

REGISTERED COMPANY NUMBER: 07641004 (England and Wales)

**REPORT OF THE TRUSTEES AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016
FOR
THE GREAT SCHOOLS TRUST**

Howard Worth
Chartered Accountants and
Statutory Auditors
Drake House
Gadbrook Park
Northwich
Cheshire
CW9 7RA

TUESDAY



A16 *A5YBRMIG* 17/01/2017 #168
COMPANIES HOUSE

THE GREAT SCHOOLS TRUST
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FOR THE YEAR ENDED 31 AUGUST 2016

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THE GREAT SCHOOLS TRUST
REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2016

MEMBERS	Mrs D Vaughan-Massey Mr A Reay Mr C G Scotland
TRUSTEES	Sir I R Hall Mrs D Vaughan-Massey Mr S Ierston Mr C G Scotland Mr A Reay Mr A Harper Mr K McGing Mr M Taylor (resigned 31/8/16) Mr J W Spencer (appointed 8/9/16)
SENIOR MANAGEMENT TEAM	Sir I R Hall - CEO Mr S Ierston – Principal King's Leadership Academy Warrington Mr M O'Hagan – Principal King's Leadership Academy Liverpool Mr P Gaul – Principal The Hawthorne's School Mr A Reay - Associate Principal King's Warrington
REGISTERED OFFICE	Hillock Lane Warrington Cheshire WA1 4PF
REGISTERED COMPANY NUMBER	07641004 (England and Wales)
SENIOR STATUTORY AUDITOR	Stephen Grayson FCCA
AUDITORS	Howard Worth Chartered Accountants and Statutory Auditors Drake House Gadbrook Park Northwich Cheshire CW9 7RA
SOLICITORS	Eversheds Bridgewater Place Water Lane Leeds LS11 5DR

THE GREAT SCHOOLS TRUST
REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2016

BANKERS

NatWest PLC
22 Castle Street
Liverpool
L2 OUP

Royal Bank of Scotland PLC
1 Dale Street
Liverpool
L2 2PP

Barclays Bank
20 Chapel Street
Liverpool
L3 9AG

THE GREAT SCHOOLS TRUST
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2016

The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 August 2016. The trustees have adopted the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) and the Academies Accounts Direction issued by the Education Funding Agency.

The trust operates as a multi-academy trust currently comprising 3 academies which provide education for pupils aged 11 to 18 serving a catchment area in Liverpool and Warrington. The academies have a combined pupil capacity of 2040 and a roll of 1084 in the school census dated May 2016. However, it should be noted that King's Leadership Academy Warrington consisted of only years 7 to 10 at that point.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association dated 25 May 2012 is the primary governing document.

The multi academy trust formally commenced operations on 1 September 2012.

The trust comprises the following academies:-

Kings Leadership Academy Warrington
Kings Leadership Academy Liverpool
The Hawthorne's

Charity constitution

The multi academy trust formally commenced operations on 1 September 2012.

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 £1, for the debts and liabilities contracted before they ceased to be a member. The total number of such guarantees on 31 August 2016 was 5

Trustees' indemnities

An insurance indemnity is taken out with the Academy's insurance company. Each member has cover of £500,000. This is reviewed annually to protect the members against potential risk.

Principal activities

The academy trust's principal activity is the operation of a multi- academy trust to ensure the smooth and effective operation of the academies within the trust in line with the term of the funding agreements.

Our Academies

Kings Leadership Academy Warrington

Kings Leadership Academy Warrington opened in 2012 and was judged to be 'good' by Ofsted in 2014 with outstanding leadership, behaviour and safety. The academy is presently heavily oversubscribed with over 200 first choice applications for the 120 places it offers in Y7 and some 400 parents placing the academy in their top three choices on transfer to secondary school.

The academy was visited by the former Prime Minister David Cameron prior to the last election and referenced by him in the televised leadership debate as 'a fantastic example of a school which was giving children the best start in life.'

THE GREAT SCHOOLS TRUST
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2016

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Hawthorne's

We were requested by the D.f.E. to work with The Hawthorne's in October 2014. Prior to our intervention the academy had been judged as being 'inadequate' by Ofsted. In June 2015, after just 9 months, it was judged as being no longer in 'special measures' receiving a judgement of good for leadership, behaviour and safety with still improvement needed in the quality of teaching and achievement. The latter judgements were a result of the academy just missing the D.f.E. floor targets in 2014. We expect the academy to be judged as being good in all aspects at the next inspection.

Kings Leadership Academy Liverpool

Kings Leadership Academy Liverpool (formerly University Academy Liverpool) officially joined the Trust in November 2015 although we had been running the academy since September 2015. Prior to our arrival the academy had a series of inspections which continually described it as being inadequate. In March 2016, after just two terms, it was judged as being no longer in 'special measures' receiving a 'good' for leadership, teaching, learning and assessment.

Recruitment and appointment of new trustees

Members of the company and trustees were appointed in line with the Articles of Association.

Organisational structure

The constitution of the board of trustees is set out in the articles of association. Trustees are appointed / elected / co-opted for a period of four years. The chair and vice-chair are elected bi-annually. Trustees appoint a chief executive to assure the strategic intentions of the Multi Academy Trust. The chief executive is a non- executive director of the Multi Academy Trust. The trustees appoint Principals to take responsibility for the day-to-day management of the constituent academies. Trustees appoint a clerk who takes on the role of trustees' secretary.

Induction and training of new trustees

Governors training is provided by Eversheds, the academy trust's legal representatives.

Key management remuneration

Pay and remuneration of the Trust's key management personnel is carried out as follows:

Chief Executive Officer	– Chair of Board plus 1 other member
Principal	– Chief Executive Officer
Finance Director	- Chief Executive Officer
Chief Operating Officer	- Chief Executive Officer
All other senior posts	- Principal and Local Governing Body

Pay progression is set using the criteria outlined in the Performance Management Policy.

Related parties

The Great Schools Trust has formed three Local Governing Bodies, acting as committees of the Trust in respect of its three constituent academies. They govern the everyday activities of Kings Leadership Academy Warrington, Kings Leadership Academy Liverpool and The Hawthorne's in South Sefton.

THE GREAT SCHOOLS TRUST
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2016

STRUCTURE, GOVERNANCE AND MANAGEMENT

Risk management

The trustees have a duty to identify and review the risks to which the charity is exposed and to ensure appropriate controls are in place to provide reasonable assurance against fraud and error.

A risk register and actions to mitigate risks are included within the Trust's Business Plan.

Higher level risks are brought into the priority areas for action in that plan. Trustees agree the annual business plan which is associated with the risk register and risk management plan.

OBJECTIVES AND ACTIVITIES

Objectives and aims

The principal object of the Trust as set out in its Articles of Association is specifically restricted to the following:

To advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing schools ("the Academies") offering a broad and balanced curriculum.

The Trust intends to establish and maintain, and to carry on or provide for the carrying on of a number of Academies in accordance with its Master Funding Agreement and the academy Supplemental Agreements.

a. The Great Schools Trust

GreA+t Schools was incorporated in 2015 as a trust and an independent company limited by guarantee with the purpose of establishing, managing and developing academies and free schools as world class, mutually supportive, centres of excellence.

b. The Great Schools Vision

To create a mutually supportive group of outstanding schools that give every Great Schools' student the opportunity to go to university or pursue the career of their choice.

Key elements of our vision

- We are a group of mutually supportive schools not a collection of individually competing academies
- We will work as a group in helping each individual academy to achieve excellence by sharing good practice and expertise
- Our aim is to work together in ensuring that each of our students, irrespective of postcode or starting points, can get to university or follow a career of their choice

c. The mission statement of our academies

To develop in each of our students the academic skills, intellectual habits, qualities of character and leadership traits necessary to succeed at all levels and become successful citizens in tomorrow's world.

Key elements of our mission statement

Academic skills

The development of study habits, learning strategies, personal organisation and time management to help our students master their learning

Intellectual habits

The development of sustained attention; fierce concentration; thoroughness in all that they undertake; accuracy in all that they do, meaningful reflection and critical analytical thinking

THE GREAT SCHOOLS TRUST
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2016

OBJECTIVES AND ACTIVITIES

Qualities of character and leadership traits

Aspirational, achievement focussed, self-aware, professional in approach, displays total integrity and endeavours to succeed.

Self-confident, team worker, problem solver, effective communicator, decisive, etc.

Successful citizen

Highly qualified, digitally literate, critical and analytical thinker, effective communicator, purposefully productive, socially aware, strong moral purpose and civic contributor.

d. Our values

The Great School's 'seven pillars of character' are bound within the ASPIRE Code. The pillars are:

Objectives and aims

A aspiration and achievement - through the development of these character traits we want our students to develop not only the highest of aspirations but also the drive and determination to achieve those aspirations

S self-awareness - by becoming more self-aware our students will gradually develop a greater understanding of themselves as a person as well as their strengths and, perhaps more importantly, the areas in which they need to develop

P professionalism - by taking a 'professional' approach to life we encourage our students to develop 'self-pride' in all that they undertake. This includes being punctual, attending daily, dressing well, presenting their work to the highest professional standards, and adopting a professional approach to their behaviour

I integrity - we help our students understand that integrity is not just about telling the truth. It is about being true to their beliefs and upholding them; it is about having pride in all that they do, always working to their true ability and behaving correctly to other people at all times

R respect - we help our students understand that respect is not simply about being polite, courteous and good mannered. It is about respecting your own ability and working hard to achieve well. It is about valuing British Values and the differences in others, their background, faith and culture, and looking after our planet and its limited resources

E endeavour - by endeavour we mean working hard to achieve success; being focussed on the task in hand; tackling it conscientiously and diligently; having the perseverance, resilience, tenacity and grit to keep going when others start to give up

e. Our Motto

Credimus - We believe - we believe that all students can succeed and it is both our mission and professional obligation to ensure that this happens

Public benefit

The trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Multi Academy Trust's objectives and aims and in planning future activities. Given the activities of the Multi Academy Trust and the student population that it services, the trustees consider that the Trust's aims are demonstrably to the public benefit.

THE GREAT SCHOOLS TRUST
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2016

STRATEGIC REPORT

Achievement and performance

Key performance indicators

The outcomes achieved by our academies:

	Kings Leadership Academy Warrington	Kings Leadership Academy Liverpool	The Hawthorne's
English and mathematics A*-C	N/A	26%	50%
EBacc	N/A	14%	3%

Ofsted

In March 2016 an inspection was carried out at King's Leadership Academy Liverpool. The overall judgement was Requires Improvement however, both Leadership and Teaching and Learning were judged as Good.

Financial review

The results for the year show a deficit before LGPS actuarial adjustments and fixed assets depreciation of £104,022, however this was in line with budget expectations. The Trust expects to return to a surplus for the 2016/17 year. This figure also excludes the amount of £6,148,888 being the net assets transferred from local authority control on conversion and other academies. It also excludes the £9,164,293 of capital grants received in the year for the new school building at Warrington.

Principal funding sources

The academy trust is directly funded by the Education Funding Agency in accordance with the terms of the funding agreement.

Investment policy and objectives

There are currently no investments.

Reserves policy

The initial intention of the trustees is to establish free reserves of approximately 3 months of running costs to provide both financial stability and funds to be utilised for potential future developments.

At 31 August 2016 the level of revenue reserves held of £1,004,927. The level of fixed asset restricted funds held is £20,709,340 and the pension deficit is £1,913,000.

Currently there are no requirements to repay the pension deficit. The trustees continue to monitor the situation regarding the pension deficit taking advice from the scheme's actuary and the local authority.

Going concern

After making appropriate enquiries, the governing body has a reasonable expectation that the academy trust has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies.

Future plans

a. Fast Track Status

On the 15th January 2015 the Trust was accredited as a fast track provider of Free Schools similar in nature to Kings Leadership Academy Warrington.

THE GREAT SCHOOLS TRUST
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2016

b. Proposed Growth Plan

2016 -7 Three academies

2017 -8 Five academies

2018 - 9 Seven academies

c. The Strategic Plan (2015 - 9)

The strategic plan sets out to:

- " Define the vision of the Strategic Board for the future
- " Expands on the Trust's strategic objectives
- " Defines the key performance measures that will show our success and the success of the academies
- " Define the key risks faced by GST Academy Trust
- " Explains how we will track opportunities and risks in a complex and fast changing environment
- " Shows how we will achieve our growth plan

d. How we will implement the strategic plan

To ensure the effective implementation of the strategic plan individual academies will be expected to produce annual detailed implementation, financial and marketing plans against which progress will be measured. These plans will be tracked through the year by the Executive Arm of the Trust which will, in turn, report to the Strategic Board three times each year.

e. Strategic Objectives (2015 – 9)

1. To establish a strong infra-structure which will enable growth as a multi-academy trust
2. To grow to seven academies by 2019
3. To continue to improve leadership across the trust at all levels
4. To develop educational excellence in each of our academies
5. To ensure that all of our students are protected from harm and that the opportunities for the most vulnerable are as good as those for any other child
6. To develop the character traits of our students through the successful implementation of the trust's leadership development programme
7. To improve recruitment whilst supporting, developing and retaining teachers and support staff
8. To maximise 'academy –to – academy' support systems
9. To ensure financial stability in each academy and across the trust as a whole
10. To strengthen governance across the trust
11. To gain both national and international recognition for our innovative practice and success

f. The cross-trust leadership structure we envisage to enable growth:


- Chief Executive Officer
- Director of academy improvement
- Director of teaching and learning
- Director of 'Character through Leadership' programme
- Chief Finance Officer
- Chief Operating Officer
- Director of data analysis

This structure will be implemented when 'top-slice' financing allows.

AUDITORS

The auditors, Howard Worth, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Report of the trustees, incorporating a strategic report, approved by order of the board of trustees, as the company directors, on 14 December 2016 and signed on the board's behalf by:


.....
Sir I R Hall - Trustee

THE GREAT SCHOOLS TRUST
GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2016

Scope of Responsibility

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

The board of the trustees has delegated the day-to-day responsibility to the Principal, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between The Great Schools Trust and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Report of the Trustees and in the Statement of Trustees Responsibilities. The board of trustees has formally met 3 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
Sir I R Hall	3	3
Mrs D Vaughan-Massey	2	3
Mr S Ierston	3	3
Mr C G Scotland	3	3
Mr A Reay	3	3
Mr K McGing	2	3
Mr A Harper	3	3
Mr M Taylor	2	3

Mr Michael Taylor resigned at the end of the financial year and has been replaced by Mr Joseph Spencer.

Review of Value for Money

As accounting officer the principal 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, including the use of benchmarking data where appropriate. The accounting officer for the academy trust has delivered improved value for money during the year by:

1. The economic, efficient and effective use of all resources to produce better educational results.
2. The avoidance of waste and extravagance.
3. The prudent and economical administration of the organisation.
4. The establishment and maintenance of a system of financial governance, including sound internal spending controls, keeping up to date financial records, continuous financial monitoring and timely reporting.
5. Ensuring all financial transactions represent value for money.

THE GREAT SCHOOLS TRUST
GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2016

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 on-going process designed to identify and prioritise the risks to the achievement of charitable company policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Great Schools Trust for the period 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of trustees has reviewed the key risks to which the charitable company is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the charitable company's significant risks that has been in place for the period 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees
- regular reviews by the finance and general purposes committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes
- setting targets to measure financial and other performance
- clearly defined purchasing (asset purchase or capital investment) guidelines
- delegation of authority and segregation of duties
- identification and management of risks

The board of trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However the trustees have appointed Howard Worth, the external auditor, to perform additional checks.

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

- Testing of payroll systems
- Testing purchases are correctly authorised and represent an appropriate use of school funds
- Testing of employee expenses, credit card expenditure and petty cash
- Review of the analysis of receipts against funding documentation
- Investigation of the nature and analysis of miscellaneous income
- Review of bank reconciliations
- Testing of bank payments for correct authorisation
- Review of capital items purchased in excess of £10,000 to ensure 3 quotes were obtained where appropriate
- Confirmation that EFA submissions are being made on a timely basis

THE GREAT SCHOOLS TRUST
GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2016

The internal auditor undertakes regular system tests under the direction of the audit committee as set out in the EFA financial handbook. The audit committee meets regularly and receives detailed reports from the internal auditor. The finance committee meets once a month and receives detailed reports from the Chief Executive, the Chief Finance Officer and the Chief Operating Officer. In this way, trustees have full knowledge of how spend and income is matching the budget profile. Monthly reconciliations of accounts with the bank are reported.

Review of Effectiveness

As accounting officer the principal has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the Responsible Officer
- the work of the external auditor
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the finance and general purposes committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on 14 December 2016 and signed on its behalf by:



.....
Sir I R Hall – Trustee & Accounting Officer



THE GREAT SCHOOLS TRUST

**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE
FOR THE YEAR ENDED 31 AUGUST 2016**

As accounting officer of The Great Schools Trust I have considered my responsibility to notify the charitable company board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the charitable company and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

I confirm that I and the charitable company board of trustees are able to identify any material irregular or improper use of funds by the charitable company, or material non-compliance with the terms and conditions of funding under the charitable company's funding agreement and the Academies Financial Handbook 2015.

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 EFA.



.....
Sir I R Hall - Accounting Officer

Date: 14 December 2016

THE GREAT SCHOOLS TRUST
STATEMENT OF TRUSTEES RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2016

The trustees (who act as governors of The Great Schools Trust and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with the Annual Accounts Direction 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 the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing those 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 2015 to 2016;
- make judgements and estimates that are reasonable and prudent;
- 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

In so far as the trustees are aware:

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

Approved by order of the board of trustees on 14 December 2016 and signed on it's behalf by:


.....
Sir I R Hall - Trustee

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF THE GREAT SCHOOLS TRUST

We have audited the financial statements of The Great Schools Trust for the year ended 31 August 2016 on pages seventeen to forty two. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Accounts Direction 2015 to 2016 issued by the Education Funding Agency (EFA).

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

Respective responsibilities of trustees and auditors

As explained more fully in the Statement of Trustees Responsibilities set out on page thirteen, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Trustees to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

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

Opinion on other matter prescribed by the Companies Act 2006


In our opinion the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
THE GREAT SCHOOLS TRUST**

Matters on which we are required to report by exception

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.



Stephen Grayson FCCA (Senior Statutory Auditor)
for and on behalf of Howard Worth
Chartered Accountants and
Statutory Auditors
Drake House
Gadbrook Park
Northwich
Cheshire
CW9 7RA

Date: 14 December 2016

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE GREAT SCHOOLS TRUST AND THE EDUCATION FUNDING AGENCY

In accordance with the terms of our engagement and further to the requirements of the Education Funding Agency (EFA), as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Great Schools Trust during the period 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to The Great Schools Trust and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to The Great Schools Trust and the EFA 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 Great Schools Trust and the EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of The Great Schools Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of The Great Schools Trust's funding agreement with the Secretary of State for Education and the Academies Financial Handbook, extant from 1 September 2015, 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 2015 to 2016. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach


We conducted our engagement in accordance with the Academies Accounts Direction 2015 to 2016 issued by the EFA. 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 charitable company's income and expenditure.

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 period 1 September 2015 to 31 August 2016 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.


Howard Worth
Drake House
Gadbrook Park
Northwich
Cheshire
CW9 7RA

Date: 14 December 2016

THE GREAT SCHOOLS TRUST
STATEMENT OF FINANCIAL ACTIVITIES
Incorporating the Income & expenditure account

FOR THE YEAR ENDED 31 AUGUST 2016

					31/8/16	31/8/15
	Note	Unrestricted fund £	Restricted Fixed Asset Funds £	Restricted general funds £	Total funds £	Total funds £
INCOME AND ENDOWMENTS FROM						
Donations and capital grants	3	45,333	9,164,293	-	9,209,626	4,594,463
Transfers from other trusts and free schools	19	-	6,134,680	14,208	6,148,888	-
Charitable activities						
Funding for the academy's educational operations	4	-	-	8,651,604	8,651,604	1,889,038
Other trading activities	5	64,169	-	-	64,169	1,205
Investment income	6	144	-	-	144	704
Total		109,646	15,298,973	8,665,812	24,074,431	6,485,410
EXPENDITURE ON Charitable activities						
Academy's educational operations		<u>109,502</u>	<u>838,279</u>	<u>8,817,175</u>	<u>9,764,956</u>	<u>2,072,670</u>
NET INCOME/(EXPENDITURE)		144	14,460,694	(151,363)	14,309,475	4,412,740
Transfers between funds		-	49,403	(49,403)	-	-
Other recognised gains/(losses)						
Actuarial gains/losses on defined benefit schemes		<u>-</u>	<u>-</u>	<u>(951,000)</u>	<u>(951,000)</u>	<u>3,000</u>
Net movement in funds		144	14,510,097	(1,151,766)	13,358,475	4,415,740
RECONCILIATION OF FUNDS						
Total funds brought forward		<u>27,342</u>	<u>6,199,243</u>	<u>216,207</u>	<u>6,442,792</u>	<u>2,027,052</u>
TOTAL FUNDS CARRIED FORWARD		<u>27,486</u>	<u>20,709,340</u>	<u>(935,559)</u>	<u>19,801,267</u>	<u>6,442,792</u>

The notes form part of these financial statements

THE GREAT SCHOOLS TRUST
REGISTERED COMPANY NUMBER: 07641004 (England and Wales)

BALANCE SHEET
AT 31 AUGUST 2016

				31/8/16	31/8/15
	Note	Unrestricted fund £	Restricted Fixed Asset Funds £	Restricted general funds £	Total funds £
FIXED ASSETS					
Tangible assets	11	-	20,709,340	-	20,709,340
CURRENT ASSETS					
Stocks	12	-	-	9,311	9,311
Debtors	13	-	-	1,022,557	1,022,557
Cash at bank and in hand		27,486	-	1,643,553	1,671,039
		27,486	-	2,675,421	2,702,907
CREDITORS					
Amounts falling due within one year	14	-	-	(1,697,980)	(1,697,980)
NET CURRENT ASSETS		27,486	-	977,441	1,004,927
TOTAL ASSETS LESS CURRENT LIABILITIES		27,486	20,709,340	977,441	21,714,267
PENSION LIABILITY	17	-	-	(1,913,000)	(1,913,000)
NET ASSETS		27,486	20,709,340	(935,559)	19,801,267
FUNDS	16				
Unrestricted funds:					
General fund				27,486	27,342
Restricted funds:					
Restricted general funds				977,441	222,207
Restricted fixed asset funds				20,709,340	6,199,243
Pension fund reserve				(1,913,000)	(6,000)
				19,773,781	6,415,450
TOTAL FUNDS				19,801,267	6,442,792

The notes form part of these financial statements

THE GREAT SCHOOLS TRUST
REGISTERED COMPANY NUMBER: 07641004 (England and Wales)

BALANCE SHEET - CONTINUED
AT 31 AUGUST 2016

The financial statements were approved by the Board of Trustees on 14 December 2016 and were signed on its behalf by:



.....
Sir I R Hall -Trustee

The notes form part of these financial statements

THE GREAT SCHOOLS TRUST
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2016

	Notes	31/8/16 £	31/8/15 £
Cash flows from operating activities:			
Cash generated from operations	1	1,042,317	5,065,315
Interest paid		<u>-</u>	<u>(1,394)</u>
Net cash provided by (used in) operating activities		<u>1,042,317</u>	<u>5,063,921</u>
Cash flows from investing activities:			
Purchase of tangible fixed assets		(9,223,429)	(4,595,132)
Capital grants from DfE/EFA		9,164,292	-
Interest received		<u>144</u>	<u>704</u>
Net cash provided by (used in) investing activities		<u>(58,993)</u>	<u>(4,594,428)</u>
Change in cash and cash equivalents in the reporting period		<u>983,324</u>	<u>469,493</u>
Cash and cash equivalents at the beginning of the reporting period		<u>687,715</u>	<u>218,222</u>
Cash and cash equivalents at the end of the reporting period		<u>1,671,039</u>	<u>687,715</u>

The notes form part of these financial statements

THE GREAT SCHOOLS TRUST
NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2016

1. RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES

	31/8/16 £	31/8/15 £
Net income for the reporting period (as per the statement of financial activities)	14,309,475	4,412,740
Adjustments for:		
Depreciation	698,301	263,520
Capital grants from DfE/EFA	(9,164,292)	-
Transfer from Local Authority on conversion	(5,241,095)	-
Loss on disposal of fixed assets	7,565	-
Interest received	(144)	(704)
Interest paid	-	1,394
Impairment of fixed assets	132,413	-
Decrease/(increase) in stocks	337	(3,457)
(Increase)/decrease in debtors	(792,228)	305,732
Increase in creditors	1,029,985	76,090
Difference between pension charge and cash contributions	<u>62,000</u>	<u>10,000</u>
Net cash provided by (used in) operating activities	<u><u>1,042,317</u></u>	<u><u>5,065,315</u></u>

THE GREAT SCHOOLS TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

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

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

The Great Schools Trust meets the definition of a public benefit entity under FRS 102.

First time adoption of FRS 102

These financial statements are the first financial statements of The Great Schools Trust prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Charities SORP 2015. The financial statements of The Great Schools Trust for the year ended 31 August 2015 were prepared in accordance with previous Generally Accepted Accounting Practice ('UK GAAP') and SORP 2005.

Going concern

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

Income

All income is recognised in the Statement of Financial Activities once the charity has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

Grants

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

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

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

Donations

Donations are recognised on a receivable basis (where there are no performance related conditions), where it is probable that the income will be received and the amount can be measured reliably.

THE GREAT SCHOOLS TRUST

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES - continued

Donated goods, facilities and services

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

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

Other income

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

Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Charitable activities

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

Allocation and apportionment of costs

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Long leasehold	- 2% on cost
Improvements to property	- 2% on cost
Plant and machinery	- at varying rates on cost
Motor vehicles	- Straight line over 6 years
Computer equipment	- at varying rates on cost

Included within the value of freehold property is a land value of £248,000 which is not depreciated.

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.

THE GREAT SCHOOLS TRUST

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES - continued

PFI agreement

The King's Leadership Academy Liverpool occupies buildings which are owned by Liverpool City Council and utilised by the Academy under a PFI agreement. The Academy pays revenue contributions in respect of the facilities management and building use. The contract will expire in the year 2031. The Academy does not have any rights or obligations of ownership in respect of these assets and therefore they are not included on the Academy's balance sheet. The revenue payment is recognised in the SOFA. Where the Academy procures and pays for additional furniture or equipment or changes to the building, the costs are capitalised and depreciated in accordance with the tangible fixed assets policy.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

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.

Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

Pension costs and other post-retirement benefits

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 29, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

THE GREAT SCHOOLS TRUST

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES - continued

The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

Critical accounting estimates and areas of judgement

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 17, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2. GENERAL ANNUAL GRANT

Under the funding agreement with the Secretary of state the academy trust was subject to limits at 31 August 2016 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which 2% could be used for general purposes with any balance being available for premises and capital purposes or both.

The academy trust has not exceeded these limits during the year ended 31 August 2016.

3. DONATIONS AND CAPITAL GRANTS

	31/8/16	31/8/15
	£	£
Capital grants	9,164,292	4,592,480
Other donations	45,333	1,983
	<u>9,209,626</u>	<u>4,594,463</u>

4. FUNDING FOR THE ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds	Restricted funds	31/8/16 Total funds	31/8/15 Total funds
	£	£	£	£
Staff consultancy	-	4,424	4,424	23,450
Catering income	-	58,533	58,533	-
Other income	-	102,963	102,963	-
Grants	-	8,485,684	8,485,684	1,865,588
	<u>-</u>	<u>8,651,604</u>	<u>8,651,604</u>	<u>1,889,038</u>

THE GREAT SCHOOLS TRUST

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2016**

4. FUNDING FOR THE ACADEMY'S EDUCATIONAL OPERATIONS - continued

An analysis of grants received is given below:

	Unrestricted funds £	Restricted funds £	31/8/16 Total funds £	31/8/15 Total funds £
DfE/EFA revenue grant				
General Annual Grant(GAG)	-	7,582,117	7,582,117	1,692,547
Other DfE/EFA Grants	-	706,444	706,444	159,067
	-	8,288,561	8,288,561	1,851,614
Other government grant				
Local Authority	-	117,352	117,352	5,774
Other Grants	-	79,771	79,771	8,200
	-	197,123	197,123	13,974
	-	8,485,684	8,485,684	1,865,588

5. OTHER TRADING ACTIVITIES

	31/8/16 £	31/8/15 £
Sale of goods	52,880	1,205
Lettings income	11,289	-
	<u>64,169</u>	<u>1,205</u>

6. INVESTMENT INCOME

	31/8/16 £	31/8/15 £
Deposit account interest	<u>144</u>	<u>704</u>

7. EXPENDITURE

	Staff costs £	Non-pay expenditure Premises £	Other costs £	31/8/16 Total £	31/8/15 Total £
Charitable activities					
Academies educational operations					
Direct costs	4,600,886	-	692,660	5,293,546	1,389,110
Allocated support costs	<u>1,498,991</u>	<u>1,181,016</u>	<u>1,791,403</u>	<u>4,471,410</u>	<u>683,560</u>
	<u>6,099,877</u>	<u>1,181,016</u>	<u>2,484,063</u>	<u>9,764,956</u>	<u>2,072,670</u>

THE GREAT SCHOOLS TRUST

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2016

7. **EXPENDITURE - continued**

Net income/(expenditure) is stated after charging/(crediting):

	31/8/16	31/8/15
	£	£
Auditors' remuneration	12,200	10,000
Auditors' remuneration for non audit work	1,250	3,000
Depreciation - owned assets	698,301	263,520
Deficit on disposal of fixed asset	7,565	-
Impairment of fixed assets	132,413	-
Unitary PFI payments	<u>666,103</u>	<u>-</u>

8. **CHARITABLE ACTIVITIES - ACADEMY'S EDUCATIONAL OPERATIONS**

	Unrestricted funds	Restricted funds	31/8/16 Total funds	31/8/15 Total funds
	£	£	£	£
Direct costs	109,502	5,184,044	5,293,546	1,389,110
Support costs	<u>-</u>	<u>4,471,410</u>	<u>4,471,410</u>	<u>683,560</u>
	<u>109,502</u>	<u>9,655,454</u>	<u>9,764,956</u>	<u>2,072,670</u>

	31/8/16 Total	31/8/15 Total
	£	£
Analysis of support costs		
Support staff costs	1,498,991	317,929
Depreciation	382,350	129,684
Technology costs	107,326	-
Premises costs	1,007,435	204,567
Other support costs	795,755	14,880
PFI costs	666,103	-
Governance costs	<u>13,450</u>	<u>16,500</u>
Total support costs	<u>4,471,410</u>	<u>683,560</u>

THE GREAT SCHOOLS TRUST

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED FOR THE YEAR ENDED 31 AUGUST 2016

9. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 August 2016 nor for the year ended 31 August 2015.

One or more trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment.

The value of trustees' remuneration and other benefits was as follows:

Sir I Hall (Chairman and trustee)

Remuneration £80,000 - £85,000 (2015: £45,000 - £50,000)

Mr S Ierston (principal and trustee)

Remuneration £80,000 - £85,000 (2015: £75,000 - £80,000)

Employer's pension contributions £10,000 - £15,000 (2015: £10,000 - £15,000)

Mr A Reay (staff trustee)

Remuneration £75,000 - £80,000 (2015: £70,000 - £75,000)

Employers' pension contributions £10,000 - £15,000 (2015: £10,000 - £15,000)

Trustees' expenses

There were no trustees' expenses paid for the year ended 31 August 2016 nor for the year ended 31 August 2015.

THE GREAT SCHOOLS TRUST

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2016**

10. STAFF COSTS

	31/8/16	31/8/15
	£	£
Wages and salaries	4,829,308	1,118,076
Social security costs	408,607	84,852
Other pension costs	<u>741,897</u>	<u>156,994</u>
	5,979,812	1,359,922
Supply teacher costs	84,891	16,854
Compensation payments	<u>35,174</u>	<u>-</u>
	<u><u>6,099,877</u></u>	<u><u>1,376,776</u></u>

Included in staff costs are non-statutory/non-contractual severance payments totalling £56,370 (2015: nil). Individually, the payments were: £14,370, £20,000 and £22,000.

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

	31/8/16	31/8/15
Teachers	78	14
Administration & support	82	13
Management	<u>19</u>	<u>6</u>
	<u><u>179</u></u>	<u><u>33</u></u>

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

	31/8/16	31/8/15
£60,001 - £70,000	1	-
£70,001 - £80,000	1	2
£80,001 - £90,000	2	-
£110,001 - £120,000	<u>1</u>	<u>-</u>
	<u><u>5</u></u>	<u><u>2</u></u>

Key management personnel

The key management of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £443,163 (2015: £125,821).

THE GREAT SCHOOLS TRUST

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2016**

11. TANGIBLE FIXED ASSETS

	Short leasehold £	Long leasehold £	Improvements to property £
COST			
At 1 September 2015	6,423,140	-	-
Additions	216,117	13,436,316	367,219
Disposals	(619,865)	-	-
Reclassification	(6,019,392)	6,019,392	-
At 31 August 2016	-	19,455,708	367,219
DEPRECIATION			
At 1 September 2015	347,596	-	-
Charge for year	-	315,806	7,344
Eliminated on disposal	(347,596)	(272,270)	-
Impairments	-	132,413	-
At 31 August 2016	-	175,949	7,344
NET BOOK VALUE			
At 31 August 2016	-	19,279,759	359,875
At 31 August 2015	6,075,544	-	-

	Plant and machinery £	Motor vehicles £	Computer equipment £	Totals £
COST				
At 1 September 2015	55,520	-	356,684	6,835,344
Additions	861,059	14,304	463,094	15,358,109
Disposals	(14,677)	-	-	(634,542)
Reclassification	-	-	-	-
At 31 August 2016	901,902	14,304	819,778	21,558,911
DEPRECIATION				
At 1 September 2015	19,718	-	278,520	645,834
Charge for year	152,720	3,503	218,928	698,301
Eliminated on disposal	(7,111)	-	-	(626,977)
Impairments	-	-	-	132,413
At 31 August 2016	165,327	3,503	497,448	849,571
NET BOOK VALUE				
At 31 August 2016	736,575	10,801	322,330	20,709,340
At 31 August 2015	35,802	-	78,164	6,189,510

THE GREAT SCHOOLS TRUST

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2016**

11. TANGIBLE FIXED ASSETS - continued

The trust's transactions relating to land and buildings included:

- The disposal of temporary buildings at the old site of the Warrington school following the completion of building works on the new site.
- Reclassification to long leasehold of the cost of the new site as at 1 September 2015 at Warrington previously classified as short leasehold.
- Addition of the costs of completion of the new school at Warrington at a cost of £8,199,013. The new build was funded by the EFA.
- Transfer to the trust of the leasehold land and buildings known as the Hawthorne's school at a cost of £5,821,554.

12. STOCKS

	31/8/16	31/8/15
	£	£
Stocks	<u>9,311</u>	<u>9,648</u>

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31/8/16	31/8/15
	£	£
Trade debtors	19,906	2,500
Other debtors	491,064	271,365
Prepayments and accrued income	<u>511,587</u>	<u>-</u>
	<u>1,022,557</u>	<u>273,865</u>

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31/8/16	31/8/15
	£	£
Trade creditors	269,083	255,192
Social security and other taxes	128,288	-
Other creditors	115,842	456,754
Accruals and deferred income	<u>1,184,767</u>	<u>-</u>
	<u>1,697,980</u>	<u>711,946</u>

Deferred income

	£
Deferred income at 1 September 2015	-
Income deferred during the year	15,000
Deferred income at 31 August 2016	<u>15,000</u>

The deferred income relates to Character Bid Funding received for 2016/17.

THE GREAT SCHOOLS TRUST

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2016**

15. OPERATING LEASE COMMITMENTS

At 31 August 2016 the total of the Academy trust's future minimum lease payments under non-cancellable operating leases was:

	Other operating leases 31/8/16 £	31/8/15 £
Expiring:		
Within one year	965,981	12,358
Between one and five years	4,906,821	26,913
More than five years	<u>12,764,698</u>	<u>-</u>
	<u>18,637,500</u>	<u>39,271</u>

The Academy has a commitment to make a unitary payment to Liverpool City Council under a PFI contract which will expire in 2031. The annual commitment for the year 1 April 2015 to 31 March 2016 was £938,763 and the annual unitary charges increase by inflation.

16. MOVEMENT IN FUNDS

	At 1/9/15 £	Net movement in funds £	At 31/8/16 £
Unrestricted funds			
General fund	27,342	144	27,486
Restricted funds			
Restricted general funds	222,207	755,234	977,441
Pension fund reserve	(6,000)	(1,907,000)	(1,913,000)
Restricted fixed asset funds	6,199,243	14,510,097	20,709,340
	<u>6,415,450</u>	<u>13,358,331</u>	<u>19,773,781</u>
TOTAL FUNDS	<u>6,442,792</u>	<u>13,358,475</u>	<u>19,801,267</u>

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses and transfers £	Movement in funds £
Unrestricted funds				
General fund	109,646	(109,502)	-	144
Restricted funds				
Restricted general funds	9,559,812	(8,755,175)	(49,403)	755,234
Pension fund reserve	(894,000)	(62,000)	(951,000)	(1,907,000)
Restricted fixed asset funds	15,298,973	(838,279)	49,403	14,510,097
	<u>23,964,785</u>	<u>(9,655,454)</u>	<u>(951,000)</u>	<u>13,358,331</u>
TOTAL FUNDS	<u>24,074,431</u>	<u>(9,764,956)</u>	<u>(951,000)</u>	<u>13,358,475</u>

THE GREAT SCHOOLS TRUST

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED FOR THE YEAR ENDED 31 AUGUST 2016

16. MOVEMENT IN FUNDS - continued

Funds

At 31 August 2016 the academy held the following funds:-

General fund - this represents non grant funded income from activities undertaken by the academy during the year.

Restricted general funds - this represents the balance of core funding to carry forward to the next period.

Restricted fixed asset funds - these funds comprise the assets transferred from the HTI multi academy trust, capital acquisitions made during the year from devolved capital funding and transfers from revenue funds.

Pension reserve - this represents the deficit on the LGPS as calculated by the scheme's actuaries

Total funds analysis by academy

	Total 2016 £	Total 2015 £
Kings Leadership Academy Warrington	74,655	249,549
Kings Leadership Academy Liverpool	553,182	-
The Hawthorne's	348,678	-
Central Services	28,412	-
Total before fixed assets and pension reserve	1,004,927	249,549
Restricted fixed asset fund	20,709,340	6,199,243
Pension reserve	(1,913,000)	(6,000)
Total Trust Funds	<u>19,801,267</u>	<u>6,442,792</u>

17. PENSION AND SIMILAR OBLIGATIONS

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2015.

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

Teachers' Pension Scheme

Introduction

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

THE GREAT SCHOOLS TRUST

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED FOR THE YEAR ENDED 31 AUGUST 2016

17. PENSION AND SIMILAR OBLIGATIONS - continued

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

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%))
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%

During the year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4% from September 2015, which will be payable during the implementation period until the next valuation as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019. The employer's pension costs paid to TPS in the period amounted to £478,827 (2015: £96,453).

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

Under the definitions set out in FRS 102, the TPS is a multi-employer pension scheme. The 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 pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £338,000 (2015: £62,000), of which employer's contributions totalled £268,000 (2015: £47,000) and employees' contributions totalled £75,000 (2015: £15,000). The agreed contribution rates for future years are 14.4% to 20.7% for employers and 5.5% to 8.5% for employees.

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

THE GREAT SCHOOLS TRUST
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2016

17. PENSION AND SIMILAR OBLIGATIONS
- continued

Principal actuarial assumptions - The Hawthorne's Free School

	At 31 August 2016 %	At 31 August 2015 %
Rate of increase in salaries	3.3	3.7
Rate of increase for pensions in payment/inflation	1.9	2.2
Discount rate	2.1	3.9
Inflation assumption (CPI)	1.8	2.2

Principal actuarial assumptions - Kings Leadership Academy Warrington

	At 31 August 2016 %	At 31 August 2015 %
Rate of increase in salaries	3.1	3.6
Rate of increase for pensions in payment/inflation	2.1	2.7
Discount rate	2.1	3.8
Inflation assumption (CPI)	2.1	3.8

Principal actuarial assumptions - Kings Leadership Academy Liverpool

	At 31 August 2016 %	At 31 August 2015 %
Rate of increase in salaries	3.4	3.8
Rate of increase for pensions in payment/inflation	2.0	2.3
Discount rate	2.2	4.1
Inflation assumption (CPI)	1.9	2.3

THE GREAT SCHOOLS TRUST

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2016**

17. PENSION AND SIMILAR OBLIGATIONS
- continued

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

The Hawthorne's Free School and King Leadership Academy Liverpool

	At 31 August 2016	At 31 August 2015
	Years	Years
Retiring today:		
Males	22.5	22.4
Females	25.4	25.3
Retiring in 20 years:		
Males	24.9	24.8
Females	28.2	28.1

Kings Leadership Academy Warrington

	At 31 August 2016	At 31 August 2015
	Years	Years
Retiring today:		
Males	22.3	22.3
Females	24.4	24.4
Retiring in 20 years:		
Males	24.1	24.1
Females	26.7	26.7

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

Trust combined totals

	Fair value at 31/08/16 £000	Fair value at 31/08/15 £000
Equities	963	548
Bonds	345	174
Property	149	79
Cash/liquidity	63	27
Other	314	86
Total market value of assets	1,834	1,203

The actual return on scheme assets was £74,000 (2015: £2,000).

THE GREAT SCHOOLS TRUST
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2016

17. PENSION AND SIMILAR OBLIGATIONS
- continued

Amounts recognised in the statement of financial activities for the combined schemes

	2016 £000	2015 £000
Current service cost (net of employee contributions)	(262)	(10)
Interest cost	(29)	-
Administrative expenses	<u>(4)</u>	<u>-</u>
Total operating charge	<u>(295)</u>	<u>(10)</u>

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

	2016 £000	2015 £000
At 1 September	83	10
Inherited on conversion	2,116	-
Current service cost	262	57
Interest cost	84	2
Employee contributions	75	15
Actuarial loss/(gain)	1,144	(1)
Benefits paid	<u>(17)</u>	<u>-</u>
At 31 August	<u>3,747</u>	<u>83</u>

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

	2016 £000	2015 £000
At 1 September	77	11
Inherited on conversion	1,222	-
Interest income	55	-
Expected return on assets	19	2
Actuarial loss	193	2
Employer contributions	214	47
Employee contributions	75	15
Benefits paid	<u>(17)</u>	<u>-</u>
At 31 August	<u>1,834</u>	<u>77</u>

THE GREAT SCHOOLS TRUST

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED FOR THE YEAR ENDED 31 AUGUST 2016

18. RELATED PARTY DISCLOSURES

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

Logical Fox Marketing - a business which is owned by Mr C Scotland (a trustee of the trust):

- The trust purchased website design and marketing services from Logical Fox totalling £13,753 during the period (2015: nil). There is £2,340 outstanding as at 31st August 2016 (2015: nil).

19. CONVERSION TO AN ACADEMY TRUST

The Hawthorne's Free School

On 1 September 2015 The Hawthorne's Free School joined the Trust. The assets and liabilities were transferred to The Great Schools Trust for £nil consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as a net gain in the Statement of Financial Activities as Donations.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the SOFA.

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total £
Tangible Fixed Assets- Long leasehold land and buildings	-		5,821,554	5,821,554
- Other tangible fixed assets	-		243,752	243,752
Budget surplus on L A funds	1,326	352,871	-	354,197
LGPS pension deficit	-	(433,000)	-	(433,000)
	<u>1,326</u>	<u>(80,129)</u>	<u>6,065,306</u>	<u>5,986,503</u>

THE GREAT SCHOOLS TRUST

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED FOR THE YEAR ENDED 31 AUGUST 2016

19. CONVERSION TO AN ACADEMY TRUST - continued

University Academy Liverpool

On 1 November 2015 University Academy Liverpool left the University of Chester Academy Trust and joined the Great Schools Trust from when it became known as Kings Leadership Academy Liverpool. The assets and liabilities were transferred to The Great Schools Trust for £nil consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as a net gain in the Statement of Financial Activities as Donations.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the SOFA.

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total £
Tangible Fixed Assets- Long leasehold land and buildings	-		-	-
- Other tangible fixed assets	-		69,374	69,374
Budget surplus on L A funds	-	554,011	-	554,011
LGPS pension deficit	-	(461,000)	-	(461,000)
	-	93,011	69,374	162,385

20. FIRST YEAR ADOPTION

Explanation of transition to FRS 102

It is the first year that the Academy Trust has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 August 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 1 September 2014. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

Reconciliations and descriptions of the effect of the transition to FRS 102 and SORP 2015 on total funds and net income/(expenditure) for the comparative period reported under previous UK GAAP and SORP 2005 are given below:

Reconciliation of total funds

The total funds at 1 September 2014 and 31 August 2015 remain unchanged no transitional adjustment were necessary. The change in the recognition of LGPS interest costs was equal to the change in the actuarial loss resulting in no net change to the fund balances.

THE GREAT SCHOOLS TRUST

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2016**

**20. FIRST YEAR ADOPTION
- continued**

Reconciliation of Income/expenditure

The pension deficit at 31 August 2015 was £6,000. There is no material difference in the net income/expenditure as previously reported under old UK GAP and that resulting from the transition to FRS102. In arriving at this conclusion we have examined the changes noted below.

Change in recognition of LGPS interest cost

Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in income/expense. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in income/expense. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015.

Change in recognition of unrealised gains/(losses) on fixed asset investments

Under previous UK GAAP unrealised gains/(losses) on fixed asset investments were recognised below the line in the accounts showing Net Income & Expenditure. Under FRS102 they are included in arriving at the Net Income & Expenditure figure.

21. CENTRAL COSTS AND FURTHER FUNDS ANALYSIS

No central services were provided by the trust to its academies during the period and no central charges arose.

Total cost analysis by academy

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 2016 £	Total 2015 £
King's Leadership Academy Warrington	1,459,292	513,797	216,537	346,742	2,536,368	1,809,150
King's Leadership Academy Liverpool	1,780,575	707,858	236,524	1,284,604	4,009,561	-
The Hawthorne's	1,361,019	291,336	190,002	501,498	2,343,855	-
Central services	-	-	16,111	20,782	36,893	-
Academy Trust	4,600,886	1,512,991	659,174	2,153,626	8,926,677	1,809,150