

The Thinking Schools Academy Trust

(A company limited by guarantee)

Audited

Directors' Report and Financial Statements

For the Year Ended 31 August 2018



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

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The Thinking Schools Academy Trust
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Reference and Administrative Details of the Academy Trust, its Directors and Advisers
For the year ended 31 August 2018

Members	Mr. P. Martin Mrs. S. Earle Mr. R. Cummins (resigned 18 October 2017) Mrs. D. Reed Mrs. J. Smith (appointed 1 September 2017) Mr. G. Lall (appointed 21 March 2017)
Directors	Mr. P. Martin, Chairman ^{1 2} Mr. L. Miller, Chief Finance Officer Mr. M.R. Bailey ¹ Mrs. S. Earle ² (resigned 22 September 2017) Mr. S. Gardner, Chief Executive ¹ Mr. D. Morrison ² Mrs. J. Spurgeon, Vice Chair ¹ (resigned 15 October 2018) Mr. G. Newman ² Mr. L. Trimby ¹ Mrs. A. Beard Mrs. L. Randall Mr. L. Round ¹ (appointed 9 November 2017)

¹ Member of Finance and Operations Committee

² Member of Audit Committee

Company registered number 07359755

Principal and registered office The Thinking Schools Academy Trust
Park Crescent
Chatham
Kent
ME4 6NR

Company Secretary Mr. L. Miller

Chief executive officer Mr. S. Gardner

Senior management team Mr. S. Gardner, CEO
Mr. L. Miller, Deputy CEO
Mrs. C. Stevens, Director of Primary Education
Mr. G. Bassan, Director of Secondary Education

Independent auditor UHY Kent LLP t/a UHY Hacker Young
Chartered Accountants
Registered Auditors
Thames House
Roman Square
Sittingbourne
Kent
ME10 4BJ

Bankers Nat West Bank Plc
Maidstone Road
Rochester
Kent. ME1 3DY

Solicitors Browne Jacobson
6th Floor, 77 Gracechurch Street
London. EC3V 0AS

The Thinking Schools Academy Trust

(A company limited by guarantee)

Directors' Report

For the year ended 31 August 2018

The Directors present their annual report and auditors' report of the Academy Trust for the year ended 31 August 2018.

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 12 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;
- Moorings way Infant School; and
- Penhale Infant School (since 1 April 2018).

All schools share a commitment to cognitive education and Thinking School status. Throughout the year ended 31 August 2018 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 10 of the accounts.

A Director's 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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For the year ended 31 August 2018

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 Committee;
- An Operations Committee;
- A Strategic Committee;
- An Executive Performance and Remuneration Committee that is made up of non-executive Directors; and
- A Governance and Compliance 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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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 9.

Trade union facility time

Relevant union officials

<u>Number of employees who were relevant union officials during the year</u>	<u>Full time equivalent employee number</u>
14	14

Percentage of time spent on facility time

<u>Percentage of time</u>	<u>Number of employees</u>
0%	
1%-50%	14
51%-99%	
100%	

Percentage of pay bill spent on facility time

Total cost of facility time	1099.16
Total pay bill	24,000,000
Percentage of the total pay bill spent on facility time	0.045%

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	100%
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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. The company provides childcare and nursery provision to children below statutory school age.

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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 2018 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.

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

2017/18 has been a very successful year for Thinking Schools Academy Trust. In summary:

- The Trust has grown significantly and from September 2018 we will be 16 schools growing to 17 in January 2019.
- 86% of our schools who have an Ofsted rating have been judged as Good or better.
- Our schools are very popular with Holcombe Grammar School, Rochester Grammar School, Portsmouth Academy, Moorings Way and Newbridge Junior School all offering additional places to meet demand.
- Students in our schools are performing at a high standard. At KS4, the Department for Education named us as the top performing Trust nationally. Results in 2018 are strong again and we expect to compare well again to other Trusts nationally.
- The Trust continues to build its reputation as a leading Multi-Academy Trust with the CEO, Stuart Gardner, being appointed as a mentor by the RSC and the Deputy CEO, Lee Miller being seconded by the RSC to support other Trusts in financial difficulty.
- The Trust successfully rolled out a new pay policy which moves away from the national pay scales and allows us to reward all staff for their performance and does away with the threshold process.

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Directors' Report
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Achievements and performance (continued)

Student outcomes

Summary:

- At KS4 results were very strong. The Rochester Grammar School, Portsmouth Academy and Holcombe Grammar School have all performed strongly and students in these schools have made progress significantly above the national average. The Victory Academy results have dipped slightly this year, however, this was expected due to the nature of the year group and all data suggests that results in 2019 will be above national.
- At KS5 results were very pleasing with Holcombe Grammar School achieving their best ever results, all schools will have positive value added for their KS5 results.
- At KS1 results were excellent, with all schools achieving results well above national. Of particular note are Cedar Children's Academy's results which have shown a steady rise over the three years in the Trust and has transformed from one of the lowest performing schools in Medway, to achieving results well above national.
- KS2 results have improved, however, they are below national and in some schools students are not making national progress.

Secondary Attainment – KS4:

	VIC		TPA		HGS	RGS
	% All	% Shadow group Removed	% All	% Shadow group removed	% All	% All
A*/A (7+)	5.99	6.35	20.4	23.8	33.6	49
A*-C (5+) Strong pass	37.54	39.46	52.4	55.3	82.7	87.92
A*-C (4+) Standard pass	52.52	55.18	63.3	66.1	91.0	93.91
Basics (Eng/Ma 5+) Strong pass	20	22	47	50.7	82.3	87
Basics (Eng/Ma 4+) Standard pass	40	44	56	60.3	97.2	98
5 A*-C with Eng and Ma (based on 4+ in both Eng and Ma)	35.71	38.96	54.4	58.9	95.2	97.11
5 A*-C with Eng and Ma (based on 5+ in both Eng and Ma)	20.24	22.08	46.8	50.7	81.9	87.28

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Achievements and performance (continued)

Secondary Progress – KS4:

The Progress 8 grades below are subject to change:

	VIC		TPA		RGS	HGS
	All	<i>Shadow removed</i>	All	<i>Shadow removed</i>	All	All
Number of Progress 8 Entries	75	68	70	64	167	102
Attainment 8 score	33.14	35.23	43.22	47	66.53	60.23
Progress 8 Score	-0.27	-0.01	0.1	0.43	0.51	+0.2
English Progress 8	-0.71	-0.45	0.36	0.63	0.54	+0.07
Maths Progress 8	+0.37	+0.62	0.18	0.4	0.03	+0.42
EBac Progress 8	-0.1	+0.14	0.2	0.41	0.73	+0.48
Other Progress 8	-0.57	-0.29	-0.22	0.35	0.59	-0.13
PP	-0.51	-0.24	-0.11	0.26	0.62	+0.45
Non PP	-0.09	0.15	0.34	0.62	0.51	+0.14
SEN	-1.57	-0.94	-1.84	0.82	0.56	0.03
Girls	-0.3	-0.26	0.1	0.43	0.51	-1.54
Boys	-0.24	0.21			---	+0.22
Most able	-0.43	-0.07	0.66	0.78	0.55	+0.11
Most able PP	0.18	0.18	0.62	0.74	-0.33	0.46
Middle	-0.28	0.05	-0.27	0.17	0.93	0.47
Lower	-0.17	-0.08	0.03	0.4	---	N/A
EAL	0.51	0.51	1.22	1.33	2.56	+0.6

Secondary Attainment – KS5:

Academic A-Level and IB results:

A Level	RGS %	HGS %	VIC %
KS5 – A2 A*/A	41.6	23.7	2.53
KS5 – A2 A*-B	76.5	49.7	9.65
KS5 – A2 A*-C	94.2	77.0	33.77
KS5 – A2 A*-E	100	99.3	94.64

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Achievements and performance (continued)

Vocational results at Victory:

	Art X03	Performing Arts X03	Science X03				Sport F03
Entries	6	10	6			Entries	7
%DDD+	0	0	0			% D+	57.14
%MMM+	83.33	90	50			% M+	85.7
%PPP+	100	100	100			% P+	100

Primary KS1 Attainment:

KS1 Year 2 results 2018:

	Reading – Nat 76% 2017	Writing (TA) – Nat 68% 2017	Maths - Nat 75% 2017	Combined (61% 2017)
All Faiths	71% [80%] (79%)	71% [80%] (76%)	75% (84%) (72%)	68%
Cedar	75% (69%)	78% (65%)	83% (74%)	69%
Gordon	83% (75%)	79% (67%)	81% (75%)	79%
Moorings Way	75% (76%)	68% (69%)	71% (72%)	68%
New Horizons	86% (81%)	79% (73%)	89% (86%)	78%
Penhale	77%	75%	84%	72%

(Figures in () are 2017 results for comparison)

KS2 Year 6 results 2018:

All Students			Reading					
	Total No Y6 cohort	% of 1 pupil	No at EXS+	% at EXS	No at GDS	% at GDS	Prog	Av scaled score
National				75				105.00
AFS	30	3.3	25	83	11	37	4.20	107.48
CED	71	1.4	37	52	15	21	1.05	104.00
GOR	77	1.3	49	64	10	13	-1.21	101.00
IBJ	65	1.5	28	43	0	0	-4.87	98.00
MJS	87	1.1	60	69	14	16	-2.85	102.64
NJS	113	0.9	82	73	22	19	0.72	104.00
Trust	443	0.2	281	63	72	16	-0.85	102.57

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Achievements and performance (continued)

KS2 Year 6 results 2018 (continued):

All Students			Writing					
	Total No Y6 cohort	% of 1 pupil	No at EXS+	% at EXS	No at GDS	% at GDS	Prog	Av scaled score
National				78				
AFS	30	3.3	24	80	9	30	2.64	
CED	71	1.4	34	48	22	31	2.85	
GOR	77	1.3	55	71	8	10	0.35	
IBJ	65	1.5	45	69	0	0	-1.73	
MJS	87	1.1	75	86	10	11	-2.26	
NJS	113	0.9	84	74	5	4	-1.75	
Trust	443	0.2	317	72	54	12	-0.45	0.00

All Students			Maths					
	Total No Y6 cohort	% of 1 pupil	No at EXS+	% at EXS	No at GDS	% at GDS	Prog	Av scaled score
National				67				104.00
AFS	30	3.3	25	83	9	30	3.10	106.37
CED	71	1.4	40	56	7	10	-0.65	102.00
GOR	77	1.3	43	56	10	13	-1.92	101.00
IBJ	65	1.5	42	65	0	0	-1.97	101.00
MJS	87	1.1	64	74	18	21	-2.19	104.15
NJS	113	0.9	84	74	12	11	-1.59	102.00
Trust	443	0.2	298	67	56	13	-1.35	102.40

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Directors' Report
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Achievements and performance (continued)

KS2 Year 6 results 2018 (continued):

All Students			Combined					
	Total No Y6 cohort	% of 1 pupil	No at comb	% Comb	No at comb GDS	% at GDS Comb	Prog	Av scaled score
National				64				
AFS	30	3.3	22	73	5	17		
CED	71	1.4	41	58	4	6		
GOR	77	1.3	36	47	2	3		
IBJ	65	1.5	25	38		0		
MJS	87	1.1	50	57	7	8		
NJS	113	0.9	68	60	3	3		
Trust	443	0.2	242	55	21	5	0.00	0.00

Ofsted inspections:

Primary:

School	Date last Ofsted	Last Ofsted grade
AFS	Oct 2018	RI
CED	N/A converted 01.06.16	N/A
GJS	February 2017	Good
GIS	February 2017	Good
IBJ	Sept 2018	RI
MJS	Jan 2014, converted Sept 2017	Good
MWI	July 2017, converted Sept 2017	Good
NJS	Nov 2017	Good
NH	May 2017	Good
PEN	Sept 2017	Good

Secondary:

School	Date last Ofsted	Last Ofsted grade
HGS	April 2018	Good
RGS	2008/9	Outstanding
TPA	April 2017	Good
VIC	Oct 2018	Good

Note – Meon Infant School joined the Trust in September 2018 and is an Outstanding School. Goodwin Academy also joined the Trust in September and does not have an Ofsted rating.

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Achievements and performance (continued)

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	Sept 2018
Outstanding	1 (9%)	1 (8%)	2 (13%)
Good	3 (27%)	9 (69%)	10 (63%)
Requires Improvement	3 (27%)	2 (15%)	2 (13%)
Inadequate	0	0	0
No judgement	4 (36%)	1 (8%)	2 (13%)

School Improvement:

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

Cedar – 2015 sponsored to avoid Special Measures, no Ofsted judgement.
 Isambard – 2014 converter – Requires Improvement (2017)
 All Faiths – 2011 converter – Requires Improvement (2017)
 Meon Junior School – 2017 converter – Good (2014)

Cedar – Trust support for the Headteacher and appointment of a Trust lead for Thinking at the School. The school's results have been on an upward trajectory and this continued in 2017/18. Results were above national at KS1 for all subjects and progress is expected to be close or above national for all subjects at KS2. We expect Cedar to be judged Good in its upcoming Ofsted inspection.

Isambard – 3 days per week support from Director of Primary in Term 1, scaled back to 1 day per week in Term 2. In Term 3 the Headteacher stepped down and the school was led by the Director of Primary. Significant improvements in Writing and Maths results. Reading results were disappointing. The Trust secured Lucy Carroll as the new Headteacher, Lucy is the current Head of the co-sited Infant school and will work to integrate the Junior and Infant school into a single organisation during 2018/19.

All Faiths – The Trust appointed an NLE – Angela Barry – to provide support for the Headteacher. Her reports showed the school was steadily improving and if the Ofsted inspection had been in the Easter term we would have expected it to be judged as Good. The Year 6 results in 2018 were well above national for progress.

Meon Junior School – The Trust appointed an Executive Headteacher to oversee Meon Junior and Moorings Way. This enabled the school to make steady improvements in the quality of teaching and learning. 2018 results showed strong attainment and progress improved from 2017, however, the school remains below national for progress.

Other achievements / progress of note within the Trust 2017/18:

- Thinking Schools Academy Trust was identified as the best performing MAT by the DfE in the final performance tables published in Jan 2018.
- The Trust continues to develop as schools convert and are sponsored into the Trust. From September 2018 the Trust will have 16 schools with another school expected to convert in January 2019.
- The Trust is the leading provider of education focused on the use of metacognition making up 1/3 of all Schools accredited by Exeter University:

School	Accreditation status
AFS	Accredited Thinking School
CED	Accredited Thinking School
GOR Jnr	Accredited Thinking School
GOR Inf	Accredited Thinking School
HGS	Working towards
IBJ	Accredited Thinking School
MJS	Working towards
MWI	Working towards
NH	Accredited Thinking School
NJS	Accredited Thinking School
PEN	Working towards
RGS	Accredited Advanced Thinking School
TPA	Accredited Thinking School
VIC	Accredited Thinking School

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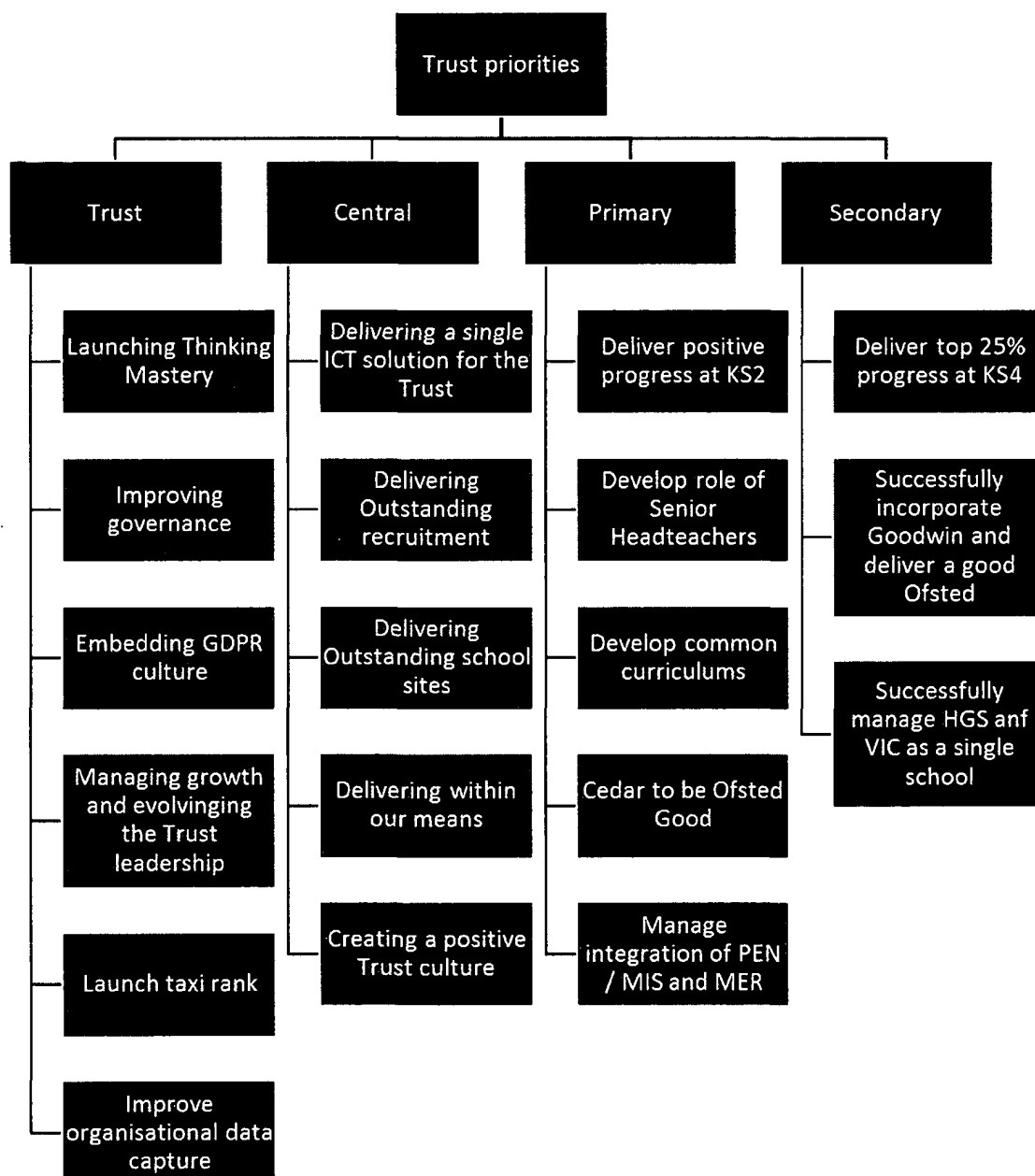
Achievements and performance (continued)

- The Trust continues to build its reputation as a leading Multi-Academy Trust with the CEO, Stuart Gardner, being appointed as a mentor by the RSC and the Deputy CEO, Lee Miller being seconded by the RSC to support other Trusts in financial difficulty.
- The Trust successfully rolled out a new pay policy which moves away from the national pay scales and allows us to reward all staff for their performance and does away with the threshold process.
- 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 2017-18 including:
 - Acting as the 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: 2017/18 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 2018-19.

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Priorities for the year ahead



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Directors' Report
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Priorities for the year ahead (continued)

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.
- 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.

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 the Trust becomes recognised for its effectiveness in promoting all aspects of student development, academic and pastoral. This recognition gives the Trust 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 Thinking Schools Academy Trust’s community are fully engaged with their personal development.
- Thinking Schools Academy Trust 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.

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 this the Board is able to ensure that support is targeted at the appropriate areas / schools within the Trust.

The Trust’s performance against these KPI’s can be found in the published Board minutes.

Financial review

Since the Trust has expanded from thirteen to fourteen 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 Thinking Schools Academy Trust, and a 125 year lease was agreed with the same party for the land and buildings.

The Thinking Schools Academy Trust

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Directors' Report

For the year ended 31 August 2018

Financial review (continued)

The Statement of Financial Activities ("SoFA") reveals a net movement in funds of just under £4m. This is not a reflection of the net operating income for the year which was a surplus of £414k (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:

- £2m 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 23.
- An actuarial gain of £3.2m arising on the Local Government Pension Scheme reserve ("LGPS").
- There are further LGPS related non-cash charges of £1.4m 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 deficit, before transfers, of £313k 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 program 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 £315k, reflected as a transfer into the restricted fixed asset fund on the SoFA. With £1.1m total revenue funds carried forward into 2018/19 the Trust remains in a strong financial position.

The Trust has continued to operate a policy of 'top slicing' each academy at a flat rate of 5%. 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 11 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 £469k, down from £561k 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 19 for further details.

Financial position

The Academy Trust held fund balances at 31 August 2018 of £76.6m. These funds included restricted fixed asset funds of £85.8m, restricted revenue funds of £702k, unrestricted revenue funds of £402k, and endowment funds of £7k. From these is deducted a pension fund reserve with a deficit of £10.3m. Despite the Trust inheriting further pension liabilities from joining schools, the deficit has fallen during 2017/18 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;
- *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

The Thinking Schools Academy Trust
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Directors' Report
For the year ended 31 August 2018

Principal risks and uncertainties (continued)

- *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 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 £702k 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 £402k 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

DISCLOSURE OF INFORMATION TO AUDITORS

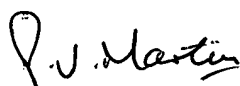
In so far as the Directors are aware:

- 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 12 December 2018 and signed on the Board of Director's behalf by:



Mr. P. Martin, Chair of Directors



Mr. S. Gardner, Chief Executive and Accounting Officer

The Thinking Schools Academy Trust

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Governance Statement

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 to 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 5 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	5	5
Mr. S. Gardner, Chief Executive (from 1 September 2016)	5	5
Mr. L. Miller, Finance Director	5	5
Mr. M.R. Bailey	4	5
Mr. D. Morrison	4	5
Mrs. J. Spurgeon, Vice Chair	2	5
Mr. G. Newman	3	5
Mrs. A Beard	2	5
Mrs. L. Randall	2	5
Mr. L. Trimby	3	5
Mr. L. Round (from 09/11/17)	2	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 1 January 2016. From this date the Local Governing Bodies were disbanded and were replaced with Regional Governing Bodies (Medway Primary, Medway Secondary, Portsmouth 1 and Portsmouth 2).

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 Compliance Committee that continually reviews the governance function of the organisation and oversees the implementation of improvements that are identified.

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Governance Statement

Governance (continued)

Upon a review of the Finance & Operations Committee it was decided that due to the growth of the Trust, this committee needed to be split into a Finance Committee, Operations Committee and for the HR aspects of the agenda to be included within the Remuneration Committee (now formally known as the Staffing, Pay & Performance Management Committee).

The Finance & Operations Committee met once this year before it was restructured; attendance at this committee is as follows:

<u>Director</u>	<u>Meetings attended</u>	<u>Out of a possible</u>
Mr. S. Gardner	1	1
Mr. L. Miller	1	1
Mr. M. Bailey	0	1
Mr. P. Martin	1	1
Mr. L. Trimby	1	1
Mrs. J. Spurgeon, Chair	0	1

The Board has a Finance Committee that has met 2 times this year. Attendance at the Finance Committee meetings in the year was as follows:

<u>Director</u>	<u>Meetings attended</u>	<u>Out of a possible</u>
Mr. S. Gardner	2	2
Mr. L. Miller	2	2
Mr. M. Bailey	2	2
Mr. P. Martin	2	2
Mr. L. Trimby, Chair	1	2

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	2	3
Mr. D. Morrison	2	3
Mr. L. Miller	3	3
Mr. G. Newman, Chair	3	3

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 now been renamed; Staffing, Pay & Performance Management Committee. This committee has met 3 times 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	3	3
Mr. S. Gardner	3	3
Mr. L. Miller	3	3
Mrs. J. Spurgeon, Chair	1	3
Mr. M. Bailey	3	3

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Governance Statement

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:

- Developing roles within the structure that have the capacity to support externally to provide an income stream into the Trust and reduce the central overheads;
- Merged the leadership teams of Holcombe and Victory to create one shared leadership team that can look at creating further savings and efficiencies
- Established an in-house sickness system rebate system to remove the need for external insurance providers with their associated premiums

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 2017 to 31 August 2018 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 2017 to 31 August 2018 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 across the year with a focus on procurement, GDPR and recruitment practices) 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.

The Thinking Schools Academy Trust
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Governance Statement

The Risk and Control Framework (continued)

During the year ended 31 August 2018 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.

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 12 December 2018 and signed on their behalf, by:



Mr. P Martin, Chair of Directors



Mr. S Gardner, Chief Executive and Accounting Officer

The Thinking Schools Academy Trust


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Statement on Regularity, Propriety and Compliance

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 & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Academy Trust, 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 2017.

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 2017.

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

Date: 12 December 2018

The Thinking Schools Academy Trust

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Statement of Directors' Responsibilities For the Year Ended 31 August 2018

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 & 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 2017 to 2018;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 12 December 2018 and signed on its behalf by:



Mr. P. Martin
Chair of Directors



Mr. S. Gardner
Accounting Officer

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

Opinion

We have audited the financial statements of The Thinking Schools Academy Trust (the 'Academy Trust') for the year ended 31 August 2018 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

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 2018 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 2017 to 2018 issued by the Education & Skills Funding Agency.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' 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 Auditors' report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

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 the financial year 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.

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

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

Responsibilities of trustees

As explained more fully in the 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 or to cease operations, or have no realistic alternative but to do so.

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

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

Use of our report

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 Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Academy Trust and its members, as a body, for our audit work, for this report, or for the opinions we have formed.



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: 17 December 2018

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 & Skills Funding Agency

In accordance with the terms of our engagement letter dated 25 September 2014 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, 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 2017 to 31 August 2018 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 2017, 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 2017 to 2018. 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 2017 to 31 August 2018 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 2017 to 2018 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 2018 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.

The Thinking Schools Academy Trust

(A company limited by guarantee)

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

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2017 to 31 August 2018 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
Chartered Accountants
Statutory Auditors
Thames House
Roman Square
Sittingbourne
Kent
ME10 4BJ

Date: 17 December 2018

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 2018**

	Note	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Restricted fixed asset funds 2018 £000	Endowment funds 2018 £000	Total funds 2018 £000	Total funds 2017 £000
Income and endowments from:							
Donations & capital grants:							
Fixed assets inherited on conversion	2	-	-	2,250	-	2,250	2,484
Other assets inherited on conversion	2	133	-	-	-	133	176
LGPS pension liabilities inherited	2	-	(299)	-	-	(299)	(774)
Other donations and capital grants	2	23	65	2,000	-	2,088	2,782
Charitable activities:							
Educational operations	32	181	32,529	-	-	32,710	29,700
Teaching schools	32	-	242	-	-	242	168
Other trading activities	3	640	4	-	-	644	427
Investments	5	5	-	-	-	5	1
Total income and endowments		982	32,541	4,250	-	37,773	34,964
Expenditure on:							
Educational operations	32	316	34,147	2,313	-	36,776	33,619
Teaching schools	32	-	225	-	-	225	176
Total expenditure	6	316	34,372	2,313	-	37,001	33,795
Net income / (expenditure) before transfers		666	(1,831)	1,937	-	772	1,169
Transfers between Funds	19	(460)	272	315	(127)	-	-
Net income / (expenditure) before other recognised gains and losses		206	(1,559)	2,252	(127)	772	1,169
Actuarial gains on defined benefit pension schemes	25	-	3,197	-	-	3,197	4,828
Net movement in funds		206	1,638	2,252	(127)	3,969	5,997

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

Statement of Financial Activities incorporating Income and Expenditure Account (continued)
For the Year Ended 31 August 2018

	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Restricted fixed asset funds 2018 £000	Endowment funds 2018 £000	Total funds 2018 £000	Total funds 2017 £000
Note						
Reconciliation of funds:						
Total funds brought forward	196	(11,198)	83,537	134	72,669	66,672
Total funds carried forward	402	(9,560)	85,789	7	76,638	72,669

The notes on pages 31 to 56 form part of these financial statements.

The Thinking Schools Academy Trust

(A company limited by guarantee)

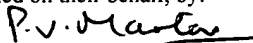
Registered number: 073 59755

Balance Sheet

As at 31 August 2018

	Note	£000	2018 £000	£000	2017 £000
Fixed assets					
Tangible assets	13		85,262		83,090
Investments	14		25		-
			<u>85,287</u>		<u>83,090</u>
Current assets					
Debtors	15	2,107		1,609	
Cash at bank and in hand		3,679		3,066	
		<u>5,786</u>		<u>4,675</u>	
Creditors: amounts falling due within one year	16	(3,857)		(3,033)	
Net current assets			<u>1,929</u>		<u>1,642</u>
Total assets less current liabilities			<u>87,216</u>		<u>84,732</u>
Creditors: amounts falling due after more than one year	17		(316)		(316)
Net assets excluding pension scheme liabilities			<u>86,900</u>		<u>84,416</u>
Defined benefit pension scheme liability	25		(10,262)		(11,747)
Net assets including pension scheme liabilities			<u><u>76,638</u></u>		<u><u>72,669</u></u>
Funds of the Academy Trust					
Endowment funds	19		7		134
Restricted income funds:					
Restricted income funds	19	702		549	
Restricted fixed asset funds	19	85,789		83,537	
		<u>86,491</u>		<u>84,086</u>	
Restricted income funds excluding pension liability					
Pension reserve		(10,262)		(11,747)	
		<u></u>		<u></u>	
Total restricted income funds			76,229		72,339
Unrestricted income funds	19		402		196
Total funds			<u><u>76,638</u></u>		<u><u>72,669</u></u>

The financial statements on pages 27 to 56 were approved by the directors, and authorised for issue, on 12 December 2018 and are signed on their behalf, by:


Mr. P. Martin
Chair of Directors



The notes on pages 31 to 56 form part of these financial statements.

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

Statement of Cash Flows
For the Year Ended 31 August 2018

	Note	2018 £000	2017 £000
Cash flows from operating activities			
Net cash provided by operating activities	21	502	206
Cash flows from investing activities:			
Dividends, interest and rents from investments		5	1
Purchase of tangible fixed assets		(1,992)	(1,846)
Capital grants		2,000	2,112
Cash transferred on conversion/on joining the trust		133	176
Investment in subsidiary undertaking		(25)	-
Net cash provided by investing activities		121	443
Cash flows from financing activities:			
Repayments of borrowings		(10)	(21)
Net cash used in financing activities		(10)	(21)
Change in cash and cash equivalents in the year		613	628
Cash and cash equivalents brought forward		3,066	2,438
Cash and cash equivalents carried forward	22	3,679	3,066

The notes on pages 31 to 56 form part of these financial statements.

The Thinking Schools Academy Trust

(A company limited by guarantee)

Notes to the Financial Statements For the Year Ended 31 August 2018

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 2017 to 2018 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. Isambard Brunel Centre Limited, a subsidiary of the Academy Trust, is immaterial to the group. Thinking Solutions for Education Limited, an additional subsidiary, had not commenced trading at 31 August 2018. The Academy Trust has therefore taken advantage of the exemptions provided by section 405 of the Companies Act 2006 and elected 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 funders where the asset acquired or created is held for a specific purpose.

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

The Thinking Schools Academy Trust

(A company limited by guarantee)

Notes to the Financial Statements For the Year Ended 31 August 2018

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.

The Thinking Schools Academy Trust

(A company limited by guarantee)

Notes to the Financial Statements For the Year Ended 31 August 2018

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 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 valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

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

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 Investments

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the Balance sheet date, unless fair value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading 'Gains/(losses) on investments' in the Statement of financial activities incorporating income and expenditure account.

1.9 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.

1.10 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.

1.11 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.

The Thinking Schools Academy Trust

(A company limited by guarantee)

Notes to the Financial Statements For the Year Ended 31 August 2018

1. Accounting Policies (continued)

1.12 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.

1.13 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 15. 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 16 and 17. 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.

1.14 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.

1.15 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 25, 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.

The Thinking Schools Academy Trust

(A company limited by guarantee)

**Notes to the Financial Statements
For the Year Ended 31 August 2018**

1. Accounting Policies (continued)

1.16 Agency arrangements

The Academy Trust acts as an agent in distributing 16-19 bursary funds from ESFA. 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 30.

1.17 Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 25, 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 2018. 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.

The Thinking Schools Academy Trust

(A company limited by guarantee)

Notes to the Financial Statements For the Year Ended 31 August 2018

2. Income from donations and capital grants

	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Restricted fixed asset funds 2018 £000	Endowment funds 2018 £000	Total funds 2018 £000	Total funds 2017 £000
Fixed assets inherited on conversion	-	-	2,250	-	2,250	2,484
Other assets inherited on conversion	133	-	-	-	133	176
LGPS pension liabilities inherited	-	(299)	-	-	(299)	(774)
Transfer from local authority on conversion	133	(299)	2,250	-	2,084	1,886
Donations	23	65	-	-	88	670
Capital grants	-	-	2,000	-	2,000	2,112
Subtotal	23	65	2,000	-	2,088	2,782
	156	(234)	4,250	-	4,172	4,668
Analysis of 2017 total by fund	171	(703)	5,200	-	4,668	

3. Trading activities

	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Endowment funds 2018 £000	Total funds 2018 £000	Total funds 2017 £000
Charity trading income					
Hire of facilities	294	-	-	294	266
Other income	81	4	-	85	27
Catering profit share	112	-	-	112	110
Thinking fitness	153	-	-	153	24
	640	4	-	644	427
Net income from trading activities	640	4	-	644	427

In 2017, £14k of trading income was to restricted funds and £413k was to unrestricted funds.

The Thinking Schools Academy Trust

(A company limited by guarantee)

**Notes to the Financial Statements
For the Year Ended 31 August 2018**

4. Funding for Academy Trust's educational operations

	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Endowment funds 2018 £000	Total funds 2018 £000	Total funds 2017 £000
DfE/ESFA grants					
General Annual Grant (GAG)	-	27,821	-	27,821	25,465
Other DfE/ESFA grants	-	2,727	-	2,727	2,372
	-	30,548	-	30,548	27,837
Other government grants					
Local authority grants	-	1,197	-	1,197	989
	-	1,197	-	1,197	989
Other funding					
School trips	-	438	-	438	422
Catering	3	180	-	183	167
Other income	178	166	-	344	285
	181	784	-	965	874
	181	32,529	-	32,710	29,700
<i>Analysis of 2017 total by fund</i>	217	29,483	-	29,700	

5. Investment income

	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Endowment funds 2018 £000	Total funds 2018 £000	Total funds 2017 £000
Bank interest	5	-	-	5	1
<i>Analysis of 2017 total by fund</i>	1	-	-	1	

The Thinking Schools Academy Trust

(A company limited by guarantee)

Notes to the Financial Statements For the Year Ended 31 August 2018

6. Expenditure

	Staff costs 2018 £000	Premises 2018 £000	Other costs 2018 £000	Total 2018 £000	Total 2017 £000
Academy Trust's educational operations:					
Direct costs	22,380	1,100	3,088	26,568	24,222
Support costs	5,487	1,890	2,831	10,208	9,397
Teaching School	132	5	88	225	176
	<u>27,999</u>	<u>2,995</u>	<u>6,007</u>	<u>37,001</u>	<u>33,795</u>
Analysis of 2017 total	<u>25,497</u>	<u>1,894</u>	<u>6,404</u>	<u>33,795</u>	

7. Analysis of expenditure on Academy Trust's educational operations

	Activities undertaken directly 2018 £000	Support costs 2018 £000	Total 2018 £000	Total 2017 £000
Academy Trust's educational operations	26,568	10,208	36,776	33,619
Analysis of 2017 total	<u>24,222</u>	<u>9,397</u>	<u>33,619</u>	

Analysis of direct costs

	Educational operations £000	Total 2018 £000	Total 2017 £000
Educational supplies	626	626	537
Examination fees	306	306	342
Staff development	209	209	166
Other direct costs	525	525	456
School trips	452	452	440
Wages and salaries	17,768	17,768	16,334
National insurance	1,747	1,747	1,559
Pension cost	2,865	2,865	2,589
Depreciation	2,070	2,070	1,894
	<u>26,568</u>	<u>26,568</u>	<u>24,317</u>
Analysis of 2017 total	<u>24,222</u>	<u>24,222</u>	

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

**Notes to the Financial Statements
For the Year Ended 31 August 2018**

7. Analysis of expenditure on Academy Trust's educational operations (continued)**Analysis of support costs**

	Educational operations £000	Total 2018 £000	Total 2017 £000
Staff costs	5,487	5,487	4,896
Recruitment and support	121	121	192
Maintenance of premises and equipment	816	816	693
Cleaning	295	295	348
Rent and rates	261	261	245
Heat and light	497	497	506
Insurance	166	166	211
Catering	635	635	525
Technology costs	694	694	606
Bank interest and charges	9	9	9
Other support costs	1,139	1,139	997
Governance costs	88	88	74
	10,208	10,208	9,302
<i>Analysis of 2017 total</i>	9,302	9,302	

8. Net income/(expenditure)

This is stated after charging:

	2018 £000	2017 £000
Depreciation of tangible fixed assets:		
- owned by the charity	2,070	1,894
Auditors' remuneration - audit	28	26
Auditors' remuneration - other services	5	7
Governance internal audit costs	9	8
Operating lease rentals	190	168

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

**Notes to the Financial Statements
For the Year Ended 31 August 2018**

9. Staff costs**a. Staff costs**

Staff costs were as follows:

	2018	2017
	£000	£000
Wages and salaries	20,491	18,599
Social security costs	1,984	1,766
Operating costs of defined benefit pension schemes	4,795	4,369
	<u>27,270</u>	<u>24,734</u>
Agency staff costs	630	590
Staff restructuring costs	99	173
	<u>27,999</u>	<u>25,497</u>

Staff restructuring costs comprise:

	2018	2017
	£000	£000
Redundancy payments	-	42
Severance payments	99	62
Other restructuring costs	-	69
	<u>99</u>	<u>173</u>

b. Non-statutory/non-contractual staff severance payments

The severance payments totalling £99k included within staff restructuring costs comprise ten individual non-statutory/non-contractual payments of £25k, £25k, £12k, £8k, £8k, £8k, £8k, £5k, £4k, £2k and £2k.

c. Staff numbers

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

	2018	2017
	No.	No.
Teachers	337	310
Administrative and support	551	486
Management	56	52
	<u>944</u>	<u>848</u>

Average headcount expressed as a full time equivalent:

	2018	2017
	No.	No.
Teachers	300	282
Administrative and support	316	278
Management	54	51
	<u>670</u>	<u>611</u>

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

**Notes to the Financial Statements
For the Year Ended 31 August 2018**

9. Staff costs (continued)**d. Higher paid staff**

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

	2018 No.	2017 No.
In the band £ 60,001 - £ 70,000	5	6
In the band £ 70,001 - £ 80,000	2	2
In the band £ 80,001 - £ 90,000	1	0
In the band £ 100,001 - £ 110,000	0	1
In the band £ 110,001 - £ 120,000	3	2
In the band £ 140,001 - £ 150,000	0	1
In the band £ 150,001 - £ 160,000	1	0

Eleven of the employees shown above participated in the Teachers' Pension Scheme (2017 - eleven), with one contributing towards the Local Government Pension Scheme (2017 - one). During the year ended 31 August 2018, employer's Teachers' Pension Scheme contributions for these staff amounted to £154k (2017 - £146k) and employer's Local Government Pension Scheme contributions amounted to £16k (2017 - £15k).

e. Key management personnel

The key management personnel of the Academy Trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pensions contributions and employer national insurance contributions) received by key management personnel for their services to the Academy Trust was £627k (2017 - £600k).

10. 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 and 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:

		2018 £000	2017 £000
Mr. S. Gardner (CEO)	Remuneration	150-155	140-145
	Pension contributions paid	15-20	20-25
Mr. L. Miller	Remuneration	115-120	105-110
	Pension contributions paid	15-20	10-15

During the year directors received benefits in kind totalling £7k, this is included in the remuneration disclosed above (2017 - £4k).

During the year ended 31 August 2018, expenses totalling £2k (2017 - £1k) were reimbursed to 3 directors (2017 - 4).

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Notes to the Financial Statements For the Year Ended 31 August 2018

11. 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.

The actual amounts charged during the year were as follows:

	2018 £000	2017 £000
The Rochester Grammar School (RGS)	272	272
Gordon Children's Academy (GOR)	92	90
The Portsmouth Academy (TPA)	157	124
Holcombe Grammar School (HGS)	186	177
All Faiths Children's Academy (AFS)	55	55
New Horizons Children's Academy (NH)	87	71
Isambard Brunel Junior School (IBJ)	57	48
Newbridge Junior School (NJS)	88	91
The Victory Academy (VIC)	191	214
Cedar Children's Academy (CED)	98	97
Meon Junior School (MJS)	62	11
Moorings Way Infant School (MWI)	26	4
Penhale Infant School and Nursery (PEN)	22	-
Total	<u>1,393</u>	<u>1,254</u>

12. 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.

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Notes to the Financial Statements For the Year Ended 31 August 2018

13. Tangible fixed assets

	Leasehold property £000	Furniture and fixtures £000	Plant and equipment £000	Assets under construction £000	Total £000
Cost or valuation					
At 1 September 2017	84,256	1,041	2,471	147	87,915
Additions	959	82	507	444	1,992
Transfer between classes	10	-	47	(57)	-
Inherited on conversion	2,250	-	-	-	2,250
At 31 August 2018	87,475	1,123	3,025	534	92,157
Depreciation					
At 1 September 2017	2,959	600	1,266	-	4,825
Charge for the year	1,100	218	752	-	2,070
At 31 August 2018	4,059	818	2,018	-	6,895
Net book value					
At 31 August 2018	83,416	305	1,007	534	85,262
<i>At 31 August 2017</i>	<i>81,297</i>	<i>441</i>	<i>1,205</i>	<i>147</i>	<i>83,090</i>

Included in land and buildings is leasehold land of £11m (2017 - £8m) which is not depreciated.

14. Fixed asset investments

	Shares in group undertakings £000
Cost	
At 1 September 2017	-
Additions	25
At 31 August 2018	25

Subsidiary undertakings

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 loss of £4k for the 12 month period ended 31 August 2017 and the reserves of the company as at 31 August 2017 was £84k. The financial statements for the year ended 31 August 2018 are not yet available.

On 13 July 2018 The Thinking School Academy Trust purchased the entire share capital of Thinking Solutions for Education Limited (company number 11463368), a newly incorporated subsidiary undertaking. At 31 August 2018 the company had not commenced trading.

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**Notes to the Financial Statements
For the Year Ended 31 August 2018**

15. Debtors

	2018 £000	2017 £000
Trade debtors	81	51
Recoverable VAT	633	299
Other debtors	28	5
Prepayments and accrued income	1,365	1,254
	<u>2,107</u>	<u>1,609</u>

16. Creditors: Amounts falling due within one year

	2018 £000	2017 £000
Other loans	158	168
Trade creditors	1,725	850
Other taxation and social security	485	451
ESFA creditor: abatement of GAG	21	177
Other creditors	161	118
Accruals and deferred income	1,307	1,269
	<u>3,857</u>	<u>3,033</u>

	2018 £000	2017 £000
Deferred income		
Deferred income at 1 September 2017	401	350
Resources deferred during the year	504	401
Amounts released from previous years	(401)	(350)
Deferred income at 31 August 2018	<u>504</u>	<u>401</u>

The deferred income above relates to income received for trips to take place in the 2018/19 academic year of £88k (2017 - £138k), grant money received in advance of £404k (2017 - £230k) and other income received in advance of £12k (2017 - £33k).

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

	2018 £000	2017 £000
Other loans	<u>316</u>	<u>316</u>

The £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.

18. Contingent liabilities

The Trust also recognise a contingent liability of £220k 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 crystallises each year that pension payments are needed for the ex-staff members.

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Notes to the Financial Statements For the Year Ended 31 August 2018

19. Statement of funds

	Balance at 1 September 2017 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2018 £000
Unrestricted funds						
General unrestricted fund	196	982	(316)	(460)	-	402
Endowment funds						
Endowment funds	134	-	-	(127)	-	7
Restricted funds						
General Annual Grant (GAG)	133	27,821	(28,383)	495	-	66
Other DfE/ESFA	182	2,950	(2,970)	12	-	174
Other government grants	142	1,197	(858)	(208)	-	273
Other restricted	92	872	(748)	(27)	-	189
Pension reserve	(11,747)	(299)	(1,413)	-	3,197	(10,262)
	(11,198)	32,541	(34,372)	272	3,197	(9,560)
Restricted fixed asset funds						
Restricted fixed assets	83,090	-	-	2,172	-	85,262
Capital funds	447	4,250	(2,313)	(1,857)	-	527
	83,537	4,250	(2,313)	315	-	85,789
Total restricted funds	72,339	36,791	(36,685)	587	3,197	76,229
Total of funds	72,669	37,773	(37,001)	-	3,197	76,638

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 2018.

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 School grants.

The other government grants fund is used to track grants provided by government departments and includes Individually Assigned Resources funding from the Local Authority

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 £315k represents the total capital expenditure from other non capital funds. The balance of £527k on the capital fund at the end of the year represents unspent capital income.

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

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

**Notes to the Financial Statements
For the Year Ended 31 August 2018**

19. Statement of funds (continued)

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 2018 were allocated as follows:

(please refer to central services note 11 for full names of the academies explaining the acronyms used below)

	Total 2018 £000	Total 2017 £000
RGS	338	330
AFS	119	112
TPA	(138)	(94)
HGS	38	8
GOR	121	65
NH	212	135
IBJ	75	117
NJS	284	285
VIC	54	234
CED	188	92
MJS	103	87
MWI	56	69
PEN	130	-
Central services	(469)	(561)
Total before fixed asset fund and pension reserve	1,111	879
Restricted fixed asset fund	85,789	83,537
Pension reserve	(10,262)	(11,747)
Total	76,638	72,669

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

Name of academy	Amount of deficit £000
The Portsmouth Academy (TPA)	138

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 pupil growth for 2018/19, which is expected to help bring the academy back into a surplus.

Central services has reduced its deficit from £561k at 31 August 2017, to £469k at 31 August 2018. 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 from the academy as future numbers begin to increase from 2018/19.

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**Notes to the Financial Statements
For the Year Ended 31 August 2018**

19. 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 2018 £000	Total 2017 £000
AFS	1,149	152	119	168	1,588	1,646
CED	1,563	256	81	317	2,217	2,212
Central Services	763	1,944	168	877	3,752	3,042
HGS	2,757	325	211	472	3,765	3,912
IBJ	1,022	199	73	125	1,419	1,287
NH	1,379	231	89	268	1,967	1,803
NJS	1,398	246	140	226	2,010	2,039
TPA	2,354	514	258	369	3,495	3,248
RGS	3,939	557	530	592	5,618	5,674
GOR	1,329	268	104	317	2,018	1,977
VIC	2,898	476	203	681	4,258	4,763
MJS	997	156	87	138	1,378	192
MWI	450	85	29	106	670	106
PEN	382	78	26	65	551	-
	<u>22,380</u>	<u>5,487</u>	<u>2,118</u>	<u>4,721</u>	<u>34,706</u>	<u>31,901</u>

The Thinking Schools Academy Trust

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**Notes to the Financial Statements
For the Year Ended 31 August 2018**

19. Statement of funds (continued)

Statement of funds - prior year

	<i>Balance at 1 September 2016 £000</i>	<i>Income £000</i>	<i>Expenditure £000</i>	<i>Transfers in/out £000</i>	<i>Gains/ (Losses) £000</i>	<i>Balance at 31 August 2017 £000</i>
General funds						
General unrestricted fund	80	802	(408)	(278)	-	196
Endowment funds	159	-	-	(25)	-	134
Restricted funds						
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)
Restricted fixed asset funds						
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

20. Analysis of net assets between funds

	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Restricted fixed asset funds 2018 £000	Endowment funds 2018 £000	Total funds 2018 £000
Tangible fixed assets	-	-	85,262	-	85,262
Fixed asset investments	25	-	-	-	25
Current assets	439	4,207	1,133	7	5,786
Creditors due within one year	(62)	(3,189)	(606)	-	(3,857)
Creditors due in more than one year	-	(316)	-	-	(316)
Provisions for liabilities and charges	-	(10,262)	-	-	(10,262)
	402	(9,560)	85,789	7	76,638

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Notes to the Financial Statements For the Year Ended 31 August 2018

20. 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>2017</i>	<i>2017</i>	<i>2017</i>	<i>2017</i>	<i>2017</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
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>

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

	2018	2017
	£000	£000
Net income for the year (as per Statement of Financial Activities)	772	1,169
Adjustment for:		
Depreciation charges	2,070	1,894
Cash impact of transfer on conversion/joining the trust	(133)	(176)
Dividends, interest and rents from investments	(5)	(1)
Decrease in stocks	-	1
(Increase)/decrease in debtors	(498)	776
Increase/(decrease) in creditors	834	(383)
Capital grants from DfE and other capital income	(2,000)	(2,112)
Defined benefit pension scheme obligation inherited	299	774
Defined benefit pension scheme cost less contributions payable	1,119	1,022
Defined benefit pension scheme finance cost	289	303
Tangible fixed assets inherited on conversion/joining the trust	(2,250)	(2,484)
Defined benefit pension scheme administration cost	5	5
Other donated assets	-	(582)
Net cash provided by operating activities	502	206

22. Analysis of cash and cash equivalents

	2018	2017
	£000	£000
Cash in hand	3,679	3,066
Total	3,679	3,066

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Notes to the Financial Statements For the Year Ended 31 August 2018

23. Conversion to an academy

On 1 April 2018 Penhale Infant School and Nursery 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
Fixed assets inherited - Penhale Infant School and Nursery	-	-	2,250	-	2,250
Other assets inherited - Penhale Infant School and Nursery	133	-	-	-	133
LGPS pension deficit - Penhale Infant School and Nursery	-	(299)	-	-	(299)
Net assets/(liabilities)	133	(299)	2,250	-	2,084

The above net assets include £133k that were transferred as cash.

Due to the transfer of operations, assets and liabilities of Penhale Infant School and Nursery 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	2018 £000
Total incoming resources	35,145	2,628	37,773
Total expended resources	(36,444)	(557)	(37,001)
Net income/(expenditure) before other gains and losses per Statement of financial activities	(1,299)	2,071	772

24. Capital commitments

At 31 August 2018 the Academy Trust had capital commitments as follows:

	2018 £000	2017 £000
Contracted for but not provided in these financial statements	274	-

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Notes to the Financial Statements For the Year Ended 31 August 2018

25. 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
- 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 September 2019. The government has warned of a rise in the employer rate, but has also indicated that any rise will be funded until March 2020 and will be thereafter reviewed.

The employer's pension costs paid to TPS in the period amounted to £2.096m (2017: £1.990m).

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

Under the definitions set out in FRS 102, the TPS is an unfunded 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 2018 was £1.668m (2017: £1.352m), of which employer's contributions totalled £1.286m (2017: £1.049m), and employees' contributions totalled £382k (2017: £303k). The agreed contribution rates for future years are 20% for employers and between 5.5 and 12.5% for employees.

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

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**Notes to the Financial Statements
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25. 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:

	2018	2017
Discount rate for scheme liabilities	2.65 %	2.60 %
Rate of increase in salaries	3.80 %	4.20 %
Rate of increase for pensions in payment / inflation	2.30 %	2.70 %

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

	2018	2017
Retiring today		
Males	23.1	23
Females	25.2	25.1
Retiring in 20 years		
Males	25.3	25.2
Females	27.5	27.4

Hampshire County Council

Principal actuarial assumptions:

	2018	2017
Discount rate for scheme liabilities	2.80 %	2.50 %
Rate of increase in salaries	3.80 %	3.50 %
Rate of increase for pensions in payment / inflation	2.30 %	2.00 %

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

	2018	2017
Retiring today		
Males	24.1	24
Females	27.2	27
Retiring in 20 years		
Males	26.2	26
Females	29.4	29.3

	At 31 August 2018 £000	At 31 August 2017 £000
Sensitivity analysis		
Discount rate +0.1%	27,487	26,203
Discount rate -0.1%	28,807	27,462
Mortality assumption - 1 year increase	29,048	27,707
Mortality assumption - 1 year decrease	27,252	25,966
CPI rate +0.1%	28,686	27,329
CPI rate -0.1%	27,490	26,332

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**Notes to the Financial Statements
For the Year Ended 31 August 2018**

25. Pension commitments (continued)

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

	Fair value at 31 August 2018 £000	Fair value at 31 August 2017 £000
Equities	11,908	10,153
Gilts	1,577	1,314
Corporate bonds	1,087	1,024
Property	1,855	1,561
Cash	498	469
Other	952	557
Total market value of assets	17,877	15,078

The actual return on scheme assets was £885k (2017: £1.765m).

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

	2018 £000	2017 £000
Current service cost	(2,405)	(2,066)
Past service cost	-	(5)
Interest income	411	274
Interest cost	(700)	(577)
Admin expenses	(5)	(5)
Total	(2,699)	(2,379)

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

	2018 £000	2017 £000
Opening defined benefit obligation	26,825	26,627
Upon conversion	798	1,579
Current service cost	2,405	2,066
Interest cost	700	577
Employee contributions	382	303
Actuarial gains	(2,723)	(4,040)
Benefits paid	(248)	(292)
Past service costs	-	5
Closing defined benefit obligation	28,139	26,825

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**Notes to the Financial Statements
For the Year Ended 31 August 2018**

25. Pension commitments (continued)

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

	2018 £000	2017 £000
Opening fair value of scheme assets	15,078	12,156
Upon conversion	499	805
Interest income	411	274
Actuarial losses	474	788
Employer contributions	1,286	1,049
Employee contributions	382	303
Benefits paid	(248)	(292)
Admin expenses	(5)	(5)
	<hr/>	<hr/>
Closing fair value of scheme assets	17,877	15,078
	<hr/>	<hr/>

26. Operating lease commitments

At 31 August 2018 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2018 £000	2017 £000
Amounts payable:		
Within 1 year	139	194
Between 1 and 5 years	118	208
	<hr/>	<hr/>
Total	257	402
	<hr/>	<hr/>

27. Members' liability

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

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Notes to the Financial Statements For the Year Ended 31 August 2018

28. Related party transactions

Owing to the nature of the Academy Trust and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which directors have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH and with the trust's financial regulations and normal procurement procedures relating to connected and related party transactions. The following transactions took place during the financial year:

Expenditure Related Party Transactions

Mrs. D. Trimby, the spouse of Mr. L. Trimby, a director, is employed by the academy 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. D. Trimby is paid within the normal pay scale for her role and receives no special treatment as a result of her relationship to a director.

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.

During the year the trust purchased the entire share capital of Thinking Solutions for Education Limited, a newly incorporated subsidiary undertaking for £25k. The trust also advanced a £25k loan to the company, which is included in other debtors in note 15. Interest of 6% above the Bank of England base rate is receivable on the loan per annum.

Income Related Party Transactions

The Rochester Grammar School Association registered charity number 803801, donated £2,750 (2017 - £17,801) to the trust during the year.

During the year, Isambard Brunel Centre Limited company number 04671163, a subsidiary undertaking of The Thinking Schools Academy Trust, paid the trust £17,799 (2017 - £20,631) in rent and service charges.

In entering into the above transactions the trust has fully complied with the requirements of the Academies Financial Handbook 2017.

29. Post balance sheet events

Meon Infant School converted to an academy and joined the trust on 1 September 2018.

The Secretary of State has issued an academy order for Meredith Infant School from the Portsmouth Local Authority to join the trust. It is anticipated the transfer in will take place on 1 March 2019.

Goodwin Academy transferred into the trust on 1 September 2018, having previously been part of The SchoolsCompany Trust (company number 08304460). TSAT will initially take on £2.6m of liabilities in respect of the ESFA recoverable funding debt. However, ESFA have agreed they will not seek to recover more than £1m of the £2.6m debt.

30. Agency arrangements

The Academy Trust distributes 16-19 bursary funds to students as an agent for ESFA. During the year ended 31 August 2018 the trust received £47k (2017: £51k) and disbursed £25k (2017: £33k) from the fund. An amount of £40k (2017: £18k) is included in other creditors relating to undistributed funds.

31. 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.

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

**Notes to the Financial Statements
For the Year Ended 31 August 2018**

32. Teaching school trading account

	2018	2018	2017	2017
	£000	£000	£000	£000
Income				
Direct income				
Core funding	40		40	
Teacher Subject Specialism Training	133		90	
Schools Direct Salaried	98		51	
Other funding	6		39	
Unspent grants repayable to NCTL	(19)		(30)	
Paid over to other schools	(35)		(32)	
Total Direct income	223		158	
Other income				
Fundraising and other trading activities	19		10	
Total income		242		168
Expenditure				
Direct expenditure				
Direct staff costs	132		119	
Staff development	73		50	
Other direct costs	10		4	
Total Direct expenditure	215		173	
Other expenditure				
Other support costs	9		2	
Governance costs	1		1	
Total Other expenditure	10		3	
Total expenditure		225		176
Surplus / (Deficit) from all sources		17		(8)
Teaching school balances at 1 September 2017		(1)		7
Teaching school balances at 31 August 2018		16		(1)