

ALDERBROOK SCHOOL
(A Company Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 AUGUST 2018



Company Limited by Guarantee
Registration Number:07687619
(England & Wales)

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REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, TRUSTEES AND ADVISORS

Members	A Scott A J Coupland S Howells
Governors	T Lord, Headteacher and Accounting Officer (resigned 14 September 2017) Dr J Smith, Headteacher and Accounting Officer (appointed 15 September 2017) A Scott, Chair D S Higham (resigned 4 September 2017) T M Coggan (resigned 29 August 2018) A M Quigley, Responsible Officer A J Coupland D Evans R C Leitch S Howells P Johnson R Holt S E Pitrolino H P Armstrong N Zolty S Quick (appointed 26 September 2017)
Company registered number	07687619
Company name	Alderbrook School
Principal and registered office	Blossomfield Road Solihull West Midlands B91 1SN
School leadership team	T Lord, Headteacher (resigned 14 September 2017) Dr J Smith, Deputy Headteacher (appointed Headteacher 15 September 2017) C Czepukojc, Deputy Headteacher K Read, Acting Deputy Headteacher T Bhogal, Assistant Headteacher A Allen, Assistant Headteacher A Thandi, Assistant Headteacher C Ogan, Assistant Headteacher T Stent, Assistant Headteacher T M Coggan, Assistant Headteacher M McLoughlin, Assistant Headteacher E Jones, Associate Assistant Headteacher
Independent auditors	UHY Hacker Young (Birmingham) LLP 9-11 Vittoria Street Birmingham B1 3ND
Bankers	Lloyds Bank plc Poplar Road Solihull West Midlands B91 3AN
Solicitors	Veale Wasborough Vizard Orchard Croft Orchard Lane Bristol BS1 5WS

GOVERNORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2018

The governors present their annual report together with the financial statements and auditors' response of the charitable company for the period ended 31 August 2018.

The school operates an academy for pupils aged 11 to 18 serving a catchment area in Solihull. The school expanded to include post 16 students from September 2015. It has a pupil capacity of 1,412 and had a roll of 1,408 in the school census in May 2018.

STRUCTURE, GOVERNANCE AND MANAGEMENT**Constitution**

The Academy Trust is a company limited by guarantee and an exempt charity. The Charitable Company's memorandum and articles of association are the primary governing documents of the Academy Trust.

The company was incorporated on the 29 June 2011. On 1 August 2011 Alderbrook School converted from a maintained school to academy trust status under the Academies Act 2010 and all the operations, and assets and liabilities were transferred to Alderbrook School from the Governors of Alderbrook, Leading Edge School and Arts College.

The governors act as trustees for charitable activities of Alderbrook School and are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as Alderbrook School.

Details of the governors who served throughout the period are included on the Reference and Administrative details on page 3.

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 the amount required not exceeding £10. This will also continue for up to 1 year after they may cease to be a member, for the debts and liabilities contracted before they ceased to be a member.

In accordance with normal commercial practice, the Academy Trust has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy Trust business. See note 11 for further details.

Principal Activities

The Academy Trust's principal activities are specifically restricted 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 a school offering a broad and balanced curriculum. The Academy Trust operates under a Funding Agreement issued by the Department for Education dated 1 August 2011 and commenced operations on 1 August 2011.

Method of Recruitment and Appointment or Election of Governors

The Members may appoint up to 9 governors as specified in the Articles and they may appoint staff governors through such process as they may determine provided that the total number of staff governors (including the Headteacher) who are employees of the Academy Trust does not exceed one third of the total number of governors. The Headteacher shall be treated for all purposes as being an ex-officio governor. There will be a minimum of 2 parent governors who shall be elected by parents of registered pupils at the Academy. The governors may appoint up to 3 co-opted governors. The school also maintains links with the local authority (LA) and retains the ability of the LA to appoint a governor.

Principles and Procedures Adopted for the Induction and Training of Governors

New governors attend full governing body meetings and subsequently populate committees, often according to interests and personal expertise, as well as being given the opportunity to view the workings of the Academy on agreed visits at the school. The opportunity also exists for governors to join immersion days, governor training and school based INSET. They will also be given copies of school policies and any other relevant information.

GOVERNORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)**Organisational Structure**

A corporate leadership structure operates to help improve the way the Academy is run. The structure consists of the governors and the Leadership Team. The aim of the management structure is to devolve responsibility and encourage decision making at all levels.

The governors are responsible for the strategic development of the Academy: adopting and contributing to an annual School Improvement Plan and budget; monitoring the Academy by the use of reports; budgets and management accounts; questioning and challenging decisions; policy development; senior appointments and approving capital expenditure.

To ensure an efficient and effective committee structure within the Academy's School Improvement Plan there are 3 governor committees – Business Management, Pay and Curriculum and Staffing –The Business Management Committee responsibilities incorporate all matters pertaining to finance although the Pay Committee considers and decides the actual pay and remuneration of staff. The Curriculum and Staffing Committee is responsible for reviewing the curriculum and staffing requirements. Responsibility for Strategy, Resources, Standards, Curriculum Development and Staffing rests with the Full Governing Body meetings who consider these on a regular basis. In addition, there is a Health and Safety committee that is Academy based, however Governors also sit on this committee to ensure action points are picked up by the appropriate Governor Committee.

The leadership team changed during the year. Tracey Lord resigned as Headteacher mid-September 2017 with two Deputy Headteachers Christopher Czepukojc and Janette Smith in post. Janette Smith was appointed Headteacher and Assistant Headteacher Kate Read was appointed as Acting Deputy Headteacher, this was ratified as a full post in July 2018. The school has seven Assistant headteachers; Tebi Bhogal, Ama Thandi, Anna Allen, Can Ogan and Tim Stent, Tom Coggan and Martin McLoughlin. In June 2018 Emma Jones was appointed as Associate Assistant Headteacher for Pastoral.

These leaders direct the Academy at an executive level implementing governors' policies and reporting back to them. The school had a Finance Director directing and monitoring the finance activities of the school with her team and a Facilities Manager directs and monitors the facilities aspect of the school. The Finance Director and Facilities Manager collaborate over accommodation issues and the resources to effectively operate and develop the site. During the year the Finance Director left in April, in August a new Finance Manager joined us along with a Finance Assistant. A Site Manager, was appointed to assist the Facilities Manager and to take overall charge of school lettings. The Senior Managers are responsible for the authorisation of spending within agreed budgets and the appointment of staff. For senior staff appointments, the interview panels will always contain a governor. If governors request or the school believes it would be necessary then they may also join the appointment panels of other managerial positions. The governors have set out a delegation structure for managers within the school who will manage certain budgets. However all payments from the school are countersigned twice – by the Finance Manager and the Headteacher. If the Headteacher is absent then one of the Deputy Headteachers is able to act as a signatory for the Headteacher.

Heads of Department are responsible for the day to day operation of curriculum subject areas and accordingly organise their teaching staff, capitation, resources, facilities and students. Authorisation limits for ordering goods and services are set and agreed by the governors.

GOVERNORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)**Trade union facility time**

Relevant union officials	Numbers	FTE's
Employees who were relevant union officials during the relevant period	3	3
Percentage of time spent on facility		Employee Numbers
Percentage of time		3
0%		-
1% - 50%		-
51% - 99%		-
100%		-
Percentage of pay bill spent on facility time		
Total cost of facility time		£5,168
Total pay bill		£5,509,458
Percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) x		0.09%

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) x 100	Nil%
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Risk Management

The governors have a responsibility to assess the strategic risks to which the Academy is exposed and will maintain a risk management register. An online risk management system has been adopted.

The governors have implemented a number of processes to assess risks that the Academy faces, especially the strategic risk areas and in relation to the control of finance. These are through the work undertaken by the Responsible Officer, the Accounting Officer, the Business Management Committee, the School Leadership Team and the purchase of services from Solihull MBC. The school has developed a suite of updated financial policies – together with its own Academy Financial Handbook - which are reviewed annually. The governors have introduced systems, including operational procedures and internal financial controls to minimise risk. The Academy has an effective system of internal financial control.

Connected Organisations, including Related Party Relationships

As part of its operation, the Academy has service level agreements with Solihull MBC to support the school by a variety of methods in a number of areas. The school is also a member of: the School Network formerly the Specialist Schools Trust, Solihull Chamber of Commerce, Leading Edge Trust, Arts Connect, School Direct and other education providers within Solihull and Higher education providers such as Warwick University. These links are maintained in the interests of supporting good practice and information sharing and consolidate well established mutually supportive associations. The school maintains a close relationship with Solihull Society of Arts, which has some of its sections based at Alderbrook School.

OBJECTIVES AND ACTIVITIES**Objects and Aims**

The Academy's main objectives are encompassed in its mission statement.

Our purpose is to provide a high quality, inclusive education, which will support, challenge and inspire children, enabling them to succeed and mature, to fulfil their potential and to become lifelong learners.

The Academy has a statement of Values that underpin the above mission statement:

SELF - We value ourselves as unique human beings, capable of spiritual, moral, intellectual and physical growth and development.

RELATIONSHIPS - We value others for themselves, not only for what they have or what they can do for us. We value relationships as fundamental to the development and fulfilment of others, ourselves and for the good of the community.

GOVERNORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)**Objects and Aims (Cont'd)**

SOCIETY - We value truth, freedom, justice, human rights, the rule of law and collective effort for the common good. In particular, we value families as sources of love and support for all their members and as the basis of a society in which people care for others.

ENVIRONMENT - We value the environment, both natural and shaped by humanity, as the basis of life and a source of wonder and inspiration.

Therefore the school provides:

- Teaching and Learning opportunities to enable the pupils to attain the highest academic standards;
- Training and development opportunities for all staff to improve performance;
- Teaching and Learning opportunities for pupils to become positive, informed and involved citizens; and
- A programme of activities in areas of sport, arts, leisure, productions, after school clubs, community links to enhance the pupils' range of experiences.

The school implements the above statements in a School Improvement Plan (SIP) and the priorities agreed for 2017-18 as set out in the financial statements presented last year are detailed below together with outcomes:

SIP Priority 2017-2018 Raise the Quality of Teaching

- 1 Use school monitoring cycle to evaluate the quality of teaching each term
- 2 Review the quality of teaching each term, teacher standards met;
- 3 Ensure sub-group and prior attainment data are available to support lesson planning;
- 4 Link continuous professional development (CPD) activities to each review;
- 5 Use pay and appraisal reports to identify and recognise below expected, expected and exceptional performance; and
- 6 Schemes of work are mapped to ensure opportunities to embed and encourage mastery of content, and to develop learning skills.

SIP Priority 2017-2018 Raise the Quality of Teaching Outcomes 2018

- 1 Strengths and weaknesses from each termly observation cycle summary are used to inform where areas of excellence and areas where support is needed to secure better outcomes;
- 2 Following the reviews - excellent practice is shared and more consistent good quality teaching is secured. Subject leaders have clear evidence of students responding to feedback, causing a positive impact on student learning. Assistant Headteachers supported curriculum leaders to monitor this across the year;
- 3 All sub groups data is now transferred to the Class Charts Programme and the observation and work trawl cycle allowed subject leaders to monitor the quality of provision for vulnerable sub-groups;
- 4 CPD in-house training led by excellent teachers to share good practice; each teacher chose a specific lesson study focus key to their CPD choosing from a selection identified from the needs at the end of the previous year. The majority of departments chose embedding learning to support development of the new content laden GCSE and A level specifications.
- 5 Appraisal process provides challenge with clear outcomes and rewards best teachers. Pay Committee meet in autumn term to review evidence submitted. Teaching staff use SIMS Performance Management package to record their performance management targets.
- 6 Curriculum mapping is mostly completed by all Curriculum Leaders and will be completed over the coming year as the new courses are embedded. Growing skills in Life without Levels reporting is evident in observations, reports to parents and through student voice.

SIP Priority 2017-2018 Improving students' personal development, behaviour and welfare

- 1 Attendance overall increases, PA diminishes, no vulnerable group is over represented in the figures;
- 2 Exclusions reduce whilst maintaining high standards of behaviour;
- 3 Behaviour policy is applied consistently across the school;
- 4 Safeguarding to be highly effective;
- 5 Praise is formalised and becomes embedded to celebrate attendance and achievement in lessons;
- 6 Provide specialist training for front-line personnel supporting students;
- 7 Provide training for all staff for Social, Emotional, Mental Health (SEMH), Autistic Spectrum Condition (ASC) and transgender issues;
- 8 Life - Ready days to deliver careers, British values and well-being lessons;

GOVERNORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)**SIP Priority 2017-2018 Improving students' personal development, behaviour and welfare (cont'd)**

- 9 Strengthen career advice across the school;
- 10 Deliver advice and guidance for staying safe online;
- 11 Report on Level of Need of students and monitor their progress; and
- 12 SIMS used to record all interactions.

SIP Priority Improving students' personal development, behaviour and welfare Outcomes 2018

- 1 Attendance fell slightly in 2018 however attendance fell to a much greater degree across the authority area. Attendance for SEN students improved greatly on the previous year.
- 2 Exclusions decreased again this year, and two students were permanently excluded, each for a single serious misconduct. The school worked closely with the LA and some students were moved to more appropriate alternative provisions to better meet their needs.
- 3 Regular behaviour reports were presented to Governors, The introduction of Class Charts has seen a very large improvement in recognising positive behaviour of students.
- 4 Termly reports provided for Governors on safeguarding referrals and other pastoral concerns, termly visits from our LA School Improvement Partner were withdrawn after term 1 due to management of change in the LA. A new process of School Improvement monitoring was put in place by the LA in the Summer term. Ofsted visited the school for a section 8 inspection on 24-25th April 2018 and the school was judged as good in all five aspects. Consequently the school has been placed in band A for the LA and will receive the minimum level of supervisory support from the LA over the next year.
- 5 Student positive behaviour points is on average three times greater than negative behaviour points.
- 6 Training for level 2 ASC (some L3 trained staff) and an AET lead in school, SEMH training delivered to all staff. Supervision and solution-based-focus methods planned in the summer term for delivery 2017-18.
- 7 Behaviour Points as a measure of behaviour in school has remained similar to the previous year (coupled with a decrease in exclusions – general behaviour has been stable).
- 8 Evaluation after Life-Ready days has been highly positive from students and providers.
- 9 Student career plans in place, 90 students were recruited into year 12 and sixth form retention into year 13 was excellent, Y11 and Y13 destination data has been completed.
- 10 On-line safety was covered across the year in assemblies and in Life-Ready days. Also a new rigorous monitoring system was put in place with incidents recorded on SIMS, and conversations held between students, teachers and Pastoral Managers regarding unacceptable or unsafe IT use.
- 11 Vulnerable students progress tracked over the year. LAC PEP meetings held with Virtual Head and external professionals on a termly basis. Other Level 4 meetings for Child Protection or Child in Need taking place as and when appropriate throughout the year.
- 12 Internet misuse data recorded, SEN updates all recorded on SIMs by summer, all student interventions and parent/carer interactions recorded on SIMs.

SIP Priority 2017-2018 Leadership and Management

- 1 Leaders have highest expectations of the conduct of staff and students
- 2 High expectations of all staff to secure excellent outcomes for students and diminish differences in outcomes for vulnerable groups
- 3 Governors meet and challenge leaders in school to ensure excellent outcomes for all students.
- 4 Incisive performance management to recognise excellent teaching and continued teacher improvement
- 5 Staff are reflective and proactive in their professional development
- 6 AHT responsible for the sixth form to promote recruitment and retention of students into years 12 & 13
- 7 AHTs English & Maths to maintain L2 Basics. AHTs EBacc & Open subject to support diminishing differences across subject areas
- 8 All staff are supported and trained to secure the highest standards of safeguarding students
- 9 SLT flexibility and support during Acting HT period.

GOVERNORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)**SIP Priority Leadership and Management Outcomes 2018**

- 1 Evaluation of strengths and development needs of all staff collected during observation cycle;
- 2 Creating context sheets within Class Charts for tracking progress for sub-groups in all classes;
- 3 Governors had presentations throughout the year and visited staff in school to provide support and challenge for improved outcomes;
- 4 Termly Performance Management cycle reviewed by AHT, Pay Committee review evidence Term 1, appeal hearings were carried out where insufficient evidence was produced to recommend progression.
- 5 SLT analysis of SEF & SIP to identify strengths and weaknesses across the school. AHTs provided regular support for subject leaders to improve outcomes;
- 6 External recruitment drive took place term 1, interviews and offers term 2, curriculum planning term 3. ESFA funding secured on numbers rather than lagged funding. During the year a second appointment was made so there is now a Head of Year 12 and Head of Year 13 in place.
- 7 AHTs met curriculum leaders, Head of Science and SENCO regularly, to monitor progress.
- 8 Termly INSET and regular pastoral updates kept staff informed of changing needs or guidelines. Safeguarding Governor visited school termly for support; and
- 9 Governors ensure all aspects of the school are being managed well and excellent outcomes are secured.

PUBLIC BENEFIT

In drafting the above statements, the governors have taken the Charity Commission's specific guidance on public benefit (contained within the guidance document "The Advancement of Education for the Public Benefit") into consideration in preparing their statements on public benefit within this governors' annual report.

Benefits and Beneficiaries – In accordance with its charitable objectives, the charitable company strives to advance the education of the pupils attending the school. The charitable company's primary beneficiaries are therefore the pupils, and benefits to pupils are provided through continuing to maintain a high standard of education throughout the school.

Governors' Assessment of Public Benefit – In order to determine whether or not the charitable School Company has fulfilled its charitable objectives for public benefit, the governors gather evidence of the success of Alderbrook's activities.

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. Details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

GOVERNORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)**FINANCIAL REVIEW****RESERVES POLICY**

The governors will review the reserves levels of the academy annually. This review will encompass the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The governors have previously determined that an appropriate level of free reserves should be a minimum of £250,000. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. The academy's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) is £840,000.

INVESTMENT POLICY

The governors' policy is to invest any surplus funds in low risk short term bank deposits using the advice of our bankers – Lloyds.

PRINCIPAL RISKS AND UNCERTAINTIES

As set out below:

- Meeting appropriate standards of education for students in core subjects;
- Complying with legislative requirements regarding employment law, data protection, equal opportunities, Companies House and HMRC, Child Protection, the Charity Commission and the National Curriculum; and
- Financial Risk - not operating within budget and/or creating a deficit, changes in funding, the possibility of further post 16 developments and associated costs of building, staffing and operating, inappropriate or insufficient financial controls and systems, fraudulent activity and/or financial commitments made without adequate authorisation.

The key controls used by the Academy include:

- Detailed terms of reference for committees;
- Formal agendas for the academy board and committees;
- Schemes of delegation and formal financial regulations;
- Formal written policies;
- Clear authorisation and approval levels; and
- Policies and procedures required by law to protect the vulnerable.

Fundraising

Under the provisions of the Charities (Protection and Social Investment) Act 2016 the academy trust approach to fundraising practices is as follows:

- our approach to fundraising has been to apply for publicised grants and income that may be beneficial and relevant to Alderbrook School.

REVIEW OF YEAR

Most of the Academy's income is obtained from the Department for Education (DFE) via the Education and Skills Funding Agency (ESFA) in the form of General Annual Grant (GAG), the use of which is restricted to specific purposes. The grants received from the ESFA during the year ended 31st August 2018 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities. The Academy also receives grants such as Pupil Premium and for fixed assets from the ESFA. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2015), such fixed asset grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During the year ended 31 August 2018, total expenditure of £7,913,000 (2017: £7,704,000), which included depreciation of £477,301 (2017: £458,112), was covered by incoming resources of £8,078,130 (2017: £7,220,000). The excess of expenditure over income for the year (excluding restricted fixed asset funds and before actuarial gains or losses) was £226,000 (2017: £87,176).

At 31 August 2018 the net book value of fixed assets was £21,790,157 (2017: £21,379,546) and movements in tangible fixed assets are shown in note 12 to the financial statements. The assets were used exclusively for providing education and the associated support services to the students of the Academy.

GOVERNORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)**Plans for future periods****FUTURE DEVELOPMENTS**

School Improvement Plan for future period 2018-2019 Raise the Quality of teaching

- 1 Use school monitoring cycle to evaluate the quality of teaching each term;
- 2 Review the quality of teaching each term, teacher standards met;
- 3 Ensure sub-group and prior attainment data are available to support lesson planning;
- 4 Link continuous professional development (CPD) activities to each review;
- 5 Use pay and appraisal report to identify and recognise below expected, expected and exceptional performance; and
- 6 Schemes of work are mapped to ensure opportunities to embed and encourage mastery of content, and to develop learning skills.

Improve students' personal development, behaviour and welfare

- 1 Attendance overall increases, PA diminishes, no vulnerable group is over represented in the figures;
- 2 Exclusions reduce whilst maintaining high standards of behaviour;
- 3 Behaviour policy is applied consistently across the school;
- 4 Safeguarding to be highly effective;
- 5 Improve communication and dialogue with parents/carers and follow up incidents in a timely manner;
- 6 Provide specialist training for front-line personnel supporting students;
- 7 Provide training for all staff and support for parents using our Educational Psychologist
- 8 Life - Ready days to deliver careers, British values and well-being lessons;
- 9 Strengthen options process and career advice across the school;
- 10 Deliver advice and guidance for staying safe online;
- 11 The DSL produces a report of levels of vulnerability for Governors annually
- 12 SIMS used to record all interactions.

Improve outcomes for students

- 1 Monitor reporting systems for new GCSE grades, life-after-levels, new AS and A level
- 2 Improve P8 and L2 Basics;
- 3 Improve % of students achieving EBacc measure;
- 4 Subject Progress Indicator (SPI) to continue to improve across curriculum
- 5 Increase levels of reading and literacy across the curriculum;
- 6 Diminishing differences of vulnerable groups;
- 7 Alternative curriculum found and mapped for SEN students;
- 8 Review of 2 year KS3 curriculum to ensure GCSE ready year groups in year 9;
- 9 Subject content mapped across the curriculum; and
- 10 Curriculum mapped forward to 2020 to ensure Progress 8, L2 Basics and EBacc are maximised to individual student and whole school advantage, with suitable vocational routes found.

Effective leadership and management

- 1 Leaders have highest expectations of the conduct of staff and students;
- 2 High expectations of all staff to secure excellent outcomes for students and diminish differences in outcomes for vulnerable groups;
- 3 Governors meet and challenge leaders in school to ensure excellent outcomes for all students;
- 4 Incisive performance management to recognise excellent teaching and continued teacher improvement;
- 5 All subject leaders reflect on outcomes in 2018, identify strengths and areas for further development, lead on the continual improvement in their subject;
- 6 Subject leaders promote and develop A level courses;
- 7 All subject leaders ensure subject specific CPD is in place to secure expected progress for all students;
- 8 All staff are supported and trained to secure the highest standards of safeguarding students; and
- 9 SLT flexibility and support for all middle leaders and subject leaders.

GOVERNORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)**DISCLOSURE OF INFORMATION TO AUDITORS**

The governors have confirmed that, as far as they are aware, there is no relevant audit information of which the auditors are unaware. Each of the governors have confirmed that they have taken all the steps that they ought to have taken as governors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

The Governors' Annual Report is approved by order of the board of governors and the Strategic Report (included therein) is approved by the board of governors in their capacity as the directors at a meeting on 13 December 2018 and signed on its behalf by:



A Scott
Chair

GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 AUGUST 2018**Scope of Responsibility**

As governors, we acknowledge we have overall responsibility for ensuring that Alderbrook School 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 Governing Body has delegated the day-to-day responsibility to the Headteacher, 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 Alderbrook School and the Secretary of State for Education. She is also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Governors' Report and in the Statement of Governors Responsibilities. The Governing Body has formally met 4 times during the year although governor participation in the school is more involved than this with several other visits made and attendance at informal meetings and school events. The formal meetings were well attended and were all quorate. Reasons for non-attendance were tabled and accepted. Attendance during the year at meetings of the governing body was as follows:

Governor	Meetings attended	Out of a Possible
Dr J Smith (Headteacher and Accounting Officer)	4	4
A Scott (Chair)	4	4
A M Quigley (Responsible Officer)	3	4
A J Coupland	4	4
D Evans	3	4
R C Leitch	4	4
S Howells	3	4
P Johnson	3	4
R Holt	2	4
S E Pitrolino	3	4
H P Armstrong	4	4
N Zolty	1	4
S Quick	0	4

The Business Management Committee has had 5 meetings over the year. Its purpose is to lead and manage for the governors the areas of finance and facilities. The expertise within this group within the governors is accountancy, health and safety, business marketing and promotion. Attendance at these meetings during the year is as follows:

	Meetings attended	Out of a Possible
R Leitch (Chair)	5	5
A Scott	5	5
Dr J Smith (Acting Headteacher)	5	5
T M Coggan	1	5
D Evans	5	5
A J Coupland	4	5
R Holt	4	5
S Quick	4	5

GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 AUGUST 2018

The Curriculum & Staffing Committee has had 3 meetings over the year. Its purpose is to review the curriculum and staffing requirements of the academy trust. Attendance at these meetings during the year is as follows:

	Meetings attended	Out of a Possible
S Howells (Chair)	3	3
A Scott	3	3
A M Quigley	3	3
H Armstrong	2	3
D Evans	1	3
N Zolty	2	3
S E Pitrolino	-	3
P Johnson	2	3

Governance Review

The Academy trust reviewed its governance arrangements between September 2016 and July 2017. A review was not carried out for September 2017 to July 2018 as the constitution of the governing body only slightly altered.

- Progress has been made in arranging training to address any shortcomings identified in the previous year's review. Recruitment to the governing body was based on gaps identified in the previous review, (links with the local community in particular).
- Governors also re-considered the Committee structure and re-instated Curriculum & Staffing to make meetings more focused and efficient.
- The new academic year September 18 – July 19 will focus on greater financial awareness for all governors in line with the new guidance and best practice.

Review of Value for Money

As accounting officer the Headteacher 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 governors where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the Academy Trust will continue to deliver improved value for money by:

- Benchmarking regular suppliers every three years.
- Ensuring that when dealing with external suppliers that at least three quotations are secured for projects in excess of £1,250.
- The 3 year printing and photocopying contract was fully re-tendered and awarded to a new supplier in October 2018, with lower costs per copy achieved, and projected annual savings c. £10k expected to be achieved against the 2017/18 total cost of £85k.
- The cleaning contract (2017/18 total cost of £128k) will expire in July 2019 and a full tender exercise will be undertaken from January 2019 onwards to ensure full market testing and achievement of value for money.

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 Alderbrook School for the year ended 31 August 2018 and up to the date of approval of the annual report and financial statements.

GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)**Capacity to Handle Risk**

The board of governors has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of governors is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the year ended 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of governors.

The Risk and Control Framework

The school uses the services of Solihull MBC Internal Audit to provide support and a report for the school's Responsible Officer (RO), Andrea Quigley. The RO's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. Once a term the RO reports to the Governing Body on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities.

The single recommendation carried forward from 2015/16 was to develop the Management of Risk Policy, and the policy was finalised in 2017/18.

Solihull MBC Internal Auditors made no recommendations during 2016/17. During 2017/18 the only recommendation made was that debit cardholders complete the Register of Pecuniary Interests each year even if their interests have not changed. This recommendation was accepted and has been implemented. The overall opinion of Solihull MBC Internal Auditors is that the controls in the areas examined are operating effectively.

As Accounting Officer, the Headteacher 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;
- Support of Solihull MBC Internal Audit;
- The financial management and governance self-assessment process;

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Business Management 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 Governing Body on 13 December 2018 and signed on its behalf by:



.....
A Scott
Chair

13 December 2018



.....
Dr J Smith
Accounting Officer
13 December 2018

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE FOR THE YEAR ENDED 31 AUGUST 2018

As accounting officer of Alderbrook School I have considered my responsibility to notify the Academy Trust board of trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the Academy Trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

I confirm that I and the Academy Trust board of trustees are able to identify any material irregular or improper use of funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's funding agreement and the Academies Financial Handbook 2017.

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


.....

Dr J Smith
Accounting Officer

13 December 2018

STATEMENT OF GOVERNORS' RESPONSIBILITIES FOR THE YEAR ENDED 31 AUGUST 2018

The governors (who act as governors of Alderbrook School and 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 Annual Accounts Direction issued by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the governors 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 to 2018;
- make judgments and 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 academy will continue in business.

The governors 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 governors 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 ESFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the board of governors on 13 December 2018 and signed on its behalf by:



A Scott
Chair

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALDERBROOK SCHOOL FOR THE YEAR ENDED 31 AUGUST 2018**Opinion**

We have audited the financial statements of Alderbrook School (the 'academy trust') for the year ended 31 August 2018 which comprise Statement of Financial Activities, the Balance Sheet and the 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 Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education and Skills Funding Agency.

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

In our opinion the financial statements:

- give a true and fair view of the state of the academy's affairs as at 31 August 2018, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education and Skills Funding Agency.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 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 governors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the governors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the academy trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALDERBROOK SCHOOL FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)**Other information**

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the governors' report (incorporating the strategic report and the governors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the governors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of governors' 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 governors' responsibilities statement set out on page 17, the governors (who are also the directors of the academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the governors 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 governors either intend to liquidate the academy or to cease operations, or have no realistic alternative but to do so.

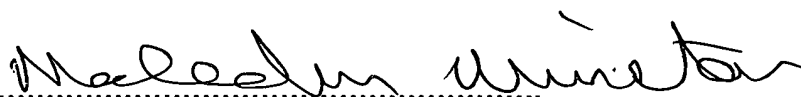
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALDERBROOK SCHOOL FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)**Auditor's responsibilities for the audit of the financial statements**

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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the academy trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the academy trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the academy trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Malcolm Winston

Senior Statutory Auditor

UHY Hacker Young (Birmingham) LLP, Statutory Auditor

9-11 Vittoria Street

Birmingham

B1 3ND

13 December 2018

INDEPENDENT REPORTING ACCOUNTANT'S AUDITOR'S ASSURANCE REPORT ON REGULARITY TO ALDERBROOK SCHOOL AND THE EDUCATION AND SKILLS FUNDING AGENCY FOR THE YEAR ENDED 31 AUGUST 2018

In accordance with the terms of our engagement letter dated 9 February 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 the Academy during the period 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Alderbrook School and the ESFA in accordance with our engagement letter. Our review has been undertaken so that we might state to the governing body and the ESFA those matters we are required to state to it 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 Alderbrook School and the ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Alderbrook School's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Alderbrook School funding agreement with the Secretary of State for Education dated 9 December 2011, 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 period 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies: Accounts Direction 2017 to 2018 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

**INDEPENDENT REPORTING ACCOUNTANT'S AUDITOR'S ASSURANCE REPORT ON
REGULARITY TO ALDERBROOK SCHOOL AND THE EDUCATION AND SKILLS FUNDING
AGENCY FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)**

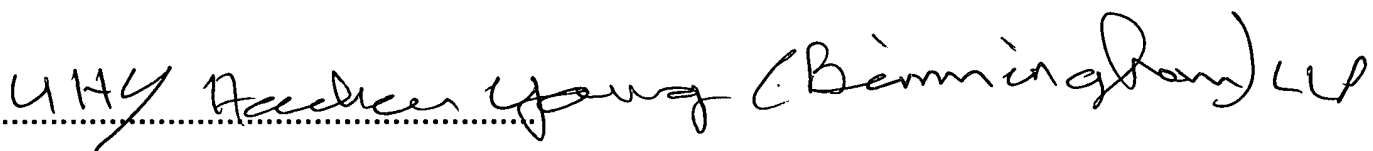
Approach (con't)

Summary of the work undertaken was as follows:

- Analytical review of the Academy's general activities are within the Academy Trusts framework of authorities;
- Consideration of the evidence supporting the accounting officers statement on regularity, propriety and compliance;
- Review of the general control environment for the Academy on financial statements and on regularity;
- Sample testing of expenditure transactions to ensure the activity is permissible within the Academy's framework of authority;
- Confirmation that a sample of expenditure has been appropriately authorised in accordance with the Academy's delegated authorities;
- Formal representations obtained from the board of governors and the accounting officer acknowledging the responsibilities including disclosing all non compliance with laws and regulations specific to the authorising framework;
- Confirmation that any extra contractual payments such as severance and compensation payments have been appropriately authorised;
- Review of credit card expenditure for any indication of personal use by staff, Headteacher or governors;
- Review of specific terms of grant funding within the funding agreement;
- Review of related party transactions for connections with the Headteacher/Finance Manager or governors;
- Review of income received in accordance with the activities permitted within the Academy's charitable objectives.

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 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.



Reporting Accountant
UHY Hacker Young (Birmingham) LLP
9-11 Vittoria Street
Birmingham
B1 3ND

13 December 2018

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 AUGUST 2018

(Including Income and Expenditure Account)

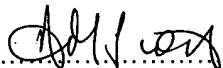
		Unrestricted	Restricted	Restricted	Total	Total
	Note	Funds	General	Fixed	2018	2017
		£'000	Funds	Asset	£'000	£'000
		£'000	£'000	Funds	£'000	£'000
Income from:						
Donations and capital grants	3	-	1	869	870	30
Charitable activities:						
- Funding for the Academy Trust's educational operations	4	-	6,727	-	6,727	6,693
Other trading activities	5	477	-	-	477	489
Investment income	6	5	-	-	5	8
Total		482	6,728	869	8,079	7,220
Expenditure on:						
Raising funds	7	469	-	-	469	401
Charitable activities:						
- Academy Trust's educational operations	7	-	6,967	477	7,444	7,303
Other		-	-	-	-	-
Total		469	6,967	477	7,913	7,704
Net income/(expenditure)		13	(239)	392	166	(484)
Transfers between funds	16	(5)	(42)	47	-	-
Other recognised gains and losses						
Actuarial gain on defined benefit pension schemes	26	-	453	-	453	600
Net movement in funds		8	172	439	619	116
Reconciliation of funds						
Total funds brought forward	16	832	(2,252)	21,109	19,689	19,573
Total funds carried forward	16	840	(2,080)	21,548	20,308	19,689

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

BALANCE SHEET AS AT 31 AUGUST 2018

	Note	2018 £'000	2017 £'000
Fixed assets			
Tangible assets	12	<u>21,790</u>	<u>21,379</u>
		<u>21,790</u>	<u>21,379</u>
Current assets			
Debtors	13	463	190
Cash at bank and in hand		<u>1,568</u>	<u>1,258</u>
		<u>2,031</u>	<u>1,448</u>
Liabilities			
Creditors: Amounts falling due within one year	14	<u>(1,163)</u>	<u>(615)</u>
Net current assets		868	833
Total assets less current liabilities		22,658	22,212
Creditors: Amounts falling due after more than one year	15	(270)	(270)
Net assets excluding pension liability		<u>22,388</u>	<u>21,942</u>
Defined benefit pension scheme liability	26	(2,080)	(2,252)
Total Net Assets		<u>20,308</u>	<u>19,690</u>
Funds of the Academy:			
Restricted funds			
- Fixed asset fund	16	21,548	21,110
- Restricted income fund	16	-	-
- Pension reserve	16	<u>(2,080)</u>	<u>(2,252)</u>
Total restricted funds		<u>19,468</u>	<u>18,858</u>
Unrestricted income fund	16	<u>840</u>	<u>832</u>
Total unrestricted funds		<u>840</u>	<u>832</u>
Total Funds		<u>20,308</u>	<u>19,690</u>

The financial statements on pages 23 to 45 were approved by the governors and authorised for issue on 13 December 2018 and signed on their behalf by:



A Scott
 Chair

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 AUGUST 2018

	Notes	2018 £'000	2017 £'000
Cash flows from operating activities			
Net cash provided by operating activities	20	325	80
Cash flows from investing activities	21	(14)	(23)
Cash flows from financing activities	22	-	-
Change in cash and cash equivalents in the reporting period		<u>311</u>	<u>57</u>
Cash and cash equivalents at 1 September		1,258	1,201
Cash and cash equivalents at 31 August	23	<u>1,569</u>	<u>1,258</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018**1 Statement of Accounting Policies**

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

Basis of Preparation

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities : Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Alderbrook School meets the definition of a public benefit entity under FRS 102.

Going Concern

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

Income

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

- **Grants**

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

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 grant are reflected in the balance sheet in creditors; amounts falling due within one year in deferred income.

- **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 receipt is probable and it can be measured reliably.

- **Donations**

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

- **Other income**

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

- **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 measure 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'.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)

- **Donated goods, facilities and services (continued)**

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.

- **Transfers of leasehold property**

Leasehold property transferred to the Academy from the local authority at little or no consideration will be revalued at fair value in accordance with FRS 102. This value will be recognised as incoming resources in the Statement of Financial Activities and will be included in the appropriate fixed assets category and depreciated over the life of the lease.

Expenditure

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

- **Expenditure on Raising Funds**

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

- **Charitable Activities**

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

All resources expended are inclusive of irrecoverable VAT.

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. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the

Depreciation is provided on a straight line basis on the cost of tangible fixed assets, to write them down to their estimated residual values over their expected useful lives. The Headteacher annual rates used for assets are:

Leasehold land (life of the lease)	0.8%
Leasehold buildings - gifted from local authority	2%
Motor vehicles	20%
Furniture and equipment	20%
Computer equipment and software	25%

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)**Tangible Fixed Assets (cont'd)**

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.

Leased assets

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

Financial Instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 13. 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 14. 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.

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

The LGPS is a funded scheme and the assets are held separately from those of the Academy Trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of the scheme introductions, benefit changes, settlements and curtailments.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)**Pensions Benefits (Cont'd)**

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

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

Fund Accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the Academy Trust at the discretion of the trustees. Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by funders where the asset acquired or created is held for a specific purpose.

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

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

Critical accounting estimates and assumptions

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

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

Critical areas of judgement

The critical judgements that the Trustees have made in the process of applying the Academy Trust's accounting policies that have the most significant effect on the amounts recognised in the statutory financial statements are discussed below:

The critical areas of judgement are accounting for government grants, accounting for the write down of assets through depreciation and accounting for the pension liability. Government grants are accounted for as restricted funds. The pension liability is assessed by an independent actuarial valuation. Depreciation rates are based on the expected life of the asset.

In assessing whether there have been any indicators of impairment assets, the Trustees have considered both external and internal sources of information such as market conditions, counterparty credit ratings and experience of recoverability. There have been no indicators of impairments identified during the current financial year.

Agency arrangements

The Academy Trust acts as an agent in distributing 16-19 bursary funds from the ESFA. Payments received from the 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 trust cannot use any of the allocation towards its own administration costs. The funds received and paid and any balances held are disclosed in note 29.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)**2 GENERAL ANNUAL GRANT (GAG)**

Under the funding agreement with the Secretary of State the Academy Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2018 (See note 16).

3 DONATIONS AND CAPITAL GRANTS

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2018 £'000	Total 2017 £'000
Devolved formula capital grant	-	28	28	30
CIF grant	-	507	507	-
Local authority capital grant	-	334	334	-
Private sector sponsorship donation	-	1	1	-
	-	870	870	30

The income from donations and capital grants was £870,150 (2017 : £30,430) of which £Nil (2017 : £Nil) was unrestricted, £1,250 (2017 : £Nil) restricted and £868,900 (2017 : £30,430) restricted fixed assets.

4 FUNDING FOR THE ACADEMY TRUST'S EDUCATIONAL OPERATIONS

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2018 £'000	Total 2017 £'000
DfE/ESFA grants				
General annual grant (GAG) (note 2)	-	5,946	5,946	5,837
Other DfE/ESFA grants	-	262	262	249
SEN grant	-	400	400	499
	-	6,608	6,608	6,585
Other Government grants				
Special educational needs grant (SMBC)	-	119	119	108
	-	119	119	6,693
Other income from the academy trust's educational operations				
	-	-	-	-
	-	-	-	-
	-	6,727	6,727	6,693

The income from the Academy Trusts's educational operations was restricted for both 2018 and 2017.

5 OTHER TRADING ACTIVITIES

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2018 £'000	Total 2017 £'000
Catering income	378	-	378	372
Sales of goods/services	23	-	23	45
Sundry lettings and hire of facilities	76	-	76	72
	477	-	477	489

The income from the Academy Trusts's other trading activities was unrestricted for both 2018 and 2017.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2018 £'000	Total 2017 £'000
6 INVESTMENT INCOME				
Bank interest received	5	-	5	8
	<u>5</u>	<u>-</u>	<u>5</u>	<u>8</u>

The income from the Academy Trusts's investment income was unrestricted for both 2018 and 2017.

7 EXPENDITURE

	Staff Costs £'000	Non Pay Expenditure Premises £'000	Other Costs £'000	Total 2018 £'000	Total 2017 £'000
Expenditure on raising funds					
- Direct costs	-	-	9	9	-
- Allocated support costs	67	-	393	460	401
Academy's educational operations					
- Direct costs	4,983	-	299	5,282	5,282
- Allocated support costs	1,014	909	239	2,162	2,021
	<u>5,997</u>	<u>909</u>	<u>538</u>	<u>7,444</u>	<u>7,303</u>
	<u>6,064</u>	<u>909</u>	<u>940</u>	<u>7,913</u>	<u>7,704</u>

The expenditure was £7,913,000 (2017 : £7,704,000) of which £469,000 (2017 : £415,649) was unrestricted, £6,967,000 (2017 : £6,830,239) restricted and £477,000 (2017 : £458,112) restricted fixed assets.

	2018 £'000	2017 £'000
Net income/(expenditure) for the year includes:		
Operating lease rentals	30	30
Depreciation	427	458
Fees payable to auditor for:		
- audit	8	9
- other services	2	3

8 CHARITABLE ACTIVITIES

	Total 2018 £'000	Total 2017 £'000
Direct costs - educational operations	5,282	5,282
Support costs - educational operations	2,162	2,021
	<u>7,444</u>	<u>7,303</u>
Analysis of Direct Costs		
	Total 2018 £'000	Total 2017 £'000
Educational supplies	137	147
Other direct costs	44	30
Recruitment and support	18	17
Examination fees	100	117
Wages and salaries	3,857	3,646
National insurance	390	366
Pension cost	609	615
Supply teachers	127	344
	<u>5,282</u>	<u>5,282</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)

Analysis of Support Costs	2018	2017
	£'000	£'000
Support staff costs	1,014	876
Depreciation	427	458
Technology costs	47	49
Premises costs	482	404
Other support costs	176	208
Governance	16	26
	2,162	2,021

9 STAFF COSTS

	2018	2017
	£'000	£'000
a Staff costs during the year were:		
Wages and salaries	4,462	4,392
Social security costs	441	409
Operating costs of defined benefit pension schemes	993	702
	5,896	5,503
Agency staff costs	168	344
Staff restructuring costs	-	-
	6,064	5,847
Staff restructuring costs comprise:		
Redundancy payments	-	-
Severance payments	-	-
Other restructuring costs	-	-
	-	-

b Staff severance payments

There were no non-statutory/non-contractual severance payments in either 2018 and 2017.

c Staff numbers

The average number of persons (including senior management team) employed by the academy during the year ended 31 August 2018 expressed as whole persons was as follows:

	2018	2017
Charitable Activities	No	No
Teachers	93	88
Administration and support	71	70
Management	8	9
	172	167

d Higher paid staff

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

	No	No
£60,001 - £70,000	1	3
£90,001 - £100,000	1	-
£100,001 - £200,000	-	1

e Key management personnel

The key management personnel of the Academy Trust comprise the trustees and the senior management team as listed on page 3. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the Academy Trust was £668,476 (2017 : £751,559)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)**10 RELATED PARTY TRANSACTIONS - GOVERNORS' REMUNERATION AND EXPENSES**

One or more governors has been paid remuneration or has received other benefits from an employment with the Academy Trust. The headteacher and other staff governors receive remuneration in respect of their contracts of employment as headteacher and staff and not in respect of their services as governors. Other governors did not receive any payments, other than expenses, from the Academy Trust in respect of their role as governors. The value of governors' remuneration and other remuneration was as follows:

T Lord		
Remuneration	£0 - £5,000	(2017:£100,000 - £105,000)
Employers pension contributions	£0 - £5,000	(2017:£15,000 - £20,000)
T M Coggan		
Remuneration	£50,000 - £55,000	(2017:£45,000 - £50,000)
Employers pension contribution	£5,000 - £10,000	(2017:£5,000 - £10,000)
D J Smith		
Remuneration	£75,000 - £80,000	(2017:£65,000 - £70,000)
Employers pension contributions	£10,000 - £15,000	(2017:£10,000 - £15,000)

During the years ended 31 August 2018 and 31 August 2017 there were no travel and subsistence expenses reimbursed to the trustees in their role as trustees.

Other related party transactions including trustees are set out in note 27.

11 GOVERNORS' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim. The cost of this insurance is included in the total insurance cost and cannot be separately identified.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)

12 TANGIBLE FIXED ASSETS

	Leasehold Land & Buildings £'000	Furniture & Equipment £'000	Computer Equipment £'000	Motor Vehicles £'000	Assets under Construction £'000	Total £'000
Cost						
At 1 September 2017	23,279	353	211	49	-	23,892
Additions	-	18	29	-	841	888
Disposals	-	-	-	-	-	-
At 31 August 2018	23,279	371	240	49	841	24,780
Depreciation						
At 1 September 2017	2,097	226	143	47	-	2,513
Charged in year	347	44	34	2	-	427
Impairment loss	50	-	-	-	-	50
Disposals	-	-	-	-	-	-
At 31 August 2018	2,494	270	177	49	-	2,990
Net book value						
At 31 August 2018	20,785	101	63	-	841	21,790
At 31 August 2017	21,182	127	68	2	-	21,379

The leasehold land and buildings inherited by the charitable company upon conversion were valued at £22,984,990 on a depreciated replacement costs basis by Solihull Metropolitan Borough Council. The land element of this valuation was £9,808,490.

Depreciation includes £346,884 (2017: £346,884) charged on leased assets and £80,242 (2017: £111,228) charged on owned assets.

	2018 £'000	2017 £'000
13 DEBTORS		
VAT recoverable	53	-
Other debtors	7	44
Prepayments and accrued income	403	146
	<u>463</u>	<u>190</u>

14 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £'000	2017 £'000
Trade creditors	43	122
Other creditors	305	285
Accruals	799	176
Deferred income	16	32
	<u>1,163</u>	<u>615</u>
Deferred Income		
	2018 £'000	2017 £'000
Deferred income at 1 September 2017	32	41
Resources deferred in the year	16	32
Amounts released from previous years	(32)	(41)
Deferred income at 31 August 2018	<u>16</u>	<u>32</u>

At the balance sheet date the academy was holding funds received in advance for 2017/18 for rates relief income £Nil (2017: £25,148), music fees £3,950 (2017: £6,910), lettings £7,162 (2017: £70), parent pay contributions £5,290 (2017: £Nil) and design technology donations £Nil (2017: £310).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)

15 CREDITORS: AMOUNTS FALLING DUE IN GREATER THAN ONE YEAR

	2018	2017
	£'000	£'000
Loan	270	270
	<u>270</u>	<u>270</u>

Included within the above are amounts falling due as follows:

Between two and five years	2018	2017
	£'000	£'000
Loan	270	270

In 2002, the Solihull Society of Arts (SSA) provided £270,000 to the Academy (formerly Alderbrook School) for the development of 'the Edge' meaning the Gantry Theatre and Box Office, the Dance Studio, the Link Gallery and other amenities. A new agreement was signed on the 6 December 2017 and under the terms of the agreement the Academy has to pay a percentage of lettings income (net of costs) to the SSA on an annual basis and this reduces the balance of capital owed. If any of the terms and conditions of the contract are broken then the loan is repayable in full on demand. In addition, the £270,000 is repayable on the 6 December 2020 unless the agreement is renewed for a further period. There is no interest accruing on the loan.

16 FUNDS

The income funds of the academy comprise the following balances of grants to be applied for specific purposes:

	Balance at 1 September 2017	Incoming Resources	Resources Expended	Gains, Losses & Transfers	Balance at 31 August 2018
	£'000	£'000	£'000	£'000	£'000
Restricted general funds					
General annual grant (GAG) (note i)	-	5,946	(5,904)	(42)	-
Pupil premium grant (note ii)	-	247	(247)	-	-
Year 7 catch up grant (note iii)	-	15	(15)	-	-
Special needs grant - SMBC (note iv)	-	119	(119)	-	-
Other DfE/ESFA grants (note v)	-	400	(400)	-	-
Other grants - (note vi)	-	1	(1)	-	-
	<u>-</u>	<u>6,728</u>	<u>(6,686)</u>	<u>(42)</u>	<u>-</u>
Restricted fixed asset funds					
Devolved formula capital grant (note vii)	-	28	-	-	28
Condition Improvement Funding (note vii)	-	507	-	-	507
Fixed assets donation (note viii)	20,896	-	(342)	-	20,554
Capital expenditure from GAG (note ix)	-	-	-	47	47
DfE/ESFA capital grants (note x)	483	-	(135)	-	348
Private sector sponsorship donation (note xi)	(270)	-	-	-	(270)
Capital grants from LA	-	334	-	-	334
	<u>21,109</u>	<u>869</u>	<u>(477)</u>	<u>47</u>	<u>21,548</u>
Restricted pension scheme liability					
Pension reserve (note xiii)	(2,252)	-	(281)	453	(2,080)
	<u>(2,252)</u>	<u>-</u>	<u>(281)</u>	<u>453</u>	<u>(2,080)</u>
Total restricted funds	18,857	7,597	(7,444)	458	19,468
Unrestricted funds					
Unrestricted funds (notes xi and xii)	832	482	(469)	(5)	840
Total unrestricted funds	832	482	(469)	(5)	840
Total funds	19,689	8,079	(7,913)	453	20,308

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)**16 FUNDS (cont'd)****Notes**

- i) General Annual Grant must be used for the normal running costs of the School. Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the amount of GAG that it would carry forward at 31 August 2018. (see note 2)
- ii) Pupil Premium grant has been used to support children from low income families placed at the School.
- iii) Pupil Premium Catch-Up Grant was used for individual and small-group tuition for year 7 pupils to promote improvements with literacy and numeracy.
- iv) Special needs grant from SMBC has been used to support pupils with learning or behavioural issues by providing teaching and teaching assistant support.
- v) Other DfE/ESFA grants consist of special education needs grants which have been used to support children with special learning needs.
- vi) Other grants consist of private sector donations from Tesco and have been used to contribute towards the running of the school.
- vii) Devolved formula capital funding has been received and ring fenced for capital additions in the 2018/19 financial year. Condition improvement funding has been utilised for roofing.
- viii) Restricted fixed assets were funded by SMBC donating Academy land and buildings on a 125 year lease at a pepper corn rent.
- ix) The gross transfer from the restricted general fund to the restricted fixed asset fund of £47,000 (2017: £Nil) represents the total capital expenditure from GAG during the year.
- x) DfE/ESFA capital grants have been utilised to purchase capital assets for the academy including computer equipment, furniture and equipment and motor vehicles.
- xi) A private sector sponsorship unrestricted loan was received from the Solihull Society of Arts for the development of 'the Edge'. See note 15.
- xii) An unrestricted funds transfer of £5,000 has been used to contribute to the fixed assets fund at 31 August 2018.
- xiii) The pension reserve represents the deficit on the Local Government Pension Scheme (see note 26).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)

16 FUNDS (cont'd)

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

	Balance at 1 September 2016 £'000	Incoming Resources £'000	Resources Expended £'000	Gains, Losses & Transfers £'000	Balance at 31 August 2017 £'000
Restricted general funds					
General annual grant (GAG) (note i)	-	5,837	(5,916)	79	-
Pupil premium grant (note ii)	-	856	(856)	-	-
Year 7 catch up grant (note iii)	-	-	-	-	-
Special needs grant - SMBC (note iv)	-	-	-	-	-
Other DfE/ESFA grants (note v)	-	-	-	-	-
Other grants - (note vi)	-	-	-	-	-
	-	6,693	(6,772)	79	-
Restricted fixed asset funds					
Devolved formula capital grant (note vii)	-	-	-	-	-
Condition Improvement Funding (note vii)	-	-	-	-	-
Fixed assets donation (note viii)	21,283	30	(448)	31	20,896
Capital expenditure from GAG (note ix)	-	-	-	-	-
DfE/ESFA capital grants (note x)	493	-	(10)	-	483
Private sector sponsorship donation (note xi)	(270)	-	-	-	(270)
Unrestricted funds transfer (note xii)	-	-	-	-	-
	21,506	30	(458)	31	21,109
Restricted pension scheme liability					
Pension reserve (note xiii)	(2,794)	-	(58)	600	(2,252)
	(2,794)	-	(58)	600	(2,252)
Total restricted funds	18,712	6,723	(7,288)	710	18,857
Unrestricted funds					
Unrestricted funds (notes xi and xii)	861	630	(549)	(110)	832
Total unrestricted funds	861	630	(549)	(110)	832
Total funds	19,573	7,353	(7,837)	600	19,689

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)

16 FUNDS (cont'd)

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

	Balance at 1 September 2016 £'000	Incoming Resources £'000	Resources Expended £'000	Gains, Losses & Transfers £'000	Balance at 31 August 2018 £'000
Restricted general funds					
General annual grant (GAG) (note i)	-	11,783	(11,820)	37	-
Pupil premium grant (note ii)	-	1,103	(1,103)	-	-
Year 7 catch up grant (note iii)	-	15	(15)	-	-
Special needs grant - SMBC (note iv)	-	119	(119)	-	-
Other DfE/ESFA grants (note v)	-	400	(400)	-	-
Other grants - (note vi)	-	1	(1)	-	-
	-	13,421	(13,458)	37	0
Restricted fixed asset funds					
Devolved formula capital grant (note vii)	-	28	-	-	28
Condition Improvement Funding (note vii)	-	507	-	-	507
Fixed assets donation (note viii)	21,283	30	(790)	31	20,554
Capital expenditure from GAG (note ix)	-	-	-	47	47
DfE/ESFA capital grants (note x)	493	-	(145)	-	348
Private sector sponsorship donation (note xi)	(270)	-	-	-	(270)
Unrestricted funds transfer (note xii)	-	334	-	-	334
	21,506	899	(935)	78	21,548
Restricted pension scheme liability					
Pension reserve (note xiii)	(2,794)	-	(339)	1,053	(2,080)
	(2,794)	-	(339)	1,053	(2,080)
Total restricted funds	18,712	14,320	(14,732)	1,168	19,468
Unrestricted funds					
Unrestricted funds (notes xi and xii)	861	1,112	(1,018)	(115)	840
Total unrestricted funds	861	1,112	(1,018)	(115)	840
Total funds	19,573	15,432	(15,750)	1,053	20,308

17 ANALYSIS OF NET ASSETS BETWEEN FUNDS

Fund balances at 31 August 2018 are represented by:

	Unrestricted Funds £'000	Pension Restricted Funds £'000	General School Fund Restricted Funds £'000	Fixed Assets Restricted Funds £'000	Total £'000
Tangible fixed assets	-	-	-	21,790	21,790
Current assets	840	-	1,163	28	2,031
Current liabilities	-	-	(1,163)	-	(1,163)
Non current liabilities	-	-	-	(270)	(270)
Pension scheme liability	-	(2,080)	-	-	(2,080)
	840	(2,080)	-	21,548	20,308

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)

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

Fund balances at 31 August 2017 are represented by:

	Unrestricted Funds £'000	Pension Restricted Funds £'000	General School Fund Restricted Funds £'000	Restricted Funds £'000	Fixed Assets Restricted Funds £'000	Total £'000
Tangible fixed assets	-	-	-	-	21,379	21,379
Current assets	832	-	615	-	-	1,447
Current liabilities	-	-	(615)	-	-	(615)
Non current liabilities	-	-	-	-	(270)	(270)
Pension scheme liability	-	(2,252)	-	-	-	(2,252)
	832	(2,252)	-	-	21,109	19,689

18 CAPITAL COMMITMENTS

	2018 £'000	2017 £'000
Contracted for, but not provided in the financial statements	608	-
Authorised by trustees, but not yet contracted	-	-

19 COMMITMENTS UNDER OPERATING LEASES

Operating leases

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

	2018 Other £'000	2017 Other £'000
Operating		
- Within one	7	27
- Within two to five years	1	7
	8	34

20 RECONCILIATION OF NET INCOME/(EXPENDITURE) TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2018 £'000	2017 £'000
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	166	(484)
Adjusted for:		
Depreciation (note 12)	427	458
Impairment charge (note 12)	50	-
Capital grants from DfE and other capital income	(535)	(30)
Capital funding received from sponsors and others	(334)	-
Interest receivable	(5)	(8)
Defined benefit pension scheme cost less contributions payable (note 26)	223	-
Defined benefit pension scheme finance cost (note 26)	58	58
Increase in debtors	(273)	(49)
Increase in creditors	548	135
Net cash provided by operating activities	325	80

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)

21 CASH FLOWS FROM INVESTING ACTIVITIES

	2018 £'000	2017 £'000
Interest received	5	8
Purchase of tangible fixed assets	(888)	(61)
Capital grants from DfE/ESFA	535	30
Capital funding received from sponsors and others	334	-
Receipts from sale of tangible fixed assets	-	-
Net cash used in investing activities	(14)	(23)

22 CASH FLOWS FROM FINANCING ACTIVITIES

Repayments of borrowing	-	-
Cash inflows from new borrowing	-	-
Net cash provided by financing activities	-	-

23 ANALYSIS OF CASH AND CASH EQUIVALENTS

	At 31 Aug 2018 £'000	At 31 Aug 2017 £'000
Cash in hand and at bank	1,568	1,258
Total cash and cash equivalents	1,568	1,258

24 CONTINGENT LIABILITIES

During the period of the Funding Agreement, in the event of the sale or disposal by other means of any asset for which a Government capital grant was received, the academy is required either to re-invest the proceeds or to repay to the Secretary of State for Education the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State.

Upon termination of the Funding Agreement, whether as a result of the Secretary of State or the academy serving notice, the academy shall repay to the Secretary of State sums determined by reference to :

- the value at that time of the academy's site and premises and other assets held for the purpose of the academy; and
- the extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the Funding Agreement.

25 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.

26 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 Solihull Metropolitan Borough Council Pension Fund. Both are defined multi employer benefit schemes.

The total pension cost to the Academy during the year ended 31 August 2018 was £992,702 (2017: £702,000) of which £557,702 (2017 : £346,000) relates to the TPS and £435,000 (2017: £356,000) relates to LGPS.

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 £90,662 were payable to the schemes at 31 August 2018 (2017: £84,269) and are included within creditors.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)**26 PENSION AND SIMILAR OBLIGATIONS (cont'd)****Teachers' Pension Scheme****Introduction**

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

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

Valuation of the Teachers' Pension Scheme

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

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

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.48% which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 September 2019.

The employers pension costs paid to TPS in the period amounted to £557,702 (2017: £346,000).

A copy of the valuation report and supporting documentation is on the [Teachers' Pensions website](#).

Under the definitions set out in FRS 102, the TPS is a multi-employer pension scheme. The 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)

26 PENSION AND SIMILAR OBLIGATIONS (cont'd)

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with the assets held in a separate trustee administered funds. The total contributions made for the year ended 31 August 2018 were £487,000 (2017:£407,000) of which employers' contributions totalled £435,000 (2017:£356,000) and employees' contributions totalled £52,000

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 liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

Principal Actuarial Assumptions

The major assumptions used by the actuary were:

	At 31 August 2018 % per annum	At 31 August 2017 % per annum
Discount rate	2.65%	2.6%
Salary increases	3.8%	4.2%
Pension increase	2.3%	2.7%

Sensitivity analysis for the principal assumptions used to measure the scheme liabilities were as follows:

	At 31 August 2018 Approx % Increase to Employers Liability	At 31 August 2018 Approx £'000	At 31 August 2017 Approx % Increase to Employers Liability	At 31 August 2017 Approx £'000
Discount rate reduced by 0.1% per annum	1.8%	93	2.0%	104
Assumed pension increased by 0.1% per annum	1.8%	93	1.8%	89
Salary growth increased by 0.1% per annum	0.2%	10	0.3%	15

The mortality assumptions used were as follows:

	2018 years	2017 years
Longevity at age 65 retiring today		
- Men	21.9	21.8
- Women	24.4	24.3
Longevity at age 65 retiring in 20 years		
- Men	24.1	24.0
- Women	26.7	26.6

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)

26 PENSION AND SIMILAR OBLIGATIONS (cont'd)

Local Government Pension Scheme (cont'd)

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

	Fair value at 31 August 2018 £'000	Fair value at 31 August 2017 £'000
Equity instruments	1,875	1,789
Debt instruments	323	316
Property	240	207
Cash	111	141
Other	414	376
Total market value of assets	2,963	2,829
Present value of scheme liabilities		
- Funded	2,963	2,829
- Unfunded	2,080	2,252
Total liabilities	5,043	5,081
Deficit in the scheme	(2,080)	(2,252)

The actual return on the scheme assets in the year was £41,000 (2017: £335,000).

Amounts recognised in the Statement of Financial Activities

	2018 £'000	2017 £'000
Current service cost	377	297
Interest income	(75)	(42)
Interest cost	133	101
Total operating charge	435	356

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)

26 PENSION AND SIMILAR OBLIGATIONS (Continued)

	2018 £'000	2017 £'000
Movement in deficit during the period		
Deficit in the scheme at 1 September 2017	2,252	2,794
Movement in year:		
- Employer service cost (net of employee contributions)	362	297
- Employer contributions	(154)	(298)
- Expected return on scheme assets	(75)	(42)
- Interest cost	133	101
- Liabilities assumed (net of prices received)	15	-
- Actuarial gains	(453)	(600)
Deficit in the scheme at 31 August 2018	2,080	2,252

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

	2018 £'000	2017 £'000
Scheme liabilities at 1 September 2017	5,081	4,624
Current service cost	362	297
Interest cost	133	101
Contributions by scheme participants	52	51
Benefits paid	(139)	(78)
Liabilities assumed on settlements	42	-
Actuarial (gains)/losses	(488)	86
Scheme liabilities at 31 August 2018	5,043	5,081

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

	2018 £'000	2017 £'000
Fair value of scheme assets at 1 September 2017	2,829	1,830
Expected return on scheme assets	75	42
Actuarial (loss)/gain	(35)	686
Contributions by employer	154	298
Benefits paid	(139)	(78)
Settlement prices received	27	-
Contributions by scheme participants	52	51
Fair value of scheme assets at 31 August 2018	2,963	2,829

The estimated value of employers contributions for the year ended 31 August 2019 is £237,000 (2018 : £154,000)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)**27 RELATED PARTY TRANSACTIONS**

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

No related party transactions took place in the period of accounts, other than certain trustee's remuneration and expenses already disclosed in note 10.

28 EVENTS AFTER THE END OF THE REPORTING PERIOD

There are no material adjusting or non adjusting events arising after the balance sheet date.

29 AGENCY ARRANGEMENTS

The academy trust distributes 16-19 bursary funds to students as an agent for the ESFA. In the accounting period ending 31 August 2018 the trust received £15,448 and disbursed £Nil from the fund. An amount of £15,448 is included in other creditors relating to undistributed funds repayable to the ESFA.