restricted funds surplus carried forward at 31 August 2015 increasing by £3,406,000 due to the introduction of the land which has been treated as donation on conversion in note 2.

Long term leasehold property net book value at 31 August 2015 decreased by £8,020,171.

Freehold property net book value increased at 31 August 2015 increased by £11,426,171

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Notes to the financial statements
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25. Statement of funds

	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Unrestricted funds						
Unrestricted funds	<u>1,878,665</u>	<u>1,865,154</u>	<u>(1,387,159)</u>	<u>-</u>	<u>-</u>	<u>2,356,660</u>
Restricted funds						
General Annual Grant (GAG)	1,289,263	24,903,437	(25,718,682)	8,302	-	482,320
Pupil premium	-	1,712,948	(1,712,948)	-	-	-
Start up grant	-	102,475	(102,475)	-	-	-
Other DfE/EFA grants	-	899,018	(899,018)	-	-	-
Other government grants	-	586,298	(586,298)	-	-	-
Local authority pupil premium	-	68,652	(68,652)	-	-	-
Local authority SEN funding	-	1,431,771	(1,431,771)	-	-	-
Lottery funding	-	103,303	(103,303)	-	-	-
Generated income	-	941,887	(941,887)	-	-	-
Other Income	-	43,040	(43,040)	-	-	-
Pension reserve	(7,250,000)	(304,000)	(793,000)	-	(6,708,000)	(15,055,000)
	<u>(5,960,737)</u>	<u>30,488,829</u>	<u>(32,401,074)</u>	<u>8,302</u>	<u>(6,708,000)</u>	<u>(14,572,680)</u>
Restricted fixed asset funds						
Assets held at valuation	53,770,714	3,407,541	(1,810,774)	973,156	-	56,340,637
DfE/EFA capital grants	-	751,260	-	(641,767)	-	109,493
SALIX Loan	(130,889)	-	-	76,999	-	(53,890)
Capital grant	-	5,313	-	(5,313)	-	-
Growth capital fund	239,574	-	-	(239,574)	-	-
School condition allocation	191,368	-	-	(171,803)	-	19,565
	<u>54,070,767</u>	<u>4,164,114</u>	<u>(1,810,774)</u>	<u>(8,302)</u>	<u>-</u>	<u>56,415,805</u>
Total restricted funds	<u>48,110,030</u>	<u>34,652,943</u>	<u>(34,211,848)</u>	<u>-</u>	<u>(6,708,000)</u>	<u>41,843,125</u>
Total of funds	<u>49,988,695</u>	<u>36,518,097</u>	<u>(35,599,007)</u>	<u>-</u>	<u>(6,708,000)</u>	<u>44,199,785</u>

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

Restricted funds consists of the following funds, General Annual Grant (GAG) is the core funding provided from the DfE/EFA for Swale Academies Trust to provide its main function of educating pupils. GAG also includes the Local Authority Central Spend Equivalent Grant (LACSEG). This is additional money to cover the cost of education services that the local authority provides to its maintained schools but which academies are free to secure independently.

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Notes to the financial statements
for the year ended 31 August 2016

25. Statement of funds (continued)

Other DfE/EFA Grants are made up from pupil premium funding, including funding for looked after children (LAC), summer school funding and 16-19 bursary funding.

Unrestricted funds

These are funds available for the purposes of Swale Academies Trust to be spent as it sees fit. The Trustees are free to set priorities and decide how and when to spend the funds, and they are not earmarked in any way.

The unrestricted funds are generated from services that Swale Academeis Trust provides and are funds that it utilises within:

- Sittingbourne Community College Skills Centre;
- Westlands Primary School Nursery;
- General unrestricted funds transferred on conversion to academy status; and
- The schools General/Voluntary Funds (parents donations/schools trips).

Under the funding agreement with the Secretary of State, the multi academy trust was subject to a limit on the amount of GAG that it could carry forward at 31 August 2016. Note 2 discloses whether the limit was exceeded.

Analysis of academies by fund balance

Fund balances at 31 August 2016 were allocated as follows:

	Total 2016 £	Total 2015 £
Westlands School	201,407	75,000
Westlands Primary School	45,928	50,000
Regis Manor Primary School	30,356	50,000
Sittingbourne Community College	(213,636)	75,000
Meopham School	(271,633)	-
Beaver Green Primary	76,609	50,000
South Borough Primary	(93,975)	50,000
Istead Rise Primary	(140,919)	-
Central Trust	3,204,843	2,817,928
Total before fixed asset fund and pension reserve	2,838,980	3,167,928
Restricted fixed asset fund	56,415,805	54,070,767
Pension reserve	(15,055,000)	(7,250,000)
Total	44,199,785	49,988,695

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Notes to the financial statements
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25. Statement of funds (continued)

Analysis of academies by cost

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

	Teaching and educational support costs £	Other staff support costs £	Educational supplies £	Other costs excluding depreciation £	Total 2016 £	Total 2015 £
Westlands School	6,614,156	800,525	219,535	1,631,801	9,266,017	9,556,890
Westlands Primary School	1,453,121	472,915	49,577	469,993	2,445,606	2,439,587
Regis Manor Primary School	1,395,915	278,083	61,458	365,441	2,100,897	1,933,769
Sittingbourne Community College	5,383,792	1,579,134	213,179	1,213,666	8,389,771	8,634,857
Meopham School	2,415,977	440,970	180,837	572,579	3,610,363	3,823,104
Beaver Green Primary	1,390,587	357,979	70,801	389,916	2,209,283	862,492
South Borough Primary	792,446	202,937	37,925	281,407	1,314,715	688,406
Istead Rise Primary	979,744	169,243	34,073	339,118	1,522,178	-
Central Trust	1,439,824	1,018,563	707	470,309	2,929,403	1,761,364
	<u>21,865,562</u>	<u>5,320,349</u>	<u>868,092</u>	<u>5,734,230</u>	<u>33,788,233</u>	<u>29,700,469</u>

26. Analysis of net assets between funds

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Tangible fixed assets	-	-	56,340,637	56,340,637	56,474,584
Current assets	2,938,156	2,379,591	62,474	5,380,221	5,585,199
Creditors due within one year	(581,496)	(1,897,271)	12,694	(2,466,073)	(2,076,829)
Creditors due in more than one year	-	-	-	-	(40,389)
Provisions for liabilities and charges	-	(15,055,000)	-	(15,055,000)	(5,730,000)
	<u>2,356,660</u>	<u>(14,572,680)</u>	<u>56,415,805</u>	<u>44,199,785</u>	<u>49,988,695</u>

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

	2016 £	2015 £
Net income for the year (as per Statement of financial activities)	919,090	7,366,429
Adjustment for:		
Depreciation charges	1,810,774	1,511,751
Gains on revaluation of property	(501,541)	-
Dividends, interest and rents from investments	(2,293)	(3,595)
Decrease/(increase) in stocks	8,266	(4,841)
Increase in debtors	(532,104)	(256,024)
Increase/(decrease) in creditors	656,113	(508,829)
Capital grants from DfE and other capital income	(756,573)	(1,583,376)
Defined benefit pension scheme finance cost	877,000	546,000
Net (loss) on assets and liabilities from local authority on conversion	(2,575,193)	(3,878,717)
Other	6,500	-
Net cash (used in)/provided by operating activities	(89,961)	3,188,798

28. Analysis of cash and cash equivalents

	2016 £	2015 £
Cash in hand	3,073,405	3,494,964
Total	3,073,405	3,494,964

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29. Conversion to an academy trust

On 1 September 2016 Istead Rise Primary converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Swale Academies Trust from Kent County Council for £nil consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the Balance sheet under the appropriate headings with a corresponding net amount recognised as a net gain in the Statement of financial activities incorporating income and expenditure account as Donations - transfer from local authority on conversion

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of financial activities incorporating income and expenditure account.

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets				
- Leasehold land and buildings	-	-	2,552,000	2,552,000
- Other tangible fixed assets	-	-	354,000	354,000
LGPS pension surplus/(deficit)	-	(304,000)	-	(304,000)
Other identified assets and liabilities	(26,807)	-	-	(26,807)
Net assets/(liabilities)	<u>(26,807)</u>	<u>(304,000)</u>	<u>2,906,000</u>	<u>2,575,193</u>

The above net assets include £58,571 that were transferred as cash.

30. Contingent liabilities

During the period of the funding agreement, should any asset for which a capital grant was received be sold or otherwise disposed of, in the event of the multi academy trust not reinvesting the proceeds, it will be required to pay the grant related proportion of the proceeds to the EFA.

Should the funding agreement be terminated for any reason, the multi academy trust shall repay to the EFA the current value of the academy's land and buildings and other assets, to the extent that such assets were funded by sums received from the EFA.

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31. Pension commitments

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

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

Contributions amounting to £368,215 were payable to the schemes at 31 August 2016 (2015 - 334,396) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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 valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay, including a 0.08% employer administration charge (currently 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 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

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

The employer's pension costs paid to TPS in the period amounted to £2,205,349 (2015 - £1,700,657).

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

Under the definitions set out in FRS 102, the TPS is a multi-employer pension scheme. The trust has

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**Notes to the financial statements
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31. Pension commitments (continued)

accounted for its contributions to the scheme as if it were a defined contribution scheme. The trust has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £1,448,000 (2015 - £1,189,000), of which employer's contributions totalled £1,120,000 (2015 - £924,000) and employees' contributions totalled £328,000 (2015 - £265,000). The agreed contribution rates for future years are 19.8% for employers and various % for employees.

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

Principal actuarial assumptions:

	2016	2015
Discount rate for scheme liabilities	2.20 %	4.00 %
Expected return on scheme assets at 31 August	14.00 %	6.00 %
Rate of increase in salaries	4.10 %	4.50 %
Rate of increase for pensions in payment / inflation	2.30 %	2.70 %
Inflation assumption (CPI)	2.30 %	2.70 %
RPI increases	3.20 %	3.60 %

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

	2016	2015
Retiring today		
Males	22.9	22.8
Females	25.3	25.2
Retiring in 20 years		
Males	25.2	25.1
Females	27.7	27.6

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**Notes to the financial statements
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31. Pension commitments (continued)

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

	Fair value at 31 August 2016 £	Fair value at 31 August 2015 £
Equities	7,399,000	5,547,000
Debt instruments	1,167,000	896,000
Property	1,533,000	1,100,000
Cash	262,000	212,000
Target return portfolio	475,000	353,000
Gilts	98,000	83,000
Total market value of assets	<u>10,934,000</u>	<u>8,191,000</u>

The actual return on scheme assets was £1,285,000.

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

	2016 £	2015 £
Current service cost (net of employee contributions)	(1,627,000)	(1,258,000)
Net interest cost	(280,000)	(170,000)
Past service cost	(9,161)	(102,066)
Administrative expenses	6,000	5,000
Other	-	(68,000)
Total	<u>(1,910,161)</u>	<u>(1,593,066)</u>

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

	2016 £	2015 £
Opening defined benefit obligation	15,441,000	12,176,000
Upon conversion	532,000	1,727,000
Current service cost	1,627,000	1,258,000
Interest cost	641,000	521,000
Contributions by employees	328,000	265,000
Actuarial losses/(gains)	7,632,000	(284,000)
Estimated benefits paid net of transfers in	(212,000)	(117,000)
Other	-	(105,000)
Closing defined benefit obligation	<u>25,989,000</u>	<u>15,441,000</u>

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Notes to the financial statements
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31. Pension commitments (continued)

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

	2016 £	2015 £
Opening fair value of scheme assets	8,191,000	6,716,000
Upon conversion	228,000	261,000
Return on plan assets (excluding net interest on the net defined pension liability)	361,000	278,000
Actuarial gains and (losses)	924,000	(103,000)
Contributions by employer	1,114,000	882,000
Contributions by employees	328,000	265,000
Estimated benefits paid net of transfers in	(212,000)	(117,000)
Other	-	9,000
	<hr/>	<hr/>
Closing fair value of scheme assets	10,934,000	8,191,000
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The adoption of FRS 102 has not had an effect on the closing pension deficit in the comparative year. However the analysis between support costs and actuarial gains and losses has changed.

32. Operating lease commitments

At 31 August 2016 the total of the Academy trust's future minimum lease payments under non-cancellable operating leases was:

	2016 £	2015 £
Amounts payable:		
Within 1 year	51,276	51,276
Between 1 and 5 years	83,578	134,853
	<hr/>	<hr/>
Total	134,854	186,129
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33. Related party transactions

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

Alan Barham Business Support Services - A company which A Barham (a trustee of the trust) has a majority interest:

The trust purchased consultancy services from Alan Barham Business Support Services totalling £1,000 (2015: 16,876) during the period. There were no amounts outstanding at the year end.

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33. Related party transactions (continued)

The North School - A locally maintained school which A Barham, J Fassenfelt and G Clifton (trustees of the trust) are governors:

The trust purchased teacher training services from The North School totalling £92,905 (2015:126,174) during the period. There were no amounts outstanding at the year end.

Swale Inclusion Centre - A local pupil referral school which A Barham (a trustee of the trust) is also a governor.

The trust purchased student placements from Swale Inclusion Centre of £59,844 (2015: £15,430) during the period. There were no amounts outstanding at the year end.

34. 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.

35. First time adoption of FRS 102

It is the first year that the Academy Trust has presented its financial statements under SORP 2015 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.

Comparative figures have been restated to reflect the adjustments made, except to the extent that the Trustees have taken advantage of exemptions to retrospective application of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

The policies applied under the multi academy trust's previous accounting framework are not materially different to FRS 102 and have not impacted on funds or net income/expenditure.