

Education South West
(A Company Limited by Guarantee)
Annual Report and Financial Statements
Year Ended 31 August 2018

Company Registration Number 7451553



Education South West

Financial Statements

Year Ended 31 August 2018

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Education South West

Reference and Administrative Details

Year Ended 31 August 2018

Members

S Clarke
L Chell
N Grodhunce
J Pike
L Winston

Trustees

P Di Giuseppe (Chair)
J Clark
J Fothergill
S Gotch
R Pope (CEO and Accounting Officer)
D Potter
M Shanks
H Smith (appointed 4.10.17)
B Taylor
S Tucker
L Yelland

Senior Management Team:

. CEO and Executive Principal
. Director of Education and Executive Principal
. Director of Finance and Operations

R Pope
M Shanks
S White

. Executive Head Rydon and Christow Primary
. Principal Kingsbridge Community College
. Head Stoke Fleming Primary
. Principal Dartmouth Academy
. Principal Coombeshead Academy
. Principal Teign School

N Banwell
K Duncan
P Girardot
T Graham
A Hulbert
S Wharf

Principal and Registered Office

Balkwill Road
Kingsbridge
Devon
TQ7 1PL

Company Registration Number

7451553(England and Wales)

Independent Auditor

PKF Francis Clark
Sutton Harbour,
Plymouth,
Devon, PL4 0RA

Bankers

Lloyds TSB
Kingsbridge
Devon

Solicitors

Browne Jacobson
Manor Court
1 Dix's Field
Exeter EX1 1UP

Education South West

Trustees' Report

Year Ended 31 August 2018

The trustees present their annual report together with the financial statements and auditors' report of the Charitable Company for the year ended 31 August 2018. The annual report serves the purpose of both a trustees' report and a directors' report under company law.

The trust operates ten academies, comprising three secondaries with sixth form (Kingsbridge Community College, Coombeshead Academy and Teign School), an all-through academy comprising primary and secondary (Dartmouth Academy), and 6 primary academies (Blackawton Primary School, Christow Primary School, Rydon Primary School, Stoke Fleming Primary School, East Allington Primary School and Kingswear Primary School) serving a catchment area in the South Devon. It has a pupil capacity of 6,083 and had a roll of 4,751 in the school census in May 2018.

Structure, Governance and Management

Constitution

The Multi-Academy Trust is a company limited by guarantee and an exempt charity. The Charitable Company's Memorandum and Articles of Association are the primary governing documents of the Trust.

The trustees are also the directors of the charitable company for the purposes of company law. Details of the trustees who served during the year are included in the Reference and Administrative Details on page 1.

Members' Liability

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

Trustees' Indemnities

Every trustee or other officer or auditor of the Trust shall be indemnified out of the assets of the Trust against any liability incurred by him in that capacity in defending any proceedings, whether civil or criminal, in which judgement is given in favour or in which he is acquitted or in connection with any application in which relief is granted to him by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the Academy Trust.

Principal Activities

The Trust's object is specifically restricted to the advancement of education for the public benefit in the United Kingdom, in particular, but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum.

Method of Recruitment and Appointment or Election of Trustees

It is accepted that a well-informed, supportive and challenging Trust Board is an essential prerequisite for a successful Multi Academy Trust. There are five Members who represent the geographical spread of the Trust. The Directors are appointed by Members who appoint in accordance with the Terms of Reference and Scheme of Delegation. They must ensure a balance of skills and geographical

Education South West

Trustees' Report

Year Ended 31 August 2018

representation. The Directors in turn approve appointments to Local Governing Bodies. In addition, the Chief Executive Officer is a Director.

The chairman and vice chairman of the Board are elected annually according to the process outlined in the Board's Terms of Reference.

Policies and Procedures Adopted for the Induction and Training of Trustees

All new trustees are assigned an experienced trustee mentor to assist them in taking on new responsibilities. They are booked on to essential training courses (e.g. interpreting RAISEonline). We subscribe to the national training and information organisation, the National Governors' Association, in order to give trustees access to updates in national policy and access to essential documents and policy changes. We organise a programme of Governor Training and Forum sessions as a Trust.

Organisational Structure

The structure consists of three levels: The Members, the Trustees and the Local Governing Bodies ('LGBs').

The Members of the Trust comprise the signatories of the Memorandum. The Members meet annually to determine the strategic direction of the Trust and review progress against the strategic objectives of the Board.

The Board operates in accordance with documented terms of reference and its role is to effectively scrutinise operations and standards in all schools, with the aim of delegating as much of the day-to-day operation of each Academy to LGBs within the framework of delegation. A minimum of 3 Board meetings are scheduled annually to oversee finance, educational standards, safeguarding and other matters.

Individual local governing bodies (LGBs) take responsibility for all matters delegated by the Board including proposing the budget to the Board for approval and to be informed of higher level scrutiny of management accounts and identification of risks. Individual LGBs focus on safeguarding, achievement and school improvement with how these focus areas are administered and/or delegated to each LGB.

The Chief Executive Officer has the executive responsibility for implementing the Trust Board policies and delivering on the Objects of the Articles of Association. The Director of Finance and Operations leads Finance, Information Technology, Human Resources, Facilities Management, Catering, Procurement, Marketing, Data and Administration. In accordance with the Academy Financial Handbook, the Directors appointed the CEO as the Accounting Officer and the Trust Business Manager as the Principal Finance Officer.

Arrangements for setting pay and remuneration of key management personnel

All senior managers follow an annual appraisal process as set out in the Performance Management Policy. This involves setting targets for the year and then a review process to assess achievement. This then leads to a pay recommendation which is put for scrutiny and approval to a Remuneration Committee, made up of Directors from the Board.

The Trust does not operate a bonus scheme. Performance Management is carried out by that person's line manager; in the case of the Principal, Governors are also involved; in the case of the CEO, this is carried out by the Chair of the Board and other Directors.

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Trustees' Report

Year Ended 31 August 2018

Trade union facility time

In accordance with the Trade Union (Facility Time Publication Requirements) Regulations 2017, the following tables summarise the time spent by employees on facility time.

Relevant union officials

Number of employees who were relevant union officials during the period	Full time equivalent employee number
7	5.23

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	-
1-50%	-
51-99%	-
100%	-

Percentage of pay bill spent on facility time

Total cost of facility time	-
Total Pay Bill	-
Percentage of pay bill spent on facility time	-

Paid trade union activities

Time spent on paid trade union activities	-
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Connected Organisations, including Related Party Relationships

Kingsbridge Academy is a designated National Teaching School entitling it to lead the training and professional development for staff. As a National Teaching School, Kingsbridge Academy works with Ivybridge Community College and the University of Exeter to lead an alliance of secondary, primary and special schools in the South West in order to raise standards for all students. Teaching Schools will help to develop new approaches to initial teacher training, promote professional development for staff, nurture future school leaders and help support schools that are in challenging circumstances.

During the academic year, the CEO was seconded for a proportion of his time as Chair of the National College for Teaching and Leadership. Education South West received full remuneration from the Department for Education in recompense for this time.

Kingsbridge Academy is also a founding member of Leading Schools South West, which is a not for profit organisation comprising seven schools in the South West and Southern Education Leadership Trust a charitable not for profit company specialising in school leadership. Leading Schools South West has been licensed by the National College of School Leaders to deliver modular leadership programmes. The CEO chairs the Board of Leading Schools South West.

Five registered charities (note 12) organised by parents, staff and other members of the community have as their object raising funds for particular academies within the Trust.

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Trustees' Report

Year Ended 31 August 2018

Objectives and Activities

Objects and Aims

To advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing schools ("the mainstream Academies") offering a broad and balanced curriculum or educational institutions which are principally concerned with providing full-time or part-time education for children of compulsory school age who, by reason of illness, exclusion from school or otherwise, may not for any period receive suitable education unless alternative provision is made for them or 16 to 19 Academies offering a curriculum appropriate to the needs of its students or schools specially organised to make special educational provision for pupils with Special Educational Needs.

Our aims and aspirations

Our vision: Working together so children can lead great lives

Our values

- We build trust through our moral purpose, integrity and mutual respect
- We believe in equality of opportunity and the potential of every person to make outstanding progress, whatever their situation or starting point
- We work together to build a cohesive identity which is rooted in the individual identity of each school

Our aims

- To challenge and support each school through our leadership and governance
- To provide cost-effective support services which add value for learning

In order to ensure outstanding teaching, we:

- Recruit and train the best staff
- Develop them through outstanding programmes of professional development across Education South West
- Retain them through opportunities for growing as leaders

Our Schools are great when

- The academic achievement of each individual is excellent
- We educate the whole person to seize the opportunities life offers
- Excellence is sustainable through the years

Objectives, Strategies and Activities

By capitalising on our collective strength and resources, we:

- Raise the academic achievement and personal growth of all our students.
- Improve the quality of teaching and learning by providing better opportunities for staff to create new knowledge and develop skills.
- Provide better support services at improved value for money to increase resources for teaching and learning.
- Recruit and retain higher quality staff by offering opportunities across the group.

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Trustees' Report

Year Ended 31 August 2018

- Support and hold each academy to account through stronger governance.
- Build a cohesive identity rooted in the unique identity of each academy.

Public Benefit

The Trustees have ensured through review and monitoring of the activities of each Academy within its Trust that the primary objective of the Academy Trust to provide education for the public benefit has been met.

Strategic Report

Achievements and Performance

Results in our primary schools at all levels were generally good and above national averages. In particular, Stoke Fleming improved markedly on its previous performance, particularly in reading and maths. Blackawton and Rydon also performed very well, as did Christow, which is now starting to push towards outstanding performance. East Allington performed in line with expectation and Dartmouth achieve well in the light of a difficult cohort. Results at Kingswear, even with a very small cohort, were not as strong as expected.

Results at secondary level were mixed. Kingsbridge continued to perform above national average although not as strongly as the previous year. Dartmouth performed very well in view of a difficult cohort that had suffered much disruption in earlier years in the school. Coombeshead made improvements in various aspects of its performance whilst Teign continued to be below national expectations for progress.

At A Level, Coombeshead showed a positive residual whilst performance at Kingsbridge was not as strong as expected. Teign was also below national average. Schools within ESW are committed to the achievements of the whole pupil. All schools have continued with a wide range of trips, visits and extra-curricular activities that have been well documented in the individual school newsletters, and in the ESW publication 'A Year in Pictures'.

Forest School activities continue to play an important part in the curriculum of all of our primary schools, a testament to our commitment to independence, teamwork and problem solving skills in all of our children, alongside an understanding of how to manage risk.

Risk Management

The Trustees use the Risk Register as defined in the Academy Financial Handbook to evaluate strategic and reputational, operational, compliance, and financial risks to which the Academy Trust is exposed and have ensured that the management structure, systems and controls are in place to manage these risks, as well as insurance to cover financial loss and legal exposure.

Going Concern

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

Education South West

Trustees' Report

Year Ended 31 August 2018

Key Financial Performance Indicators

The key financial performance indicator for the Trust is the adherence to the financial budget set at the beginning of the year. Excluding any generated funds, all income for the Academy is Government or Local Authority funded and therefore the income of the Academy is largely a given.

An expenditure budget is set at the beginning of the year, taking into consideration the level of Government funding. The Trustees have reviewed detailed capital and revenue expenditure reports compared to expenditure budgets, which confirms that the processes and procedures in place for controlling expenditure are acceptable.

Financial Review

The Trust held fund balances at 31 August 2018 of £59,926,000 (2017 - £58,222,000) comprising £59,263,000 (2017 - £57,613,000) of restricted funds and £690,000 (2017 - £609,000) of unrestricted funds. A pension reserve deficit on the Local Government Pension Scheme of £12,455,000 (2017 - £14,051,000) is included in the restricted funds balance.

In accordance with the Funding Agreement, the principal source of general funding with which to finance the operations of the Academy Trust, is the Department for Education. £268,000 (2017 - £179,000) of general funding was spent on tangible fixed assets and £16,000 (2017 - £69,000) on intangible fixed assets.

The Trust spent £1,282,000 on tangible fixed assets. £787,000 of this was spent on buildings, which included the completion of works at Teign School, Christow Primary School and Rydon Primary School funded by the Condition Improvement programme (funding received £12,000, £119,000 and £369,000 respectively).

During the year the Trust has undertaken restructuring to reduce staffing costs and £257,000 (2017 - £432,000) redundancy costs were incurred in the period.

Principal Risks and Uncertainties

The principal risk facing the Trust is the future level of Government Funding. This risk is managed by careful control over budgeted expenditure which ensures that a deficit does not arise for the year, combined with a prudent reserves policy.

Reserves

As at 31 August 2018, excluding fixed asset funds and pension deficits, £615,000 (2017 - £558,000) of restricted funds and £690,000 (2017 - £609,000) of unrestricted funds were held.

Restricted funds carried forward comprise Other Dfe/ESFA grants (£221,000) and Other Grants (£394,000). £218,000 of the Other Dfe/ESFA balance carried forward is held as a reserve to protect against financial risk.

Other Grants balance carried forward are specific funds, which includes £18,000 redundancy reserve for Nursery Outreach, Teaching School and Research school grants £67,000, a performing arts grant £16,000, School Improvement £21,000, £76,000 relating to collaborative work with other schools, and £40,000 primary schools partnership fund.

Unrestricted funds are held to provide funds for essential capital replacement and to support the future stability of the trust in the face of falling education funding and challenges with respect to maintaining the roll.

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Trustees' Report

Year Ended 31 August 2018

Plans for Future Periods

ESW was born of an ambitious merger between TAST and ESW on 1st January 2017. The new Trust is now well established as a single entity, at governance level, at shared services level and increasingly at educational level as well. The year 2017-18 saw a lot of focus on gaining agreement around new provision for school improvement, and three lead practitioners in each of Maths, MFL and English have been seconded for 2 days per week from September 2018 in order to accelerate this work. Movement of staff between schools (e.g. a Deputy Head moving from Dartmouth to Teign) and increasingly aligned work between the Heads of Teaching and Learning in each school are also facilitating an improvement in working.

The Trust is seeking a Trust wide Director of Maths in order to further consolidate and lead good practice across all schools.

The fact that standards in our primary schools continue to compare very favourably with national averages, as do standards in Kingsbridge Community College, is indicative of very high value for money. Whilst the GCSE results in three of our secondaries were disappointing, this is partly a reflection of the need to address historical under performance. Standards in the lower year groups in these schools are high despite the challenge of achieving improvements with reduced budgets.

Education South West is providing support to South Dartmoor Multi Academy Trust with respect to restructuring their Trust to deliver financial efficiency. This will include the outsourcing to Education South West the functions lead currently by the ESW Director of Finance and Operations, (Finance, Information Technology, Human Resources, Estates and Facilities, Catering, Procurement, Marketing, Data and Administration).

Fundraising

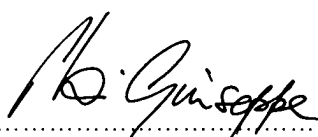
The academy trust's fundraising activity is limited to events held at the school which are managed by the school leadership team. These events typically involve staff, students, parents and members of the local community in raising funds for the school fund account, school equipment or in support of another designated charity.

Auditor

In so far as the trustees are aware:

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

The Trustees' Report, incorporating a Strategic Report was approved by order of the Board on 6th December 2018 and signed on its behalf by:



Peter Di Giuseppe
Chair

Education South West

Governance Statement

Year Ended 31 August 2018

Scope of Responsibility

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

The trustees have delegated the day-to-day responsibility to the CEO, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Education South West and Secretary of State for Education. He is also responsible for reporting to the trustees any material weaknesses or breakdown in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities.

The full Trust Board has formally met seven times during the year. Attendance during the year at meetings of the board was as follows:

Trustee	Meetings attended	Out of a possible
P Di Giuseppe (Chair)	7	7
J Clark	4	7
J Fothergill	7	7
S Gotch	6	7
D Potter	4	7
R Pope	7	7
M Shanks	7	7
H Smith	6	7
B Taylor	6	7
S Tucker	5	7
L Yelland	5	7

The Finance Committee formally met 5 times during the period. Attendance during the year at meetings of the finance committee was as follows:

Governor/Trustee	Meetings attended	Out of a possible
J Fothergill (Chair)	5	5
G Austin	3	5
P Di Giuseppe	4	5
M Jones	2	5
R Pope	5	5
D Potter	3	5
M Shanks	4	5
M Wheatley	3	5

Education South West

Governance Statement

Year Ended 31 August 2018

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 trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved.

Improving Educational Results and maximising economies of scale

Results at Kingsbridge, Blackawton, Christow and Stoke Fleming are above national averages and so offer very good value for money. Dartmouth achieved good results in the light of difficult cohorts, and in the light of having to restructure staffing and curriculum to cope with reduced national funding and a falling roll. Rydon achieved well, as did East Allington. Coombeshead has started to show improvement, the result of the improvement strategies that have been put in place by the Trust.

Although yet to show in the results, there are discernible improvements in Teign which will accelerate this year. Staffing and leadership have been adjusted at Kingswear to ensure that results improve this year.

The Trust is creating additional school improvement capacity through the economies it is making on service provision, curriculum restructuring and consultancy.

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 Education South West for the year ended 31 August 2018 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The trustees have 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 is of the view that there is a formal ongoing process for identifying, evaluating and managing the Trust's significant risks that has been in place for the year ended 31 August 2018 and up to the date of approval of the annual report and financial statements.

The Risk and Control Framework

The 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 trustees;

Education South West

Governance Statement

Year Ended 31 August 2018

- regular reviews by the Trustee assigned to Finance and the Finance Committee, and the Board, of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines.
- delegation of authority and segregation of duties;
- identification and management of risks.
- the work undertaken by the internal controls reviewer on behalf of the finance committee

Review of Effectiveness

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

- regular update meetings with the Director of Finance & Operations, setting of budgets, and detailed review of management information;
- the requirement of the Director of Finance & Operations to provide detailed financial reports to the Board and the Finance Committee
- review of the reports of the internal controls reviewer which have not given rise to any internal control weaknesses.

Approved by order of the Board on 6th December 2018 and signed on its behalf by:



Peter Di Giuseppe
Chair



Roger Pope
Accounting Officer

Education South West

Statement on Regularity, Propriety and Compliance

Year Ended 31 August 2018

As accounting officer of Education South West I have considered my responsibility to notify the trust Board and the Education and Skills Funding Agency of material irregularity, impropriety and noncompliance with ESFA terms and conditions of funding, under the funding agreement in place between the trust and the Secretary of State. 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 governing body 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.



Roger Pope
Accounting Officer

Education South West

Statement of Trustees' Responsibilities

Year Ended 31 August 2018

The trustees (who are also the directors of the Charitable Company for the purposes of company law) are responsible for preparing the trustees' report and the financial statements in accordance with the Academies Accounts Direction 2017 to 2018 issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2017-18;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS102) have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in business.

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

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

The trustees are responsible for the maintenance and integrity of the 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 the Board on 6th December 2018 and signed on its behalf by:



Peter Di Giuseppe
Chair

Education South West

Independent Auditor's Report on the Financial Statements to the Members of Academies South West

Year Ended 31 August 2018

Opinion

We have audited the financial statements of Education South West (the 'Academy') for the year ended 31 August 2018, which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, Balance Sheet, Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy's affairs as at 31 August 2018 and of its results for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If

Education South West

Independent Auditor's Report on the Financial Statements to the Members of Academies South West

Year Ended 31 August 2018

we identify such material inconsistencies or apparent material misstatements; we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of Governors

As explained more fully in the Statement of Trustees' Responsibilities [set out on page 13], the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Education South West

Independent Auditor's Report on the Financial Statements to the Members of Academies South West

Year Ended 31 August 2018

Use of our report

This report is made solely to the Academy'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's Members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Academy and its Members, as a body, for our audit work, for this report, or for the opinions we have formed.



Duncan Leslie (Senior Statutory Auditor)
PKF Francis Clark, Statutory Auditor

North Quay House
Sutton Harbour
Plymouth
Devon
PL4 0RA

Date:

4/12/18

Education South West

Independent Reporting Accountant's Assurance Report on Regularity to Academies South West and the Education and Skills Funding Agency

Year Ended 31 August 2018

In accordance with the terms of our engagement letter dated 3 October 2018 and further to the requirements of the Education and 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 Academies South West during the year 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 Education South West and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we may state to the Education South West 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 Education South West and the ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of the Governing Body's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of the Academy Trusts funding agreement with the Secretary of State for Education 20th December 2010 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 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 Annual Accounts Direction 2017 to 2018 issued by the Education and Skills Funding Agency. 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.

The work undertaken to draw to our conclusion includes:

- inspection and review of documentation providing evidence of governance procedures
- evaluation of the system of internal controls for authorisation and approval
- performing substantive tests on relevant transactions

Education South West

Independent Reporting Accountant's Assurance Report on Regularity to Academies
South West and the Education and Skills Funding Agency

Year Ended 31 August 2018

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 from 1 September 2017 to 31 August 2018 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

 Date : 11/12/18

D Leslie

For and on behalf of PKF Francis Clark, Chartered Accountants
North Quay House, Sutton Harbour, PLYMOUTH, Devon, PL4 0RA

Education South West

Statement of Financial Activities for the year ended 31 August 2018

Year Ended 31 August 2018

(including Income and Expenditure Account)

	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2018 £000	Total 2017 £000
Income & endowments from:						
Donations and capital grants	2	12	21	1,601	1,634	563
Transfer from academy trust	2	-	-	-	-	29,125
Charitable Activities		-	-	-	-	
Funding for the Academy's educational operations	5	1,387	24,592	-	25,979	21,809
Teaching schools		-	92	-	92	84
Other Trading Activities	3	458	258	-	716	618
Investments	4	4	-	-	4	5
Total		1,861	24,963	1,601	28,425	52,204
Expenditure on:						
Raising funds	6	56	-	-	56	40
Charitable activities:						
Academy's educational operations	7	1,231	26,232	2,109	29,572	26,270
Teaching Schools		-	84	-	84	97
Total	6	1,287	26,316	2,109	29,712	26,407
Net (expenditure)/income before transfers		574	(1,353)	(508)	(1,287)	25,797
Gross transfers between funds	19	(493)	15	478	-	-
Net (expenditure)/income for the year		81	(1,338)	(30)	(1,287)	25,797
Other recognised gains and losses						
Actuarial gains on defined benefit pension schemes	19,28	-	2,991	-	2,991	3,433
Net movement in funds		81	1,653	(30)	1,704	29,230
Reconciliation of funds						
Funds brought forward at 1 September 2017		609	(13,493)	71,106	58,222	28,992
Funds carried forward at 31 August 2018		690	(11,840)	71,076	59,926	58,222

Education South West

Statement of Financial Activities for the year ended 31 August 2017

Year Ended 31 August 2017

(including Income and Expenditure Account)

The statement on this page provides the detailed comparatives for the year ended 31 August 2017.

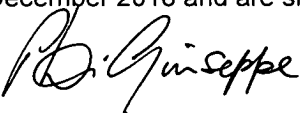
	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2017 £000
Income & endowments from:					
Donations and capital grants	2	20	20	523	563
Transfer from academy trust	2	110	(9,746)	38,761	29,125
Charitable Activities					
Funding for the Academy's educational operations	5	1,180	20,629	-	21,809
Teaching schools		-	84	-	84
Other Trading Activities	3	396	222	-	618
Investments	4	5	-	-	5
Total		1,711	11,209	39,284	52,204
Expenditure on:					
Raising funds	6	40	-	-	40
Charitable activities:					
Academy's educational operations	7	1,041	23,317	1,912	26,270
Teaching Schools		-	97	-	97
Total	6	1,081	23,414	1,912	26,407
Net (expenditure)/income before transfers		630	(12,205)	37,372	25,797
Gross transfers between funds	19	(1,231)	956	275	-
Net income/(expenditure) for the year		(601)	(11,249)	37,647	25,797
Other recognised gains and losses					
Actuarial gains on defined benefit pension schemes	19,28	-	3,433	-	3,433
Net movement in funds		(601)	(7,816)	37,647	29,230
Reconciliation of funds					
Funds brought forward at 1 September 2016		1,210	(5,677)	33,459	28,992
Funds carried forward at 31 August 2017		609	(13,493)	71,106	58,222

Education South West

Balance Sheet as at 31 August 2018
Registration number 7451553

	Notes	2018 £000	2018 £000	2017 £000	2017 £000
Fixed assets					
Intangible assets	13		74		84
Tangible assets	14		70,038		70,839
Current assets					
Stock	15	80		79	
Debtors	16	1,341		1,070	
Cash at bank and in hand		2,621		2,708	
		<u>4,042</u>		<u>3,857</u>	
Creditors: Amounts falling due within one year	17	<u>(1,704)</u>		<u>(2,429)</u>	
Net current assets			2,338		1,428
Totals assets less current liabilities			<u>72,450</u>		<u>72,351</u>
Creditors: Amounts falling due after more than one year	18		(69)		(78)
Net assets excluding pension liability			<u>72,381</u>		<u>72,273</u>
Pension scheme liability			(12,455)		(14,051)
Total net assets			<u>59,926</u>		<u>58,222</u>
Funds of the academy trust:					
Restricted funds					
Fixed asset funds	19		71,076		71,106
General funds	19		615		558
Pension reserve	19		(12,455)		(14,051)
Total restricted funds			<u>59,236</u>		<u>57,613</u>
Unrestricted funds	19		690		609
			<u>690</u>		<u>609</u>
Total funds			<u>59,926</u>		<u>58,222</u>

The financial statements on pages 19-47 were approved by the Trustees, and authorised for issue on 6 December 2018 and are signed on their behalf by:


Peter DI Gluseppe
Chair

Education South West

Statement of Cash Flows for the year ended 31 August 2018

	Notes	2018 £000	2017 £000
Cash flows from operating activities			
Net cash (used in) / provided by operating activities	22	(394)	452
Cash flows from investing activities	24	307	(87)
Cash flows from financing activities	23	-	-
Change in cash and cash equivalents in the reporting period		(87)	365
Cash and cash equivalents as 1 September 2017		2,708	2,343
Cash and cash equivalents as 31 August 2018	25	2,621	2,708

Education South West

Notes to the Financial Statements for the year ended 31 August 2018

1. Statement of Accounting Policies

Basis of Preparation

The financial statements of the Academy Trust, which is a public benefit entity under FRS102, 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 (FRS102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2017 to 2018 issued by the ESFA, the Charities Act 2011 and the Companies Act 2006.

Education South West meets the definition of a public benefit entity under FRS102.

Going Concern

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

Income

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

- **Grants receivable**

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of 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 year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund. Capital grants are recognised when receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grants are reflected in the balance in the restricted fixed asset fund.

- **Sponsorship income**

Sponsorship income provided to the Academy Trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable, where the receipt is probable and the amount can be reliably measured.

- **Donations**

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

- **Other income**

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

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

Education South West

Notes to the Financial Statements for the year ended 31 August 2018

amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

- **Expenditure on Raising Funds**

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

- **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

Intangible Fixed Assets

Intangible assets costing £1,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost, and are subsequently measured at cost net of amortisation and any provision for impairment. Amortisation is provided on intangible fixed assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life. The only intangible assets owned by the Trust are computer software for which the expected useful life coincides with the terms of the license.

Tangible Fixed Assets

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment. Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy Trust's depreciation policy.

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

Computer equipment	20%
Plant and equipment	33%
Fixtures and fittings	25%
Motor Vehicles	33%

Buildings are depreciated over 50 years. Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

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

Education South West

Notes to the Financial Statements for the year ended 31 August 2018

Liabilities

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

Stock

Stocks of catering provisions, cleaning consumables, and stationary are valued at cost.

Financial Instruments

The Academy Trust only holds basic financial instruments as defined in FRS102. 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 16. Prepayments are not financial instruments.

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

Financial liabilities – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 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 instrument.

Taxation

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

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

Pensions Benefits

Retirement benefits to employees of the Academy Trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes, and the assets are held separately from those of the academy trust.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the 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 28, 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 and the contributions recognised as they are paid each year.

The LGPS is a funded multi-employer 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 gains and losses on settlements and curtailments. They are included as part of staff costs.

Education South West

Notes to the Financial Statements for the year ended 31 August 2018

Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised on other recognised gains and losses.

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

Fund Accounting

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

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

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

Critical accounting estimates and areas of judgement

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

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 28 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.

Agency Arrangements

The academy trust acts as 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 and any balances held are disclosed in note 30.

Education South West

Notes to the Financial Statements for the year ended 31 August 2018

2 Donations and capital grants

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2018 £000	Total 2017 £000
Donated Capital funds	-	-	53	53	43
Devolved Formula Capital allocations	-	-	119	119	86
Other donations	12	21	-	33	40
Condition Improvement Fund	-	-	505	505	375
Schools Condition Allocation	-	-	843	843	-
Other ESFA Capital Funds	-	-	81	81	19
Transfer from academy trust	-	-	-	-	29,125
	<u>12</u>	<u>21</u>	<u>1,601</u>	<u>1,634</u>	<u>29,688</u>

3 Other Trading Activities

	Unrestricted Funds £000	Restricted General Funds £000	Total 2018 £000	Total 2017 £000
Educational lecturing/consultancy	270	-	270	220
Community & Letting income	112	-	112	111
Miscellaneous income	76	-	76	65
Student Transport Income	-	75	75	53
Preschool Income	-	169	169	122
Student contributions	-	14	14	47
	<u>458</u>	<u>258</u>	<u>716</u>	<u>618</u>

4 Investment Income

	Unrestricted Funds £000	Restricted General Funds £000	Total 2018 £000	Total 2017 £000
Interest on short term deposits	4	-	4	5
	<u>4</u>	<u>-</u>	<u>4</u>	<u>5</u>

Education South West

Notes to the Financial Statements for the year ended 31 August 2018

5 Funding for Academy's educational operations

	Unrestricted Funds	Restricted General Funds	Total 2018	Total 2017
	£000	£000	£000	£000
DfE / ESFA revenue grants				
General Annual Grant (GAG)	-	21,766	21,766	18,184
Start Up Grants	-	-	-	26
Other DfE / ESFA grants	-	1,325	1,325	1,043
	<u>-</u>	<u>23,091</u>	<u>23,091</u>	<u>19,253</u>
Other Government grants				
SEN from LA	-	295	295	292
Other Funds from LA	-	431	431	376
Other Income	-	183	183	165
	<u>-</u>	<u>909</u>	<u>909</u>	<u>833</u>
Other Income				
Catering Income	1,387	-	1,387	1,180
Other Income	-	592	592	543
	<u>1,387</u>	<u>592</u>	<u>1,979</u>	<u>1,723</u>
	<u>1,387</u>	<u>24,592</u>	<u>25,979</u>	<u>21,809</u>

6 Expenditure

	Staff Costs	Non Pay Expenditure		Total 2018	Total 2017
		Premises	Other Costs		
	£000	£000	£000	£000	£000
Expenditure on raising funds					
Allocated support costs	-	-	56	56	40
Academy's educational operations					
Direct costs	17,461	-	2,057	19,518	17,294
Allocated support costs	4,175	3,302	2,320	9,797	8,544
Redundancy costs	257	-	-	257	432
Teaching Schools	38	-	46	84	97
	<u>21,931</u>	<u>3,302</u>	<u>4,479</u>	<u>29,712</u>	<u>26,407</u>

Education South West

Notes to the Financial Statements for the year ended 31 August 2018

6 Expenditure continued

Net Income/(expenditure) for the year includes:

	2018	2017
	£000	£000
Fees payable to auditor - audit	18	18
Fees payable to auditor - other services	6	2
Depreciation	2,083	1,881
Amortisation of intangible fixed assets	26	31
Operating Leases – plant and machinery	61	67

7 Charitable Activities

	Total 2018 £000	Total 2017 £000
Direct Costs – educational operations	19,740	17,680
Support Costs – educational operations	9,832	8,590
	29,572	26,270

Redundancy costs of £222,000 and £35,000 are included in direct costs and support costs, respectively.

Analysis of support costs	Educational Operations £000	Total 2018 £000	Total 2017 £000
Support Staff Costs	4,209	4,209	3,682
Depreciation	2,083	2,083	1,881
Technology Costs	279	279	211
Premises Costs	1,217	1,217	1,016
Other Support Costs	2,008	2,008	1,751
Governance Costs	36	36	49
Total Support Costs	9,832	9,832	8,590

Redundancy costs of £35,000 are included in support staff costs.

Education South West

Notes to the Financial Statements for the year ended 31 August 2018

8 Staff costs

Staff costs during the period were:

	2018 £000	2017 £000
Wages and salaries	16,313	14,356
Social security costs	1,539	1,270
Pension costs	3,599	3,119
	<u>21,451</u>	<u>18,745</u>
Supply teacher costs	223	196
Redundancy costs	257	432
	<u>21,931</u>	<u>19,373</u>

The average number of persons (including senior management team) employed by the Academy Trust during the year was as follows:

	2018 No.	2017 No.
Teachers	310	337
Education support	216	216
Administration and support	182	190
Management	26	28
	<u>734</u>	<u>771</u>

Higher Paid Staff

The number of employees whose emoluments exceed £60,000 was :

	2018 No.	2017 No.
£60,001 - £70,000	3	3
£70,001 - £80,000	3	2
£80,001 - £90,000	1	2
£90,001 - £100,000	1	-
£100,000 - £110,000	-	-
£110,000 - £120,000	1	-
£120,000 - £130,000	-	-
£130,000 - £140,000	-	-
£140,000 - £150,000	-	-
£150,000 - £160,000	1	1

Of the above employees, 9 (5, 2017) participated in the Teachers' Pension Scheme. During the year ended 31 August 2018, pension contributions for these employees amounted to £116,756 (£76,222, 2017).

Education South West

Notes to the Financial Statements for the year ended 31 August 2018

Key management personnel

The key management personnel of the academy trust comprise the trustees, the senior management team listed on page 1, and the leadership teams of each academy in the Trust. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £2,371,411 (2017 £1,963,138).

9 Central Services

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

- human resources
- financial, accounting and procurement services
- legal services
- management of the catering operation
- facilities management
- IT services
- communications and marketing
- educational support services

The staff and related costs with respect to the provision of these services is allocated to the individual academies in the trust according to affordability, shared based on core pupil funding as a proportion of the total core pupil funding for the trust.

The actual amounts charged during the year were as follows:

	2018 £000	2017 £000
Kingsbridge Academy	517	390
Dartmouth Academy	191	242
Blackawton Primary School	39	35
Stoke Fleming Primary School	40	30
East Allington Primary School	26	25
Kingswear Primary School	23	22
Coombeshead Academy	371	251
Teign School	418	275
Rydon Primary School	115	66
Christow Primary School	24	16
	1,764	1,352

10 Related Parties Transactions - Trustees' remuneration and expenses

Trustees only receive remuneration in respect of services they provide undertaking the roles of CEO, Executive Principals and Director of Education and not in respect of their services as trustees. Local governors did not receive any payments from the Trust in respect of their role as governors. The value of the trustees' remuneration and other benefits was as follows

Education South West

Notes to the Financial Statements for the year ended 31 August 2018

R Pope (CEO and Executive Principal):

Remuneration £150,000-£160,000 (2017: £150,000-£160,000)
Employers pension contributions £NIL (2017: 25,000-£30,000)

During the year R Pope was seconded to the National College for Teaching & Leadership for which the Trust received £57,000. In addition he earned for the Trust £14,000 from system leader roles as a National Leader of Education and as Chair of Leading Schools South West.

M Shanks (Director of Education and Executive Principal):

Remuneration £100,000-£110,000 (2017: £70,000-£80,000)
Employers pension contributions £15,000-£20,000 (2017: £10,000-£15,000)
(The remuneration for the prior period is for the eight months)

During the year M Shanks earned for the Trust £28,000 from roles as Chair of the Devon Association of Secondary Heads and as an Ofsted inspector and system leader.

11 Governors' and Officers' Insurance

The Trust has registered all of the academies in the trust with the Risk Protection Arrangement programme administered by the Department of Education; the cost is not separately identifiable under the Risk Protection Arrangement. The cost of this insurance is included in the total insurance cost.

12 Connected Charities

Parents and friends of some of the academies in the trust have five registered charitable operations with the purpose of raising funds for the academy trust. The results of four of them are as follows. The results for the Rydon association have not been disclosed as it does not consider itself to be connected to the trust under the definition in paragraph 28(1) of schedule 3 of the Charities Act 2011.

Name of registered charity	Friends of Stoke Fleming £000	Friends of Blackawton Primary School £000	Kingsbridge Community College PTFA £000	Christow County Primary School PTFA £000
Cash	7	4	36	4
Income for the year to 31.8.18	8	5	13	4
Expenditure for the year to 31.8.18	6	11	5	1
Annual surplus	2	(6)	8	3

Education South West

Notes to the Financial Statements for the year ended 31 August 2018

13 Intangible Fixed Assets

	Computer Software £000	Total £000
Cost		
At 1 September 2017	160	160
Additions	16	16
At 31 August 2018	176	176
Depreciation		
At 1 September 2017	76	76
Charged in year	26	26
At 31 August 2018	102	102
Net book values		
At 31 August 2018	74	74
At 31 August 2017	84	84

14 Tangible Fixed Assets

	Land and Buildings £000	Computer Equipment £000	Plant & Equipment £000	Fixtures & Fittings £000	Motor Vehicles £000	Total £000
Cost						
At 1 September 2017	76,996	1,600	650	527	87	79,860
Additions	787	371	76	48	-	1,282
At 31 August 2018	77,783	1,971	726	575	87	81,142
Depreciation						
At 1 September 2017	6,963	1,177	523	309	49	9,021
Charged in year	1,504	293	78	177	31	2,083
At 31 August 2018	8,467	1,470	601	486	80	11,104
Net book values						
At 31 August 2018	69,316	501	125	89	7	70,038
At 31 August 2017	70,033	423	127	218	38	70,839

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Notes to the Financial Statements for the year ended 31 August 2018

15 Stock

	2018	2017
	£000	£000
Stationery Supplies	37	37
Cleaning Supplies	7	8
Catering Supplies	29	29
Other	7	5
Total Stock	<u>80</u>	<u>79</u>

16 Debtors

	2018	2017
	£000	£000
Trade debtors	180	228
Prepayments	579	544
Other debtors	77	41
Grant and other income	183	83
VAT recoverable	322	174
	<u>1,341</u>	<u>1,070</u>

17 Creditors: amounts falling due within one year

	2018	2017
	£000	£000
Trade creditors	398	773
Other taxation and social security	379	405
Other creditors	469	651
Accruals and deferred income	458	600
	<u>1,704</u>	<u>2,429</u>

Deferred income

	2018	2017
	£000	£000
Brought forward	406	138
Resources deferred in the year	255	406
Amounts released from previous years	(406)	(138)
Deferred Income at 31 August 2018	<u>255</u>	<u>406</u>

Deferred Income includes rates reimbursements from ESFA £25,000 (2017 – £101,000), devolved formula capital £69,000 (2017 - £69,000), Universal Infant Free School Meal funding £85,000 (2017 - £86,000), funds received from parents for future trips £29,000 (2017 - £64,000), Teaching School Funding for 2018-19 £44,000 (2017 - £43,000) and Local area Partnership income £nil (2017 - £26,000).

18 Creditors: amounts falling due after more than one year

	2018	2017
	£000	£000
ESFA Improvement Loan	<u>69</u>	<u>78</u>

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Notes to the Financial Statements for the year ended 31 August 2018

19 Funds

	Balance at 1 September 2017	Income	Expenditure	Gains, Losses and Transfers	Balance at 31 August 2018
	£000	£000	£000	£000	£000
Restricted general funds					
General Annual Grant (GAG)	-	21,766	(21,800)	34	-
Start Up Grants	-	-	-	-	-
Other DfE/ESFA grants	221	1,325	(1,325)	-	221
LEA and other grants	337	1,001	(925)	(19)	394
Other General Funds	-	850	(850)	-	-
Donated Funds	-	21	(21)	-	-
	558	24,963	(24,921)	15	615
Pension Fund Reserve	(14,051)	-	(1,395)	2,991	(12,455)
Restricted fixed asset funds					
Fixed Asset Fund	70,839	-	(2,083)	1,282	70,038
Intangible Fixed Asset Fund	84	-	(26)	16	74
DfE/ESFA capital grants	178	1,548	-	(782)	944
Other capital funds	5	53	-	(38)	20
	71,106	1,601	(2,109)	478	71,076
Total restricted funds	57,613	26,564	(28,425)	3,484	59,236
Unrestricted funds					
Unrestricted funds	609	1,861	(1,287)	(493)	690
Total unrestricted funds	609	1,861	(1,287)	(493)	690
Total funds	58,222	28,425	(29,712)	2,991	59,926

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

Restricted General Funds

The General Annual Grant (GAG) is applied in strict accordance with the terms of the Model Fund Agreement executed on the 20th December 2010, and varied to re-state the terms to form a multi academy trust on the 29th August 2014, which prescribes that this funding is used to cover the normal running costs of the Academy. Under the Funding Agreement there are no limits on the amount of GAG which can be carried forward.

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Notes to the Financial Statements for the year ended 31 August 2018

19 Funds continued

Other DfE and ESFA Grants includes £845,000 (2017 - £709,000) Pupil Premium which is used by the Trust to raise attainment in pupils from low income families which has been spent during the year; also included is Universal Infant Free School Meal funding of £145,000 (2017 - £122,000). £173,000 (2017 - £141,000) was received from the ESFA to cover business rates, £39,000 (2017 - £35,000) to support Year 7 catch up intervention and £123,000 (2017 - £41,000) to support primary PE.

LEA and other grants income includes £295,000 (2017 - £292,000) funding to support specific provisions for pupils with special educational needs, £277,000 (2017 - £193,000) preschool childcare, and £106,000 (2017 - £93,000) to support community nursery outreach support. In addition, £27,000 (2017 - £46,000) of grants to support local area based learning from the local learning community and £92,000 in relation to Teaching School activities

Other General Funds represents contributions from students £14,000, preschool income from parents £169,000 (2017 - £122,000), student transport £75,000 (2017 - £53,000), and £592,000 (2017 - £542,000) relating to school trips, all spent during the year.

The Pension Fund Reserve deficit represents the net shortfall in funds in the Local Government Pension Scheme in relation to employees past and present.

The DfE and ESFA capital grants represents funding specifically provided to support capital expenditures on fixed assets. The Fixed Asset Fund represents the current value of all fixed assets owned by the Trust. Capital grant income included £505,000 Condition Improvement Fund, all spent in the year, £843,000 Schools Condition Allocation carried forward, and £81,000 Healthy Pupils Capital Fund, also carried forward.

Unrestricted Funds

Unrestricted Funds can be applied at the discretion of the Trustees. Funds were generated during the year from the catering operations £1,387,000 (2017 - £1,180,000), rental of academy premises and general community use £112,000 (2017 - £111,000) to community groups, fees for consultancy to other educational institutions including that related to Teaching School designation £270,000 (2017 - £220,000).

Transfers

The net transfer from the General Annual Grant, Other General Funds and the Unrestricted Funds to the Restricted Fixed Asset fund represents expenditure from these funds on fixed assets, and the application of unrestricted funds to cover restructuring costs and restricted fund deficits. These are offset by a transfer from the Pension Fund to cover financing and service costs included in the allocated support costs and transfers from unrestricted reserves to cover restricted fund expenditure.

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Notes to the Financial Statements for the year ended 31 August 2018

Analysis of academies by fund balance

Fund balances at 31 August 2018 were allocated as follows:

	Total £000
Kingsbridge Academy	1,192
Dartmouth Academy	323
Blackawton Primary Academy	223
Stoke Fleming Primary Academy	2
East Allington Primary Academy	(82)
Kingswear Primary Academy	101
Coombeshead Academy	(811)
Teign School	(186)
Rydon Primary School	407
Christow Primary School	51
Central Services	85
Total before fixed assets and pension reserve	<u>1,305</u>
 Restricted fixed asset fund	 71,076
Pension reserve	(12,455)
Total	<u>59,926</u>

East Allington Primary Academy carries forward a deficit. Prior to converting to academy status, four primary schools (Blackawton, Stoke Fleming, East Allington and Kingswear) were run by the Local Authority under a single budget. The Trust whilst recognising the individual surpluses and deficits of the component primary academies (not including the pension deficit effect) is supporting the necessary provision of primary education in these communities recognising a degree of financial offset.

Coombeshead Academy and Teign School were academies which transferred, as part of Templer Academy Schools Trust, on 1 January 2017. Coombeshead Academy transferred a deficit on that date. In order to plan for balanced budgets for the financial year commencing 1 September 2018, staff restructuring was required, in particular impacting Coombeshead Academy and Teign School, increasing the Coombeshead and Teign School deficit positions. Surplus budgets are planned for both of these schools in 2018-19 onwards in order to recover these deficit positions.

Education South West

Notes to the Financial Statements for the year ended 31 August 2018

Analysis of academies by cost

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

	Teaching and Educational Support Staff Costs	Other Support Staff Costs	Educational Supplies	Other Costs (excluding depreciation)	Total
	£000	£000	£000	£000	£000
Kingsbridge Academy	5,046	585	178	2,116	7,925
Dartmouth Academy	1,761	268	43	740	2,812
Blackawton Primary Academy	509	38	7	167	721
Stoke Fleming Primary Academy	480	51	8	141	680
East Allington Primary Academy	316	26	4	87	433
Kingswear Primary Academy	236	30	2	78	346
Coombeshead Academy	3,641	395	73	1,347	5,456
Teign School	3,908	377	68	1,276	5,629
Rydon Primary Academy	1,243	120	12	274	1,649
Christow Primary Academy	271	28	5	84	388
Central Services	334	1,238	-	(1,403)	169
Academy Trust	17,745	3,156	400	4,907	26,208

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Notes to the Financial Statements for the year ended 31 August 2018

Comparative information in respect of the preceding period is as follows:

Funds

	Balance at 1 September 2016 £000	Income £000	Expenditure £000	Gains, Losses and Transfers £000	Balance at 31 August 2017 £000
Restricted general funds					
General Annual Grant (GAG)	137	18,227	(19,319)	955	-
Start Up Grants	115	26	(141)	-	-
Other DfE/ESFA grants	237	1,043	(1,060)	1	221
LEA and other grants	267	981	(911)	-	337
Other General Funds	-	764	(764)	-	-
Donated Funds	-	20	(20)	-	-
	<u>756</u>	<u>21,061</u>	<u>(22,215)</u>	<u>956</u>	<u>558</u>
Pension Fund Reserve	(6,433)	(9,852)	(1,199)	3,433	(14,051)
Restricted fixed asset funds					
Fixed Asset Fund	33,432	38,785	(1,881)	503	70,839
Intangible Fixed Asset Fund	27	19	(31)	69	84
DfE/ESFA capital grants	-	475	-	(297)	178
Other capital funds	-	5	-	-	5
	<u>33,459</u>	<u>39,284</u>	<u>(1,912)</u>	<u>275</u>	<u>71,106</u>
Total restricted funds	<u>27,782</u>	<u>50,493</u>	<u>(25,326)</u>	<u>4,664</u>	<u>57,613</u>
Unrestricted funds					
Unrestricted funds	1,210	1,711	(1,081)	(1,231)	609
Total unrestricted funds	<u>1,210</u>	<u>1,711</u>	<u>(1,081)</u>	<u>(1,231)</u>	<u>609</u>
Total funds	<u>28,992</u>	<u>52,204</u>	<u>(26,407)</u>	<u>3,433</u>	<u>58,222</u>

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Notes to the Financial Statements for the year ended 31 August 2018

A current year 12 months and prior year 12 months combined position is as follows:

Funds

	Balance at 1 September 2016	Income	Expenditure	Gains, Losses and Transfers	Balance at 31 August 2018
	£000	£000	£000	£000	£000
Restricted general funds					
General Annual Grant (GAG)	137	39,993	(41,119)	989	-
Start Up Grants	115	28	(143)	-	-
Other DfE/ESFA grants	237	2,368	(2,385)	1	221
LEA and other grants	267	1,982	(1,836)	(19)	394
Other General Funds	-	1,614	(1,614)	-	-
Donated Funds	-	41	(41)	-	-
	756	46,026	(47,138)	971	615
Pension Fund Reserve	(6,433)	(9,852)	(2,594)	6,424	(12,455)
Restricted fixed asset funds					
Fixed Asset Fund	33,432	38,785	(3,964)	1,785	70,038
Intangible Fixed Asset Fund	27	19	(57)	85	74
DfE/ESFA capital grants	-	2,023	-	(1,079)	944
Other Capital Funds	-	58	-	(38)	20
	33,459	40,885	(4,021)	753	71,076
Total restricted funds	27,782	77,059	(53,753)	8,148	59,236
Unrestricted funds					
Unrestricted funds	1,210	3,572	(2,368)	(1,724)	690
Total unrestricted funds	1,210	3,572	(2,368)	(1,724)	690
Total funds	28,992	80,631	(56,121)	6,424	59,926

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Notes to the Financial Statements for the year ended 31 August 2018

20 Analysis of net assets between funds

Fund balances at 31 August 2018 are represented by:

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total Funds
	£000	£000	£000	£000
Tangible fixed assets	-	-	70,038	70,038
Intangible assets	-	-	74	74
Current assets	690	2,388	964	4,042
Current liabilities	-	(1,704)	-	(1,704)
Noncurrent liabilities	-	(69)	-	(69)
Pension scheme liability	-	(12,455)	-	(12,455)
Total net assets	690	(11,840)	71,076	59,926

Comparative information in respect of the preceding period is as follows:

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total Funds
	£000	£000	£000	£000
Tangible fixed assets	-	-	70,839	70,839
Intangible assets	-	-	84	84
Current assets	609	3,065	183	3,857
Current liabilities	-	(2,429)	-	(2,429)
Noncurrent liabilities	-	(78)	-	(78)
Pension scheme liability	-	(14,051)	-	(14,051)
Total net assets	609	(13,493)	71,106	58,222

21 Operating Leases

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

	2018 £000	2017 £000
Amounts due within one year	52	62
Amounts due between two and five years	98	120
	150	182

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Notes to the Financial Statements for the year ended 31 August 2018

	2018 £000	2017 £000
22 Reconciliation of net income/(expenditure) to net cash inflow from operating activities		
Net (expenditure)/income	(1,287)	25,797
Amortisation	26	31
Depreciation (note 14)	2,083	1,881
Capital grants from DfE and other capital income	(1,601)	(523)
Capital assets and capital income transferred in from academy trust	-	(38,761)
Interest receivable (note 4)	(4)	(5)
Defined benefit pension scheme obligation inherited	-	9,852
Defined benefit pension scheme cost less contributions payable (note 28)	1,030	875
Defined benefit pension scheme finance costs (Note 28)	365	324
(Increase)/Decrease in stocks	(1)	5
(Increase)/Decrease in debtors	(271)	(510)
Increase/(Decrease) in creditors	(734)	1,486
Net cash (outflow)/inflow from operating activities	(394)	452
23 Cash flows from financing activities		
Repayments of borrowing	-	-
Cash inflows from new borrowing	-	-
Net cash provided by/(used on) financing activities	-	-
24 Cash flows from investing activities		
Dividends, interest and rents from investments	4	5
Purchase of tangible fixed assets less disposals	(1,282)	(572)
Purchase of intangible fixed assets	(16)	(69)
Netbook value of tangible fixed asset disposal	-	-
Capital grants from DfE/ESFA	1,548	480
Capital funding donated from others	53	43
Capital funding transferred in from academy trust	-	26
Net cash provided by / (used in) investing activities	307	(87)
25 Analysis of cash and cash equivalents		
	At 31 August 2018 £000	At 31 August 2017 £000
Cash in hand	2,621	2,708
Notice deposits (less than 3 months)	-	-
Total cash and cash equivalents	2,621	2,708

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Notes to the Financial Statements for the year ended 31 August 2018

26 Contingent Liabilities

There are no contingent liabilities.

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.

28 Pension and similar obligations

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 2012 and of the LGPS 31 March 2016.

Contributions amounting to £312,000 (2017 £331,000) were payable to the schemes at 31 August 2018 and are included within creditors.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme ("TPS") is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations 2014. Membership is automatic for full-time teachers and lecturers 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 the future benefits) for service to the effective date of £191,500 million, and notional assets (estimated

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Notes to the Financial Statements for the year ended 31 August 2018

future contributions together with notional investments held at valuation date) of £176,600 million, giving a 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% 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 determine an employer rate of 16.4% which was payable from September 2015. The next valuation of the TPS is 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 employer's pension costs paid to TPS in the period amounted to £1,807,000 (2017 £1,570,000)

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

Under the definitions set out in FRS102, the TPS is a multi-employer pension scheme. The trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The trust has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £853,725 (2017 £726,326), of which employer's contributions totalled £618,974 (2017 £524,862) and employees' contributions totalled £234,751 (2017 £201,464). The agreed contribution rates for future years are £156,000 plus 15.4% per cent for employers and variable per cent for employees. Due to the scheme being in deficit lump sum amounts of £153,811 (2017 £132,960) were paid into the scheme in the year.

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

Principal Actuarial Assumptions

	At 31 August 2018	At 31 August 2017
Rate of increase in salaries	3.8%	4.2%
Rate of increase for pensions in payment / inflation	2.3%	2.7%
Discount rate for scheme liabilities	2.7%	2.6%
Inflation assumption (CPI)	2.3%	2.7%
RPI Increases	3.3%	3.6%

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Notes to the Financial Statements for the year ended 31 August 2018

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

	At 31 August 2018	At 31 August 2017
<i>Retiring today</i>		
Males	23.5	23.4
Females	25.6	25.5
<i>Retiring in 20 years</i>		
Males	25.8	25.7
Females	28.0	27.9

Sensitivity Analysis

	At 31 August 2018	At 31 August 2017
	£000	£000
Discount rate +0.1%	24,903	25,085
Discount rate -0.1%	25,986	26,158
Mortality assumption – 1 year increase	26,356	26,492
Mortality assumption – 1 year decrease	24,557	24,770

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

	Fair value at 31 August 2018	Fair value at 31 August 2017
	£000	£000
UK Equities	2,410	2,752
Overseas Equities	5,423	4,096
Gilts	413	354
Other bonds	252	287
Property	1,173	1,011
Infrastructure	467	447
Cash	199	272
Alternative Assets	663	628
Other assets	1,984	1,718
Total market value of assets	12,984	11,565

The actual return on scheme assets was £742,000 (2017, £1,021,000)

Education South West

Notes to the Financial Statements for the year ended 31 August 2018

Amounts recognised in the statement of financial activities

	2018 £000	2017 £000
Current service cost	1,892	10,177
Net interest cost	357	261
Benefit changes, losses on curtailments and settlements	-	-
Administration costs	8	3
Total operating charge	<u>2,257</u>	<u>10,441</u>

Changes in the present value of defined benefit obligations were as follows:

	2018 £000	2017 £000
At 1 September	25,616	10,708
Current service cost	1,722	1,412
Interest cost	667	447
Employee and other employer contributions	225	208
Liabilities assumed/(extinguished) on settlements	-	14,720
Actuarial (gain)/loss	(2,559)	(532)
Benefits paid	(402)	(438)
Plan introductions, benefit changes, curtailments and settlements	170	(909)
At 31 August	<u>25,439</u>	<u>25,616</u>

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

	2018 £000	2017 £000
At 1 September	11,565	4,275
Interest Income	310	186
Return on plan assets (excluding net interest on the net defined pension liability)	432	835
Actuarial gain/(loss)	-	(147)
Employer contributions	862	619
Employee and other employer contributions	225	208
Benefits paid	(402)	(438)
Plan introductions, benefit changes, curtailments and settlements	(8)	6,027
At 31 August	<u>12,984</u>	<u>11,565</u>

Education South West

Notes to the Financial Statements for the year ended 31 August 2018

29 Related Party Transactions

There are no related party transactions for the year ending 31 August 2018.

30 Agency Arrangements

The academy trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period 31 August 2018 the trust received £79,000 and distributed £48,000 from the fund. An amount of £113,000 relating to undistributed funds repayable to ESFA are netted with other grant income receivable from ESFA, and included in debtors.