

The Spencer Academies Trust

Registered number: 7353824

Trustees report and financial statements

For the year ended 31 August 2017

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THE SPENCER ACADEMIES TRUST
(A Company Limited by Guarantee)

CONTENTS

	Page
Reference and Administrative Details	1 - 2
Trustees' Report	3 - 11
Governance Statement	12 - 15
Statement on Regularity, Propriety and Compliance	16
Statement of Trustees' Responsibilities	17
Independent Auditor's Report on the Financial Statements	18 - 20
Independent Reporting Accountant's Assurance Report on Regularity	21 - 22
Statement of Financial Activities Incorporating Income and Expenditure Account	23
Balance Sheet	24
Statement of Cash Flows	25
Notes to the Financial Statements	26 - 52

THE SPENCER ACADEMIES TRUST **(A Company Limited by Guarantee)**

REFERENCE AND ADMINISTRATIVE DETAILS **FOR THE YEAR ENDED 31 AUGUST 2017**

Members

A Talbot
J Wilkinson (resigned 12 March 2017, reappointed 15 June 2017)
M Thompson
J Dale (appointed 12 March 2017)

Trustees

S Jowett (resigned 31 August 2017)
A Talbot (resigned 31 August 2017)
J Wilkinson (resigned 26 May 2017)
M Thompson
G Weightman, Chair of Local Governing Body, Wyndham Primary Academy
M Batchelor, Chair of Local Governing Body, Chetwynd Road Primary Academy
D Kinderman, Chair of Local Governing Body, Fairfield Primary Academy and
Inkersall Primary Academy
J Smith
P Marples
T Preston
S Paddock (appointed 13 March 2017, resigned 30 June 2017)
K Vere (appointed 13 March 2017)
N Kerr-Gilbert (appointed 13 March 2017)
P West (appointed 1 September 2017)

Company registered number

7353824

Company name

The Spencer Academies Trust

Principal and registered office

George Spencer Academy, Arthur Mee Road, Stapleford, Nottingham, Nottinghamshire, NG9 7EW

Company secretary

K Godfrey (appointed 13 November 2017)
R Hudd (appointed 1 September 2017, resigned 12 November 2017)
R G Holmes (resigned 31 August 2017)

Trust Strategic Leadership team

P West, Chief Executive Officer (appointed 1 September 2017)
S Jowett, Chief Executive Officer (resigned 31 August 2017)
F Mitchell, Director of Secondary Education and Executive Principal
A O'Brien, Director of Primary Education and Executive Principal
L Cox, Director of Quality Assurance and Academy Improvement (appointed 1 September 2016)
J Wilkinson, Chief Operating Officer (resigned 30 September 2017)
R G Holmes, Chief Finance Officer (resigned 31 August 2017)
R Hudd, Finance Director and Chief Finance Officer (appointed 1 September 2017)
K Godfrey, Head of Governance and Compliance (appointed 30 October 2017)

**THE SPENCER ACADEMIES TRUST
(A Company Limited by Guarantee)**

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE TRUST, ITS TRUSTEES AND
ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2017**

Advisers (continued)

Independent auditor

Mazars LLP, Park View House, 58 The Ropewalk, Nottingham, NG1 5DW

Bankers

Natwest PLC, 13-17 Derby Road, Nottingham, NG1 9HR

Solicitors

Browne Jacobson, Mowbray House, Castle Meadow Road, Nottingham, NG2 1BJ

THE SPENCER ACADEMIES TRUST

(A Company Limited by Guarantee)

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2017

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year 01 September 2016 to 31 August 2017. The Annual Report serves the purposes of both a Trustees' Report, and a Directors' report under company law.

The Trust Comprises of 3 Secondary and 7 Primary Schools, and includes the operations of the following schools:

George Spencer Academy
Heanor Gate Science College
Long Field Academy
Chetwynd Primary Academy
Fairfield Primary Academy
Glenbrook Primary School
Inkersall Primary Academy
Portland Spencer Academy
Sunnyside Spencer Academy
Wyndham Primary Academy

The academies have a combined pupil Capacity of 6,685 and had a roll of 5,908 in the census at January 2017.

Structure, governance and management

- **Constitution**

The Academy 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 The Spencer Academies Trust Limited are also directors of the charitable company for the purposes of company law. The charitable company is known as The Spencer Academies Trust.

The Trustees who were in office in the period under review are listed on page 1.

- **Members' liability**

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

- **Trustees' indemnities**

The governors have liability insurance with Travelers Insurance Company Limited, 61-63 London Road, Redhill, Surrey, RH1 1NA effective date 01/09/2016. There is a limit of indemnity of £1,000,000.

THE SPENCER ACADEMIES TRUST (A Company Limited by Guarantee)

TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2017

• Method of recruitment and appointment or election of Trustees

The number of Trustees shall be not less than three and (unless determined by ordinary resolution) shall not be more than fourteen. The articles of association set out the categories of directors and includes the following:

- up to 6 Trustees appointed by the members
- the Chief Executive Officer
- up to 5 Academy Trustees who are Chairs of Governors of qualifying academy local governing bodies
- Parent Directors
- any Additional Trustees appointed by the Secretary of State
- up to 2 Trustees, if appointed by the Secretary of State in accordance with the terms of any Relevant Funding Agreements following the provision of a notice by the Company to terminate that Relevant Funding Agreement

The number of Trustees (including the Chief Executive Officer) appointed by the Members who are employees of the company may not exceed one third of the total number of Trustees.

The Trustees appoint separate committees known as Local Governing Bodies (LGB) or Local Advisory Councils (LAC) for each Academy, which each operate according to their Academy Scheme of Delegation. The establishment, terms of reference, constitution and membership of any committee of the Trustees or LGB's/LAC's may be reviewed annually.

The Trustees listed on page 1 appoint Governors to each Academy LGB or LAC according to the scheme of delegation for that academy.

The term of office for any Trustees or Governor will be 4 years, except that this time limit does not apply to the CEO, Principal or Head of Academy. Any Trustees or Governor can be re appointed or re elected, subject to remaining eligible for the role.

• Policies and procedures adopted for the induction and training of Trustees

All Trustees are expected to undertake a full induction with the Trust upon their appointment, and will be given relevant supporting documentation. This induction programme intends to provide information on the Trust, its schools, its activities, staff, achievements, and the responsibilities expected of the Trustees.

All Trustees and Governors are provided with policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role effectively, as well as training sessions provided by the Trust procured through the National Governors Association and other providers as appropriate.

THE SPENCER ACADEMIES TRUST

(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 AUGUST 2017

• Organisational structure

The Trustees are responsible for setting general policy, making major decisions about the strategic direction of the Trust, MAT School Condition Allocation capital expenditure, the appointment of the Chief Executive Officer and any Principals of the Academies. The Academies each have a specific Scheme of Delegation, appropriate to the Academy context, which specifies the delegated responsibilities to the LGB/LAC and Principal/Head of Academy as appropriate.

The Schemes of Delegation operate on a manner to ensure accountability, and that the ability to effect change is reasonable and appropriate and effectively monitored throughout the Trust.

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

The CEO of the Trust holds the position of Accounting Officer and his statement is included within this report.

• Arrangements for setting pay and remuneration of key management personnel

The arrangements for the remuneration of key personnel are set out in the Trust's Pay Policy which is reviewed annually and ratified by the Trustees. The Pay Policy sets out the framework for decisions on all pay including senior management staff. The policies development is in line with current employment registration and considers the recommendations of the School Teachers' Pay and conditions Document (STPCD). The pay policy sits alongside the Trust Appraisal and capability policy which, when combined determine the process for assessing the performance and development needs of employees, as well as their eligibility for performance related pay and pay awards, against agreed objectives.

The Remuneration of the CEO is set and performance monitored by the Board of Trustees. There are no remuneration payments to Trustees.

• Related Parties and other Connected Charities and Organisations

During the year the Trust made payments for apprenticeship services to Advance Aspire Achieve (3aas) Ltd, a company in which P Marples (Chairman of the board of trustees) has an interest. These were subject to normal procurement procedures.

Objectives and Activities

• Objects and aims

The Trust's Objects, as disclosed in our Articles of Association are:

to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing schools (the "Academies") offering a broad and balanced curriculum; and to promote for the benefit of individuals living in the East Midlands and the surrounding area who have need by reason of their age, infirmity or disability, financial hardship or social and economic circumstances or for the public at large the provision of facilities for recreation or other leisure time activities in the interests of social welfare and with the object of improving the condition of life of the said individuals.

THE SPENCER ACADEMIES TRUST (A Company Limited by Guarantee)

TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2017

• Objectives, strategies and activities

The Trust is focused on providing a high quality, effective education to all its students leading to improved life chances through raising aspirations and fulfilling potential of all pupils within the Trust. The Trust has continued to support and challenge its Academies to ensure that all pupils are able to fulfil their potential, and to ensure that the Trust continues to develop world-class system leaders in pupils, staff and the wider community.

• Public benefit

The Trustees of the Spencer Academies Trust confirm that they have complied with their duty in Section 17(5) of the 2011 Charities Act to have due regard to the guidance on public benefit published by the Charity Commission in exercising their powers or duties. The Trust's provision of education is inclusive and wide ranging, providing students the ability to experience a broad and diverse curriculum and learn key skills for later life.

The Trust expands on this ethos with the its delivery of programmes across Maths Hub, National Professional Qualifications for Leadership, School Centred Initial Teacher Training programme, and ongoing School to School Support work. Improving the provision of education, both within the Trust and across a wider field.

Strategic Report

• Achievements and performance

2016-17 was a year in which the Trust continued to be a leading provider of education across the East Midlands.

The Trust has continued to improve the life choices of its students through continued good progress and attainment across all phases.

During the year 4 of the Trust Schools have been inspected by OFSTED, with all returning a 'Good' overall, making the Trust Academies Good or better with the exception of Long Field Academy, which awaits inspection this year.

The Trust continues to be at the forefront of collaborative and progressive education practices, with the School Centred Initial Teacher Training ranked 2nd for Primary and 10th for Secondary in 2015, the George Spencer Teaching Schools Alliance one of the first 100 National TSA's, Expansion of the licence held for Nationals Professional Qualifications to include Middle and Senior Leaders, Heads and Executive Leaders. Wyndham Academy has recently gained Research School Status for the Derby Opportunity Area, and George Spencer Continues to be partnership school for the Institute of Physics and a leader of excellence in computer Science teaching.

THE SPENCER ACADEMIES TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

Ofsted ratings

Name of School	Date Joined Trust	Latest Ofsted inspection
George Spencer Academy	September 2011	Outstanding May-15
Heanor Gate Academy	September 2014	Good Mar-17
Long Field Academy	June 2015	Requires improvement + good for leadership, teaching and behaviour Jan-16
Chetwynd Primary Academy	April 2012	Good Sep-14
Fairfield Primary Academy	September 2013	Good 06-Jul-16
Glenbrook Primary School	April 2014	Good 7-8 Feb 2017
Inkersall Primary School	September 2015	Good Jun-15
Portland Spencer Academy	February 2014	Good + outstanding for leadership & behaviour Jan 12-13 2017
Sunnyside Spencer Academy	May 2014	Good + outstanding for leadership and behaviour July 12-13 th 2017
Wyndham Primary Academy	September 2014	Outstanding 1-2 May 2014

Primary Progress and Attainment

School	Progress Data Reading	Percentile Ranking	Progress Data Writing	Percentile Ranking	Progress Data Maths	Percentile Ranking
Chetwynd Primary Academy	1.81	Top 25%	1.7	Top 25%	2.4	Top 25%
Fairfield Primary Academy	0.8	Top 40%	1.9	Top 25%	2	Top 25%
Glenbrook Primary School	-1.7	Bottom 25%	-1.1	Bottom 40%	-2.4	Bottom 25%
Inkersall Primary Academy	-1.8	Bottom 25%	0.8	Top 40%	0.8	Top 40%
Portland Spencer Academy	5.1	Top 5%	3.3	Top 5%	5.8	Top 5%
Sunnyside Spencer Academy	1.2	Top 40%	2.2	Top 25%	2.3	Top 25%
Wyndham Primary Academy	1.1	Top 40%	1.1	Top 40%	1.4	Top 40%

THE SPENCER ACADEMIES TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

School (number of Pupils)	% Student Achieving expected Standard in Reading, Writing and Maths Combined	
	2016	2017
National Average	53%	61%
Chetwynd Primary Academy (39)	77%	74%
Fairfield Primary Academy (94)	66%	69%
Glenbrook Primary School (30)	15%	40%
Inkersall Primary Academy (50)	53%	44%
Portland Spencer Academy (46)	53%	74%
Sunnyside Spencer Academy (15)	55%	73%
Wyndham Primary Academy (45)	69%	79%

Secondary Progress and Attainment

	Progress 8 (2016 in brackets)	Attainment 8	5+ EM	4+ EM	5+ EBacc	5+ EBacc Rank in LA	4+ EBacc
National	0	44.2	39.1%	*63.3%	19.5%		*23.5%
George Spencer	+0.37 (+0.27)	52.9	55%	76%	43%	1/75	46%
Long Field	+0.08 (-0.63)	47.6	35%	59%	29%	6/86	37%
Heanor Gate	-0.22 (-0.23)	47.8	38%	61%	15%	23/83	18%

Post 16 Progress and Attainment

	Level 3 VA	APS per A level entry	APS expressed as a grade
National	0	*31.79	*C
George Spencer	0.29	35.02	B-
Heanor Gate	-0.03	29.53	C

• **Key performance indicators**

The Trust Board adopt a holistic view to measuring performance of the Trust and its Academies ensuring that they are not measured on financial performance alone. All Academies within the Trust are tracked across the following metrics: Ofsted grading, academic attainment and progress of the cohorts, number on roll versus capacity, attendance, pupil and staff turnover, and financial stability and sustainability.

Over the 2016/17 Academic year the Trust has fostered an ethos of greater collaborative working within phases, allowing Academies and Trust Executive Leadership Team to improve benchmarking and Quality Assurance to better improve the provision of Education in all Academies. Further collaboration is ongoing, both within and cross phase, to improve the understanding of the impact of transition on both Primary and Secondary pupils.

THE SPENCER ACADEMIES TRUST

(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 AUGUST 2017

• Going concern

After making appropriate enquiries, the board of trustees has a reasonable expectation that the 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.

Financial review

This set of accounts lays out the financial performance for the Trust for the year ended to 31 August 2017. Funding is primarily received through the Funding Agreements that the Trust has with the Secretary of State for each school within the Trust. This funding is based upon the number of students on each school's roll, and is restricted for expenditure solely on the purposes of meeting the terms of the Funding Agreement. Funding is lagged for 12 months.

Revenue expenditure during the period has been overseen by the LGB/LAC of each Academy, through its delegated powers. Capital expenditure, funded by the Multi Academy Trust School Condition Allocation has been overseen and directed by the Trust Executive Leadership Team in line with the strategic forward plan for the Trust as a whole. The board of Trustees has oversight of financial reports, and holds the view that expenditure has been effectively managed in line with the Trust's financial policies and procedures, and has been of a prudent, fair and reasonable nature.

The majority of revenue expenditure has been in relation to staffing costs, both teaching and support, as is reasonably expected within academies.

At 31 August 2017 the Trust had a net surplus of £2,971K (2016: Deficit £3,122K), however this includes donated assets of £3,677K for buildings at Sunnyside Spencer Academy and Glenbrook Primary School.

The Trust has received £1,079K in Capital grants through the Multi-Academy Trust School Condition Allocation, of which it is carrying forward unspent £615K for ongoing works.

Cash balances for the Trust were £4,310K at the year end (2016: £4,935K). Pension Liabilities have decreased in year, following pension assessments by the Local Authorities Responsible, by £830K overall.

The Balance Sheet as at 31 August 2017 has a positive position with net assets, excluding pension liability, amounting to £61,675K.

• Reserves policy

It is the responsibility of the Trustees to ensure that the Trust is able to continue to operate on a going concern basis, and its constituent Academies.

The Trustees have established a policy to monitor reserves, by individual Academy, and as a whole, to ensure they are maintained at an appropriate level. Where the Trustees feel that additional support is required to improve an individual reserve this is provided by the Executive Leadership Team in collaboration with the Trustees and Academy Senior Leadership.

At all times the Trustees consider the benefit of utilising reserves for long term investment in the Trust Activities whilst minimising the risk to cash flow.

As at 31 August 2017 the Trust held total funds of £48,765K, which includes; £Nil restricted funds (excluding pension reserves) not available for general purposes of the Trust; £1,644K of free unrestricted reserves available for general use; and £60,031K of fixed asset restricted reserves which can only be realised on the disposal of

THE SPENCER ACADEMIES TRUST (A Company Limited by Guarantee)

TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2017

tangible fixed assets.

The balance on restricted general funds (excluding pension reserve) plus the balance on unrestricted funds was a surplus of £1,644K.

• Investment policy

Due to the nature of the funding cycle, the Trust, may at times, hold large cash balances which may not be required for immediate use. The directors have authorised the opening of additional short term bank investment accounts to take advantage of higher interest rates.

• Principal risks and uncertainties

The Trustees have considered the major risks to which the Trust is exposed over the coming period and have reviewed the risks accordingly.

The Trustees have established an Audit and Risk Committee to review the risks to the Trust and propose actions to mitigate these risks.

The principal risks to the Trust as identified to date are:

- Impact in real terms of proposed changes to the Funding Formulae
- Failure to deliver positive outcomes
- Reduction in student numbers across the Trust.

The Trustees have identified specific actions with regard to each of these areas, and they are reviewed alongside the general risks at Audit and Risk Committee meetings and form part of the risk register.

Plans for future periods

• Future developments

The Trust, as set out in the strategic summary of the plans set out in this report, has plans to ensure the stability of the Trust over the coming period, ensuring that excellent standards are maintained across all Academies and to support the development of all students across the Trust endeavouring to ensure that every leaver is in engaged in education, training or employment.

Funds held as custodian trustee on behalf of others

As per note 25 in the financial statements.

Employee involvement and employment of the disabled

Employees have been consulted on issues of concern to them by means of regular consultative committee and staff meetings and have been kept informed on specific matters directly by management. The Academy Trust carries out exit interviews for all staff leaving the organisation and has adopted a procedure of upward feedback for senior management and the Trustees.

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

- Equal Opportunities Policy
- Volunteers' Policy

THE SPENCER ACADEMIES TRUST (A Company Limited by Guarantee)

TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2017

- **Health & Safety Policy**

In accordance with the Academy Trust's Equal Opportunities Policy, the Academy Trust has long established fair employment practices in the recruitment, selection, retention and training of disabled staff.

Full details of these policies are available from the Academy Trust's offices.

Disclosure of information to auditor

Insofar as the Trustees are aware:

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

Auditor

The auditor, Mazars LLP, has indicated its willingness to continue in office. The Designated trustees will propose a motion re-appointing the auditor at a meeting of the trustees.

The Trustees' Report including the Strategic Report was approved by order of the board of trustees, as the company directors, on 18 December 2017 and signed on its behalf by:



.....
P Marples
Chair of Trustees

THE SPENCER ACADEMIES TRUST

(A Company Limited by Guarantee)

GOVERNANCE STATEMENT

Scope of Responsibility

As trustees, we acknowledge we have overall responsibility for ensuring that The Spencer 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 Chief Executive Officer, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between The Spencer 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 6 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
S Jowett	5	5
A Talbot	5	6
J Wilkinson	5	5
M Thompson	5	6
G Weightman, Chair of Local Governing Body, Wyndham Primary Academy	5	6
M Batchelor, Chair of Local Governing Body, Chetwynd Road Primary Academy	5	6
D Kinderman, Chair of Local Governing Body, Fairfield Primary Academy and Inkersall Primary Academy	5	6
J Smith	6	6
P Marples	6	6
T Preston	5	6
S Paddock	0	0
K Vere	1	1
N Kerr-Gilbert	1	1

The Trust Board regularly reviews its performance. As part of ongoing review of Governance the board has started work on separation of Members and Trustees, as well as the appointment of new Trustees to the board to broaden the skills held at Trustee level.

There have been two sub-committees of the board of trustees for the year ended 31 August 2017, Resources (Finance, Personal and Capital) and Quality and Standards. The Trust has reviewed this further and an additional two committees have been included; from September 2017, Remuneration; and from January 2018 Audit and Risk.

The Resources Committee is a sub-committee of the main board of trustees. Its purpose is to ensure appropriate action is taken to secure ongoing financial viability at Trust Level, through providing strategic guidance, support and challenge around all areas of Trust resources, including, but not limited to, financial procedures and process, effective management and deployment of government grants, capital maintenance programs, staffing structures, budget setting, ratification and review.

THE SPENCER ACADEMIES TRUST (A Company Limited by Guarantee)

GOVERNANCE STATEMENT (continued)

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
S Jowett	2	2
A Talbot	2	2
J Wilkinson	1	1
G Weightman	3	3
M Batchelor	3	3
D Kinderman	3	3
J Smith	3	3
P Marples	3	3

The Quality and Standards Committee is also a sub-committee of the main board of trustees. Its purpose is Monitor and evaluate the Trust's school improvement model, and ensure that standards or progress and attainment are maintained and improved across the Trust academies.

Attendance at meetings in the year was as follows:

Trustee		
S Jowett	3	3
G Weightman	1	3
M Batchelor	3	3
D Kinderman	2	2
P Marples	3	3

Review of Value for Money

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

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

The Trust is committed to raising attainment and progress and for continuously improving the education received by all its pupils.

The Trust has implemented a dedicated central team to deliver in house centralised business function support to allow for consistent low cost finance, HR, Payroll and Recruitment functions allowing the Academies to focus on Teaching and Learning objectives.

Centralised Procurement through Trust Finance Team, allowing for economies of scale purchases, ensuring best value and cost savings realised within the Academies.

Collaborative approach to sharing best practice across all phases, Trust Wide CPD and implementations of multi Academy process for reviewing, monitoring and implementing impacts of intervention to maximise benefit to students, ensuring realisation of potential across all pupils.

Expansion of the Trust Central school improvement and educational support team to cover high impact teachers across primary, and curriculum directors of key subjects at secondary level to support academy staff to deliver outstanding teaching and interventions as needed.

The work undertaken has had a quantifiable effect with increases in progress and attainment across both

THE SPENCER ACADEMIES TRUST

(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (continued)

phases, and the four Good Ofsted judgements received within the year.

The financial performance of the Trust has been sound over the year, against a backdrop of tightening funding and increased operating costs and the Trust's reserves remain healthy. The Board is committed to ensuring that the Students across the Trust are advantaged by being part of the Trust and therefore are committed to ensuring that the reserves are deployed into appropriate projects to benefit our students, whilst being mindful of the need to maintain a healthy reserves position to ensure financial stability.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Spencer Academies Trust for the year 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy trust's significant risks, that has been in place for the year 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- regular reviews by the finance and general purposes committees of each Academy 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 at present not to appoint an internal auditor. However the trustees are keeping this decision under review and have appointed Mazars LLP, the external auditor, to perform additional checks.

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

- Testing of Payroll Systems controls and process
- Testing of Purchase Systems and Process against the Trust's Financial Procedures
- Testing of Control accounts and their reconciliations
- Testing of Cash Management systems and process

On an annual basis, the auditor reports to the board of trustees through the resources committee, to be

THE SPENCER ACADEMIES TRUST

(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (continued)

superseded by the audit and risk committee, on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

The reviewer delivered their schedule of works.

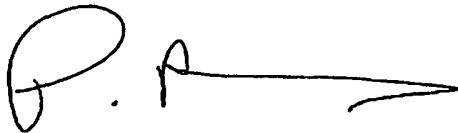
Review of Effectiveness

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

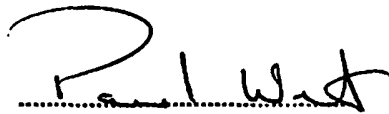
- the work of the external auditor;
- the financial management and governance self-assessment process;
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the governing body on 18 December 2017 and signed on their behalf, by:



.....
P Marples
Chair of Trustees



.....
P West
Accounting Officer

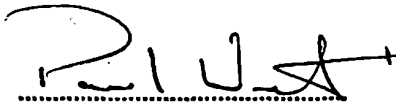
**THE SPENCER ACADEMIES TRUST
(A Company Limited by Guarantee)**

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

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

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

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



.....
P West
Accounting Officer

Date: 18 December 2017

THE SPENCER ACADEMIES TRUST (A Company Limited by Guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES FOR THE YEAR ENDED 31 AUGUST 2017

The trustees (who act as governors of The Spencer 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 and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

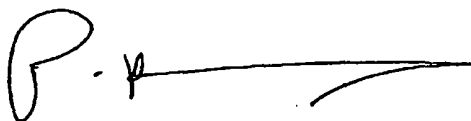
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting 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 ESFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the governing body and signed on its behalf by:



.....
P Marples
Chair of Trustees

Date: 18 December 2017

THE SPENCER ACADEMIES TRUST
(A Company Limited by Guarantee)

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE
MEMBERS OF THE SPENCER ACADEMIES TRUST**

Opinion

We have audited the financial statements of The Spencer Academies Trust for the year ended 31 August 2017 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency and United Kingdom Accounting Standards including the Financial Reporting Standard applicable in the UK and Republic of Ireland (Charities SORP 2015 (FRS 102)) (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

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

Basis of opinion

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

Conclusions relating to going concern

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

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

THE SPENCER ACADEMIES TRUST (A Company Limited by Guarantee)

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE SPENCER ACADEMIES TRUST

Other Information

The trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities set out on page 17, the trustees (who are also the directors of the charitable trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

THE SPENCER ACADEMIES TRUST
(A Company Limited by Guarantee)

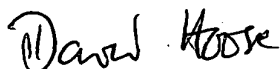
**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE
MEMBERS OF THE SPENCER ACADEMIES TRUST**

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK). Those standards require us to comply with the Financial Reporting Council's Ethical Standard. This report is made solely to the 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 company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.

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



David Hoose (Senior Statutory Auditor)

for and on behalf of

Mazars LLP

Chartered Accountants
Statutory Auditor

Park View House
58 The Ropewalk
Nottingham
NG1 5DW
Date: 18/04/17

THE SPENCER ACADEMIES TRUST (A Company Limited by Guarantee)

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO GOVERNING BODY OF THE SPENCER ACADEMIES TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter dated 30 October 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Spencer Academies Trust during the year 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of The Spencer Academies Trust's accounting officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of The Spencer Academies Trust's funding agreement with the Secretary of State for Education dated 31 August 2010, and the Academies Financial Handbook extant from 1 September 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2016 to 2017 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

A summary of the work we have undertaken is as follows:

- Planned our assurance procedures including identifying key risks;
- Carried out sample testing on controls;
- Carried out substantive testing including analytical review; and
- Concluded on procedures carried out.

**THE SPENCER ACADEMIES TRUST
(A Company Limited by Guarantee)**

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY
TO GOVERNING BODY OF THE SPENCER ACADEMIES TRUST AND THE EDUCATION
AND SKILLS 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 2016 to 31 August 2017 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Mazars LLP

Chartered Accountants
Statutory Auditor

Park View House
58 The Ropewalk
Nottingham
NG1 5DW

Date: 18/12/17

THE SPENCER ACADEMIES TRUST
(A Company Limited by Guarantee)

STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 AUGUST 2017

		Unrestricted funds	Restricted funds	Restricted fixed asset funds	Total funds	Total funds 2016
	Note	2017 £	2017 £	2017 £	2017 £	As restated £
Income from:						
Donations & capital grants:						
Donations upon the conversion to an academy	2	-	-	-	-	2,928,993
Other donations and capital grants	2	18,515	-	4,756,971	4,775,486	1,629,307
Charitable activities	3	827,380	29,103,131	-	29,930,511	29,238,770
Teaching school		-	898,446	-	898,446	669,196
Other trading activities	4	100,841	1,389,551	-	1,490,392	1,607,576
Investments	5	13,837	-	-	13,837	16,329
Total income		960,573	31,391,128	4,756,971	37,108,672	36,090,171
Expenditure on:						
Raising funds	7	62,457	1,141,713	-	1,204,170	877,525
Charitable activities	7	1,057,544	31,216,591	1,981,375	34,255,510	32,992,538
Teaching school		-	896,296	-	896,296	669,196
Total expenditure		1,120,001	33,254,600	1,981,375	36,355,976	34,539,259
Net income / (expenditure) before transfers		(159,428)	(1,863,472)	2,775,596	752,696	1,550,912
Transfers between Funds	17	(85,613)	(221,832)	307,445	-	-
Net income / (expenditure) before other recognised gains and losses		(245,041)	(2,085,304)	3,083,041	752,696	1,550,912
Actuarial gains/(losses) on defined benefit pension schemes	22	-	2,218,000	-	2,218,000	(4,673,000)
Net movement in funds		(245,041)	132,696	3,083,041	2,970,696	(3,122,088)
Reconciliation of funds:						
Total funds brought forward		1,889,284	(13,042,696)	56,947,869	45,794,457	48,916,545
Total funds carried forward		1,644,243	(12,910,000)	60,030,910	48,765,153	45,794,457

The notes on pages 26 to 52 form part of these financial statements.

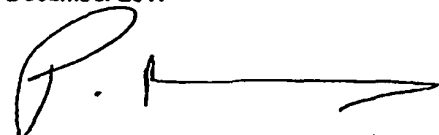
THE SPENCER ACADEMIES TRUST

Registered number: 7353824

(A Company Limited by Guarantee)**BALANCE SHEET****AS AT 31 AUGUST 2017**

	Note	£	2017 £	£	2016 £
Fixed assets					
Tangible assets	13		59,415,910		55,823,435
Current assets					
Debtors	14	1,191,402		1,632,795	
Cash at bank and in hand		4,310,230		4,935,203	
		<u>5,501,632</u>		<u>6,567,998</u>	
Creditors: amounts falling due within one year	15	<u>(3,221,755)</u>		<u>(2,833,212)</u>	
Net current assets			<u>2,279,877</u>		<u>3,734,786</u>
Total assets less current liabilities			<u>61,695,787</u>		<u>59,558,221</u>
Creditors: amounts falling due after more than one year	16		<u>(20,634)</u>		<u>(23,764)</u>
Net assets excluding pension scheme liabilities			<u>61,675,153</u>		<u>59,534,457</u>
Defined benefit pension scheme liability	22		<u>(12,910,000)</u>		<u>(13,740,000)</u>
Net assets including pension scheme liabilities			<u><u>48,765,153</u></u>		<u><u>45,794,457</u></u>
Funds of the academy					
Fixed asset funds:					
Restricted income funds	17	-		697,304	
Restricted fixed asset funds	17	60,030,910		56,947,869	
		<u>60,030,910</u>		<u>57,645,173</u>	
Pension reserve		<u>(12,910,000)</u>		<u>(13,740,000)</u>	
Total fixed asset funds			<u>47,120,910</u>		<u>43,905,173</u>
Unrestricted income funds	17		<u>1,644,243</u>		<u>1,889,284</u>
Total funds			<u><u>48,765,153</u></u>		<u><u>45,794,457</u></u>

The financial statements on pages 23 to 52 were approved by the trustees, and authorised for issue, on 18 December 2017



.....
P Marples
Chair of Trustees

THE SPENCER ACADEMIES TRUST
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2017

	Note	2017 £	2016 £
Cash flows from operating activities			
Net cash provided by/(used in) operating activities	19	185,012	(570,596)
Dividends, interest and rents from investments		13,837	16,329
Purchase of tangible fixed assets		(1,896,731)	(1,762,247)
Capital grants from DfE/ESFA		1,079,852	1,617,323
Cash transferred on conversion to an academy trust		-	43,782
		(803,042)	(84,813)
Cash flows from financing activities:			
New Salix loans		-	10,000
Repayment of loans		(6,943)	(20,641)
Net cash used in financing activities		(6,943)	(10,641)
Change in cash and cash equivalents in the year		(624,973)	(666,050)
Cash and cash equivalents brought forward		4,935,203	5,601,253
Cash and cash equivalents carried forward	20	4,310,230	4,935,203

THE SPENCER ACADEMIES TRUST

(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2017

1. Accounting Policies

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

1.1 Basis of preparation of financial statements

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

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

1.2 Going concern

The Trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the 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

THE SPENCER ACADEMIES TRUST

(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2017

1. Accounting Policies (continued)

1.3 Income

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

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

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

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

Sponsorship income provided to the Academy Trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

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

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the Academy Trust has provided the goods or services.

THE SPENCER ACADEMIES TRUST

(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2017

1. Accounting Policies (continued)

1.4 Expenditure

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

Expenditure on Raising Funds

This includes all expenditure incurred by the Academy Trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

Charitable Activities

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

All expenditure is inclusive of irrecoverable VAT.

1.5 Tangible fixed assets and depreciation

Assets costing £1,000 or more, and assets purchased as part of a rolling IT replacement program, are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

THE SPENCER ACADEMIES TRUST

(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2017

1. Accounting Policies (continued)

Depreciation is provided on all tangible fixed assets other than freehold and leasehold land, at rates calculated to write off the cost of each asset over their expected useful lives on the following bases:

Freehold property	-	50 years Straight Line
L/Term Leasehold Property	-	10-75 years Straight Line
Motor vehicles	-	4 years Straight Line
Fixtures and fittings	-	8 years Straight Line
Computer equipment	-	3 years Straight Line

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

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

1.6 Liabilities

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

1.7 Provisions

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

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

1.8 Leased assets

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

1.9 Taxation

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

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

THE SPENCER ACADEMIES TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. Accounting Policies (continued)

1.10 Financial instruments

The Academy Trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the academy trust and their measurement basis are as follows:

Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 14. Prepayments are not financial instruments. Amounts due to the charity's wholly owned subsidiary are held at face value less any impairment.

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

Financial liabilities – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 15 and 16. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

THE SPENCER ACADEMIES TRUST

(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2017

1. Accounting Policies (continued)

1.11 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 22, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the Academy Trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each Balance Sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities 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.

1.12 Fund accounting

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

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

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

1.13 Agency arrangements

The Academy Trust acts as an agent in distributing 16-19 bursary funds from ESFA and other funds. In respect of bursary funds, payments received from ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The relevant amounts are included within cash and other creditors. The funds received and paid and any balances held are disclosed in note 25.

THE SPENCER ACADEMIES TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. Accounting Policies (continued)

1.14 Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

The Academy Trust 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 22, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgment:

The Trustees consider that there are no critical areas of judgement with the exception of the pension valuation noted above.

THE SPENCER ACADEMIES TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

2. Income from donations and capital grants

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
Donations upon the conversion to an academy	-	-	-	-	2,928,993
Donations	18,515	-	3,677,119	3,695,634	11,984
Capital grants	-	-	1,079,852	1,079,852	1,617,323
Subtotal	18,515	-	4,756,971	4,775,486	1,629,307
Total donations and capital grants	18,515	-	4,756,971	4,775,486	4,558,300
Total 2016	43,782	(424,016)	4,938,534	4,558,300	

The donated fixed assets relate to the completed new build schools at Sunnyside Spencer Academy and Glenbrook Primary School. The leasehold donated assets were land and buildings of £1,087,119 for Sunnyside Spencer Academy and £2,590,000 for Glenbrook Primary School respectively.

THE SPENCER ACADEMIES TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

3. Funding for Academy's educational operations

	Unrestricted funds	Restricted funds	Total funds	Total funds 2016 As restated
	2017 £	2017 £	2017 £	£
DfE/ESFA grants				
General Annual Grant (GAG)	-	24,897,947	24,897,947	24,901,506
Other DfE/ESFA grants	-	2,618,747	2,618,747	1,627,209
	-	27,516,694	27,516,694	26,528,715
Other government grants				
SCITT	-	369,310	369,310	318,174
Local authority grants	-	1,175,957	1,175,957	1,587,370
Special educational projects	-	41,170	41,170	-
	-	1,586,437	1,586,437	1,905,544
Other funding				
Other income from the Academy Trust's educational operations	827,380	-	827,380	804,511
	827,380	-	827,380	804,511
	827,380	29,103,131	29,930,511	29,238,770
Total 2016 As restated	804,511	28,434,259	29,238,770	

4. Other trading activities

	Unrestricted funds	Restricted funds	Total funds	Total funds 2016
	2017 £	2017 £	2017 £	£
Hire of facilities	52,601	-	52,601	71,402
Academy trips	-	681,993	681,993	822,346
Sundry income	48,240	707,558	755,798	713,828
	100,841	1,389,551	1,490,392	1,607,576
Total 2016	100,716	1,506,860	1,607,576	

THE SPENCER ACADEMIES TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

5. Investment income

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Investment income	13,837	-	13,837	16,329
<i>Total 2016</i>	16,329	-	16,329	

6. Charitable activities

	Total 2017 £	Total 2016 As restated £
Direct costs - educational operations	23,757,961	23,354,582
Support costs - educational operations	10,497,549	9,637,956
Total	34,255,510	32,992,538

Support costs

	Total 2017 £	Total 2016 As restated £
Support staff costs	5,573,151	4,534,036
Depreciation	727,949	322,757
Technology costs	466,863	363,072
Premises costs	1,596,767	1,721,275
Other support costs	1,995,447	2,591,514
Governance costs	137,372	105,302
Total	10,497,549	9,637,956

In 2016, of the total expenditure, £1,305,270 was to unrestricted funds and £33,233,989 was to restricted funds.

THE SPENCER ACADEMIES TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

7. Expenditure

	Staff costs £	Premises £	Other costs £	Total 2017 £	Total 2016 As restated £
Costs of activities for generating funds	-	-	1,204,170	1,204,170	877,525
Academy Trust's educational operations					
- Direct costs	21,460,284	1,253,426	1,044,251	23,757,961	23,354,582
- Allocated support costs	5,573,151	1,596,767	3,327,631	10,497,549	9,637,956
Teaching school	-	-	896,296	896,296	669,196
Total	27,033,435	2,850,193	6,472,348	36,355,976	34,539,259

8. Net income/(expenditure)

This is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets:		
- owned by the charity	1,981,375	1,778,300
Auditor's remuneration - audit	25,900	25,150
Auditor's remuneration - other services	13,685	9,950
Operating lease rentals	31,840	37,238

THE SPENCER ACADEMIES TRUST **(A Company Limited by Guarantee)**

NOTES TO THE FINANCIAL STATEMENTS **FOR THE YEAR ENDED 31 AUGUST 2017**

9. Staff costs

Staff costs were as follows:

	2017 £	2016 £
Wages and salaries	19,896,594	19,159,904
Social security costs	1,782,631	1,483,036
Operating costs of defined benefit pension schemes	4,259,023	3,524,130
	<u>25,938,248</u>	<u>24,167,070</u>
Apprenticeship levy	35,326	-
Supply teacher costs	676,800	487,328
Staff restructuring costs	91,061	15,870
Defined benefit pension scheme net finance cost	292,000	311,000
	<u><u>27,033,435</u></u>	<u><u>24,981,268</u></u>

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

	2017 No.	2016 No.
Teachers	375	383
Administration and support	523	500
Management	20	20
	<u>918</u>	<u>903</u>

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

	2017 No.	2016 No.
In the band £60,001 - £70,000	5	7
In the band £70,001 - £80,000	4	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	0	1
In the band £110,001 - £120,000	0	1
In the band £150,001 - £160,000	1	0

Included in staff restructuring costs are non-statutory/non-contractual severance payments total £Nil (2016: £15,870). In 2016, individually the payments were: £6,000 and £9,870.

Key management personnel

The key management personnel of the Academy Trust comprise the Executive Leadership 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 £585,858 (2016: £512,101).

THE SPENCER ACADEMIES TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

10. Trustees' remuneration and expenses

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

		2017	2016
		£	£
S Jowett (CEO and Trustee)	Remuneration	155,000-160,000	110,000-115,000
	Pension contributions paid	-	-
G Weightman (staff Trustee)	Remuneration	40,000-45,000	50,000-55,000
	Pension contributions paid	-	-
J Wilkinson (staff Trustee)	Remuneration	70,000-75,000	65,000-70,000
	Pension contributions paid	10,000-15,000	5,000-10,000

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

THE SPENCER ACADEMIES TRUST

(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2017

11. Central services

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

- Human resources
- Financial services
- Legal services
- Educational support services
- Others as arising

The Trust charged for these services on the following basis (the basis has changed for 17/18):

The schools are charged a fixed percentage of GAG (5% secondaries & 4% primaries). Residual values in the Trust are then allocated to the schools in proportion to the charge levied.

The actual amounts charged during the year were as follows:

	2017 £	2016 £
George Spencer Academy	349,680	338,400
Wyndham Primary Academy	56,920	50,880
Chetwynd Primary Academy	42,960	43,920
Fairfield Primary Academy	70,080	64,440
Portland Spencer Academy	67,440	65,040
Glenbrook Primary School	49,080	47,160
Sunnyside Spencer Academy	25,920	19,920
Heanor Gate Science College	311,640	320,160
Long Field Academy	125,520	136,500
Inkersall Primary Academy	52,080	53,400
Total	<u>1,151,320</u>	<u>1,139,820</u>

12. Trustees' and Officers' Insurance

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £1,000,000 on any one claim. The cost of this insurance is included in the total insurance cost.

THE SPENCER ACADEMIES TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

13. Tangible fixed assets

	Freehold Land and Buildings £	L/Term Leasehold Property £	Motor vehicles £	Furniture & equipment £
Cost				
At 1 September 2016	38,418,846	18,374,698	92,025	1,861,420
Additions	237,043	674,002	12,050	504,624
Donated assets	-	3,677,119	-	-
Transfer between classes	-	211,352	-	-
At 31 August 2017	38,655,889	22,937,171	104,075	2,366,044
Depreciation				
At 1 September 2016	1,665,550	1,368,455	59,046	747,702
Charge for year	646,097	607,329	18,914	282,247
At 31 August 2017	2,311,647	1,975,784	77,960	1,029,949
Net book value				
At 31 August 2017	36,344,242	20,961,387	26,115	1,336,095
At 31 August 2016	36,753,296	17,006,243	32,979	1,113,718

	Computer equipment £	Assets under construction £	Total £
Cost			
At 1 September 2016	1,664,173	242,831	60,653,993
Additions	409,493	59,519	1,896,731
Donated assets	-	-	3,677,119
Transfer between classes	-	(211,352)	-
At 31 August 2017	2,073,666	90,998	66,227,843
Depreciation			
At 1 September 2016	989,805	-	4,830,558
Charge for year	426,788	-	1,981,375
At 31 August 2017	1,416,593	-	6,811,933
Net book value			
At 31 August 2017	657,073	90,998	59,415,910
At 31 August 2016	674,368	242,831	55,823,435

Included in land and buildings is land at a cost of £11,229,060 (2016: £10,329,060) which is not depreciated. This land was inherited upon conversion to an Academy.

THE SPENCER ACADEMIES TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

14. Debtors

	2017 £	2016 £
Trade debtors	72,305	93,586
VAT recoverable	171,593	223,408
Other debtors	881	349,076
Prepayments and accrued income	946,623	966,725
	<u>1,191,402</u>	<u>1,632,795</u>

15. Creditors: Amounts falling due within one year

	2017 £	2016 £
Other loans	6,576	10,389
Trade creditors	1,142,101	638,908
Other taxation and social security	445,320	439,489
Other creditors	489,628	461,788
Accruals and deferred income	1,138,130	1,282,638
	<u>3,221,755</u>	<u>2,833,212</u>

	2017 £	2016 £
Deferred income		
Deferred income at 1 September 2016	805,399	807,322
Resources deferred during the year	784,684	805,399
Amounts released from previous years	(805,399)	(807,322)
Deferred income at 31 August 2017	<u>784,684</u>	<u>805,399</u>

The source of the income deferred is as follows:

£254,389	- DfE grants
£53,464	- SCITT income
£260,936	- Local Government grants
£127,890	- Educational trips
£14,839	- Training courses
£73,166	- Sundry
<u>£784,684</u>	

THE SPENCER ACADEMIES TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

16. Creditors: Amounts falling due after more than one year

	2017 £	2016 £
Other loans	20,634	23,764

The other loan relates to a Salix loans received from Nottinghamshire County Council. The loan is unsecured and interest free however there is a management charge applied to an element of the loan balance. The loan is being repaid by annual instalments of £6,576.

17. Statement of funds

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
Unrestricted funds						
General Funds	1,889,284	960,573	(1,120,001)	(85,613)	-	1,644,243
Restricted funds						
General annual grant (GAG)	697,304	24,897,947	(25,373,419)	(221,832)	-	-
Pupil premium	-	1,823,245	(1,823,245)	-	-	-
Other grants and restricted income	-	4,669,936	(4,669,936)	-	-	-
Pension reserve	(13,740,000)	-	(1,388,000)	-	2,218,000	(12,910,000)
	(13,042,696)	31,391,128	(33,254,600)	(221,832)	2,218,000	(12,910,000)
Restricted fixed asset funds						
DfE/ESFA capital grants	7,249,807	1,079,852	(584,075)	-	-	7,745,584
Capital donations	46,684,720	3,677,119	(1,154,532)	-	-	49,207,307
Capital expenditure from GAG	3,013,342	-	(242,768)	307,445	-	3,078,019
	56,947,869	4,756,971	(1,981,375)	307,445	-	60,030,910
Total restricted funds	43,905,173	36,148,099	(35,235,975)	85,613	2,218,000	47,120,910
Total of funds	45,794,457	37,108,672	(36,355,976)	-	2,218,000	48,765,153

THE SPENCER ACADEMIES TRUST

(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2017

17. Statement of funds (continued)

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

- Unrestricted funds represent those resources which may be used towards meeting any of the charitable objects of the Trust at the discretion of the Trustees;
- Restricted funds (excluding pension and other restricted reserves) represent funds received from the Department for Education and is specifically spent on the running of the Academy Trust;
- Pension reserve represents the movements on the Local Government Pension Scheme liability;
- Other restricted reserve represents funds which are restricted by the donor including school trip income;
- Restricted fixed asset funds represent resources which are applied to specific capital purposes imposed by the Department for Education where the asset acquired or created is held for a specific purpose.

The transfers between reserves relates to capital expenditure funded by GAG reserves offset by capital grants used for maintenance costs as permitted by the funder. Transfers from unrestricted funds relate to funds used to cover overspent restricted funds.

Under the funding agreement with the Secretary of State, the trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2017.

Analysis of academies by fund balance

Fund balances at 31 August 2017 were allocated as follows:

	Total 2017 £	Total 2016 £
George Spencer Academy	323,360	400,094
Wyndham Primary Academy	439,644	387,491
Chetwynd Primary Academy	(287,154)	109,495
Fairfield Primary Academy	264,760	189,462
Portland Spencer Academy	159,700	169,001
Glenbrook Primary School	411,738	517,581
Sunnyside Spencer Academy	(256,908)	(77,270)
Heanor Gate Science College	478,434	311,404
Long Field Academy	335,254	650,890
Inkersall Primary Academy	(224,585)	(71,560)
Total before fixed asset fund and pension reserve	1,644,243	2,586,588
Restricted fixed asset fund	60,030,910	56,947,869
Pension reserve	(12,910,000)	(13,740,000)
Total	48,765,153	45,794,457

Chetwynd Primary Academy: The deficit is a result of new classrooms being constructed. This has been financed partly by SCA monies and also an intra-trust loan of £250,000 and it is the latter that has led to the deficit in general funds. The school has set a balanced budget for 2017-18 and a surplus going forward due to an expected rise in students.

Sunnyside Spencer Academy: Student numbers have risen substantially since the school joined the trust. However due to lagged funding this has created a situation whereby the number of students for which we are receiving income has always been fewer than the number we are actually having to teach. We are now moving into

THE SPENCER ACADEMIES TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

17. Statement of funds (continued)

a situation where the funding in year is synchronised with the number of students on the roll. We are expecting year on year surpluses going forward. In the meantime the trust as a whole has the resources to support Sunnyside during this phase.

Inkersall Primary Academy: We inherited a school that required significant investment and structural changes in the way it was staffed. This is now being addressed and the school budgets going forward give rise to the expectation that the deficit will be eroded. The trust as a whole has sufficient resources to support Inkersall through this process.

Analysis of academies by cost

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depn £	Total 2017 £	Total 2016 £
George Spencer Academy	5,733,433	904,416	133,247	2,400,413	9,171,509	9,599,511
Wyndham Primary Academy	1,137,490	417,729	61,810	314,555	1,931,584	1,675,297
Chetwynd Primary Academy	874,914	283,607	42,483	299,880	1,500,884	1,394,909
Fairfield Primary Academy	1,367,607	257,034	88,667	311,254	2,024,562	1,845,931
Portland Spencer Academy	1,359,229	390,416	89,236	399,878	2,238,759	2,073,837
Glenbrook Primary School	997,872	351,703	55,112	344,342	1,749,029	1,448,514
Sunnyside Spencer Academy	659,550	137,161	21,852	188,014	1,006,577	773,592
Heanor Gate Science College	4,920,999	1,194,774	102,396	1,034,741	7,252,910	7,816,491
Long Field Academy	2,121,197	352,615	36,948	735,343	3,246,103	3,107,855
Inkersall Primary Academy	1,293,139	201,636	26,917	419,795	1,941,487	1,825,921
Central services	994,854	1,082,060	-	234,283	2,311,197	1,199,101
	<u>21,460,284</u>	<u>5,573,151</u>	<u>658,668</u>	<u>6,682,498</u>	<u>34,374,601</u>	<u>32,760,959</u>

THE SPENCER ACADEMIES TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

18. Analysis of net assets between funds

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	59,415,910	59,415,910
Current assets	1,644,243	3,242,389	615,000	5,501,632
Creditors due within one year	-	(3,221,755)	-	(3,221,755)
Creditors due in more than one year	-	(20,634)	-	(20,634)
Provisions for liabilities and charges	-	(12,910,000)	-	(12,910,000)
	<u>1,644,243</u>	<u>(12,910,000)</u>	<u>60,030,910</u>	<u>48,765,153</u>

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

	2017 £	2016 £
Net income for the year (as per Statement of Financial Activities)	752,696	1,550,912
Adjustment for:		
Depreciation charges	1,981,375	1,778,300
Investment income	(13,837)	(16,329)
Cash transferred on conversion to academy trust	-	(43,782)
Decrease/(increase) in debtors	441,393	(312,251)
Increase in creditors	392,356	149,088
Capital grants from DfE and other capital income	(1,079,852)	(1,617,323)
Defined benefit pension scheme obligation inherited	-	436,000
Defined benefit pension scheme cost less contributions payable	1,095,000	726,000
Defined benefit pension scheme finance cost	293,000	100,000
Net assets and liabilities from local authority on conversion	(3,677,119)	(3,321,211)
Net cash provided by/(used in) operating activities	<u>185,012</u>	<u>(570,596)</u>

20. Analysis of cash and cash equivalents

	2017 £	2016 £
Cash in hand	4,310,230	4,935,203
Total	<u>4,310,230</u>	<u>4,935,203</u>

21. Capital commitments

At 31 August 2017 the Academy Trust had capital commitments as follows:

	2017 £	2016 £
Contracted for but not provided in these financial statements	-	583,692

THE SPENCER ACADEMIES TRUST

(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2017

22. Pension commitments

The Academy Trust's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by the Nottinghamshire County Council, Derbyshire County Council and Leicestershire County Council. Both are Multi-Employer Defined Benefit Pension Schemes.

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

Contributions amounting to £392,461 were payable to the schemes at 31 August 2017 (2016 - £378,724) 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

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 is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £2,012,804 (2016 - £1,979,653).

THE SPENCER ACADEMIES TRUST **(A Company Limited by Guarantee)**

NOTES TO THE FINANCIAL STATEMENTS **FOR THE YEAR ENDED 31 AUGUST 2017**

22. Pension commitments (continued)

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £1,490,000 (2016 - £1,380,000), of which employer's contributions totalled £1,158,000 (2016 - £1,041,000) and employees' contributions totalled £332,000 (2016 - £339,000). The agreed contribution rates for future years are 13% to 20.4% for employers and 5.5 to 12.5% for employees.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of 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.

Nottinghamshire County Council Pension Fund

Principal actuarial assumptions:

	2017	2016
Discount rate for scheme liabilities	2.60 %	2.20 %
Rate of increase in salaries	4.20 %	4.10 %
Rate of increase for pensions in payment / inflation	2.70 %	2.30 %

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

	2017	2016
Retiring today		
Males	22.6	22.1
Females	25.5	25.3
Retiring in 20 years		
Males	24.8	24.4
Females	27.9	27.7

Derbyshire County Council Pension Fund

Principal actuarial assumptions at the Balance Sheet date (expressed as weighted averages):

	2017	2016
Discount rate for scheme liabilities	2.50 %	2.10 %
Rate of increase in salaries	2.90 %	3.10 %
Rate of increase for pensions in payment / inflation	2.40 %	2.10 %

THE SPENCER ACADEMIES TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

22. Pension commitments (continued)

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

	2017	2016
Retiring today		
Males	21.9	22.0
Females	24.4	24.2
Retiring in 20 years		
Males	23.9	24.1
Females	26.5	26.6

Leicestershire County Council Pension Fund

Principal actuarial assumptions at the Balance Sheet date (expressed as weighted averages):

	2017	2016
Discount rate for scheme liabilities	2.50 %	2.10 %
Rate of increase in salaries	3.40 %	3.10 %
Rate of increase for pensions in payment / inflation	2.40 %	2.10 %

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

	2017	2016
Retiring today		
Males	22.1	22.2
Females	24.3	24.3
Retiring in 20 years		
Males	23.8	24.2
Females	26.2	26.6

THE SPENCER ACADEMIES TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

22. Pension commitments (continued)

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

	Fair value at 31 August 2017 £	Fair value at 31 August 2016 £
Equities	8,336,000	6,848,000
Gilts	225,000	219,000
Bonds	1,894,000	1,219,000
Property	1,218,000	987,000
Cash	458,000	407,000
Other	346,000	252,000
Total market value of assets	<u>12,477,000</u>	<u>9,932,000</u>

The amounts recognised in the Statement of Financial Activities are as follows:

	2017 £	2016 £
Current service cost	(2,253,000)	(1,555,000)
Interest income	224,000	311,000
Interest cost	(516,000)	(622,000)
Total	<u>(2,545,000)</u>	<u>(1,866,000)</u>

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

	2017 £	2016 £
Opening defined benefit obligation	23,672,000	14,727,000
Current service cost	2,253,000	1,555,000
Interest cost	516,000	622,000
Employee contributions	332,000	339,000
Actuarial (gains)/losses	(1,198,000)	5,694,000
Estimated benefits paid	(188,000)	(156,000)
Inherited	-	891,000
Closing defined benefit obligation	<u>25,387,000</u>	<u>23,672,000</u>

THE SPENCER ACADEMIES TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

22. Pension commitments (continued)

Movements in the fair value of the Academy Trust's share of scheme assets:

	2017 £	2016 £
Opening fair value of scheme assets	9,932,000	6,922,000
Interest income	224,000	311,000
Actuarial losses	1,020,000	1,021,000
Employer contributions	1,158,000	1,041,000
Employee contributions	332,000	339,000
Benefits paid	(188,000)	(156,000)
Inherited	-	455,000
Administrative expenses	(1,000)	(1,000)
	<hr/>	<hr/>
Closing fair value of scheme assets	12,477,000	9,932,000
	<hr/>	<hr/>

Sensitivity analysis - Nottinghamshire County Council Pension Fund

	2017 £	2016 £
Discount rate +0.1%	(365,000)	(321,000)
Discount rate -0.1%	373,000	331,000
Mortality assumption - 1 year increase	480,000	349,000
Mortality assumption - 1 year decrease	(464,000)	(339,000)
Pension increase rate +0.1%	327,000	277,000
Pension increase rate -0.1%	(318,000)	(270,000)

Sensitivity analysis - Derbyshire and Leicestershire County Council Pension Fund

	2017 £	2016 £
Discount rate -0.5%	1,325,000	1,370,000
Mortality assumption - 1 year increase	-	318,000
Pension increase rate +0.5%	1,065,000	812,000

For sensitivity purposes, it is estimated that a one year increase in life expectancy would approximately increase the Employer Defined Benefit Obligation by circa 3-5%.

THE SPENCER ACADEMIES TRUST

(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2017

23. Operating lease commitments

At 31 August 2017 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2017 £	2016 £
Amounts payable:		
Within 1 year	25,402	35,888
Between 1 and 5 years	29,420	42,393
Total	<u>54,822</u>	<u>78,281</u>

24. Related party transactions

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

The following related party transactions took place in the period of account:

M R Holmes Limited - a company in which Gary Holmes' (Executive Leadership Team until 31/08/17) son has a majority interest supplied goods to the value of £Nil (2016: £26,060) which was subject to normal procurement procedures. An amount of £Nil (2016: £7,620) was outstanding at the year end.

Aspire Advance Achieve Limited - a company in which P Marples (Trustee) holds an interest supplied apprenticeship services to the Academy Trust to the value of £11,600 which was subject to normal procurement procedures. An amount of £Nil is outstanding at the year end.

Remuneration paid to close family members of Trustees and key management personnel, inclusive of teachers pension contributions, totalled £22,998 (2016: £22,946).

25. Agency arrangements

The Academy Trust distributes 16-19 bursary funds to students as an agent for the ESFA. In the accounting period ending 31 August 2017 the trust received £33,020 (2016: £34,705) and disbursed £16,261 (2016: £26,178) from the fund. An amount of £86,284 (2016: £69,525) is included in other creditors relating to undistributed funds that is repayable to ESFA.

26. Prior year adjustment

For the prior year comparative, an expenditure balance of £1,325,000 has been reclassified from unrestricted raising funds expenditure to unrestricted charitable activities expenditure. Teaching school income and expenditure has also been separately shown on the face of the Statement of Financial Activities in accordance with the Academies Accounts Direction. There is no impact on the net movement in funds nor any impact on fund balances.

THE SPENCER ACADEMIES TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

27. 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.