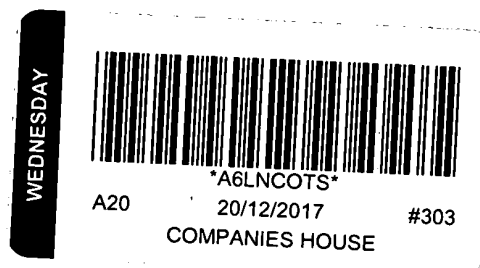


**The Thinking Schools Academy Trust**  
(A company limited by guarantee)

**Annual Report and Financial Statements**

**For the Year Ended 31 August 2017**



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**The Thinking Schools Academy Trust****(A company limited by guarantee)**

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**Reference and Administrative Details of the Academy Trust, its Directors and Advisers**  
**For the year ended 31 August 2017**

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<b>Members</b>	Mr. P. Martin Mrs. S. Earle Mr. D. Morrison (resigned 31 August 2017) Mr. R. Cummins (resigned 18 October 2017) Mrs. D. Reed (appointed 29 March 2017) Mrs. J. Smith (appointed 1 September 2017)
<b>Directors</b>	Mr. P. Martin, Chairman <sup>1 2</sup> Mr. L. Miller, Chief Finance Officer Mr. M.R. Bailey <sup>1</sup> Mrs. A. Barry (resigned 16 December 2016) Mrs. S. Earle <sup>2</sup> (resigned 22 September 2017) Mr. S. Gardner, Chief Executive <sup>1</sup> Mr. D. Morrison <sup>2</sup> Mrs. J. Spurgeon, Vice Chair <sup>1</sup> Mr. G. Newman <sup>2</sup> Mr. L. Trimby <sup>1</sup> Mrs. A. Beard (appointed 29 March 2017) Mrs. L. Randall (appointed 29 March 2017) Mr. L. Round (appointed 9 November 2017)
	<sup>1</sup> Member of Finance and Operations Committee <sup>2</sup> Member of Audit Committee
<b>Company registered number</b>	07359755
<b>Company name</b>	The Thinking Schools Academy Trust
<b>Principal and registered office</b>	The Rochester Grammar School Maidstone Road Rochester Kent ME1 3DY
<b>Company Secretary</b>	Mr. L. Miller
<b>Chief executive officer</b>	Mr. S. Gardner
<b>Senior management team</b>	Mr. L. Miller, Deputy CEO Mrs. C. Stevens, Director of Primary Education Mr. G. Bassan, Director of Secondary Education
<b>Independent auditor</b>	UHY Kent LLP t/a UHY Hacker Young Chartered Accountants Registered Auditors Thames House Roman Square Sittingbourne Kent ME10 4BJ
<b>Bankers</b>	Nat West Bank Plc Maidstone Road Rochester Kent. ME1 3DY
<b>Solicitors</b>	Browne Jacobson 6th Floor, 77 Gracechurch Street London. EC3V 0AS

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## **The Thinking Schools Academy Trust**

### **(A company limited by guarantee)**

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#### **Directors' Report**

#### **For the year ended 31 August 2017**

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The Directors present their annual report and auditors' report of the Academy Trust for the year ended 31 August 2017.

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

#### **Constitution**

The Academy Trust was incorporated on 27 August 2010 as a company limited by guarantee and an exempt charity. The memorandum and articles of association are the primary governing documents of the Academy Trust. The memorandum and articles of association were amended on 5 February 2014 to recognise the need to amend the governance structure of the organisation.

Details of the Directors who served throughout the year, except as noted, are included in the Reference and Administrative Details.

#### **Members' liability**

Each member of the Academy Trust undertakes to contribute to the assets of the Academy Trust in the event of it being wound up whilst 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.

#### **Directors and Governors' indemnities**

The individual academies each maintain Governors' and officers' liability insurance which gives appropriate cover for any legal action brought against Governors, and against the Directors of the Academy Trust. The Academy Trust has also granted indemnities to each of its Directors and other officers to the extent permitted by law. Qualifying third party indemnity provisions (as defined by section 234 of the Companies Act 2006) were in force during the year and remain in force, in relation to certain losses and liabilities which the Directors, Governors or other officers may incur to third parties in the course of acting as Directors, Governors or officers of the Academy Trust. Details of the insurance cover are provided in note 15 to the financial statements.

#### **Principal activities**

The Academy Trust has expanded in the year to now control the activities of the following schools:

- The Rochester Grammar School;
- All Faiths Children's Academy;
- The Portsmouth Academy (previously known as Portsmouth Academy for Girls);
- Holcombe Grammar School (previously known as Chatham Grammar School for Boys);
- Gordon Children's Academy (Infant);
- Gordon Children's Academy (Junior);
- New Horizons Children's Academy;
- Newbridge Junior School;
- Isambard Brunel Junior School;
- The Victory Academy;
- Cedar Children's Academy;
- Meon Junior School (since 1<sup>st</sup> July 2017); and
- Moorings way Infant School (since 1<sup>st</sup> July 2017).

All schools share a commitment to cognitive education and Thinking School status. Throughout the year ended 31 August 2017 the Trust's principal object and activity has therefore been to manage the schools within the Trust.

#### **Method of recruitment and appointment or election of Directors**

Under the terms of its Articles, since 5 February 2014 when a Board of Directors has held ultimate responsibility for managing the Trust. This Board comprises the following:

- 6 Directors appointed by members (one must include the Chair);
- 3 Directors appointed by Regional Governing Bodies; and
- 2 Directors appointed by their role.

No more than 3 Directors can be salaried and these are detailed in note 11 of the accounts.

A Directors term of office is four years (excluding the Chief Executive and Deputy CEO) but a Director is eligible for re-election at the meeting at which they retire.

Appropriate training is provided to all new Directors and Governors, as required.

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**The Thinking Schools Academy Trust**  
**(A company limited by guarantee)**

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**Directors' Report (continued)**  
**For the year ended 31 August 2017**

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**Method of recruitment and appointment or election of Directors (continued)**

During the year under review the Board of Directors met 4 times alongside Regional Governing Body meetings which were held termly in each school. The training and induction provided for new Directors and Governors was dependent on their existing experience. Where necessary training was provided on charity and educational legal and financial matters. All new Governors were given a tour of their respective school and the chance to meet with staff and students. All Governors were provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they need to undertake their role as Governors.

**Organisation structure**

The Board of Directors retains the power to appoint Governors to Regional Governing Bodies. They also have a scheme of delegation that details the powers that can be given to individual governing bodies.

The Board of Directors has a Quality Assurance executive team that will review the performance of each academy and make recommendations to the Board about the level of delegated powers that should be given to each Regional Governing Body.

The Board has a number of committees that support the work of the board:

- The Audit Committee that is made up of non-executive Directors;
- A Finance and Operations Committee;
- An Executive Performance and Remuneration Committee that is made up of non-executive Directors; and
- A Governance and Ethics Committee.

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

The Board's Executive Performance and Remuneration Committee has delegated responsibility to oversee this area and specifically has the following responsibilities:

- To determine and agree with the Board the framework or broad policy for the remuneration of the Trust's Chief Executive Officer and such other members of the executive management of the Trust as it is designated to consider (senior executives);
- To determine the Trust-wide pay policy and oversee the process of moderation across the Trust;
- To ensure no senior executive, Director or manager is involved in any decisions as to their own remuneration;
- To prepare and submit recommendations to the Trustees for the terms of service and remuneration (including pension arrangements) of the senior executives;
- To monitor, evaluate and report (as appropriate) to the Trustees on the performance of the Chief Executive;
- To approve appropriate remuneration packages for any new senior executive appointments;
- Having regard to the charitable status of the Trust and in recognition of the fact the Trust receives funding under a funding agreement with the Secretary of State for Education, to ensure the remuneration or other sums paid to a senior executive do not exceed an amount that is reasonable in all the circumstances;
- To review and approve the design of, and determine targets for, any performance related pay schemes operated by the Trust and approve the total annual payments made under such schemes;
- To ensure that any termination packages including contractual terms and pension benefit entitlements do not reward failure and are fair to the individual and the Trust and comply with the obligations set out in the Academies Financial Handbook;
- To review and note annually the remuneration trends across the Trust;
- To oversee any major changes in employee benefits structures in the Trust;
- To agree the policy for authorising claims for expenses from the senior executives;

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**The Thinking Schools Academy Trust**  
**(A company limited by guarantee)**

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**Directors' Report (continued)**  
**For the year ended 31 August 2017**

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**Arrangements for setting pay and remuneration of key management personnel (continued)**

- To be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration or other consultants who advise the Committee. The Committee shall have full authority to commission any reports or surveys which it deems necessary to help it fulfil its obligations.

Total remuneration paid to senior management personnel is set out in note 11.

**Risk management**

The Directors have assessed the major risks to which each academy and the overall Trust is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the academy and its finances. Each academy has an effective system of internal financial controls and this is explained in more detail in the Governance Statement.

**Connected organisations, including related parties**

Rochester Grammar School for Girls Charity is a separately registered charity, registration no. 307839. Its principal objects are the provision of items, services and facilities for the school by the making of grants to the school and individuals. This charity also owns the freehold to the school land and buildings, and leases this to the Academy Trust on a 125 year lease at an annual peppercorn rent.

There is also a Parent-Teacher Association, The Rochester Grammar School Association, also established as a separately registered charity, registration number 803801, which organises various fundraising events to provide facilities for the pupils of The Rochester Grammar School.

Each of the individual academies is a strategic partner in The New Horizons Teaching School Alliance Limited (company number 08478647). The academies, and the many other schools affiliated with the organisation, work together to provide school-to-school support and staff training to aid school improvement.

Isambard Brunel Centre Ltd (registration 04671163) is a company to which, from 18th June 2015, The Thinking Schools Academy Trust was appointed the sole member and four Directors were appointed that include Directors of TSAT and the Headteacher of Isambard Brunel Junior School. The company provides childcare and nursery provision to children below statutory school age.

**OBJECTIVES AND ACTIVITIES**

**Objects and aims**

The principal object of the Academy Trust is the provision of education for pupils aged between 3 and 19.

**Objective, strategies and activities**

The main objectives of the Academy Trust during the year ended 31 August 2017 are summarised below:

- To ensure that every child enjoys the same high quality education in terms of resourcing, tuition and care;
- To raise the standard of educational achievement of all pupils;
- To improve the effectiveness of all academies by keeping the curriculum and organisational structure under continual review;
- To provide value for money for the funds expended;
- To comply with all appropriate statutory and curriculum requirements;
- To provide after school and weekend activities; and
- To conduct the academies' business in accordance with the highest standards of integrity, probity and openness.

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**The Thinking Schools Academy Trust**  
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**Directors' Report (continued)**  
**For the year ended 31 August 2017**

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**Public benefit**

All Academies within the Trust are state funded and strive to promote and support the advancement of education within the Medway and Portsmouth local authority areas.

The Trust has a letting policy that supports the use of our facilities for the local community and other public establishments. In all cases the Trust promotes below market rates to maximise the ability for small organisations to access this.

All our Academies are members of The New Horizons Teaching School Alliance which promotes outreach work and the wider recruitment and promotion of new teachers into the sector.

The Trust remains committed to the Arts and actively promotes our students to access extra curriculum activities and deliver exhibitions and concerts that the wider community can enjoy.

**Equal opportunities**

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

**Disabled persons**

All academies have made appropriate provisions for disabled persons.

The policy of the Academy Trust is to support recruitment and retention of students and employees with disabilities. Each academy does this by adapting the physical environment, by making support resources available and through training and career development.

**STRATEGIC REPORT**

**Achievements and performance**

2016/17 has been a very successful year for TSAT. In summary:

- Four Ofsted inspections of TSAT schools took place during 2016/17 all schools were judged as Good. This meant that the proportion of schools judged as Good or better in the Trust rose to 69%.
- All secondary schools delivered progress well above national in 2016/17.
- All KS1 results are above 2015/16 national results.
- KS2 results improved from 2015/16 outcomes and progress.
- Two schools gained Thinking School Accreditation from Exeter University.

**Student outcomes:**

**Secondary Attainment Headlines – KS4:**

	Nat	VIC	HGS	RGS	TPA
A*/A (7+)	21.3	14.47	41.3	66	27.5
A*-C (5+) Strong pass (all qualifications)	53.9*	58.67	87.3	97.7	70.1
A*-C (4+) Standard pass (all qualifications)	65.3	62.57	90.3	98.7	75.2
Basics (Eng/Ma 5+) Strong pass		35.00	82	95	49.2
Basics (Eng/Ma 4+) Standard pass		49.00	97	100	66.1
5 A*-C with Eng and Ma (based on 4+ in both Eng and Ma)		46.32	95.7	100	66.1
5 A*-C with Eng and Ma (based on 5+ in both Eng and Ma)		34.74	81.7	94.58	49.2

**The Thinking Schools Academy Trust**  
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**Directors' Report (continued)**  
**For the year ended 31 August 2017**

Secondary Progress – KS4:

The progress 8 grades below are subject to change:

	VIC	HGS	RGS	TPA
Number of Progress 8 Entries	79	109	161	109
Progress8 Score	0.44	0.49	0.89	0.5
English Progress8	0.1	0.3	0.79	0.25
Maths Progress8	0.74	0.6	0.46	0.4
EBac Progress8	0.43	0.54	0.98	0.21
Other Progress8	0.49	0.54	1.16	1.02
PP	0.37	-0.09	0.95	0.43
Non PP	0.54	0.6	0.89	0.93
Attainment 8 score	38.6	62.48	70.78	47.94

Secondary Headlines – KS5:

	HGS	VIC	RGS *with IB	
% A*/A	16.9	10.7	42.7	47.6*
% A*-B	43.4	32.3	78.4	81.2*
% A*-C	69.4	64.9	96.2	96.7*
% A*-E	96	91.9	100	100*
KS5 – estimated progress measure	-0.01	+0.23	+0.16 (A level only)	

Secondary Performance Summary:

- At KS4 all Trust schools are performing above national for progress.
- The performance of the Victory Academy has continued to improve and is now well above national.
- The Portsmouth Academy should be noted for its very strong PP progress in a year group where 84% of students came from a disadvantaged background.

Primary Headline figures for Attainment 2017 (unvalidated):

Criteria / School	National	AFS	CED	GIF	GJS	IJS	MJS	MWI	NJS	NH
Phonics	81	75	79	83				84		84
KS1 Reading	76	79	70	75				76		81
KS1 Writing	68	76	66	66				69		73
KS1 Maths	75	72	75	75				72		86
KS2 Reading	71	52	64		74	52	72		72	
KS2 Writing	76	72	71		80	67	79		79	
KS2 Maths	75	52	52		74	55	74		82	
GPAS	77	48	65		70	47	73		88	
KS2 Combined	61	38	49		66	43	63		64	



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**Directors' Report (continued)**  
**For the year ended 31 August 2017**

Primary Attainment Comparison to last year:

AFS	KS1- Reading up by 19%, Writing up by 63%, Maths up by 29% KS2- Reading up by 16%, Writing up by 15%, Maths down by 9% KS2 combined up 36%
Cedar	KS1- Reading up by 26%, Writing up by 17%, Maths up by 32% KS2 – Reading up by 21%, Writing up by 10%, Maths down by 4% KS2 combined up by 13%
Gordon Infant	KS1- Reading up by 7%, Writing down by 9%, Maths down by 5%
Gordon Junior	KS2 – Reading up by 8%, Writing up by 7%, Maths up by 1% KS2 combined up by 10%
IBJS	KS2 Reading up by 6%, Writing down by 22%, Maths down by 2% KS2 combined up by 4%
NBJS	KS2 Reading down by 3%, Writing up by 1%, Maths remains the same KS2 combined up by 4%

Primary Performance Summary:

- All schools improved their KS2 combined attainment score.
- 3 out of 4 primary schools that have been with the Trust for a substantial period (AFS, GOR, and NJS) of time are at or close to national levels of progress.
- CED has improved its value add significantly this year.
- KS1 all schools close to or above National.
- Additional leadership support has been allocated to IJS to ensure school performance improves this year.

Ofsted inspections:

There were Ofsted inspections of four TSAT schools during 2016/17:

School	Ofsted Outcome	Previous Ofsted rating
TPA	Good with Outstanding Leadership	Requires Improvement
GIS	Good	No rating
GFS	Good	No rating
NH	Good	No rating

This table illustrates the successful school improvement work undertaken by the Trust and recognised by Ofsted:

Ofsted Judgement of Trust Schools	Sept 2016	Sept 2017
Outstanding	1 (9%)	1 (8%)
Good	3 (27%)	9 (69%)
Requires Improvement	3 (27%)	2 (15%)
Inadequate	0	0
No judgement	4 (36%)	1 (8%)

**The Thinking Schools Academy Trust**  
**(A company limited by guarantee)**

**Directors' Report (continued)**  
**For the year ended 31 August 2017**

School Improvement:

The Trust has focused on improving the following sponsored academies identified as underperforming:

CED – 2015 sponsored to avoid Special Measures, no Ofsted judgement.

GJS – 2014 sponsored to avoid Special Measures, no Ofsted judgement.

GIS – 2014 sponsored as part of support for GJS.

NH – 2014 new school, no Ofsted judgement.

TPA – 2013 Special measures; 2015 Requires Improvement.

CED:

- Student outcomes have improved significantly:

CED	KS1- Reading up by 25%, Writing up by 16%, Maths up by 31% KS2 – Reading up by 21%, Writing up by 10%, Maths down by 4% KS2 combined up by 13%
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- Student progress has improved significantly:

CED	-3.7 (-6)	-1.8 (-3.4)	-3.7 (-3.5)
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- Quality of teaching and learning has improved with 61% of teaching is now judged as good or better, this is significantly higher than the start of the academic year.
- We have removed an under-performing member of the SLT and promoted an AHT into a DHT position for this academic year to increase leadership capacity.
- We would expect the school to be judged as Requiring Improvement with elements of Good if it was inspected in September 2017. By the end of this academic year we expect the school to have continued to improve and be able to confidently argue for a Good.

GJS:

- Student outcomes have improved significantly and is at or above national:

GJS	KS2 – Reading up by 8%, Writing up by 7%, Maths up by 1% KS2 – combined up by 11%
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- Student progress has improved significantly and is close to national:

GJS	-1.4 (-2.4)	-0.1 (-2.9)	-2.2 (0)
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- Over 80% of teachers are now assessed as good or better.
- Ofsted judged the school as Good in Feb 2017.

GIS:

- Student outcomes at or above national:

Criteria / School	GIS
Phonics	83
KS1 Reading	75
KS1 Writing	67
KS1 Maths	75

- Over 80% of teachers are now assessed as good or better.
- Ofsted judged the school as Good in Feb 2017.

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**The Thinking Schools Academy Trust**  
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**Directors' Report (continued)**  
**For the year ended 31 August 2017**

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NH:

- Student outcomes above national:

Criteria / School	NH
Phonics	84
KS1 Reading	81
KS1 Writing	73
KS1 Maths	86

- Over 85% of teachers are now assessed as good or better.
- Ofsted judged the school as Good in May 2017.

TPA:

- Student outcomes above national:

	Nat	TPA
% A*/A (7+)	21.3	27.5
% A*-C (5+) Strong pass (all qualifications)	53.9*	70.1
% A*-C (4+) Standard pass (all qualifications)	65.3	75.2
% Basics (Eng/Ma 5+) Strong pass		49.2
% Basics (Eng/Ma 4+) Standard pass		66.1
% 5 A*-C with Eng and Ma (based on 4+ in both Eng and Ma)		66.1
% 5 A*-C with Eng and Ma (based on 5+ in both Eng and Ma)		49.2

- Student progress significantly above national:

	TPA
Number of Progress 8 Entries	109
Progress8 Score	0.31
English Progress8	0.16
Maths Progress8	0.13
PP	0.27
Non PP	0.57

- Over 85% of teachers are now assessed as good or better.
- Ofsted judged the school as Good with Outstanding leadership in April 2017.

Other achievements / progress of note within the Trust 2016/17:

- Meon Junior School and Moorings Way Infant School completed their conversions into The Thinking Schools Academy Trust.
- Provided seconded leadership school to Brambles Infant School & Nursery in Portsmouth at the request of the LA.
- CEO – Stuart Gardner – appointed as an NLE.
- RGS reaccredited as a National Support School.
- NJS and IJS accredited as Thinking Schools by Exeter University.

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**The Thinking Schools Academy Trust**  
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**Directors' Report (continued)**  
**For the year ended 31 August 2017**

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Other achievements / progress of note within the Trust 2016/17: cont.

- The Trust has built extensive partnerships with external organisations for the benefit of children including:
  - Thinking Schools International.
  - Royal Opera House Bridge.
  - National Museum of the Royal Navy.
  - Medway Cultural Education Partnership.
  - Sea Cadets.
  - Optimus Education
  - Pixl
- The New Horizons Teaching School has provided extensive system support in 2016-17 including:
  - Acting as an appropriate body for 15 Secondary NQTs and 10 Primary NQTs;
  - Providing high quality training courses on 'Autism in the Spotlight';
  - 3 themed Teach meet events: one secondary, one primary and one SEN;
  - Delivering an NQT+1 programme and a Supporting Teachers to Enhance Performance (STEP) programme;
  - Coaching Development programme delivered by UCL/Institute of Education;
  - National Professional Qualifications: NQPML, NPQSL;
  - The IOE Leadership Suite Programmes: 2016/17 focus on 'Early Leadership';
  - School to school support for 18 schools within the alliance – SLE deployments were brokered for each school;
  - Teacher Subject Specialism Training (TSST) in Maths (15 completed), Physics (8 completed) and MFL (12 participants).  
The Teaching School have been successful in bidding to run TSST in Core Maths in 2017-18.
- Lee Miller, Deputy CEO, is recognised as a systems leader speaking at several conferences on MAT financial management and governance. In addition, he has been asked to work with another Trust in challenging financial circumstances by the RSC.
- The Trust has successfully embedded a new structure of regional governance – this has been recognised by Ofsted and the RSC for its effectiveness in providing high quality challenge and support to drive up / maintain standards in Trust schools.

**TSAT Strategic priorities 2016/17**

The Board agreed the following key priorities for 2016/17.

1) Primary:

- Significantly improve student outcomes at All Faiths and Cedar Primary Schools.
- Expand provision in Portsmouth – potentially 3 schools.
- Secure expected Ofsted ratings – several schools due Ofsted inspections.

2) Secondary:

- Achieve a successful Free School Bid.
- Successfully launch co-ed intakes for PAG and CGSB.
- Significantly improve student outcomes at The Victory Academy.
- Secure expected Ofsted ratings – several schools due Ofsted inspections.

3) Central Services:

- Successfully embed new central services structures that are accessible for all Academies.
- Embed communication systems and structures that creates a culture of positive feedback from Schools in regard to relationship between central services and schools.
- Develop performance measures that demonstrate positive impact on the organisation

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**The Thinking Schools Academy Trust**  
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**Directors' Report (continued)**  
**For the year ended 31 August 2017**

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**Going concern**

After making appropriate enquiries, the Directors 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.

**Key performance indicators**

The Directors consider that the following are key performance indicators for the Academy Trust:

- School performance as detailed by the regulator (Ofsted);
- Latest pupil outcome performance targets;
- Pupil attendance targets;
- Percentage of income spent on teaching staff;
- Percentage of income spent on total staff costs;
- Pupil numbers surplus (leading directly to ESFA funding level);
- General financial stability - aim for income to match expenditure each year; and
- Staff turnover.

The Directors have established a Quality Assurance executive team that oversees the performance of all academies within the Trust. It regularly reviews a dashboard completed by the Chief Executive along with information provided by commissioned reviews. As a result of these reviews academies are placed in a RAG rated category which determines the intervention and support required to drive school improvement.

For the Academic year 2016/17 the KPI data for the Trust is shown below:

School performance as detailed by the regulator:

- Outstanding 1 academy;
- Good 7 academies;
- Requires improvement 2 academies;
- Inadequate No academy; and
- No designation 1 academy.

Latest pupil outcomes	KS5	82% A* - C
	KS4	81% 5 A* - C incl E&M
Pupil attendance	97.7%	
Percentage of income spent on teaching staff	66.8%	
Percentage of income spent on total staff costs	78.46%	
Pupil numbers surplus	22%	
General financial stability	0.95	
Staff turnover	19%	

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## The Thinking Schools Academy Trust

### (A company limited by guarantee)

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#### Directors' Report (continued)

#### For the year ended 31 August 2017

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##### Financial review

Since the trust has expanded from eleven to thirteen academies during the year the financial performance is heavily influenced by the value of the net assets inherited and transferred into the trust. A commercial transfer agreement was agreed with the Local Authority involved to transfer all active contracts and staff to TSAT, and a 125 year lease was agreed with the same party for the land and buildings.

The Statement of Financial Activities ("SoFA") reveals a net movement in funds of £6m. This is not a reflection of the net operating income for the year which was a surplus of £25k (before transfers to the fixed asset fund), a figure which does not appear on the SoFA. The large difference is due to a number of factors:

- £1.9m relating to the value of net assets transferred into the trust from the joining schools; this is shown as a net transfer within incoming resources in accordance with the Accounts Direction with which academy trust are required to comply. Further details are provided in note 2 to the financial statements, with a full breakdown of the inherited assets and liabilities shown in note 24.
- An actuarial gain of £4.8m arising on the Local Government Pension Scheme ("LGPS").
- There are further LGPS related non-cash charges of £1.3m relating to other non-cash pension charges which, together with the actuarial gain form the overall movement in the LGPS liabilities during the year. These charges, relating to the current service costs, are included with staff costs within restricted charitable expenditure.
- The impact of capital grant income and depreciation of capitalised fixed assets, which resulted in a surplus, before transfers, of £589k on the restricted fixed asset fund. The Trust has been classified as a Multi Academy Trust by the ESFA for the purposes of capital funding and therefore benefits from guaranteed funding through the School Condition Allocation fund. This fund has been used to identify a significant investment programme in the building stock that will cross the financial year.

Most of the trust's recurrent operational income is obtained from ESFA in the form of grants, the use of which is restricted to particular purposes. These grants and the associated expenditure are shown as restricted funds in the Statement of Financial Activities ("SoFA").

A conscious choice was made to invest in capital equipment for the future of the trust's academies' pupils, and so cumulative restricted revenue funds were used to purchase fixed assets of £267k, reflected as a transfer into the restricted fixed asset fund on the SoFA. With £745k total revenue funds carried forward into 2017/18 the trust remains in a strong financial position.

The Trust has continued to operate a policy of 'top slicing' each academy based on the KPI monitoring data and is overseen by the Quality Assurance committee. The top slice funds are held within a central fund that can account for all movement of funds used by central services. Details are provided in note 12 to the financial statements.

Each academy holds its own reserves and apart from The Portsmouth Academy, all academies have a surplus position at year end. The central reserves at year end equate to a deficit of £561k, down from £685k last year. This largely relates to a loan agreement entered into with ESFA last year when the trust agreed to sponsor what is now known as The Victory Academy. See note 20 for further details.

##### Financial position

The Academy Trust held fund balances at 31 August 2017 of £72.7m. These funds included restricted fixed asset funds of £83.5m, restricted revenue funds of £549k, unrestricted revenue funds of £196k, and endowment funds of £134k. From these is deducted a pension fund reserve with a deficit of £11.7m. Despite the trust inheriting further pension liabilities from joining schools, the deficit has fallen during 2016/17 because of the large actuarial gain explained in the financial review above. Each of the individual pension fund reserves are in deficit, but does not mean that immediate liabilities crystallise. The deficit results in a cash flow effect in the form of possible future increases in pension contributions, which, if required, will be met from the budgeted annual income of each academy.

##### Principal risks and uncertainties

The main risks that each academy is exposed to are summarised below. For each of these risks the probability, impact and seriousness have been considered together with appropriate action and avoidance plans. The Board has classified all its risks into 4 categories and review the risk register at every board meeting:

- *Strategic and Reputational* - This covers unfavourable Ofsted reports, risk of uncontrollable events and insufficient demand for academy service. Competition from other schools with similar objects and little scope for differentiation. Also includes the capacity of existing buildings to deliver teaching and learning to students;

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## The Thinking Schools Academy Trust

(A company limited by guarantee)

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### Directors' Report (continued)

For the year ended 31 August 2017

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- *Operational risks* – These are the risks associated with appointing the right quality staff and Governors to lead the organisation and the individual academies;
- *Compliance risk* – The importance of the need to meet statutory requirements connected with employment, Health & Safety and those set by the DfE; and
- *Finance risk* - The Board monitors the financial risk associated with managing a large organisation that balances local autonomy with the need to establish good financial controls. There are also risks in connection with the deficit on the Local Government Pension Scheme, although the Directors are comfortable with the current level of employer contributions the academies are required to pay.

#### Financial and risk management objectives and policies

None of the individual academies use complex financial instruments. Each academy manages its activities using cash and various items such as trade debtors and trade creditors that arise directly from operations.

The main risks arising from the academies' financial activities are liquidity risk, cash flow interest rate risk, and credit risk, as detailed below:

- *Liquidity risk* – the Trust operates a pooled bank account and so that all its operating needs are met without the need for short-term borrowing;
- *Interest rate risk* - each Trust earns interest on cash deposits. With interest rates currently low, the Directors consider action to increase the income from these deposits, whilst ensuring it does not jeopardise the liquidity or security of the academy's assets; and
- *Credit risk* - this arises from the possibility that amounts owed to the academies will not be repaid. Neither academies partake in credit activities so is only exposed to credit risk as it arises from normal business. Credit risk is managed through the use of approved banks and the prompt collection of amounts due.

#### Reserves policy

The Directors review the reserve levels of the Academy Trust, and of each individual academy, on an annual basis. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of the reserves. The Directors have determined that the permitted level of free reserves for recurrent costs should be maintained in order to provide sufficient working capital to cover delays between spending and receipt of grants, and to provide a cushion to deal with unexpected emergencies such as urgent maintenance.

The financial statements identify £729k of restricted funds (this excludes the restricted fixed asset fund and restricted pension fund) which are held for use by the individual academies and in no situation exceeds 5% of annual income which the Board believes is an adequate level to manage future uncertainties.

The Trust holds an unrestricted fund of £80k and whilst part of this is held by individual academies, the Trust reserves the right to redeploy these resources to meet the wider needs of the organisation.

#### PLANS FOR FUTURE PERIODS

The Directors' main plans for future periods are:

##### Priorities 2017-18:

##### *Central services:*

- Establish use of dashboards for effective tracking and scrutiny of school performance at RGB and Board level
- To develop shared service provision and be ready to launch "Thinking Shared Services" as a traded services platform in 2018-19.
- Further improve governance by delivery of governance training programme.
- Successfully launch new teacher pay policy.
- Finalise the ICT vision for the Trust and agree delivery plan.
- Develop shared services through the creation of a managed service level agreement between the Trust and academies that provides levels of service and a fund to ensure academies are maintained in line with Trust specifications.
- Create a single email system.

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**The Thinking Schools Academy Trust**  
**(A company limited by guarantee)**

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**Directors' Report (continued)**  
**For the year ended 31 August 2017**

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**PLANS FOR FUTURE PERIODS - cont.**

- Develop HR recruitment team to further reduce costs of recruitment and ensure the Trust secures the best candidates for posts.
- Successfully launch the Trust calendar.
- Develop the Trust website to become the platform for delivering the research and message of the benefits of a cognitive approach to education.

*Primary:*

- Establish use of dashboards for effective tracking and scrutiny of school performance at Director and Executive level.
- Develop Pod model of school leadership within the Strood Primary Schools – 1 school, 7 forms, 3 sites.
- Successfully incorporate Moorings Way and Meon Junior into the Trust.
- Successfully secure Penhale and Meon Infant School into the Trust (April 2018).
- Accelerate breadth and depth of the Thinking approach within the Primary Schools by effective use of the new Primary Leads for Thinking.
- Support all schools, notably IBJ and AFS, to achieve their expected Ofsted outcomes.
- Deliver the planned HT CPD programme.
- Launch a cognitive education group.
- Establish how we will trap and publish the impact of a cognitive approach to education.
- Develop single Trust ethos through:
  - Trust CPD Day
  - Group CPD.
  - CPD collaborative offer / TT

*Secondary:*

- Establish use of dashboards for effective tracking and scrutiny of school performance at Director and Executive level.
- Embed the new flightpath model for target setting in secondary schools.
- Establish consistent KS5 target setting across all TSAT schools.
- Widen the Sixth Form collaboration offer between the Medway secondary schools.
- Pilot the Trust exercise book.
- Ensure effective delivery of new curriculum – KS4 and KS5
- Support all schools, notably VIC, to achieve their expected Ofsted outcomes.
- Deliver the planned HT CPD programme.
- Agree site for Maritime Free School.
- Bid for Free School in Tonbridge during next Wave.
- Launch a cognitive education group.
- Establish how we will trap and publish the impact of a cognitive approach to education.
- Develop single Trust ethos through:
  - Trust CPD Day
  - Group CPD.
  - CPD collaborative offer / TT

Medium term priorities, Year 2-3:

- Successfully launch the new Maritime Free School in Strood.
- Create a single Thinking Schools sixth form offer in Medway.
- Embed Central Services to cover all roles outlined above and demonstrate best value and service.
- Implement Trust ICT development plan.
- Embed Habits and cognitive agenda in all schools and have multiple case-studies to support this approach to education – these should be supporting Academic Action research projects.
- Roll 360 review and personal development plans out across all staff.
- Establish at least one new hub connected to either Medway or Portsmouth.
- Follow up any potential Free School bids in Medway.



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**The Thinking Schools Academy Trust**  
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**Directors' Report (continued)**  
**For the year ended 31 August 2017**

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**PLANS FOR FUTURE PERIODS - cont.**

Long term priorities, Year 3+:

- Establish a "Thinking Foundation" that supports the work of the Trust and the development of a cognitive approach to education in Schools.
- Central services to be an example of outstanding service to schools within a highly cost effective structure – potentially offering services to others.
- As a result of published research, case studies and positive publicity the Habits and cognitive approach at TSAT becomes recognised for its effectiveness in promoting all aspects of student development, academic and pastoral. This recognition gives TSAT a voice on national educational development.
- A culture of self-reflection, 360 review and planning for improvement is embedded within the organisation so that all members of the TSAT community are fully engaged with their personal development.
- TSAT is a strong MAT across the South East and is ready for potential expansion beyond this geographical area should the Board decide this is appropriate.

**DISCLOSURE OF INFORMATION TO AUDITORS**

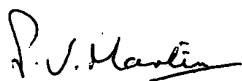
In so far as the Directors are aware:

- There is no relevant audit information of which the company's auditor is unaware; and
- The Directors have taken all the steps 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.

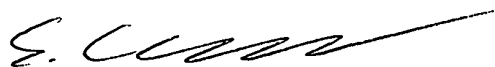
**AUDITORS**

The auditors, UHY Hacker Young, have indicated their willingness to remain in office, and the audit process will be reviewed in detail and re-appointment of the auditors will be considered in due course.

This report, incorporating the Strategic report, was approved by order of the Board of Directors on 13 December 2017 and signed on the Board of Director's behalf by:



Mr. P. Martin, Chair of Directors



Mr. S. Gardner, Chief Executive and Accounting Officer

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## **The Thinking Schools Academy Trust**

### **(A company limited by guarantee)**

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#### **Governance Statement**

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##### **Scope of Responsibility**

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

The Board of Directors has 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 Thinking Schools Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Directors any material weaknesses or breakdowns in internal control.

##### **Governance**

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

<u>Director</u>	<u>Meetings attended</u>	<u>Out of a possible</u>
Mr. P. Martin, Chair of Trustees	4	4
Mr. S. Gardner, Chief Executive (from 1 September 2016)	4	4
Mr. L. Miller, Finance Director	4	4
Mr. M.R. Bailey	3	4
Mrs. A. Barry (until 1 November 2016)	0	1
Mrs. S. Earle	3	4
Mr. D. Morrison	4	4
Mrs. J. Spurgeon, Vice Chair	4	4
Mr. G. Newman	4	4
Mrs A Beard (from 29 March 2017)	2	2
Mrs L. Randall (from 29 March 2017)	2	2
Mr L. Trimby	3	4

At the start of the year each Academy is part of a Regional Governing Body that is made up of Parents, Staff and those appointed by Directors.

As part of a review of governance structures that commenced in June 2015 the board approved a new regional structure of governance from 1st January 2016. From this date the Local Governing Bodies were disbanded and were replaced with 3 Regional Governing Bodies (Medway Primary, Medway Secondary and Portsmouth).

Directors retain the ability to appoint the Governors that serve on the Regional Governing Body and have agreed a structure that appointments are based on skills assessments. A scheme of delegation is in place to clearly show the delegated powers from the Board to the Regional Governing Bodies.

Each Academy has an advisory body that is made up of local stakeholders that act as a critical friend for the academy and provide input into the decision making of the Regional Governing Body and/or Trust board.

Each Regional Governing Body has its own independent Finance and Staffing Committee acting as a sub-committee of the Regional Governing Body. The purpose of the Finance and Staffing Committee is to assist the decision making of their Regional Governing Body, by enabling more detailed consideration to be given to the best means of fulfilling the governing body's responsibility to ensure sound management of the school's finances and resources, including proper planning, monitoring and probity.

As part of our ongoing commitment to improve our governance arrangement the Board has established a Governance and Ethics Committee that continually reviews the governance function of the organisation and oversees the implementation of improvements that are identified.

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## The Thinking Schools Academy Trust

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### Governance Statement (continued)

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The Board has a Finance and Operations Committee that has met 3 times this year. Attendance at Finance and Operations Committee meetings in the year was as follows:

<u>Director</u>	<u>Meetings attended</u>	<u>Out of a possible</u>
Mrs. J. Spurgeon, Chair	3	3
Mr. S. Gardner	3	3
Mr. L. Miller	3	3
Mr. M. Bailey	3	3
Mr. P. Martin	2	3
Mrs. L. Randall (appointed 29 <sup>th</sup> March)	2	2
Mrs. A. Beard (appointed 29 <sup>th</sup> March)	2	2
Mr. L. Trimby	2	3

The Audit Committee is also a sub-committee of the main Board of Directors. Its purpose is to review the risks to internal financial control at the Academy Trust, liaising with internal and external auditors as necessary. During the year the Audit Committee has considered the risks the Trust faces, and directed the work of the internal auditors towards these areas, and established a programme of internal audit checks extending into the 2017/18 academic year to provide assurance on the operation of the systems and controls in the academies that have joined the Trust during the year and since the year end.

Attendance at meetings in the year was as follows:

<u>Director</u>	<u>Meetings attended</u>	<u>Out of a possible</u>
Mr. P. Martin	1	3
Mrs. S. Earle, Chair	3	3
Mr. D. Morrison	3	3
Mr L. Miller	3	3
Mr. G. Newman	3	3

Mr A Hickie sits on the Audit Committee Board in an independent adviser capacity. The Chief Executive and Finance Director are invited to each meeting and provide the management information for the committee to consider and evaluate.

The Performance and Remuneration Committee has met twice this year. The committee has a paid consultant that supports the decision making process.

Attendance at meetings in the year was as follows:

<u>Director</u>	<u>Meeting attended</u>	<u>Out of a possible</u>
Mr. P. Martin, Chair	3	3
Mr. S. Gardner	3	3
Mr. L. Miller	3	3
Mrs. S. Earle	3	3
Mr. M. Bailey	3	3

### 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 Directors where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the Academy Trust has delivered improved value for money during the year by:

- The change in the Trust's governance arrangements has resulted in both significant financial efficiencies due to reduction in costs and senior staff's time required to meet the number of meetings previously required. Decision making around spending priorities are now made between groups of schools and it has become easier to agree roles that support across a hub;
- The creation of the central finance function which has removed the need for individual finance and business management at school level has generated savings in excess of £200k per annum; and

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## **The Thinking Schools Academy Trust**

### **(A company limited by guarantee)**

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#### **Governance Statement (continued)**

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##### **Review of Value for money – cont.**

- Procurement contracts have been negotiated with key suppliers on a preferred supplier basis which results in low prices and rebates returning to the academies based on levels of spend.

##### **The Purpose of the System of Internal Control**

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

##### **Capacity to Handle Risk**

The Board of Directors 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 Directors is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the year 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Directors.

##### **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 Directors;
- Regular reviews by the Finance 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.

The Board of Directors has considered the need for a specific internal audit function and has decided to appoint UHY Hacker Young, the external auditor, to perform an internal audit function for the trust with segregated teams.

The appointees' role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. The Audit Committee has designed a programme of work across the Trust which varies from academy to academy based on the relative risks. Appointees have performed regular system checks throughout the year (3 visits per year per Academy), and have reported to the Board of Directors on the operation of the systems of control and on the discharge of the Board of Directors' financial responsibilities.

During the year ended 31 August 2017 the internal audit function has been fully delivered in line with the requirements of the Education & Skills Funding Agency, and as planned. No material control issues have arisen and any recommendations for improvements are reported and monitored by the Audit Committee.

##### **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 auditor;
- The financial management and governance self-assessment process; and
- The work of the executive leaders within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

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**The Thinking Schools Academy Trust**  
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**Governance Statement (continued)**

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

Approved by order of the Members of the Board of Directors on 13 December 2017 and signed on their behalf, by:



Mr P Martin Chair of Directors



Mr S Gardner Accounting Officer

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**The Thinking Schools Academy Trust**

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**Statement on Regularity, Propriety and Compliance**

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

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

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



Mr S. Gardner  
Accounting Officer

13 December 2017

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## **The Thinking Schools Academy Trust**

**(A company limited by guarantee)**

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### **Statement of Directors' Responsibilities For the Year Ended 31 August 2017**

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

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

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

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

The directors are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from ESFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the board of directors on 13 December 2017 and signed on its behalf by:



**Mr. P. Martin**  
Chair of Directors

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## **The Thinking Schools Academy Trust**

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### **Independent Auditors' Report on the Financial Statements to the Members of The Thinking Schools Academy Trust**

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#### **Opinion**

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

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

#### **Basis of opinion**

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

#### **Conclusions relating to going concern**

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

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

#### **Other information**

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

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

We have nothing to report in this regard.



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**The Thinking Schools Academy Trust**

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**Independent Auditors' Report on the Financial Statements to the Members of The Thinking Schools Academy Trust**

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**Opinion on other matters prescribed by the Companies Act 2006**

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

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

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

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

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

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

**Responsibilities of trustees**

As explained more fully in the Statement of directors' responsibilities, the directors (who are also the directors of the academy trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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 directors are responsible for assessing the academy trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the academy trust's or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

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

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



Allan Hickie BSc FCA (Senior statutory auditor)  
for and on behalf of

**UHY Kent LLP**  
Chartered Accountants  
Statutory Auditors  
Thames House  
Roman Square  
Sittingbourne  
Kent  
ME10 4BJ

Date: 15 December 2017

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## **The Thinking Schools Academy Trust**

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### **Independent Reporting Accountants' Assurance Report on Regularity to The Thinking Schools Academy Trust and the Education and Skills Funding Agency**

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In accordance with the terms of our engagement letter dated 25 September 2014 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Thinking Schools Academy Trust during the year 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

#### **Respective responsibilities of The Thinking Schools Academy Trust's accounting officer and the reporting accountant**

The Accounting Officer is responsible, under the requirements of The Thinking Schools Academy Trust's funding agreement with the Secretary of State for Education dated 26 August 2014, and the Academies Financial Handbook extant from 1 September 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

#### **Approach**

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

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

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

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

We conducted our work in accordance with Technical Release TECH 08/12 AAF issued by the Institute of Chartered Accountants In England and Wales. In accordance with that Technical Release we have carried out the procedures we consider necessary to be able to report on whether anything has come to our attention which suggests that in all material respects expenditure disbursed and income received have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them. Other than those procedures undertaken for the purposes of our audit of the financial statements of The Thinking Schools Academy Trust for the year ended 31 August 2017 which provides evidence on regularity, our work was limited to only those additional procedures necessary to provide limited assurance.

The work undertaken to draw to our conclusion included:

- 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.

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**The Thinking Schools Academy Trust**

**(A company limited by guarantee)**

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**Independent Reporting Accountants' Assurance Report on Regularity to The Thinking Schools Academy Trust and the Education and Skills Funding Agency (continued)**

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**Conclusion**

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

UHY Kent LLP

**UHY Kent LLP**

Chartered Accountants  
Statutory Auditors

Thames House  
Roman Square  
Sittingbourne  
Kent  
ME10 4BJ

Date: 15 December 2017

# The Thinking Schools Academy Trust

(A company limited by guarantee)

## Statement of Financial Activities incorporating Income and Expenditure Account For the Year Ended 31 August 2017

	Note	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Restricted fixed asset funds 2017 £000	Endowment funds 2017 £000	Total funds 2017 £000	Total funds 2016 £000
<b>Income and endowments from:</b>							
Donations & capital grants:							
Transfer from local authority on conversion	2	154	(774)	2,506	-	1,886	25,752
Other donations and capital grants	2	17	71	2,694	-	2,782	3,102
Charitable activities:	4						
Academy's educational operations		217	29,493	-	-	29,710	27,635
Teaching Schools		-	158	-	-	158	89
Other trading activities	3	413	14	-	-	427	386
Investments	5	1	-	-	-	1	7
<b>Total income and endowments</b>		<b>802</b>	<b>28,962</b>	<b>5,200</b>	<b>-</b>	<b>34,964</b>	<b>56,971</b>
<b>Expenditure on:</b>							
Charitable activities:							
Academy's educational operations		408	31,106	2,105	-	33,619	31,168
Teaching Schools		-	176	-	-	176	95
<b>Total expenditure</b>	6	<b>408</b>	<b>31,282</b>	<b>2,105</b>	<b>-</b>	<b>33,795</b>	<b>31,263</b>
<b>Net income / (expenditure) before transfers</b>		<b>394</b>	<b>(2,320)</b>	<b>3,095</b>	<b>-</b>	<b>1,169</b>	<b>25,708</b>
Transfers between Funds	21	(278)	36	267	(25)	-	-
<b>Net income / (expenditure) before other recognised gains and losses</b>		<b>116</b>	<b>(2,284)</b>	<b>3,362</b>	<b>(25)</b>	<b>1,169</b>	<b>25,708</b>
Actuarial gains/(losses) on defined benefit pension schemes	26	-	4,828	-	-	4,828	(6,411)
<b>Net movement in funds</b>		<b>116</b>	<b>2,544</b>	<b>3,362</b>	<b>(25)</b>	<b>5,997</b>	<b>19,297</b>

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**The Thinking Schools Academy Trust****(A company limited by guarantee)**

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**Statement of Financial Activities incorporating Income and Expenditure Account (continued)**  
**For the Year Ended 31 August 2017**

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	<b>Unrestricted funds 2017 £000</b>	<b>Restricted funds 2017 £000</b>	<b>Restricted fixed asset funds 2017 £000</b>	<b>Endowment funds 2017 £000</b>	<b>Total funds 2017 £000</b>	<i>Total funds 2016 £000</i>
<b>Note</b>						
<b>Reconciliation of funds:</b>						
Total funds brought forward	80	(13,742)	80,175	159	66,672	47,375
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total funds carried forward</b>	<b>196</b>	<b>(11,198)</b>	<b>83,537</b>	<b>134</b>	<b>72,669</b>	<b>66,672</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The notes on pages 30 to 54 form part of these financial statements.

# The Thinking Schools Academy Trust

(A company limited by guarantee)

Registered number: 07369755


## Balance Sheet

As at 31 August 2017

	Note	£000	2017 £000	£000	2016 £000
<b>Fixed assets</b>					
Tangible assets	14		83,090		80,072
<b>Current assets</b>					
Stocks	16	-		1	
Debtors	17	1,609		2,385	
Cash at bank and in hand		3,066		2,438	
		4,675		4,824	
<b>Creditors: amounts falling due within one year</b>	18	(3,033)		(3,269)	
<b>Net current assets</b>			1,642		1,555
<b>Total assets less current liabilities</b>			84,732		81,627
<b>Creditors: amounts falling due after more than one year</b>	19		(316)		(484)
<b>Net assets excluding pension scheme liabilities</b>			84,416		81,143
Defined benefit pension scheme liability	26		(11,747)		(14,471)
<b>Net assets including pension scheme liabilities</b>			72,669		66,672
<b>Funds of the academy</b>					
Endowment funds	21		134		159
Restricted income funds:					
Restricted income funds	21	549		729	
Restricted fixed asset funds	21	83,537		80,175	
Restricted income funds excluding pension liability		84,086		80,904	
Pension reserve		(11,747)		(14,471)	
Total restricted income funds			72,339		66,433
Unrestricted income funds	21		196		80
<b>Total funds</b>			72,669		66,672

The financial statements on pages 27 to 54 were approved by the directors, and authorised for issue, on 13 December 2017 and are signed on their behalf, by:

Mr. P. Martin  
Chair of Directors



The notes on pages 30 to 54 form part of these financial statements.

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**The Thinking Schools Academy Trust****(A company limited by guarantee)**

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**Statement of Cash Flows**  
**For the Year Ended 31 August 2017**

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	<b>Note</b>	<b>2017 £000</b>	<b>2016 £000</b>
<b>Cash flows from operating activities</b>			
Net cash provided by/(used in) operating activities	23	206	(833)
<b>Cash flows from investing activities:</b>			
Dividends, interest and rents from investments		1	7
Purchase of tangible fixed assets		(1,846)	(3,459)
Capital grants from DfE/ESFA		2,112	2,800
Cash transferred on conversion/on joining the trust		176	535
<b>Net cash provided by/(used in) investing activities</b>		443	(117)
<b>Cash flows from financing activities:</b>			
Repayments of borrowings		(21)	(21)
Cash inflows from new borrowing		-	474
<b>Net cash (used in)/provided by financing activities</b>		(21)	453
<b>Change in cash and cash equivalents in the year</b>		628	(497)
Cash and cash equivalents brought forward		2,438	2,935
<b>Cash and cash equivalents carried forward</b>	24	3,066	2,438

The notes on pages 30 to 54 form part of these financial statements.

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## **The Thinking Schools Academy Trust**

**(A company limited by guarantee)**

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### **Notes to the Financial Statements For the Year Ended 31 August 2017**

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#### **1. Accounting Policies**

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

##### **1.1 Basis of preparation of financial statements**

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

The Thinking Schools Academy Trust constitutes a public benefit entity as defined by FRS 102.

##### **1.2 Group accounts**

The financial statements present information about the Academy Trust and not about its group. The Academy Trust's subsidiary undertaking, Isambard Brunel Centre Limited, is immaterial to the group. The Academy Trust has therefore taken advantage of the exemptions provided by section 405 of the Companies Act 2006 not to prepare consolidated accounts.

##### **1.3 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 directors.

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

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



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## **The Thinking Schools Academy Trust**

**(A company limited by guarantee)**

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### **Notes to the Financial Statements For the Year Ended 31 August 2017**

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#### **1. Accounting Policies (continued)**

##### **1.4 Income**

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

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

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

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

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

Where fixed assets are donated, they are measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's accounting policies.

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

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

Where assets are received by the trust on conversion to an academy, the transferred assets are measured at fair value and recognised in the Balance sheet at the point when the risk and rewards of ownership pass to the trust. An equal amount of income is recognised as a transfer on conversion within Income from donations and capital grants.

##### **1.5 Expenditure**

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

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

##### **1.6 Going concern**

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

**1. Accounting Policies (continued)**

**1.7 Tangible fixed assets and depreciation**

All equipment costing more than £2,500 and property improvements costing more than £10,000 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

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

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

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

Long-term leasehold property	-	over 125 year term of lease
Long-term leasehold property improvements	-	10%
Furniture and equipment	-	20-25%
Computer equipment	-	33.33%
Assets under construction	-	Not depreciated

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

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

**1.8 Operating leases**

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

**1.9 Debtors**

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

**1.10 Cash at Bank and in hand**

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

**1.11 Liabilities and provisions**

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

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## The Thinking Schools Academy Trust

(A company limited by guarantee)

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### Notes to the Financial Statements For the Year Ended 31 August 2017

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#### 1. Accounting Policies (continued)

##### 1.12 Financial instruments

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

*Financial assets* - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 17. Prepayments are not financial instruments. Amounts due to the academy trust's wholly owned subsidiary are held at face value less any impairment. Cash at bank is classified as a basic financial instrument and is measured at face value.

*Financial liabilities* - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in notes 18 and 19. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments. Amounts due to the academy trust's wholly owned subsidiary are held at face value less any impairment.

##### 1.13 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.

##### 1.14 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 26, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

##### 1.15 Agency arrangements

The academy trust acts as an agent in distributing 16-19 bursary funds from FSA. Payments received from ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds.

The funds received and paid are disclosed in note 31.

# The Thinking Schools Academy Trust

(A company limited by guarantee)

## Notes to the Financial Statements For the Year Ended 31 August 2017

### 1. Accounting Policies (continued)

#### 1.16 Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 26, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

### 2. Income from donations and capital grants

	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Restricted fixed asset funds 2017 £000	Endowment funds 2017 £000	Total funds 2017 £000	Total funds 2016 £000
Fixed assets inherited on conversion	-	-	2,484	-	2,484	27,348
Other assets inherited on conversion	154	-	22	-	176	456
LGPS pension liabilities inherited	-	(774)	-	-	(774)	(2,052)
Transfer from local authority on conversion	154	(774)	2,506	-	1,886	25,752
Donations	17	71	582	-	670	302
Capital grants	-	-	2,112	-	2,112	2,800
Subtotal	17	71	2,694	-	2,782	3,102
	171	(703)	5,200	-	4,668	28,854
<i>Analysis of 2016 total by fund</i>	593	(2,597)	30,358	500	28,854	

# The Thinking Schools Academy Trust

(A company limited by guarantee)

## Notes to the Financial Statements For the Year Ended 31 August 2017

### 3. Other trading activities

	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Endowment funds 2017 £000	Total funds 2017 £000	Total funds 2016 £000
<b>Charity trading income</b>					
Hire of facilities	266	-	-	266	234
Other income	13	14	-	27	42
Catering profit share	110	-	-	110	110
Thinking Fitness	24	-	-	24	-
	<u>413</u>	<u>14</u>	<u>-</u>	<u>427</u>	<u>386</u>
Net income from other trading activities	<u>413</u>	<u>14</u>	<u>-</u>	<u>427</u>	<u>386</u>

In 2016, £9k of trading income was to restricted funds and £377k was to unrestricted funds.

### 4. Income from charitable activities

	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Endowment funds 2017 £000	Total funds 2017 £000	Total funds 2016 £000
Academy's educational operations	217	29,493	-	29,710	27,635
Teaching Schools	-	158	-	158	89
	<u>217</u>	<u>29,651</u>	<u>-</u>	<u>29,868</u>	<u>27,724</u>
Analysis of 2016 total by fund	<u>255</u>	<u>27,469</u>	<u>-</u>	<u>27,724</u>	

#### Funding for Academy's educational operations

	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Endowment funds 2017 £000	Total funds 2017 £000	Total funds 2016 £000
General Annual Grant (GAG)	-	25,465	-	25,465	23,215
Other DfE/ESFA grants	-	2,372	-	2,372	2,598
Other government grants	-	989	-	989	850
School trips	-	422	-	422	335
Catering	-	167	-	167	292
Other income	217	78	-	295	345
	<u>217</u>	<u>29,493</u>	<u>-</u>	<u>29,710</u>	<u>27,635</u>
Analysis of 2016 total by fund	<u>255</u>	<u>27,380</u>	<u>-</u>	<u>27,635</u>	

**The Thinking Schools Academy Trust**

**(A company limited by guarantee)**

**Notes to the Financial Statements  
For the Year Ended 31 August 2017**

**5. Investment income**

	<b>Unrestricted funds 2017 £000</b>	<b>Restricted funds 2017 £000</b>	<b>Endowment funds 2017 £000</b>	<b>Total funds 2017 £000</b>	<i>Total funds 2016 £000</i>
Bank interest	1	-	-	1	7
<i>Analysis of 2016 total by fund</i>	7	-	-	7	

**6. Expenditure**

	<b>Staff costs 2017 £000</b>	<b>Premises 2017 £000</b>	<b>Other costs 2017 £000</b>	<b>Total 2017 £000</b>	<i>Total 2016 £000</i>
Academy's educational operations:					
Direct costs	20,482	1,038	2,702	24,222	22,268
Support costs	4,896	1,850	2,651	9,397	8,900
Teaching Schools:					
Direct costs	101	-	50	151	59
Support costs	18	-	7	25	36
	25,497	2,888	5,410	33,795	31,263
<i>Analysis of 2016 total</i>	22,885	1,412	6,966	31,263	

**7. Analysis of expenditure by activities**

	<b>Activities undertaken directly 2017 £000</b>	<b>Support costs 2017 £000</b>	<b>Total 2017 £000</b>	<i>Total 2016 £000</i>
Academy's educational operations	24,222	9,397	33,619	31,168
Teaching Schools	151	25	176	95
	24,373	9,422	33,795	31,263
<i>Analysis of 2016 total</i>	22,327	8,936	31,263	

# The Thinking Schools Academy Trust

(A company limited by guarantee)

## Notes to the Financial Statements For the Year Ended 31 August 2017

### 7. Analysis of expenditure by activities (continued)

#### Analysis of direct costs

	Academy's educational operations £000	Teaching Schools £000	Total 2017 £000	Total 2016 £000
Educational supplies	537	-	537	485
Examination fees	342	-	342	372
Staff development	166	50	216	206
Other direct costs	456	-	456	599
School trips	440	-	440	359
Wages and salaries	16,368	99	16,467	15,416
National insurance	1,525	1	1,526	1,245
Pension cost	2,589	1	2,590	2,308
Depreciation	1,799	-	1,799	1,341
	<u>24,222</u>	<u>151</u>	<u>24,373</u>	<u>22,331</u>
<i>Analysis of 2016 total</i>	<u>22,268</u>	<u>59</u>	<u>22,327</u>	

#### Analysis of support costs

	Academy's educational operations £000	Teaching Schools £000	Total 2017 £000	Total 2016 £000
Staff costs	4,896	18	4,914	3,916
Depreciation	95	-	95	71
Recruitment and support	192	-	192	221
Maintenance of premises and equipment	693	-	693	765
Cleaning	348	-	348	285
Rent and rates	245	-	245	235
Heat and light	506	-	506	479
Insurance	211	-	211	371
Catering	525	2	527	617
Technology costs	606	-	606	649
Bank interest and charges	9	-	9	11
Other support costs	997	4	1,001	1,111
Governance costs	74	1	75	201
	<u>9,397</u>	<u>25</u>	<u>9,422</u>	<u>8,932</u>
<i>Analysis of 2016 total</i>	<u>8,900</u>	<u>36</u>	<u>8,936</u>	

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**The Thinking Schools Academy Trust****(A company limited by guarantee)**

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**Notes to the Financial Statements  
For the Year Ended 31 August 2017**

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**8. Net income/(expenditure)**

This is stated after charging:

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Depreciation of tangible fixed assets:		
- owned by the charity	1,894	1,412
Operating lease rentals	168	161
	<u>          </u>	<u>          </u>

**9. Auditors' remuneration**

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Fees payable to the academy trust's auditor and its associates for the audit of the academy trust's annual accounts	26	27
Fees payable to the academy trust's auditor and its associates in respect of:		
Audit-related assurance services	7	5
Internal audit services	8	13
	<u>          </u>	<u>          </u>



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**The Thinking Schools Academy Trust****(A company limited by guarantee)**

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**Notes to the Financial Statements  
For the Year Ended 31 August 2017**

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**10. Staff costs**

Staff costs were as follows:

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Wages and salaries	18,600	17,230
Social security costs	1,732	1,406
Operating costs of defined benefit pension schemes	4,369	3,423
	<u>24,701</u>	<u>22,059</u>
Apprenticeship levy	33	-
Agency supply costs	590	626
Staff restructuring costs	173	200
	<u>25,497</u>	<u>22,885</u>

Staff restructuring costs comprise:

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Redundancy payments	42	54
Severance payments	62	74
Other restructuring costs	69	72
	<u>173</u>	<u>200</u>

The severance payments totalling £62k included within staff restructuring costs comprise seven individual non-statutory/non contractual payments of £15,000, £12,000, £9,000, £8,900, £7,500, £5,530 and £4,100.

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

	<b>2017</b>	<b>2016</b>
	<b>No.</b>	<b>No.</b>
Teachers	310	297
Administrative and support	486	402
Management	52	48
	<u>848</u>	<u>747</u>

Average headcount expressed as a full time equivalent:

	<b>2017</b>	<b>2016</b>
	<b>No.</b>	<b>No.</b>
Teachers	282	278
Administrative and support	278	258
Management	51	48
	<u>611</u>	<u>584</u>

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**The Thinking Schools Academy Trust****(A company limited by guarantee)**

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**Notes to the Financial Statements  
For the Year Ended 31 August 2017**

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**10. Staff costs (continued)**

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

	2017 No.	2016 No.
In the band £ 60,001 - £ 70,000	6	4
In the band £ 70,001 - £ 80,000	2	3
In the band £ 80,001 - £ 90,000	0	1
In the band £ 90,001 - £ 100,000	0	1
In the band £ 100,001 - £ 110,000	1	2
In the band £ 110,001 - £ 120,000	2	1
In the band £ 140,001 - £ 150,000	1	0
In the band £ 290,001 - £ 300,000	0	1

Eleven of the employees shown above participated in the Teachers' Pension Scheme (2016 - twelve), with one contributing towards the Local Government Pension Scheme (2016 - one). During the year ended 31 August 2017, employer's Teachers' Pension Scheme contributions for these staff amounted to £146,463 (2016 - £186,714) and employer's Local Government Pension Scheme contributions amounted to £14,868 (2016 - £12,042).

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 employer pensions contributions) received by key management personnel for their services to the academy trust was £540,756 (2016 - £811,067).

**11. Directors' remuneration and expenses**

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

		2017 £000	2016 £000
Mr. S. Gardner	Remuneration	140-145	100-105
	Pension contributions paid	20-25	15-20
Mr. L. Miller	Remuneration	105-110	90-95
	Pension contributions paid	10-15	10-15

During the year directors received benefits in kind totalling £4k, this is included in the remuneration disclosed above (2016 - £NIL).

During the year ended 31 August 2017, expenses totalling £684 (2016 - £507) were reimbursed to 4 directors (2016 - 2).

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## The Thinking Schools Academy Trust

(A company limited by guarantee)

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### Notes to the Financial Statements For the Year Ended 31 August 2017

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#### 12. Central services

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

- Chief Executive Leadership time and support;
- Finance Director time and support;
- HR services and policy development;
- Finance system and license costs;
- Audit fees (both internal and external);
- Legal advice and support;
- Trust governance and risk management;
- Trust IT staff and website development;
- ICT and capital strategy and development; and
- External quality assurance consultants.

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

Each academy school pays a 'top slice' of their General Annual Grant income to the trust's central services fund. This payment is set at 5% for all schools in the trust. Any unused surplus is rolled forward into the next year.

In the prior year, this payment was at a set percentage, dependent on an internal monitoring 'RAG' rating, being 3% for schools rated green, 4% for schools rated amber and 5% for schools rated red.

The actual amounts charged during the year were as follows:

	2017 £000	2016 £000
The Rochester Grammar School	272	160
Gordon Children's Academy	90	81
The Portsmouth Academy	124	160
Holcombe Grammar School	177	107
All Faiths Children's Academy	55	33
New Horizons Children's Academy	71	26
Isambard Brunel Junior School	48	41
Newbridge Junior School	91	49
The Victory Academy	214	234
Cedar Children's Academy	97	24
Meon Junior School	11	-
Moorings Way Infant School	4	-
Total	<u>1,254</u>	<u>915</u>

#### 13. Directors' and Officers' Insurance

The academy trust has opted into the Department for Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business, and provides cover up to £10,000,000. It is not possible to quantify the directors and officers indemnity element from the overall cost of the RPA scheme.

# The Thinking Schools Academy Trust

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## Notes to the Financial Statements For the Year Ended 31 August 2017

### 14. Tangible fixed assets

	Long-term leasehold property £000	Furniture and equipment £000	Computer equipment £000	Other fixed assets £000	Total £000
<b>Cost or valuation</b>					
At 1 September 2016	80,172	967	1,831	33	83,003
Additions	1,589	74	632	133	2,428
Transfer between classes	11	-	8	(19)	-
Inherited on conversion	2,484	-	-	-	2,484
At 31 August 2017	84,256	1,041	2,471	147	87,915
<b>Depreciation</b>					
At 1 September 2016	1,867	374	690	-	2,931
Charge for the year	1,092	226	576	-	1,894
At 31 August 2017	2,959	600	1,266	-	4,825
<b>Net book value</b>					
At 31 August 2017	81,297	441	1,205	147	83,090
At 31 August 2016	78,305	593	1,141	33	80,072

Included in land and buildings is leasehold land of £8.25m (2016 - £7.22m) which is not depreciated.

### 15. Principal subsidiary

The Thinking Schools Academy Trust is the sole member of Isambard Brunel Centre Limited, a company limited by guarantee (company number 04671163) which operates a private nursery. The subsidiary undertaking made a profit of £25k for the 18 month period ended 31 August 2016 and the aggregate of the share capital and reserves of the company as at 31 August 2016 was £88k. The financial statements for the year ended 31 August 2017 are not yet available.

### 16. Stocks

	2017 £000	2016 £000
School uniforms	-	1

### 17. Debtors

	2017 £000	2016 £000
Trade debtors	51	49
Recoverable VAT	299	446
Other debtors	5	1
Prepayments and accrued income	1,254	1,889
	1,609	2,385

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**The Thinking Schools Academy Trust****(A company limited by guarantee)**

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**Notes to the Financial Statements  
For the Year Ended 31 August 2017**

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**18. Creditors: Amounts falling due within one year**

	2017 £000	2016 £000
Other loans	168	21
Trade creditors	850	1,398
Other taxation and social security	451	460
ESFA creditor: abatement of GAG	177	300
Other creditors	118	2
Accruals and deferred income	1,269	1,088
	<u>3,033</u>	<u>3,269</u>
	2017 £000	2016 £000
<b>Deferred income</b>		
Deferred income at 1 September 2016	350	152
Resources deferred during the year	401	350
Amounts released from previous years	(350)	(152)
	<u>401</u>	<u>350</u>
Deferred income at 31 August 2017	<u>401</u>	<u>350</u>

The deferred income above relates to income received for trips to take place in the 2017/18 academic year of £138k (2016 - £106k), grant money received in advance of £230k (2016 - £238k) and other income received in advance of £33k (2016 - £6k).

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

	2017 £000	2016 £000
Other loans	316	484

£10k of the other loan balance in creditors due within one year relates to an interest free Salix funding loan for energy efficiency improvements at The Rochester Grammar School.

The remaining £158k in other loans due within one year, along with the £316k of other loans falling due after more than one year, relates to funding received from the ESFA towards the 2013/14 and 2014/15 deficits in The Victory Academy, before the school joined TSAT.

**20. Contingent liabilities**

The Trust also recognise a contingent liability of £211k to Teachers Pensions relating to ex-teaching staff at the Victory Academy who took premature retirement in 2015, prior to the academy joining TSAT. A portion of the liability crystallizes each year that pension payments are needed for the ex-staff members.

# The Thinking Schools Academy Trust

(A company limited by guarantee)

## Notes to the Financial Statements For the Year Ended 31 August 2017

### 21. Statement of funds

	Balance at 1 September 2016 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2017 £000
<b>Unrestricted funds</b>						
General unrestricted fund	80	802	(408)	(278)	-	196
<b>Endowment funds</b>						
Endowment funds	159	-	-	(25)	-	134
<b>Restricted funds</b>						
General Annual Grant (GAG)	130	25,465	(25,911)	449	-	133
Other DfE/ESFA	311	2,530	(2,665)	6	-	182
Other government grants	236	989	(677)	(406)	-	142
Other restricted	52	752	(699)	(13)	-	92
Pension reserve	(14,471)	(774)	(1,330)	-	4,828	(11,747)
	(13,742)	28,962	(31,282)	36	4,828	(11,198)
<b>Restricted fixed asset funds</b>						
Restricted fixed assets	80,072	3,066	(1,894)	1,846	-	83,090
Capital funds	103	2,134	(211)	(1,579)	-	447
	80,175	5,200	(2,105)	267	-	83,537
Total restricted funds	66,433	34,162	(33,387)	303	4,828	72,339
Total of funds	66,672	34,964	(33,795)	-	4,828	72,669

### Statement of funds - prior year

	Balance at 1 September 2015 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2016 £000
<b>Unrestricted funds</b>						
General unrestricted fund	1,355	1,232	(932)	(1,575)	-	80
	1,355	1,232	(932)	(1,575)	-	80
<b>Endowment funds</b>						
Endowment funds	-	500	-	(341)	-	159
	-	500	-	(341)	-	159

# The Thinking Schools Academy Trust

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## Notes to the Financial Statements For the Year Ended 31 August 2017

### 21. Statement of funds (continued)

#### Restricted funds

General Annual Grant (GAG)	391	22,684	(24,409)	1,464	-	130
Other DfE/ESFA	106	2,608	(2,256)	(147)	-	311
Other government grants	226	879	(597)	(272)	-	236
Other restricted	98	762	(772)	(36)	-	52
Pension reserve	(5,349)	(2,052)	(659)	-	(6,411)	(14,471)
	<u>(4,528)</u>	<u>24,881</u>	<u>(28,693)</u>	<u>1,009</u>	<u>(6,411)</u>	<u>(13,742)</u>

#### Restricted fixed asset funds

Restricted fixed assets	50,456	-	-	29,616	-	80,072
Capital funds	92	30,358	(1,638)	(28,709)	-	103
	<u>50,548</u>	<u>30,358</u>	<u>(1,638)</u>	<u>907</u>	<u>-</u>	<u>80,175</u>
Total restricted funds	<u>46,020</u>	<u>55,239</u>	<u>(30,331)</u>	<u>1,916</u>	<u>(6,411)</u>	<u>66,433</u>
Total of funds	<u>47,375</u>	<u>56,971</u>	<u>(31,263)</u>	<u>-</u>	<u>(6,411)</u>	<u>66,672</u>

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

General Annual Grant (GAG) must be used for the normal running costs of the academies. 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 other DfE/ESFA grants fund is used to track non-GAG grants received from the ESFA, the DfE or executive agencies of the DfE and includes Pupil Premium and Teaching Schools grants.

The other government grants fund is used to track grants provided by government departments and includes Individually Assigned Resources funding.

Other restricted funds track income such as school trips and other non-grant restricted income.

The pension reserve deficit is a restricted fund to account for the liability arising under The Local Government Pension Scheme.

The restricted fixed asset funds are carried forward to meet the specific costs of fixed asset projects and to cover the depreciation charges that will be required on these projects going forward and the current fixed assets held. The net transfer to the restricted fixed asset fund of £267k represents the total capital expenditure from other non capital funds. The balance on the capital fund at the end of the year represents unspent capital income.

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**The Thinking Schools Academy Trust****(A company limited by guarantee)**

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**Notes to the Financial Statements  
For the Year Ended 31 August 2017**

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**21. Statement of funds (continued)**

The endowment fund represents monies held by the Bishop of Rochester Endowment Fund (charity registration number 1139048) established by a trust deed dated 11 October 2010. £500,000 was received from Medway Council during the year ended 31 August 2011 under this deed as an endowment. The Directors have entered into a Deed with the previous Trustees who have now all retired and have since removed the charity from the charities commission register as an exempt charity. All transactions are monitored by the board of Directors. The income of the endowment fund arising during each financial year is to be applied by the academy to advance education for the benefit of the community of Chatham.

**Analysis of academies by fund balance**

Fund balances at 31 August 2017 were allocated as follows:

	<b>Total 2017 £000</b>	<b>Total 2016 £000</b>
The Rochester Grammar School	330	329
All Faiths Children's Academy	112	200
The Portsmouth Academy	(94)	(23)
Holcombe Grammar School	8	138
Gordon Children's Academy	65	37
New Horizons Children's Academy	135	226
Isambard Brunel Junior School	117	100
Newbridge Junior School	285	209
The Victory Academy	234	312
Cedar Children's Academy	92	125
Meon Junior School	87	-
Moorings Way Infant School	69	-
Central Services	(561)	(685)
Total before fixed asset fund and pension reserve	879	968
Restricted fixed asset fund	83,537	80,175
Pension reserve	(11,747)	(14,471)
Total	72,669	66,672

The following academy is carrying a net deficit on its portion of the funds as follows:

<b>Name of academy</b>	<b>Amount of deficit £000</b>
The Portsmouth Academy	(94)

The academy trust is taking the following action to return the academy and central services to surplus:

Plans have been undertaken to secure a recovery from this position, which are being assisted by the academy having achieved higher than expected pupil growth for 2017/18, which is expected to bring the academy back into a surplus.

Central services has reduced its deficit from £685k at 31 August 2016, to £561k at 31 August 2017. The deficit recognises the £474k loan agreement entered into with the ESFA as a result of the sponsorship of Bishop of Rochester Academy as The Victory Academy within TSAT during the 2015/16 year. This will be recovered by the academy as future numbers begin to increase from 2017/18.



# The Thinking Schools Academy Trust

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## Notes to the Financial Statements For the Year Ended 31 August 2017

### 21. Statement of funds (continued)

#### Analysis of academies by cost

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

	Teaching and educational support staff costs £000	Other support staff costs £000	Educational supplies £000	Other costs excluding depreciation £000	Total 2017 £000	Total 2016 £000
All Faiths Children's Academy	1,217	154	74	201	1,646	1,714
Cedar Children's Academy	1,546	250	79	337	2,212	530
Central Services	599	1,735	91	617	3,042	2,386
Holcombe Grammar School	2,712	326	355	519	3,912	3,997
Isambard Brunel Junior School	870	192	78	147	1,287	1,331
New Horizons Children's Academy	1,232	213	102	256	1,803	1,341
Newbridge Junior School	1,385	230	139	285	2,039	1,925
The Portsmouth Academy	2,052	541	246	409	3,248	3,597
The Rochester Grammar School	4,031	535	489	619	5,674	5,681
The Gordon Schools Federation	1,382	228	90	277	1,977	1,993
The Victory Academy	3,317	472	244	730	4,763	5,356
Meon Junior School	151	24	4	13	192	-
Moorings Way Infant School	89	14	-	3	106	-
	<u>20,583</u>	<u>4,914</u>	<u>1,991</u>	<u>4,413</u>	<u>31,901</u>	<u>29,851</u>

### 22. Analysis of net assets between funds

	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Restricted fixed asset funds 2017 £000	Endowment funds 2017 £000	Total funds 2017 £000
Tangible fixed assets	-	-	83,090	-	83,090
Current assets	373	3,721	447	134	4,675
Creditors due within one year	(177)	(2,856)	-	-	(3,033)
Creditors due in more than one year	-	(316)	-	-	(316)
Provisions for liabilities and charges	-	(11,747)	-	-	(11,747)
	<u>196</u>	<u>(11,198)</u>	<u>83,537</u>	<u>134</u>	<u>72,669</u>

# The Thinking Schools Academy Trust

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## Notes to the Financial Statements For the Year Ended 31 August 2017

### 22. Analysis of net assets between funds (continued)

#### Analysis of net assets between funds - prior year

	<i>Unrestricted funds</i>	<i>Restricted funds</i>	<i>Restricted fixed asset funds</i>	<i>Endowment funds</i>	<i>Total funds</i>
	<i>2016</i>	<i>2016</i>	<i>2016</i>	<i>2016</i>	<i>2016</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Tangible fixed assets	-	-	80,072	-	80,072
Current assets	80	4,482	103	159	4,824
Creditors due within one year	-	(3,269)	-	-	(3,269)
Creditors due in more than one year	-	(484)	-	-	(484)
Provisions for liabilities and charges	-	(14,471)	-	-	(14,471)
	<u>80</u>	<u>(13,742)</u>	<u>80,175</u>	<u>159</u>	<u>66,672</u>

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

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Net income for the year (as per Statement of Financial Activities)	1,169	25,708
<b>Adjustment for:</b>		
Depreciation charges	1,894	1,411
Cash impact of transfer on conversion/joining the trust	(176)	(535)
Dividends, interest and rents from investments	(1)	(7)
Decrease in stocks	1	-
Decrease/(increase) in debtors	776	(1,199)
(Decrease)/increase in creditors	(383)	1,446
Capital grants from DfE and other capital income	(2,112)	(2,800)
Defined benefit pension scheme obligation inherited	774	2,052
Defined benefit pension scheme cost less contributions payable	1,022	386
Defined benefit pension scheme finance cost	303	268
Tangible fixed assets inherited on conversion/joining the trust	(2,484)	(27,325)
Defined benefit pension scheme administration cost	5	5
Other donated assets	(582)	(243)
<b>Net cash provided by/(used in) operating activities</b>	<u>206</u>	<u>(833)</u>

### 24. Analysis of cash and cash equivalents

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Cash in hand	3,066	2,438
<b>Total</b>	<u>3,066</u>	<u>2,438</u>

# The Thinking Schools Academy Trust

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## Notes to the Financial Statements For the Year Ended 31 August 2017

### 25. Conversion to an academy

On 1 July 2017 Meon Junior School and Moorings Way Infant School both converted to academy status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to The Thinking Schools Academy Trust from Portsmouth City Council for £NIL consideration.

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

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

	Unrestricted funds £000	Restricted funds £000	Restricted fixed asset funds £000	Endowment funds £000	Total funds £000
Tangible fixed assets					
Fixed assets inherited - Meon Junior School	-	-	1,105	-	1,105
Fixed assets inherited - Moorings Way Infant School	-	-	1,379	-	1,379
Other assets inherited - Meon Junior School	75	-	8	-	83
Other assets inherited - Moorings Way Infant School	79	-	14	-	93
LGPS pension deficit - Meon Junior School & Moorings Way Infant School	-	(774)	-	-	(774)
Net assets/(liabilities)	154	(774)	2,506	-	1,886

The above net assets include £176k that were transferred as cash.

Due to the transfer of operations, assets and liabilities of Meon Junior School and Moorings Way Infant School on conversion to academy status, the Trust's activities derive from a mixture of continuing and acquired operations. The split between continuing and acquired operations, using the main headings of the Statement of Financial Activities, is as follows:

	Continuing operations £000	Acquired operations £000	2017 £000
Total incoming resources	32,773	2,191	34,964
Total expended resources	(33,489)	(305)	(33,794)
Net income/(expenditure) before other gains and losses per Statement of financial activities	(716)	1,886	1,170

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## The Thinking Schools Academy Trust

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### Notes to the Financial Statements For the Year Ended 31 August 2017

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#### 26. Pension commitments

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

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

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

#### Teachers' Pension Scheme

##### Introduction

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

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

##### Valuation of the Teachers' Pension Scheme

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

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

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 £1.990m (2016 - £1.837m)

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

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

##### Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £1.352m (2016 - £1.205m) of which employer's contributions totalled £1.049m (2016 - £927k) and employees' contributions totalled £303k (2016 - £278k). The agreed contribution rates for future years are 20% for employers and between 5.5 and 7.5% for employees.

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

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**The Thinking Schools Academy Trust****(A company limited by guarantee)**

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**Notes to the Financial Statements  
For the Year Ended 31 August 2017**

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**26. Pension commitments (continued)**

outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

**Kent County Council**

Principal actuarial assumptions:

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

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

	2017	2016
Retiring today		
Males	23	22.9
Females	25.1	25.3
Retiring in 20 years		
Males	25.2	25.2
Females	27.4	27.7

**Hampshire County Council**

Principal actuarial assumptions:

	2017	2016
Discount rate for scheme liabilities	2.50 %	2.00 %
Rate of increase in salaries	3.50 %	3.40 %
Rate of increase for pensions in payment / inflation	2.00 %	1.90 %

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

	2017	2016
Retiring today		
Males	24	24.6
Females	27	26.4
Retiring in 20 years		
Males	26	26.7
Females	29.3	28.7

**Sensitivity analysis**

	At 31 August 2017 £000	At 31 August 2016 £000
Discount rate +0.1%	26,203	26,022
Discount rate -0.1%	27,462	27,248
Mortality assumption - 1 year increase	27,707	27,383
Mortality assumption - 1 year decrease	25,966	25,887
CPI rate +0.1%	27,329	27,115
CPI rate -0.1%	26,332	26,150

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**The Thinking Schools Academy Trust****(A company limited by guarantee)**

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**Notes to the Financial Statements  
For the Year Ended 31 August 2017**

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**26. Pension commitments (continued)**

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

	<b>Fair value at 31 August 2017 £000</b>	<i>Fair value at 31 August 2016 £000</i>
Equities	10,153	7,838
Gilts	1,314	1,009
Corporate bonds	1,024	983
Property	1,561	1,469
Cash and other liquid assets	469	390
Other	557	467
<b>Total market value of assets</b>	<b>15,078</b>	<b>12,156</b>

The actual return on scheme assets was £1.765m (2016 - £1.590m).

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

	<b>2017 £000</b>	<i>2016 £000</i>
Current service cost	(2,066)	(1,265)
Past service cost	(5)	(48)
Interest income	274	389
Interest cost	(577)	(657)
Transferred on conversion/joining the trust	(774)	(2,052)
Admin expenses	(5)	(5)
<b>Total</b>	<b>(3,153)</b>	<b>(3,638)</b>

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

	<b>2017 £000</b>	<i>2016 £000</i>
Opening defined benefit obligation	26,627	12,802
Upon conversion	1,579	605
Transferred in on existing academies joining the trust	-	3,661
Current service cost	2,066	1,265
Interest cost	577	657
Employee contributions	303	278
Actuarial (gains)/losses	(4,040)	7,612
Benefits paid	(292)	(301)
Past service costs	5	48
<b>Closing defined benefit obligation</b>	<b>26,825</b>	<b>26,627</b>

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**The Thinking Schools Academy Trust****(A company limited by guarantee)**

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**Notes to the Financial Statements  
For the Year Ended 31 August 2017**

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**26. Pension commitments (continued)**

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

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Opening fair value of scheme assets	12,156	7,453
Upon conversion	805	336
Transferred in on existing academies joining the trust	-	1,878
Interest income	274	389
Actuarial losses	788	1,201
Employer contributions	1,049	927
Employee contributions	303	278
Administration expenses	(5)	(5)
Benefits paid	(292)	(301)
	<hr/>	<hr/>
Closing fair value of scheme assets	15,078	12,156
	<hr/>	<hr/>

**27. Operating lease commitments**

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

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
<b>Amounts payable:</b>		
Within 1 year	194	142
Between 1 and 5 years	208	162
	<hr/>	<hr/>
Total	402	304
	<hr/>	<hr/>

**28. 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.

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## The Thinking Schools Academy Trust

(A company limited by guarantee)

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### Notes to the Financial Statements For the Year Ended 31 August 2017

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#### 29. Related party transactions

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

The following transactions did take place with related charitable organisations:

The Academy Trust leases The Rochester Grammar School land and buildings from a related charity, Rochester Grammar School for Girls Charity, registration number 307839, at an annual peppercorn rent.

The Rochester Grammar School Association registered charity number 803801, donated £17,801 (2016 - £17,510) to the Trust during the year.

The Holcombe Association registered charity number 1102291, donated £1,983 (2016 - £nil) to the Trust during the year.

During the year, Isambard Brunel Centre Limited company number 04671163, the subsidiary undertaking of The Thinking Schools Academy Trust, paid the Trust £20,631 (2016 - £17,183) in rent and service charges.

Mrs. D. Trimby, the wife of Mr. L. Trimby, a director, worked at the academy trust during the year and was paid a salary, under an employment contract for her role as an Executive Business Manager. Mr. L. Trimby, had no involvement in the appointment of Mrs. D. Trimby and the directors are comfortable that Mrs. D. Trimby's salary provides value for money and is not at a preferential rate.

Mrs. K. Morrison, the wife of Mr. D. Morrison, a director, worked at All Faiths Children's Academy during the year and was paid a salary, under an employment contract for her role as a teaching assistant. Mr. D. Morrison, had no involvement in the appointment of Mrs. K. Morrison and the directors are comfortable that Mrs. K. Morrison's salary provides value for money and is not at a preferential rate.

In entering into the above transactions the Trust has fully complied with the requirements of the Academies Financial Handbook 2016.

#### 30. Post balance sheet events

The Secretary of State has issued an academy order for Penhale Infant School, from the Portsmouth City Council Local Authority, to join the trust at some point during 2018.

#### 31. Agency arrangements

The academy trust distributes 16-19 bursary funds to students as an agent for ESFA. During the year ended 31 August 2017 the trust received £51k and disbursed £33k from the fund. An amount of £18k is included in other creditors relating to undistributed funds.

The academy trust distributes training grants to local schools as an agent for the NCTL. During the year ended 31 August 2017 the trust received £58k on behalf of third parties and disbursed £16k. An amount of £23k is included in creditors as at 31 August 2017, which will be distributed to other schools during 17/18. An amount of £56k is included in creditors as at 31 August 2017, relating to accumulated amounts unspent and therefore repayable to the NCTL.

#### 32. Controlling party

Each academy is run by their respective management teams on a day to day basis. Strategic decisions for the Academy Trust are made by the Directors with support from the Regional Governing Bodies. There is no ultimate controlling party.