

REGISTRAR OF COMPANIES

Cuckoo Hall Academies Trust

Annual Report and Financial Statements

Year ended 31 August 2017

Company Limited by Guarantee
Registration Number
07355559 (England and Wales)

THURSDAY



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Reference and administrative details

Members

Dr D Graham (Chair)
Prof. A O'Hear
Dr A Cullen
Mr M Evans
Mr C Bond (appointed 13/12/2016)

Directors

Dr D Graham (Chair)
Prof. A O'Hear
Dr A Cullen
Mr M Charalambous (Ex-Officio)
Prof. D M Hewitt (appointed 06/10/2016)
Mrs A Kalutotage (appointed 06/10/2016)
Mrs S Rubenstein (appointed 13/12/2016)
Ms Iris Admiraal (appointed 29/06/2017)
Ms Karlene White (appointed 29/06/2017)

Company Secretary

Mr Kyush Modasia

Senior Management Team

CEO

Mr Marino Charalambous

Director of Finance

Mr Kyush Modasia

Director of HR

Mr John Rolls

Interim Head Teacher

Mr Andy Nicholas – Cuckoo Hall Academy

Head Teacher

Ms Emma Breckenridge – Enfield Heights Academy and
Kingfisher Hall Primary Academy

Head Teacher

Mr David Penkert – Woodpecker Hall Primary Academy

Interim Head Teacher

Mr Colin Boxall – Heron Hall Academy

Principal and Registered Office

Cuckoo Hall Academy
Cuckoo Hall Lane
Edmonton
London
N9 8DR

Company Registration Number

07355559 (England and Wales)

Auditor

Buzzacott LLP
130 Wood Street
London
EC2V 6DL

Reference and administrative details

Bankers

Lloyds TSB
39 Threadneedle Street
London
EC2R 8AU

Solicitors

Hill Dickson LLP
No 1 St Paul's Square
Liverpool
L3 9SJ

The trustees present their annual report together with the financial statements and the auditor's reports on the charitable company for the period from 1 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 operates 1 secondary and 4 primary academies in the Enfield area.

Following on from the ESFA's Financial Notice to Improve (FNTI) issued in January 2015, the trustees feel that governance is strong and the conditions relating to the FNTI have been met. Therefore, the trustees expect the FNTI to be lifted in the near future.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Academy Trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Academy Trust ("the Trust"). The trustees of Cuckoo Hall Academies Trust Limited are also the directors of the charitable company for the purposes of company law. The charitable company is known as Cuckoo Hall Academies Trust.

Details of the trustees who serve on the board of the Trust are included in the Reference and Administrative Details on page 1.

Members' liability

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

Trustees' indemnities

Trustees benefit from indemnity insurance purchased at the Academy Trust's expense to cover the liability of the trustees which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Academy Trust, provided that any such insurance shall not extend to any claim arising from any act or omission which the trustees knew to be a breach of trust or breach of duty or which was committed by the trustees in reckless disregard to whether it was a breach of trust or breach of duty or not and provided also that any such insurance shall not extend to the costs of any unsuccessful defence to a criminal prosecution brought against the trustees in their capacity as directors of the Academy Trust.

Trustees

The trustees are directors of the charitable company for the purposes of the Companies Act 2006. The trustees listed on page 1 were in office during the year and at the date of approval of these financial statements (except where indicated).

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Method of recruitment and appointment or election of trustees

As at 31 August 2017 the Academy Trust has the following as set out in its articles of association and funding agreement:

- ◆ up to 9 trustees who are appointed by members;
- ◆ up to 5 chairs of the local governing bodies;
- ◆ up to 5 Head Teachers of the Academies;
- ◆ the Chief Executive Officer; and
- ◆ additional trustees can be appointed by the Secretary of State.

Trustees are appointed for a four year period, except for the Chief Executive Officer. Any election of the Academy Trust's directors which is contested shall be held by secret ballot.

Induction and training of trustees, governors and directors

Trustees of CHAT and governors on local governing bodies will vary in their experience. New trustees sign up to the Purpose and Role of the Trustee & Code of Practice which sets out what is expected of a trustee or governor. The training and induction includes an annual planned programme to cover key governance areas. A skills audit is carried out periodically and training commissioned on the basis of the outcome of the skills audit.

Organisational structure

Cuckoo Hall Academy, Woodpecker Hall Primary Academy, Kingfisher Hall Primary Academy, Enfield Heights Academy and Heron Hall Academy are governed by the Cuckoo Hall Academies Trust which delegates functions as appropriate to the individual School Governing Bodies, the governors of whom are appointed by the Academy Trust and include two parental representatives and one staff governor.

The organisational structure of the Academy Trust consists of three levels: the trustees, academy governors and the Senior Management Team. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

The trustees are responsible for setting general policy, adopting an annual plan and budget for the Academy Trust, monitoring progress in each Academy on a financial and performance basis at a strategic level and calling to account the individual academy governing bodies and the Cuckoo Hall Academies Trust (CHAT) Senior Management Team for the progress in each academy. The trustees are also responsible for the appointment of senior staff in the Academy Trust, but may delegate appointments to the local governing body except for the appointment of a member of the CHAT Senior Management Team.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Organisational structure (continued)

The individual academy governing bodies, along with the Chief Executive, are responsible for monitoring the performance of the Head Teachers and their Senior Leadership Teams (SLT) on a regular basis.

The CHAT Senior Management Team members are the Chief Executive, Head Teachers of each of the academies, Director of Human Resources and the Director of Finance. These managers control the Academy Trust at an executive level, implementing the policies laid down by the trustees and reporting back to them. As a group the senior managers are responsible for the authorisation of spending within agreed budgets and for the appointment of staff.

Arrangements for setting pay and remuneration of key management personnel

The key management personnel of the Trust are the members, directors and Senior Management Team. Pay decisions at CHAT are ultimately made by the CHAT Board but are delegated to the Chief Executive and the Head Teachers of the individual academies. The CHAT Board determine the Chief Executive's pay, the pay of the Head Teachers and other members of the Senior Management Team in consultation with the Chief Executive Officer.

Connected organisations, including related party relationships

There are no related parties which either control or significantly influence the decisions and operations of Cuckoo Hall Academies Trust. There are no external sponsors.

Transactions with trustees and governors are set out in note 19 to the accounts.

OBJECTIVES AND ACTIVITIES

Objects and aims

The principal object and activity of the Charitable Company is the operation of academies to provide a broad and balanced education including English, Mathematics and Science as all-ability inclusive schools.

Cuckoo Hall Academies Trust is responsible for the operation of Cuckoo Hall Academy, Woodpecker Hall Academy (which opened in September 2011), Kingfisher Hall Academy (which opened in September 2012), Enfield Heights Academy (which joined CHAT on 1 September 2014) and Heron Hall Academy (a new Secondary free school which opened in September 2013).

All academies established by Cuckoo Hall Academies Trust will:

- ◆ ensure that pupils attending CHAT schools are provided with high quality, excellent education;
- ◆ provide a broad, balanced and enriched curriculum, underpinned by high quality traditional, but engaging, subject teaching to promote all pupils' achievement;

OBJECTIVES AND ACTIVITIES (continued)

Objects and aims (continued)

- ◆ be at the heart of its community in providing excellent local education and be a first choice for parents. Through its success it will strive to raise aspirations for pupils and families in an area with high levels of deprivation and diversity;
- ◆ promote inclusion, and take into account pupils' individual and/or exceptional needs. Promote the sharing of fundamental British values to establish tolerance, respect and understanding both within the school community and the community as a whole;
- ◆ establish an admissions policy and admission arrangements which is in accordance with admissions law, and the DfE Codes of Practice;
- ◆ place an emphasis on the needs of the individual pupils including pupils with special education needs (SEN), both those with and without statements of SEN in accordance with the DfE's SEN Code of Practice;
- ◆ not charge in respect of admission to an academy, and the academy will only charge pupils where the law allows maintained schools to charge; and
- ◆ make provision for the teaching of religious education and for a daily act of collective worship at each academy.

The aims of the Cuckoo Hall Academies Trust are to:

- ◆ promote the quality of education provision and standards to ensure excellent outcomes for all pupils;
- ◆ share resources, expertise and provision across the family of CHAT schools ensuring value for money for all CHAT academies;
- ◆ be a self-sustaining and self-improving group of schools, with emphasis on continuing high quality training and development for school leaders, teachers, trainee teachers and support staff; and
- ◆ share our expertise and success with as many young people and communities as is possible.

Objectives, strategies and activities

The Key Priorities for the year are contained in the Development Plans for each academy and these are available from the Chief Executive Officer.

The key objectives for the Cuckoo Hall Academies Trust are to:

- ◆ make CHAT academies the primary and secondary school of first choice for parents in the area and be fully subscribed;

OBJECTIVES AND ACTIVITIES (continued)

Objects and strategies and activities (continued)

- ◆ become an employer of choice with considerable competition for vacancies; and
- ◆ ensure the successful establishment of Heron Hall Academy.

Public Benefit

In setting the Academy Trust's objectives and planning its activities, the board of trustees have given careful consideration to the Charity Commission's general guidance on public benefit.

STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE

The results for the year have been analysed out below:

Results	Cuckoo Hall	Woodpecker Hall	Kingfisher Hall	Enfield Heights	National
Year 1 Phonics	89%	92%	93%	92%	81%

Therefore all CHAT schools are performing above or significantly above National Expectations.

Key Stage 1:

- Reading					
'expected and above'	86%	75%	85%	84%	76%
'greater depth'	57%	39%	43%	40%	25%
- Writing					
'expected and above'	77%	70%	79%	76%	68%
'greater depth'	41%	12%	43%	40%	16%
- Maths					
'expected and above'	85%	75%	90%	88%	75%
'greater depth'	36%	26%	55%	48%	21%

Key Stage 2:

- Reading					
'expected and above'	55%	—	—	—	71%
'greater depth'	10%	—	—	—	25%
- Writing					
'expected and above'	73%	—	—	—	76%
'greater depth'	19%	—	—	—	18%
- Maths					
'expected and above'	60%	—	—	—	75%
'greater depth'	8%	—	—	—	23%

The combined 'expected and above' for reading, writing and maths was 48% at Cuckoo Hall (National 61%).

STRATEGIC REPORT (continued)

ACHIEVEMENTS AND PERFORMANCE (continued)

Our schools have faced two Ofsted inspections recently. Woodpecker Hall Academy was visited in September 2017. Ofsted praised the work done by the school's senior leadership team to "raise the quality of teaching" and "develop a thriving...school community" and acknowledged that Woodpecker "has the feel of a close and supportive family." Woodpecker Hall Academy maintained their good rating and we were delighted to hear that "motivational leadership" has "strengthened the leadership team and raised the quality of teaching.....to develop a thriving and rapidly expanding school community."

Cuckoo Hall Academy was inspected by Ofsted on 12-13 July 2017 and we were very disappointed by the overall judgement that the school requires 'special measures.' A detailed Action Plan to address all of the issues raised by Ofsted was put in place and we appointed two highly experienced school leaders to manage the school until a new Headteacher is appointed. Ofsted said in the report that it believes we "have an accurate understanding of the challenges facing the school."

Key financial performance indicators

Staffing Ratio

The cost of staffing salaries as a proportion of the total expenditure (excluding capital works and depreciation) was 82% (2016: 79%).

Pupil numbers

Pupil numbers continue to rise in line with the plans across the Cuckoo Hall Academies Trust schools. They are shown below for each individual academy:

2016-17					
Year Group	Cuckoo Hall	Enfield Heights	Heron Hall	Kingfisher Hall	Woodpecker Hall
Nursery	59	n/a	n/a	28	33
Reception	116	29	n/a	60	59
Year 1	120	25	n/a	60	60
Year 2	120	25	n/a	60	62
Year 3	120	25	n/a	60	60
Year 4	119	25	n/a	60	59
Year 5	120	n/a	n/a	n/a	60
Year 6	120	n/a	n/a	n/a	n/a
Year 7	n/a	n/a	121	n/a	n/a
Year 8	n/a	n/a	88	n/a	n/a
Year 9	n/a	n/a	92	n/a	n/a
Year 10	n/a	n/a	79	n/a	n/a
Total	894	129	380	328	393

STRATEGIC REPORT (continued)

ACHIEVEMENTS AND PERFORMANCE (continued)

Key financial performance indicators (continued)

Other Key Financial Performance Indicators

The range of key performance indicators that trustees may consider is constantly under review. Trustees consider it essential that they utilise a range of key financial performance indicators that are relevant and applicable to monitoring the performance of the Academy Trust.

Pupil Premium

The Academy Trust acknowledges the responsibility for 'socially disadvantaged' pupils and is committed to meeting their pastoral, social and academic needs within the academies environment. The Trust is committed to 'Diminishing the Gap' between vulnerable pupils and the pupil premium forms a vital part of that process. CHAT Academies approach the pupil premium through the following principles:

- ◆ ensuring that teaching and learning opportunities meet the needs of all the pupils;
- ◆ ensuring that appropriate provision is made for pupils who belong to vulnerable groups, including ensuring the needs of socially disadvantaged pupils are adequately assessed and addressed; and
- ◆ recognising that not all pupils who receive free school meals will be socially disadvantaged or that not all pupils who are socially disadvantaged are registered or qualify for free school meals.

Provision is made through:

- ◆ enabling pupils' access to well-planned education;
- ◆ enabling pupils' access to an appropriately planned curriculum; and
- ◆ additional support and intervention within the Academy environment.

This will take the form of the following provision:

- ◆ small group matched level daily English and Mathematics teaching thus overcoming gaps in learning and accelerating progress;
- ◆ 1:1 and small group tutorials in English and Mathematics thus ensuring that all pupils make the best possible progress with no pupils 'slipping through the net';
- ◆ intervention programmes to promote behaviour, social skills, expressive language development and homework/curriculum support;
- ◆ enrichment programmes to widen pupils' experiences and knowledge through well planned cultural visits and events;

ACHIEVEMENTS AND PERFORMANCE (continued)

Key financial performance indicators (continued)

Pupil Premium (continued)

- ◆ support from trained staff to promote excellent attendance and punctuality, pastoral programmes and family support;
- ◆ additional teaching and learning opportunities provided through learning mentor, counsellor, Educational Psychologist, behaviour support manager, trained TAs and external agencies;
- ◆ reducing class sizes thus improving learning opportunities;
- ◆ breakfast and afterschool care;
- ◆ after school homework and learning clubs;
- ◆ after school curriculum clubs including provision for the more able;
- ◆ personalised provision, tailor made to suit individual need;
- ◆ speech language and communication provision;
- ◆ behaviour, emotional and social skills provision;
- ◆ targeting of able children on Free Schools Meals to achieve National Curriculum level 3 at the end of KS1 or level 5 at the end of KS2; and
- ◆ Educational Welfare Officer's commitment to improve attendance.

Pupil Premium of £981,414 was received in financial year 2017 (compared to £898,191 in 2016) and this is being used to provide additional support from teaching assistants, a learning mentor, a behaviour support manager, speech and language specialists, English as an Additional Language support and counsellors to provide 1:1 and small group tuition.

Going concern

After making appropriate enquiries the trustees have a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies on pages 30 to 35.

FINANCIAL REVIEW

Financial report for the year

The financial position of the Academy Trust at the year ended 31 August 2017 is shown on page 28.

The vast majority of the Academy Trust's income is obtained from the DfE in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the year ended 31 August 2017 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The Academy Trust has also received grants for fixed assets from the DfE for the building costs of Heron Hall Academy. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2015), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the useful life of the assets concerned as defined in the Academy Trust's accounting policies.

Financial and risk management objectives and policies

The Academy Trust has agreed a risk management strategy and a risk register. These have been discussed by the trustees and include the financial risks to the schools. The register is constantly reviewed in light of any new information and formally reviewed through the Audit Committee on a regular basis.

Principal risks and uncertainties

The Academy Trust's principal risks and uncertainties are surrounding the future financing of education and the implications for the Academy Trust. In the current economic climate, we are unable to predict with any certainty the financing of schools, especially with the current proposals to move to a new National Funding Formula. Nevertheless with the academies' cost base, future growth in pupil numbers and additional funding as an Academy Trust we believe we are well placed to meet the financial uncertainties we will face in the future. The trustees seek to ensure that there are appropriate structures to meet the needs of the organisation as a Multi-Academy Trust.

The trustees have considered strategic risks and uncertainties rather than the detailed operational list. These strategic risks, in addition to the risks identified above, focused on the following areas:

- ◆ Financial Notice to Improve fails to be lifted, although the trustees believe this to now be a low risk following the recent visit and positive comments of the Schools Commissioner;
- ◆ cost pressures on revenue budgets for all schools make setting a balanced budget for the next 3 years a real challenge; and
- ◆ impact of recent Cuckoo Hall Ofsted visit on reputation and pupil numbers.

FINANCIAL REVIEW (continued)

Principal risks and uncertainties (continued)

Trustees identify the likelihood of each risk happening via RAG ('Red', 'Amber', 'Green') ratings, their impact, the response to the risk and the control procedures in place to meet the risk.

Reserves policy

The trustees review the reserve levels of the Academy Trust annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The trustees expect to see the revenue budget for the coming financial year to be balanced within that year's income and not to utilise any of the previous year's underspend in order to balance the budget. Reserves, from any previous year's underspend, may be utilised for infrastructure or for urgent health and safety matters. The trustees have concurred that free reserves should be set at a level of around £1.25million and feel this will be sufficient to meet the needs of the trust in the future. The Academy Trust's current level of free reserves (total funds less the amounts held as fixed asset funds and pension reserve) is £1,391,000 (2016: £1,412,000) which is in line with the policy.

Investment policy

The Academy Trust currently holds no investments. Current accounts were held with National Westminster bank during the year and any surplus funds above £1,000 were swept at the end of the banking day to a Business Interest Reserve Account which pays a higher rate of interest. Any identified funds that will not be required for a fixed period of time of at least a year will then be invested in a higher interest bearing account.

PLANS FOR FUTURE PERIODS

The Academy Trust will continue to improve the levels of performance of all its pupils at all levels. Detailed plans for the development of Cuckoo Hall, Woodpecker Hall, Enfield Heights, Heron Hall and Kingfisher Hall academies are contained within their respective Development Plans.

Major developments planned for future periods are:

- ◆ preparing for Ofsted visits;
- ◆ bidding for further provision where local need is identified; and
- ◆ organic growth of Heron Hall Academy into an eight form of entry secondary free school.

PLANS FOR FUTURE PERIODS (continued)

The key objectives for Cuckoo Hall Academies Trust are:

Attainment & Progress

- ◆ to ensure that overall standards by end of Key Stage 1 and 2 and 4 for 2018 are above or in line with national performance.

Leadership & Management

- ◆ ensure continuity of high quality educational provision at CHAT;
- ◆ strengthen the effectiveness and capacity of the school SLTs and Trust SMT leadership function as the CHAT organisation develops;
- ◆ implement an effective whole school self-evaluation reporting system in line with the most recent Ofsted Framework;
- ◆ implement the new Standards for Teachers as part of an updated Appraisal and Capability Policy;
- ◆ ensure that the School Direct funded newly introduced Teacher Training programme is successfully implemented;
- ◆ provide planned leadership training and support for all middle leaders to ensure effective middle leadership across the whole school and to develop future leaders for the benefit of the whole organisation; and
- ◆ ensure that clear roles and responsibilities are aligned to accountability for middle leaders, senior leaders and support services leaders.

Quality of Teaching

- ◆ ensure that all class teachers are able to deliver good lessons, with the aim being that the majority of lessons will become Good or Outstanding by the end of this academic year; and
- ◆ ensure that Newly Qualified Teachers (NQT's) are thoroughly trained and supported so that their teaching is at least Good by the end of the academic year.

Curriculum

- ◆ review the curriculum policy to ensure the depth and breadth of subjects is in place across CHAT at both primary and secondary level; and
- ◆ ensure that all subject leaders are effective in the implementation and monitoring of their subject and a clear understanding on the progress required for each pupil is supported.

PLANS FOR FUTURE PERIODS (continued)

Spiritual, Moral, Social and Cultural Development

- ◆ ensure that there is focussed monitoring by SLT of all children's' engagement in lessons; and
- ◆ ensure that there are positive relationships throughout the school.

Parents and Community

- ◆ ensure an annual planned programme of events to promote parents' involvement and knowledge of the school;
- ◆ improve and strengthen the ways in which the school can evaluate parents' views on a regular basis;
- ◆ provide a wide range of extra-curricular activities that, together with the whole educational experience provided by the academies, develop pupils' attitudes of self-reliance, personal responsibility, self-discipline and leadership;
- ◆ provide an inclusive approach to learning, recognising the right of every child and young person (irrespective of age, gender, ethnicity or disability) to be included as a valued, respected and equal member of the learning community;
- ◆ enable pupils to participate in shaping the development of the Academy's broad approach to learning, particularly to their own learning;
- ◆ engage with parents and the wider community in the best interests of the pupils and staff at the school; and
- ◆ achieve Outstanding grades in Ofsted inspections of overall effectiveness in all categories.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

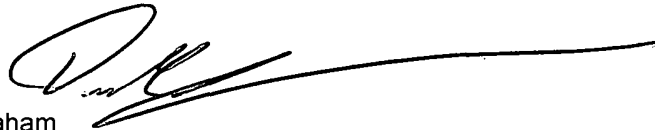
There are no funds held as custodian trustee on behalf of others.

AUDITOR

In so far as the trustees are aware:

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

Approved by order of the members of the board of trustees on 12 December 2017 and signed on its behalf by:

A handwritten signature in black ink, appearing to be 'D. Graham', followed by a long horizontal line extending to the right.

D Graham
Chair of Trustees

GOVERNANCE STATEMENT

Scope of responsibility

As trustees, we acknowledge we have overall responsibility for ensuring that Cuckoo Hall 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 trustees have delegated the day-to-day responsibility to the Chief Executive as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between the Academy Trust and the Secretary of State for Education. The Chief Executive is 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.

Working with the ESFA to meet the requirements of the FNTI, the Academy Trust has done the following:

- ◆ Reviewed a number of policies, including pay and purchasing;
- ◆ Implemented a new scheme of delegation;
- ◆ Updated the articles of association;
- ◆ Improved the level of expertise on the board of trustees by appointing five additional trustees with a broad range of experience and skills;
- ◆ Revisited and updated its Declarations of Interest;
- ◆ Commissioned Hill Dickinson to complete a comprehensive Governance Review; and
- ◆ Submitted regular reports to the ESFA, from which no further issues arose.

The trustees expect the FNTI to be lifted in the near future.

The board of trustees has formally met 4 times during the year, and attendance during the year at meetings of the board of trustees was as follows:

Governor	Meetings attended	Out of a possible
Mr M Charalambous	4	4
Dr D Graham	4	4
Prof A O'Hear	1	1
Dr A Cullen	4	4
Mr M Evans	1	1

GOVERNANCE STATEMENT (continued)

Governance (continued)

The Finance and Premises Committee is a sub-committee of the main board of trustees. Its purpose is to assist the board in ensuring sound management of the Academy Trust's finances and resources, including proper planning and monitoring and ensuring that there is probity. The committee recommended approval of the budgets for 2017-18 for CHAT and its academies, as well as monitoring in-year financial performance.

Attendance at Finance and Premises meetings in the year was as follows:

Director	Meetings attended	Out of a possible
Mr M Charalambous	3	3
Dr D Graham	3	3
Prof A O'Hear	1	3

The Audit Committee operated through the 2016/17 academic year, as a sub-committee of the main board of trustees. Its purpose is to consider matters relating to internal controls, risk management and auditors' reports (internal and external). Attendance at the Audit Committee was as follows:

Director	Meetings attended	Out of a possible
Mr M Charalambous	3	3
Dr A Cullen	3	3
Mr D Hewitt	1	3
Ms A Kalutotage	0	3
Ms K White	1	1

Review of Value for money

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

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

- ◆ We satisfied the ESFA request to accommodate One Degree Academy in our Heron Hall site for 3 to 4 years until their site is complete. This has yielded an annual rent of £45,000 for the next three years and £65,000 should they use our site for a fourth year.
- ◆ We have reviewed all our contracts in relation to ICT, Legal, Premises and Facilities Management, Utilities, HR etc. and consequently we cancelled underperforming contractors and negotiated better deals. This contributed significantly to the surplus we have achieved during the year.

GOVERNANCE STATEMENT (continued)

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 the Academy Trust's 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 at the Academy Trust for the year ended 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 ended 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 Premises Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- ◆ setting targets to measure financial and other performance;
- ◆ clearly defined purchasing (asset purchase or capital investment) guidelines;
- ◆ delegation of authority and segregation of duties; and
- ◆ identification and management of risks.

GOVERNANCE STATEMENT (continued)

The risk and control framework (continued)

The board of trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the trustees have appointed an external firm to undertake a range of checks on the Academy Trust's financial systems. During the year an external organisation visited the Academy Trust on a termly basis to carry out these checks and reported their findings to the Academy Trust. These reports were presented to and reviewed by the Audit Committee. The reports look at the operation of the systems of control and the discharge of the board of trustees financial responsibilities.

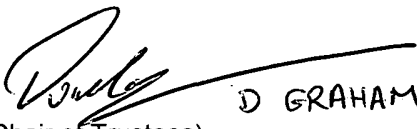
Review of effectiveness


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

- ◆ the work of the external firm reviewing the financial systems;
- ◆ the work of the external auditor;
- ◆ the financial management and governance self-assessment process; and
- ◆ the work of the Senior Management Team within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has advised the Finance and Premises Committee of the implications of his review of the system of internal control and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the board of trustees and signed on their behalf by:


(Chair of Trustees) D GRAHAM


(Accounting Officer) M CHARALAMBOUS


Approved on: 12 December 2017

Statement on regularity, propriety and compliance 31 August 2017

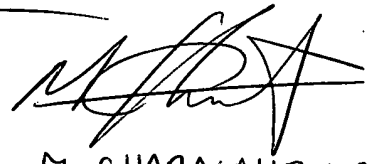
As Accounting Officer of Cuckoo Hall Academies Trust, I have considered my responsibility to notify the Academy Trust board of trustees and the Education and Skills Funding Agency of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the Academy Trust and the Secretary of State. 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.


Accounting Officer D GRAHAM

Date: 12 December 2017


M CHARALAMBOUS

Statement of trustees' responsibilities 31 August 2017

The trustees (who act as governors of the Academy Trust and are also the directors of the Academy Trust for the purposes of company law) are responsible for preparing the trustees' report and the financial statements in accordance with the Annual Accounts Requirements 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 Academy Trust and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the trustees are required to:

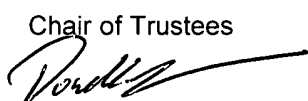
- ◆ select suitable accounting policies and then apply them consistently;
- ◆ observe the methods and principles in the Charities' SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- ◆ make judgments and estimates that are reasonable and prudent;
- ◆ state whether applicable United Kingdom Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements; and
- ◆ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Academy Trust will continue in operation.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Academy Trust's transactions and disclose with reasonable accuracy at any time the financial position of the Academy Trust 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 Academy Trust 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 Academy Trust applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the ESFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the board of trustees on 12 December 2017 and signed on its behalf by:

Chair of Trustees
 D GRAHAM

Independent auditor's report to the members of Cuckoo Hall Academies Trust

Opinion

We have audited the financial statements of Cuckoo Hall Academies Trust (the 'charitable company') for the year ended 31 August 2017 which comprise the statement of financial activities, the balance sheet, the statement of cash flows, the principal accounting policies and the related notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), 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) (the Charities SORP 2015) and the Academies Accounts Direction 2016 to 2017.

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

In our opinion, the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

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 other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- ◆ the information given in the trustees' report including the strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ◆ the trustees' report including the strategic report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

~~In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report including the strategic report.~~

Matters on which we are required to report by exception (continued)

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 or returns; or
- ◆ certain disclosures of trustees' remuneration specified by law are not made; or
- ◆ we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

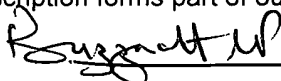
As explained more fully in the trustees' responsibilities statement, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation 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 charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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



Avnish Savjani (Senior Statutory Auditor)

For and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

18 December 2017

Independent reporting auditor's assurance report on regularity to Cuckoo Hall Academies Trust and the Education and Skills Funding Agency

In accordance with the terms of our engagement letter dated 6 April 2016 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 Cuckoo Hall Academies Trust during the period from 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 Cuckoo Hall 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 Cuckoo Hall 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 Cuckoo Hall Academies Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Cuckoo Hall Academies Trust's accounting officer and the reporting auditor

The accounting officer is responsible, under the requirements of Cuckoo Hall Academies Trust's funding agreement with the Secretary of State for Education dated 19 July 2011 and the Academies Financial Handbook, extant from 1 September 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2016 to 2017. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period from 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.

Independent reporting accountant's report on regularity 31 August 2017

Approach (continued)

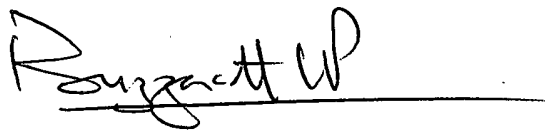
Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the academy trust's income and expenditure.

The work undertaken to draw to our conclusion includes:

- ◆ An assessment of the risk of material irregularity and impropriety across all of the Academy Trust's activities;
- ◆ Further testing and review of the areas identified through the risk assessment including enquiry, identification of control processes and examination of supporting evidence across all areas identified as well as additional verification work where considered necessary; and
- ◆ Consideration of evidence obtained through the work detailed above and the work completed as part of our financial statements audit in order to support the regularity conclusion.

Conclusion

Nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period from 1 September 2016 to 31 August 2017 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Buzzacott LLP
Chartered Accountants
130 Wood Street
London
EC2V 6DL

18 December 2017

Statement of financial activities (including income and expenditure account) Year to 31 August 2017

		Unrestricted general fund £'000	Restricted funds		2017 Total funds £'000	2016 Total funds £'000
			General £'000	Fixed assets fund £'000		
Income from:						
Donations and capital grants	1	10	—	788	798	15,479
Charitable activities						
· Funding for the academies' educational operations	4	—	12,071	—	12,071	11,116
Other trading activities	2	745	—	—	745	479
Investments	3	3	—	—	3	8
Total income		758	12,071	788	13,617	27,082
Expenditure on:						
Raising funds	5	—	—	—	—	315
Charitable activities						
· Academies' educational operations	6	413	12,903	1,190	14,506	11,752
Total expenditure		413	12,903	1,190	14,506	12,067
Net income (expenditure)		345	(832)	(402)	(889)	15,015
Transfers between funds	15	—	(81)	81	—	—
Other recognised gains and losses						
Actuarial gains (losses) on defined benefit pension scheme	18	—	1,469	—	1,469	(1,176)
Net movement in funds		345	556	(321)	580	13,839
Reconciliation of funds						
Total fund balances brought forward at 1 September 2016		442	(1,113)	36,287	35,616	21,777
Total fund balances carried forward at 31 August 2017		787	(557)	35,966	36,196	35,616

All of the Academy Trust's activities derived from continuing operations during the above two financial periods.

All recognised gains and losses are included in the Statement of Financial Activities.

Balance sheet 31 August 2017

	Notes	2017 £'000	2017 £'000	2016 £'000	2016 £'000
Fixed assets					
Tangible fixed assets	12		<u>35,945</u>		<u>36,265</u>
Current assets					
Debtors	13	1,114		3,106	
Cash at bank and in hand		<u>1,848</u>		<u>1,895</u>	
		2,962		5,001	
Liabilities					
Creditors: amounts falling due within one year	14	<u>(1,550)</u>		<u>(3,589)</u>	
Net current assets			<u>1,412</u>		<u>1,412</u>
Total assets less current liabilities			<u>37,357</u>		<u>37,677</u>
Net assets excluding pension scheme liability			37,357		37,677
Defined benefit pension scheme liability			<u>(1,161)</u>		<u>(2,061)</u>
Total net assets			<u>36,196</u>		<u>35,616</u>
Funds of the Academy					
Restricted funds					
. Fixed asset fund	15		35,966		36,287
. Restricted ESFA fund	15		604		813
. Other restricted funds	15		—		135
. Pension reserve	15		<u>(1,161)</u>		<u>(2,061)</u>
Total restricted funds			<u>35,409</u>		<u>35,174</u>
Unrestricted income funds					
. General fund	15		<u>787</u>		<u>442</u>
Total funds			<u>36,196</u>		<u>35,616</u>

The financial statements on page 27 to 49 were approved by the trustees, and authorised for issue on 12 December 2017 and are signed on their behalf by:


D GRAHAM
Chair

Cuckoo Hall Academies Trust
Company Limited by Guarantee
Registration Number: 07355559 (England and Wales)

Statement of cash flows Year to 31 August 2017

		2017 £'000	2016 £'000
Net cash inflow from operating activities			
Net cash provided by operating activities	A	38	158
Cash flows from investing activities	B	(85)	(30)
Change in cash and cash equivalents in the year		<u>(47)</u>	<u>128</u>
Reconciliation of net cash flow to movement in net funds:			
Cash and cash equivalents at 1 September 2016		1,895	1,767
Cash and cash equivalents at 31 August 2017	C	<u>1,848</u>	<u>1,895</u>

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

	2017 £'000	2016 £'000
Net (expenditure) income for the year (as per the statement of financial activities)	(889)	15,015
Adjusted for:		
Depreciation charges (note 12)	1,190	1,103
Capital grants from DfE/ESFA and other capital income	(788)	(15,479)
Interest receivable (note 3)	3	(8)
Defined benefit pension scheme cost less contributions payable (note 18)	532	130
Defined benefit pension scheme finance cost (note 18)	37	22
Decrease/(increase) in debtors	1,992	(1,609)
(Decrease)/increase in creditors	(2,039)	984
Net cash provided by operating activities	<u>38</u>	<u>158</u>

B Cash flows from investing activities

	2017 £'000	2016 £'000
Dividends, interest and rents from investments	(3)	8
Purchase of tangible fixed assets	(870)	(15,517)
Capital grants from DfE/ESFA	788	15,479
Net cash used in investing activities	<u>(85)</u>	<u>(30)</u>

C Analysis of cash and cash equivalents

	2017 £'000	2016 £'000
Cash at bank and in hand	1,848	1,895
Total cash and cash equivalents	<u>1,848</u>	<u>1,895</u>

Statement of accounting policies

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

Basis of preparation

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (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.

Cuckoo Hall Academies Trust meets the definition of a public benefit entity under FRS 102. These financial statements are presented in sterling and rounded to the nearest thousand pounds.

Going concern

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

Income

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

Grants

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

The 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.

Income (continued)

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

Donations

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

Other income

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

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 resources expended are stated net of recoverable VAT.

Tangible fixed assets

Assets costing £2,500 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Tangible fixed assets (continued)

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. 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 such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy Trust's depreciation policy.

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

- ◆ Freehold and leasehold buildings 50 years
- ◆ Fixtures, fittings and equipment 5 years
- ◆ Motor vehicles 5 years

A full year of depreciation is charged in the year of acquisition.

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.

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.

Leased assets

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

Financial instruments

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

Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. 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. 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. Amounts due to charity's wholly owned subsidiary are held at face value less any impairment.

Taxation

The Academy Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Academy Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Pensions benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 18, 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.

Pensions benefits (continued)

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

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

Fund accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Education and Skills Funding Agency, Department for Education or other funders where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other grants received from the Education and Skills Funding Agency.

Restricted other funds comprise all other restricted funds received and include grants from the Local Authority, London Borough of Enfield.

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

Critical accounting estimates and assumptions (continued)

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 18, 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 2013 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement

There have been no judgements made in the preparation of these financial statements which are considered to have had a significant impact.

Notes to the Financial Statements Year to 31 August 2017

1 Donations and capital grants

	Unrestricted funds £'000	Restricted funds £'000	2017 Total funds £'000	2016 Total funds £'000
Capital grants	—	788	788	15,479
Other donations	10	—	10	—
	10	788	798	15,479

2 Other trading activities

	Unrestricted funds £'000	Restricted funds £'000	2017 Total funds £'000	2016 Total funds £'000
Hire of facilities	90	—	90	—
Trip income	60	—	60	64
Catering income	302	—	302	247
Miscellaneous income	293	—	293	168
	745	—	745	479

3 Investment income

	Unrestricted funds £'000	Restricted funds £'000	2017 Total funds £'000	2016 Total funds £'000
Interest receivable	3	—	3	8
	3	—	3	8

4 Funding for academies' educational operations

	Unrestricted funds £'000	Restricted funds £'000	2017 Total funds £'000	2016 Total funds £'000
DfE/ESFA grants				
General Annual Grant (GAG)	—	9,894	9,894	8,747
Other DfE/ESFA grants	—	1,381	1,381	1,223
National College grants	—	80	80	252
	—	11,355	11,355	10,222
Other government grants				
Local authority grants	—	711	711	834
Department of Health	—	5	5	—
Special educational projects	—	—	—	60
	—	716	716	894
2017 total funds	—	12,071	12,071	11,116

Notes to the Financial Statements Year to 31 August 2017

5 Expenditure

		Non pay expenditure			
	Staff costs £'000	Premises £'000	Other costs £'000	2017 Total funds £'000	2016 Total funds £'000
Expenditure on raising funds	—	—	—	—	315
Academies' educational operations					
· Direct costs	7,803	1,190	854	9,847	8,151
· Allocated support costs	3,131	614	914	4,659	3,601
2017 total funds	10,934	1,804	1,768	14,506	12,067

	2017 £'000	2016 £'000
Net income for the year includes:		
Operating lease rentals	22	—
Depreciation	1,190	1,103
Fees payable to auditor		
· Statutory audit	14	15
· Other services	11	12

6 Charitable activities – academies' educational operations

	2017 Total funds £'000	2016 Total funds £'000
Direct costs	9,847	8,151
Support costs	4,659	3,601
	14,506	11,752

	2017 Total funds £'000	2016 Total funds £'000
Analysis of support costs		
Support staff costs	3,131	2,058
Technology costs	201	189
Premises costs	614	616
Other support costs	643	576
Governance costs	70	162
Total support costs	4,659	3,601

7 Comparative information

Analysis of income and expenditure in the year ended 31 August 2016 between restricted and unrestricted funds:

	Unrestricted general fund £'000	Restricted funds		2016 Total funds £'000
		General £'000	Fixed assets fund £'000	
Income from:				
Donations and capital grants	—	—	15,479	15,479
Charitable activities				
· Funding for the academies' educational operations	—	11,116	—	11,116
Other trading activities	479	—	—	479
Investments	8	—	—	8
Total income	487	11,116	15,479	27,082
Expenditure on:				
Raising funds	315	—	—	315
Charitable activities				
· Academies' educational operations	—	10,649	1,103	11,752
Total expenditure	315	10,649	1,103	12,067
Net income	172	467	14,376	15,015
Transfers between funds	—	(60)	60	—
Other recognised gains and losses				
Actuarial losses on defined benefit pension scheme	—	(1,176)	—	(1,176)
Net movement in funds	172	(769)	14,436	13,839
Reconciliation of funds				
Total fund balances brought forward at 1 September 2015	270	(344)	21,851	21,777
Total fund balances carried forward at 31 August 2016	442	(1,113)	36,287	35,616

8 Staff

(a) Staff costs

Staff costs during the year were:

	2017 Total funds £'000	2016 Total funds £'000
Wages and salaries	8,261	6,932
Social security costs	767	480
Pension costs	1,514	916
Apprenticeship levy	11	—
	10,553	8,328
Supply staff costs	235	340
Staff restructuring costs	146	15
	10,934	8,683

8 Staff (continued)

(a) Staff costs (continued)

	2017 £'000	2016 £'000
Staff restructuring costs comprise		
Redundancy payments	66	—
Severance payments	80	15
	146	15

During the year, non-contractual severance payments totalling £80,000 (2016 - £15,000) were made to 2 members of staff (2016 - 1 member of staff). Individually these amounts were for £50,000 and £30,000.

(b) Staff numbers

The number of persons (including the senior management team) employed by the charitable company during the year ended 31 August 2017 expressed as average headcount was as follows:

Charitable activities	2017 No	2016 No
Teachers	123	111
Administration and support	215	256
Management	7	5
	345	372

(c) Higher paid staff

The number of employees whose emoluments fell within the following bands was:

	2017 No	2016 No
£60,001 - £70,000	4	1
£70,001 - £80,000	1	1
£80,001 - £90,000	2	2
£90,001 - £100,000	1	2
£120,001 - £130,000	1	—
£140,001 - £150,000	1	—

Six of the above employees participated in the Teachers' Pension Scheme. The other employee participated in the Local Government Pension Scheme. Details of these schemes are provided in note 18.

(d) Key management personnel

The key management personnel of the Academy Trust comprise the trustees and the Senior Management Team as listed on page 1. The total amount of employee benefits (including employee pension contributions) received by key management personnel for their services to the academy trust was £631,269 (2016: £565,165).

9 Trustees' remuneration and expenses

The Principal and staff trustees only receive remuneration in respect of services they provide undertaking the roles of Principal and staff and not in respect of their services as trustees. Other trustees did not receive any payments, other than expenses, from the Academy Trust in respect of their role as trustees. The value of trustees' remuneration and other benefits was as follows:

	2017 £'000	2016 £'000
Mrs P Sowter, Principal		
. Remuneration	—	35 - 40
. Employer's pension contributions	—	—
Mr M Charalambous, CEO		
. Remuneration	90 - 95	0 - 5
. Employer's pension contributions	15 - 20	0 - 5

During the year ended 31 August 2017, travel and subsistence expenses totalling £195,08 (2016: £71) were reimbursed to two trustees (2016: two) in their role as trustees.

10 Central services

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

- ♦ human resources;
- ♦ financial services;
- ♦ legal services;
- ♦ educational support services; and
- ♦ operational support.

The Trust charges for these services on the basis of a combination of head count and pupil numbers.

The actual amounts charged during the year were as follows:

	2017 £'000	2016 £'000
Cuckoo Hall Academy	722	710
Heron Hall Academy	355	261
Kingfisher Primary Academy	234	219
Woodpecker Hall Academy	347	351
Enfield Heights Academy	144	114
	1,802	1,655

11 Trustees' and Officers' insurance

In accordance with normal commercial practice the Academy Trust has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy Trust business. The insurance provides cover up to £10,000,000 on any one claim and the cost for the year ended 31 August 2017 was included within a wider policy (as in 2016).

12 Tangible fixed assets

	Freehold land and buildings £'000	Leasehold land and buildings £'000	Assets under const- ruction £'000	Fixtures, fittings and equipment £'000	Motor vehicles £'000	Total £'000
Cost/valuation						
At 1 September 2016	13,293	19,273	4,100	2,225	34	38,925
Additions	23	546	14	287	—	870
Disposals	—	—	—	(405)	—	(405)
Transfers	(2,724)	6,824	(4,100)	—	—	—
At 31 August 2017	10,592	26,643	14	2,107	34	39,390
Depreciation						
At 1 September 2016	698	877	—	1,061	24	2,660
Charge in year	212	532	—	439	7	1,190
Disposals	—	—	—	(405)	—	(405)
At 31 August 2017	910	1,409	—	1,095	31	3,445
Net book value						
At 31 August 2017	9,682	25,234	14	1,012	3	35,945
At 31 August 2016	12,595	18,396	4,100	1,164	10	36,265

The land on which Cuckoo Hall and Enfield Heights are sited is owned by the Academy Trust. For the purposes of these financial statements, the freehold land is deemed to have no commercial value.

The land on which Woodpecker Hall Academy is sited is currently leased from the London Borough of Enfield at a peppercorn rent over a term of 125 years. The land on which Kingfisher Hall Academy is sited is currently leased from the College of Haringey, Enfield and North East London at a peppercorn rent over a term of 125 years. The land on which Heron Hall Academy is sited is currently leased from the Secretary of State for Communities and Local Government at a peppercorn rent over a term of 125 years. The value of the leasehold land has not been included in these financial statements because the sites are designated for educational purposes only and have no open market value.

13 Debtors

	2017 £'000	2016 £'000
Trade debtors	48	8
VAT recoverable	46	483
Other debtors	—	2,496
Prepayment and accrued income	1,020	119
	1,114	3,106

14 Creditors: amounts falling due within one year

	2017 £'000	2016 £'000
Trade creditors	275	1,597
Taxation and social security	227	177
ESFA creditor: capital work VAT	—	199
Other creditors	136	(1)
Accruals and deferred income	912	1,617
	1,550	3,589
Deferred income		
Deferred income at 1 September 2016	191	186
Resources deferred in the year	449	191
Released during the year	(191)	(186)
Deferred income at 31 August 2017	449	191

15 Funds

	Balance at 1 September 2016 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2017 £'000
ESFA revenue grant fund					
. General Annual Grant (GAG)	813	9,894	(10,022)	(81)	604
. Pupil Premium	—	976	(976)	—	—
. Other DfE/ESFA grants	—	485	(485)	—	—
. Pension reserve	(2,061)	—	(569)	1,469	(1,161)
	(1,248)	11,355	(12,052)	1,388	(557)
Restricted fixed assets fund					
. Transfer on conversion	6,154	—	(202)	—	5,952
. DfE/ESFA capital grants	29,673	788	(972)	—	29,489
. Capital expenditure from GAG	336	—	(11)	81	406
. Capital expenditure - other restricted	47	—	(2)	—	45
. Private sector capital sponsorship	77	—	(3)	—	74
	36,287	788	(1,190)	81	35,966
Other restricted funds					
. Local authority grants	132	711	(843)	—	—
. Other restricted funds	3	5	(8)	—	—
	135	716	(851)	—	—
Total restricted funds	35,174	12,859	(14,093)	1,469	35,409
Unrestricted funds					
. General funds	442	758	(413)	—	787
Total unrestricted funds	442	758	(413)	—	787
Total funds	35,616	13,617	(14,506)	1,469	36,196

15 Funds (continued)

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

General Annual Grant (GAG)

The General Annual Grant (GAG) represents the core funding for the educational activities of the academies that has been provided to the Academy Trust via the Education and Skills Funding Agency by the Department for Education. The General Annual Grant Fund has been set up because the GAG must be used for the normal running costs of the academies. GAG was received for all CHAT Academies in 2017.

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

The pension reserve represents the net deficit on the LGPS defined benefit pension scheme. Future GAG funding from the ESFA is expected to be sufficient to fund the deficit.

The other restricted grants represent incoming resources for the following specific purposes:

Other DfE/ESFA Grants

This is comprised of other funding received either from the ESFA or DfE; mainly NCTL and UIFSM funding.

Local Authority Grants

Local authority funding comprises SEN and Early Years funding.

Restricted fixed assets fund

The donated fixed assets on conversion and acquisition fund was set up to recognise the tangible assets gifted to the Academy Trust upon conversion by the local authority, which represent the school site inherited from the local authority including the freehold land and buildings and all material items of plant and machinery included therein. Depreciation charged on those inherited assets is allocated to the fund.

The capital expenditure from GAG, other restricted and unrestricted funds have been set up to recognise the tangible assets purchased using these respective funds. Depreciation charged on these purchased assets is allocated to the funds.

15 Funds (continued)

Analysis of academies by fund balance

All fund balances are held by the Trust:

	2017 £'000
Central Trust	1,391
Total before fixed assets and pension reserve	1,391
Restricted fixed asset fund	35,966
Pension reserve	(1,161)
Total	36,196

Analysis of Academies by cost

Expenditure incurred by each academy during the year was as follows (excluding depreciation which is not allocated between entities):

	Teaching and educational support staff Costs £'000	Other support staff costs £'000	Educational supplies £'000	Other costs (excluding depreciation) £'000	2017 Total £'000
Cuckoo Hall Academy	2,828	275	275	546	3,924
Enfield Heights Academy	509	42	53	126	730
Heron Hall Academy	1,962	256	148	336	2,702
Kingfisher Hall Academy	942	77	57	231	1,307
Woodpecker Hall Academy	1,210	42	107	238	1,597
Central Trust	110	680	215	2,051	3,056
	7,561	1,372	855	3,528	13,316

16 Analysis of net assets between funds

	Unrestricted funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Fund £'000	Total 2017 £'000
Fund balances at 31 August 2017 are represented by:				
Tangible fixed assets	—	—	35,945	35,945
Current assets	787	2,154	21	2,962
Current liabilities	—	(1,550)	—	(1,550)
Pension scheme liability	—	(1,161)	—	(1,161)
Total net assets	787	(557)	35,966	36,196

17 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

18 Pension and similar obligations

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

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

£136,479 (2016: £nil) was outstanding at the end of the financial year. There were no prepaid contributions either at the beginning or end of the financial year.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

- ◆ employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge).

18 Pension and similar obligations (continued)

Teachers' Pension Scheme (continued)

Valuation of the Teachers' Pension Scheme (continued)

- ◆ 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 £601,000 (2016: £495,000).

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

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 (LGPS)

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £571,000, of which employer's contributions totalled £401,000 and employees' contributions totalled £170,000. The agreed contribution rates for future years are 14.5% for employers and 5.5-10% 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.

18 Pension and similar obligations (continued)

Local Government Pension Scheme (LGPS) (continued)

	At 31 August 2017 %	At 31 August 2016 %
Principal Actuarial Assumptions		
Rate of increase in salaries	3.5	3.5
Rate of increase for pensions in payment / inflation	2.0	2.0
Discount rate for scheme liabilities	2.5	2.0
Inflation assumption (RPI)	3.1	3.1
Inflation assumption (CPI)	2.0	2.0
Pension accounts revaluation rate	2.0	2.0

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

	At 31 August 2017	At 31 August 2016
<i>Retiring today</i>		
Males	24	25
Females	27	28
<i>Retiring in 20 years</i>		
Males	27	27
Females	29	30

The effect on the net pension liability as a result of changes in actuarial assumption would be as follows:

	At 31 August 2017 £'000	At 31 August 2016 £'000
Discount rate +0.1%	(126)	(109)
Discount rate -0.1%	129	111
Mortality assumption – 1 year increase	(157)	(162)
Mortality assumption – 1 year decrease	158	164

18 Pension and similar obligations (continued)

Local Government Pension Scheme (LGPS) (continued)

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

	Fair value at 31 August 2017 £'000	Fair value at 31 August 2016 £'000
Equities	2,118	1,472
Bonds	950	646
Property	291	234
Cash and other liquid assets	861	814
Total market value of assets	4,220	3,166

The actual return on scheme assets was £536,000 (2016: £475,000).

Amounts recognised in statement of financial activities	2017 £'000	2016 £'000
Current service cost	933	409
Past service cost	—	18
Interest income	(69)	(96)
Interest cost	106	118
Total amount recognised in the SOFA	970	449

Changes in the present value of defined benefit obligations were as follows:	2017 £'000	2016 £'000
At 1 September 2016	(5,227)	(3,094)
Current service cost	(933)	(409)
Past service cost	—	(18)
Interest cost	(106)	(118)
Employee contributions	(170)	(130)
Actuarial (gain)/loss	1,002	(1,555)
Benefits paid	53	97
At 31 August 2017	(5,381)	(5,227)

18 Pension and similar obligations (continued)

Local Government Pension Scheme (LGPS) (continued)

Changes in the fair value of the Academy's share of scheme assets:	2017 £'000	2016 £'000
At 1 September 2016	3,166	2,360
Interest income	69	96
Actuarial gain/(loss)	467	379
Employer contributions	401	298
Employee contributions	170	130
Benefits paid	(53)	(97)
At 31 August 2017	4,220	3,166

19 Related party transactions

Owing to the nature of the Academy Trust's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which a member of the trustee 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.

M Charalambous, CEO and Director of the Academy Trust, has a 50% share in Creative Link Limited with his wife holding the other 50% share. During the year ended 31 August 2017, Creative Link Limited did not provide services to the school. For the year ended 31 August 2016, services were provided at a total cost of £71,200 on an arm's length basis. Services provided for the year ended 31 August 2016 related to an organisational review and interim CEO. No amounts were due to or from Creative Link Limited as at 31 August 2017 (2016 - £nil).

20 Capital commitments

	2017 £'000	2016 £'000
Contracted for, but not provided in the financial statements	—	1,978

21 Commitments under operating leases

	2017 £'000	2016 £'000
Amounts due within one year	49	—
Amounts due between one and five years	99	—
	148	—