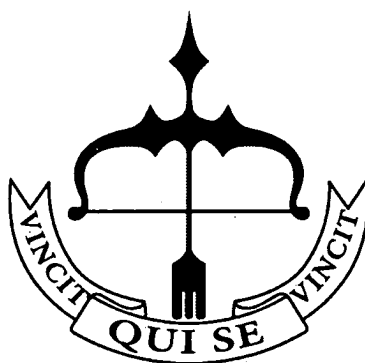


The Sandon School Academy Trust

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 August 2017



SATURDAY



A14 03/02/2018 #348
COMPANIES HOUSE



Edmund Carr LLP
Chartered Accountants and Registered Auditors
146 New London Road
Chelmsford
Essex
CM2 0AW

The Sandon School Academy Trust

Contents

| | |
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| Reference and Administrative Details | 1 to 2 |
| Trustees' Report | 3 to 13 |
| Governance Statement | 14 to 18 |
| Statement on Regularity, Propriety and Compliance | 19 |
| Statement of Trustees' Responsibilities | 20 |
| Independent Auditor's Report on the Financial Statements | 21 to 22 |
| Independent Reporting Accountant's Report on Regularity | 23 to 24 |
| Statement of Financial Activities incorporating Income and Expenditure Account | 25 to 26 |
| Balance Sheet | 27 |
| Statement of Cash Flows | 28 |
| Notes to the Financial Statements | 29 to 48 |

The Sandon School Academy Trust

Reference and Administrative Details

| | |
|-------------------------------|---|
| Members | Mr D Cox (resigned 20 March 2017) |
| | Mr D Robertson |
| | Mrs J Wood (resigned 21 July 2017) |
| | Mrs A Whelpdale (appointed 20 March 2017) |
| | Mrs C Fitzsimmons (appointed 21 July 2017) |
| Trustees (Directors) | Mr David Cox, (Resigned Chair of Trustees 20 March 2017) |
| | Mrs Christine Fitzsimmons, Vice Chair of Trustees |
| | Mr Jonathan Wincott, Headteacher & Accounting Officer |
| | Rev. Terence Brown |
| | Mrs Clare Greenwood |
| | Mr Clive Hodges, Responsible Officer |
| | Mr Craig Keane (resigned 30 January 2017) |
| | Dr Joyce Lawrence (resigned 21 October 2016) |
| | Mr Daryle Mountford |
| | Mr Duncan Owen |
| | Mrs Susan Polley (resigned 18 January 2017) |
| | Mr Duncan Robertson, Chair of Finance & General Purposes |
| | Mrs Anne Whelpdale, Chair of Trustees (Appointed Chair 20 March 2017) |
| | Mrs Claire Wood |
| | Mrs Julia Wood, Chair of Personnel & Curriculum Committee (resigned 21 July 2017) |
| | Mrs Naomi Glover (appointed 16 March 2017) |
| | Mr John Robins (appointed 20 March 2017) |
| | Mr Ryan Sutton (appointed 16 March 2017) |
| | Mrs Jane Springthorpe (appointed 1 November 2016) |
| Senior Management Team | Mr Jonathan Wincott, Headteacher |
| | Mrs Jacqueline Beavis, Senior Deputy Headteacher |
| | Ms Michelle Burns, Deputy Headteacher |
| | Mrs Jill McEvoy, Deputy Headteacher |
| | Mr Andrew Weaver, Deputy Headteacher |
| | Mrs Karen Bayley, Business Manager |
| | Mrs H Newman, Assistant Headteacher |

The Sandon School Academy Trust

Reference and Administrative Details (continued)

| | |
|---|---|
| Head Teacher and Registered Office | Mr Jonathan Wincott The Sandon School Molrams Lane Sandon Chelmsford Essex CM2 7AQ |
| Company Registration Number | 07697483 (England and Wales) |
| Independent Auditor | Edmund Carr LLP Chartered Accountants and Registered Auditors 146 New London Road Chelmsford Essex CM2 0AW |
| Bankers | Lloyds Bank PLC 77-81 High Street Chelmsford Essex CM1 1DU |
| Solicitors | Gepp & Sons Solicitors New London Road Chelmsford Essex CM2 0PA |

The Sandon School Academy Trust

Trustees' Report for the Year Ended 31 August 2017

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2017. The annual report serves the purposes of both a trustees' report under charity law, and a directors' report under company law.

The trust operates an academy for students aged 11 to 18 on the east side of Chelmsford. It has a student capacity of 1,253 and had a student roll of 1,269 in the spring 2017 school census.

Structure, governance and management

Constitution

The Academy Trust is a company limited by guarantee and is an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Academy Trust. The company registration number is 07697483.

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

Details of the trustees who served throughout the year except as noted are included in the Reference and Administrative Details on page 1.

Members' liability

Each member of the charitable company undertakes to contribute to the assets of the charitable company in the event of it being wound up while 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.

Trustees' indemnities

The Academy Trust through its Articles has indemnified its Trustees to the fullest extent permissible by law. During the period the Academy also purchased and maintained liability insurance for its Trustees.

Method of recruitment and appointment or election of Trustees

All Trustees except the Headteacher are appointed for a term of 4 years. There is no body or person entitled to nominate or appoint one or more Trustees. The Trustees regularly review the mix of skills available to the board.

There are up to nine Academy Trustees nominated by the Governing Board. There are up to four parent Trustees elected by other parents. There are two Staff Trustees, one of whom should be from the support staff and one from the teaching staff elected by other staff. The Headteacher is also a Trustee for so long as he remains Headteacher.

The Trustees anticipate that most Trustees will come from the local community from people interested in the well-being of the School; where possible approaches will be made to people with known skills.

Policies and procedures adopted for the induction and training of Trustees

There are manuals for the induction of Trustees and a Trustees' guide that are reviewed annually. New trustees are allocated a mentor if required. There is regular group and individual training to ensure that Trustees' knowledge and understanding is current.

The Sandon School Academy Trust

Trustees' Report for the Year Ended 31 August 2017 (continued)

Organisational structure

The Trustees have responsibility for setting and monitoring the overall strategic direction of the charitable company, approving decisions reserved to Trustees by the Company rules and appointing key members of staff.

The Trustees meet as a board at least four times each year. Board committees meet when required to consider detailed matters and make decisions within their delegated responsibility or recommend decisions to the full board.

There are seven such committees:

Audit Committee (Sub-Committee of F&GP)
Complaints Committee
Discipline Committee
Finance & General Purposes Committee
Pay Committee
Personnel & Curriculum Committee
Staff Committee

Mr Clive Hodges is the Responsible Officer and as such has an oversight role in relation to the systems and processes of control and risk management that operate throughout The Sandon School.

The Headteacher is the Accounting Officer and works closely with both the other governors and the senior staff of The Sandon School.

The day-to-day management of The Sandon School rests with the Headteacher who has overall responsibility for the school. The Headteacher is responsible for the Leadership Team, including the Business Manager, Deputy Heads and Assistant Head

The Trustees as part of the overall strategy delegate functions and decision making as specified in its rules and standing orders to three main committees.

- Finance & General Purposes Committee that considers various policies, procedures and documents, Budget, Finance, Lettings, Premises, Health & Safety and related matters.

- Personnel & Curriculum Committee that considers various policies, procedures and documents, Personnel, Curriculum and related matters.

- Pay Committee that considers the Pay Policy, Job description of the Headteacher, the salary and pay ranges of all staff.

There are four special committees the object of which is to determine matters independently from the Full Governing Body and these are:

- Audit Committee
- Complaints Committee
- Discipline Committee
- Staff Committee

The full scheme of delegation including the powers of committees are found in the Company Rules on our website. All decisions not delegated to committees are reserved to the Full Governing Body.

The Sandon School Academy Trust

Trustees' Report for the Year Ended 31 August 2017 (continued)

Arrangements for setting pay and remuneration of key management personnel

The remuneration of key management personnel is set in accordance with national pay scales, moderated by performance management. The school's pay policy is reviewed annually by the Governing Body and incorporates teacher pay bands/scales based upon the Teachers Pay & Conditions document and support staff pay bands/scales based upon the nationally agreed Local Government Pay Scales.

Objectives and activities

Objects and aims

The charitable object for which the charitable company is established is set down in the governing document as follows:

- 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 Sandon School Academy Trust

Trustees' Report for the Year Ended 31 August 2017 (continued)

Objectives, strategies and activities

The main strategy of the school is summarised in the School's statement 'Achievement for Every Learner' and therefore aims to be:

1. A Learning Organisation

- focusing on achievement for every learner
- promoting lifelong learning for students, staff, parents, governors and the community
- setting clear targets for every learner in a spirit of continuous improvement
- maximising results at all levels by enabling good teaching and learning to flourish
- providing a purposeful education in preparation for life
- recognising and celebrating all achievements for all learners

2. A Caring and Supportive Community

- that values and challenges each individual
- that encourages mutual respect and courtesy
- that has high expectations and positive attitudes to learning, behaviour, the school, and the environment
- that allows the fullest possible development of everyone's intellectual, social, moral and personal potential
- that has a positive culture and ethos
- that ensures that students grow up to lead safe, happy, healthy and successful lives

3. An Effective Learning Environment

- with firm, purposeful leadership empowering others to achieve and participate
- with clear, fair and consistent discipline
- with a comprehensive and shared improvement plan
- with sound management and good communications at all levels
- with high quality sustainable resources and an attractive working environment which promotes ownership and pride
- that uses technology to raise academic achievement and promote a technological, enterprising and vocational culture

4. A Popular School

- where students want to come and staff want to work
- where parents choose to send their children
- in a community that supports and benefits from the work taking place
- which values working with other schools in the area
- with a confident and supportive governing body

The Sandon School Academy Trust

Trustees' Report for the Year Ended 31 August 2017 (continued)

Public benefit

The Trustees have taken The Charity Commission's specific guidance on public benefit published by The Charities Commission into consideration in preparing their statements on public benefit.

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

Students are admitted to The Sandon School in line with its admission policy which is agreed annually. Students are admitted predominately from the local area; however, in the event of oversubscription students are admitted in strict accordance with its admissions criteria: 'Looked after Children', siblings, students from one of five named primary schools, Children of staff at the school and straight line distance.

The Sandon School Academy Trust

Trustees' Report for the Year Ended 31 August 2017 (continued)

Strategic Report

Achievements and performance

The academy is achieving its forecast numbers of students.

- Total student numbers in the year ending August 2017 were 1,269 in the Spring 2017 Census
- The school is full in all year groups.

Examination Results of 2017 maintained overall high standards. The KS5 examination results of our students were historically, amongst the best achieved. The KS4 were in line with predicted levels.

| | 2013 | 2014 | 2015 | 2016 | 2017 |
|--|-------|--------|--------|-------|-------|
| KS5 | | | | | |
| Passes | 97.8% | 99.0% | 96.5% | 98.0% | 99.6% |
| Grades A* - B | 44.1% | 44.0% | 46.7% | 48.8% | 55.7% |
| Value Added Score | -0.20 | -0.01 | +0.23 | -0.04 | +0.17 |
| KS4 | | | | | |
| Passes 5+ A*-C | 63.0% | 66.0%* | 67.0%* | 67.3% | |
| Grade 4+ in English and Mathematics ** | | | | | 67.0% |
| Progress 8 | | | | | -0.06 |
| New Measure from 2017 | | | | | |

* New method of calculation including English and Mathematics

** From 2017, reformed GCSEs have started to be phased in and so direct comparison with previous years is no longer possible. A new headline measure of the proportion of students achieving Grade 4 or better in both English and Mathematics is now published.

To ensure that raising standards continues to be a central focus of the schools activities, the school operates a system of lesson observations, book checks and is visited by inspectors and external advisers. The school always conducts rigorous analysis of results to identify areas of good practice to promote areas of weakness to improve. The school also offers programmes such as one to one tuition. The school operates a robust system of staff development to continually develop teaching expertise.

The Sandon School Academy Trust

Trustees' Report for the Year Ended 31 August 2017 (continued)

Strategic Report

Key performance indicators

In December 2013, the school was inspected by Ofsted and was awarded a 'Good'. The report was very complimentary about the schools activities and performance and the full report is available via our website.

Student Data

| | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 |
|--|---------|---------|---------|---------|---------|
| Student absence rates, Overall (May Census) | 5.52% | 4.79% | 5.27% | 5.45% | 6.21% |
| Student applications/Offers (March offer date) | 1,025 | 988 | 912 | 925 | 934 |

| | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 |
|--------------------------------------|---------|---------|---------|---------|---------|
| Income ('000) | | | | | |
| (Funding for educational operations) | £6,587 | £6,437 | £6,525 | £6,160 | £6,057 |

Financial Data

Figures are expressed as a % of total revenue expenditure to compare with existing benchmarking data

Staff Costs

| | | | | | |
|----------------------|-------|-------|-------|-------|-------|
| All staff | 62.70 | 69.51 | 71.24 | 78.25 | 78.68 |
| Staff: Student ratio | 9.62 | 9.84 | 10.60 | 10.44 | 9.63 |

Occupancy Costs

| | | | | | |
|---|------|------|------|------|------|
| Expressed as a % of total revenue expenditure | 3.81 | 3.82 | 3.80 | 3.46 | 3.98 |
|---|------|------|------|------|------|

ICT expenditure

| | | | | | |
|---|---------|--------|--------|--------|--------|
| Expressed as a % of total revenue expenditure | 2.42 | 1.48 | 1.24 | 1.19 | 1.25 |
| Expressed as revenue expenditure per student | £153.44 | £88.37 | £77.06 | £74.28 | £66.13 |

Examination expenditure

| | | | | | |
|---|--------|--------|--------|---------|---------|
| Expressed as a % of total revenue expenditure | 1.33 | 1.33 | 1.49 | 1.63 | 1.98 |
| Expressed as revenue expenditure per student | £84.54 | £79.39 | £92.34 | £101.97 | £104.54 |

Going concern

The funding agreement provides for a period of seven years of notice for any intention to withdraw from the current funding arrangements. After making appropriate enquires, the Board of Trustees has a reasonable expectation that the academy trust has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

The Sandon School Academy Trust

Trustees' Report for the Year Ended 31 August 2017 (continued)

Strategic Report

Financial review

The Sandon School received the majority of its income from the Education and Skills Funding Agency (ESFA) in the form of recurrent grants (£5,942,370 in 2017) and these are shown as restricted funds in the statement of financial activities, some funding eg, SEN (£115,259 in 2017) continues to be received from Essex County Council. The school also holds some unrestricted funds through which our school visits are detailed. The Trustees have assessed the levels of available reserves and are confident that they are sufficient to meet the current operational needs. Liabilities identified during the year arising from the Local Government Pension Fund (£2,653,000 in 2017) are included in the restricted general fund. The Trustees maintain control through the work of the Responsible Officer and regular budget reviews, Financial Regulations and the monitoring of the School Improvement Plan and the Premises Improvement Plan.

The school maintains a strong financial position; this is achieved by being at capacity for most year groups and good financial management. All expenditure is considered alongside the school improvement plan with the aim of supporting our charitable objects. Over the last two years the Trustees have invested revenue funding towards one capital project and an identified refurbishment programme which has a profound impact on our teaching and learning environment. Any reserves held by the school are maintained only for identified future expenditure.

Financial and risk management objectives and policies

Risk management is embedded in the work of the school; details of the processes underpinning the approach to risk management are set out in the Governance Statement. The school does maintain some levels of reserves to demonstrate appropriate financial management, stewardship and sustainability.

Cash flow:

The school's cash flow is strong due to the profile of its incoming resources, in particular the receipt of the core grant funding on a monthly basis. Cash flow is monitored on a monthly basis.

Financial Risk Management:

All schools are subject to a wide range of risks, many of which have financial implications. Some contingencies are held as mitigation against the effect of such risks. The school has a formalised approach to risk management which identifies the major risks that it faces, assesses their severity in terms of impact and likelihood and identifies mitigating actions.

The schools internal control systems are reviewed regularly and the Responsible Officer report is submitted to the Audit Committee three times per year.

The key risk and uncertainties identified through its risk management are: threats to student numbers, ICT failure, major incidents and identified financial risks. For all financial risks, stringent internal controls are in place such as credit control, salary and cash flow monitoring and for all risks and uncertainties the Trustees have agreed measures to mitigate these effects and these are reviewed regularly. The Trustees have expressed concern at the Local Government Pension Fund Deficit (2017: £2,653,000) but accept the liability as assessed by Essex County Council Pension Fund.

The Sandon School Academy Trust

Trustees' Report for the Year Ended 31 August 2017 (continued)

Strategic Report

Financial Risk Management:

All schools are subject to a wide range of risks, many of which have financial implications. Some contingencies are held as mitigation against the effect of such risks. The school has a formalised approach to risk management which identifies the major risks that it faces, assesses their severity in terms of impact and likelihood and identifies mitigating actions.

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Reserves policy

The Trustees' policy is to generate reserves only in accordance with its charitable objectives and provide funds to enhance the educational facilities and services of the school and to fund future projects.

The trustees aim to have target reserves to meet normal planned expenditure, which does not include other year end identified balances such as commitments or capital expenditure, fixed assets and pensions (which could be negative).

At the balance sheet date, the charitable company had unrestricted reserves of £363,025 (2016: £376,203).

Investment policy

The Academy trust aims to manage its cash balances to provide day-to-day working capital requirements of its operations whilst protecting the real long term value of any surplus cash balances against inflation. In addition, the school may decide to invest surplus cash funds to optimise returns but ensuring the investment instruments are such that there is no risk to the loss of these funds.

The Sandon School Academy Trust

Trustees' Report for the Year Ended 31 August 2017 (continued)

Strategic Report

Plans for future periods

The Sandon School will continue to work towards its aim of 'Achievement for Every Learner'. It will focus on being:

- A learning organisation
- A caring and supportive community
- An effective learning environment
- A popular school

The Sandon School aims to be judged by Ofsted as 'Outstanding' rather than 'Good'. It will through its improvement plans focus on:

- Student achievements
- Behaviour and safety of students
- Quality of teaching
- Quality of leadership and management

The School will continue to work to improve the performance and achievement of its students in all aspects of school life. This will include continuing to make every effort to ensure all students enter higher education, further education, employment or training when they leave school. The school will continue to support its students with the new changes to the curriculum both at GCSE and the reforms to the sixth form subjects

The Sandon School Academy Trust

Trustees' Report for the Year Ended 31 August 2017 (continued)

Funds held as Custodian Trustee on behalf of others

The Sandon School holds funds for the South Woodham Ferrers Local Delivery Group. The Group's funding is awarded by bids to Essex County Council and contributions from the primary schools for the support of parents and students enabling them to access extended services. During the year the Academy Trust received £43,440 and has a balance of £24,380 which is included in other creditors.

The School also holds a small fund for a primary school consortium to facilitate joint training, the groups funding is supported by a bid from Essex County Council. During the year the Academy Trust received £15,000 and has a balance of £12,379.

Auditor

In so far as the Trustees are aware:

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

Reappointment of auditor

Under section 487(2) of the Companies Act 2006 Edmund Carr LLP will be deemed to have been reappointed as auditors 28 days after these financial statements are sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

Trustees' Report, incorporating a Strategic Report, approved by order of the members of the Board of Trustees on 4 December 2017 and signed on its behalf by:



Mrs Anne Whelpdale
Chair of Trustees

The Sandon School Academy Trust

Governance Statement for the Year Ended 31 August 2017

Scope of responsibility

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

The Board of Trustees has delegated the day-to-day responsibility to Mr Jonathan Wincott, 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 The Sandon School Academy Trust and the Secretary of State for Education. He is also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

Governance

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

| Trustee | Meetings attended | Out of a possible |
|---------------------------|--------------------------|--------------------------|
| Mr David Cox | 4 | 4 |
| Mrs Julia Wood | 3 | 4 |
| Mr Duncan Robertson | 3 | 4 |
| Rev. Terence Brown | 4 | 4 |
| Mrs Clare Greenwood | 4 | 4 |
| Mr Craig Keane | 1 | 2 |
| Mrs Christine Fitzsimmons | 4 | 4 |
| Mr Clive Hodges | 4 | 4 |
| Mrs Susan Polley | 1 | 2 |
| Dr Joyce Lawrence | 1 | 1 |
| Mrs Claire Wood | 3 | 4 |
| Mr Jonathan Wincott | 4 | 4 |
| Mrs Anne Whelpdale | 4 | 4 |
| Mrs Naomi Glover | 2 | 2 |
| Mr Duncan Owen | 4 | 4 |
| Mr John Robins | 0 | 1 |
| Mrs Jane Springthorpe | 2 | 3 |
| Mr Ryan Sutton | 2 | 2 |
| Mr Daryle Mountford | 1 | 4 |

During this academic year, 4 Trustees resigned and 4 Trustees were appointed.

The Sandon School Academy Trust

Governance Statement for the Year Ended 31 August 2017 (continued)

Governance reviews

The Board of Trustees conducts a self-evaluation, skills audit and improvement plan to review future training and requirements for our governing board. We have assessed the impact of this self-evaluation and can be summarised as:

- The annual evaluation day and regular monitoring of the School Improvement Plan has provided extra clarity to the strategic direction of the school;
- The Governors pursuit of performance management issues has had a positive impact on exam results;
- The governor's overseeing of financial performance has made sure that the school funds have been well spent in particular with regard to the improvements to the premises.

The Board of Trustees were judged as good by Ofsted in December 2013. The next internal review of Board of Trustees is scheduled for May 2018.

The Board currently assesses its governance as outstanding.

It provides strong leadership and has a significant impact on the success of the school and its future direction.

It keeps under regular review the six key features of strategic leadership, accountability, people, structures, compliance and evaluation.

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 Trustees where value for money can be improved, including the use of benchmarking data where available. The accounting officer for the academy trust has delivered improved value for money during the year as follows:

- The school always enters into competitive tendering for high value contracts and services and seeks at least 3 quotations for other goods and services over £10,000.
- A review of contracts takes place at the end of a contract term and other longer term contracts are being reviewed as part of our commitment to reduce costs. Examples include:
 - Review of School day and impact on timetabling
 - Consultation regarding energy contracts
 - Review of contracts such as mechanical, electrical, waste collection etc.
 - We also challenge most purchases for competitive quotes

The Sandon School Academy Trust

Governance Statement for the Year Ended 31 August 2017 (continued)

The Finance and General Purposes Committee is a committee of the main Board of Trustees. Its purpose is to fulfil the following responsibilities:

- the initial review and recommendation of the annual budget;
- the regular monitoring of actual expenditure and income against budget;
- to monitor, review and implement procedures for ensuring compliance of financial procedures against financial regulations;
- to review auditors reports and agree recommendations (these are first presented to the Audit Committee)
- ensuring the annual accounts are produced in accordance with the requirements of the Companies Act 2006, Charity Commission and the DfE guidance issued to academies; Attendance at meetings during the year was as follows:

| Trustee | Meetings attended | Out of a possible |
|---------------------------|--------------------------|--------------------------|
| Mr Duncan Robertson | 6 | 6 |
| Mr David Cox | 5 | 6 |
| Mr Clive Hodges | 4 | 6 |
| Mr Duncan Owen | 5 | 6 |
| Mr Jonathan Wincott | 6 | 6 |
| Mrs Julia Wood | 4 | 6 |
| Mrs Christine Fitzsimmons | 5 | 6 |
| Mr Daryle Mountford | 3 | 6 |
| Mrs Jane Springthorpe | 3 | 4 |

The Audit Committee The Audit Committee is a sub committee of F&GP. Its purpose is to:

Monitor the efficient and accuracy of the schools financial systems, to receive reports from the external auditors and also RO and to respond to any issues of concern.

Attendance at meetings during the year was as follows:

| Trustee | Meetings attended | Out of a possible |
|---------------------------|--------------------------|--------------------------|
| Mr Duncan Robertson | 6 | 6 |
| Mr David Cox | 5 | 6 |
| Mr Clive Hodges | 4 | 6 |
| Mr Jonathan Wincott | 6 | 6 |
| Mr Daryle Mountford | 3 | 6 |
| Mrs Christine Fitzsimmons | 5 | 6 |
| Mr Duncan Owen | 5 | 6 |
| Mrs Julia Wood | 4 | 6 |
| Mrs Jane Springthorpe | 3 | 4 |

The Sandon School Academy Trust

Governance Statement for the Year Ended 31 August 2017 (continued)

The purpose of the system of internal control

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

Capacity to handle risk

The Board of Trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the year ending 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees;
- regular reviews by the Finance and General Purposes Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines.
- delegation of authority and segregation of duties;
- identification and management of risks.

The Trustees has considered the need for a specific internal audit function and has decided to appoint Edmund Carr LLP to support the Governor appointed Responsible Officer (RO). The RO's role includes giving advice on financial matters and performing a range of checks on The Sandon School's financial systems. These checks have included:

- A review of Disaster Management procedures
- Testing and a review of Catering income and Expenditure
- A review of budget monitoring
- Testing and a review and testing of Petty Cash procedures
- A review of income sources and receipts procedures
- A review of the risk register
- Testing and a review of purchasing procedures
- Testing of control accounts including bank reconciliations

On a termly basis, the RO reports to the Board of Trustees through the Finance and General Purposes Committee on the operation of the systems of control and on the discharge of the Board of Trustees financial responsibilities.

The Responsible Officer function has been fully devolved in line with the ESFA requirements, delivered their schedule of works as planned and no material control issues have arisen.

The Sandon School Academy Trust

Governance Statement for the Year Ended 31 August 2017 (continued)

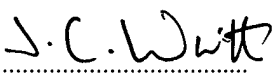
Review of effectiveness

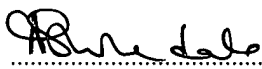
As Accounting Officer, Mr Jonathan Wincott has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the responsible officer ;
- the work of the external auditor;
- the financial management and governance self assessment process;
- the work of the Business Manager within the Academy Trust who has responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Audit Committee and the Finance and General Purposes Committee and ensures continuous improvement of the system is in place.

Approved by order of the members of the Board of Trustees on 4 December 2017 and signed on its behalf by:


.....
Mr Jonathan Wincott
Head Teacher


.....
Mrs Anne Whelpdale
Trustee

The Sandon School Academy Trust

Statement on Regularity, Propriety and Compliance

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

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

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



.....
Mr Jonathan Wincott
Headteacher and Accounting officer

The Sandon School Academy Trust

Statement of Trustees' Responsibilities

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

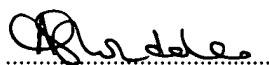
- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards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

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

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

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

Approved by order of the members of the Board on 4 December 2017 and signed on its behalf by:



Mrs Anne Whelpdale
Trustee

The Sandon School Academy Trust

Independent Auditor's Report on the Financial Statements to the Members of The Sandon School Academy Trust

We have audited the financial statements of The Sandon School Academy Trust for the year ended 31 August 2017, which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, Balance Sheet, Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the charitable company's trustees, 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 charity's trustees 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 charitable company and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of governors and auditors

As explained more fully in the Statement of Trustees' Responsibilities (set out on page 20), the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Conclusion relating to going concern

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

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the academy 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.

The Sandon School Academy Trust

Independent Auditor's Report on the Financial Statements to the Members of The Sandon School Academy Trust (continued)

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2017 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the Academies Accounts Direction 2016 to 2017; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

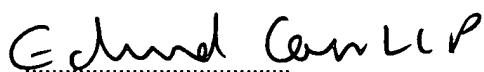
Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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



Stewart Martin (Senior Statutory Auditor)
For and on behalf of Edmund Carr LLP, Statutory Auditor

146 New London Road
Chelmsford
Essex
CM2 0AW

Date: 4/12/2017

The Sandon School Academy Trust

Independent Reporting Accountant's Report on Regularity to The Sandon School Academy Trust and the Education and Skills Funding Agency

In accordance with the terms of our engagement letter dated 29 April 2014 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Sandon School Academy Trust during the period 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

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

The accounting officer is responsible, under the requirements of the Board of Trustees's funding agreement with the Secretary of State for Education dated 1 August 2011 and the Academies Financial Handbook extant from 1 September 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

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

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

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

The work undertaken to draw to our conclusion includes:

- reviewing the Minutes of the meetings of the Governing Body and other evidence made available to us, relevant to our consideration of regularity
- testing a sample of payments and receipts to documentation
- evaluating the internal control procedures and reporting lines, and testing as appropriate and making appropriate enquiries of the Accounting Officer

The Sandon School Academy Trust

Independent Reporting Accountant's Report on Regularity to The Sandon School Academy Trust and the Education and Skills Funding Agency (continued)

Conclusion

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

Edmund Carr LLP

Stewart Martin

For and on behalf of Edmund Carr LLP, Chartered Accountants

146 New London Road
Chelmsford
Essex
CM2 0AW

Date: *4/12/2017*

The Sandon School Academy Trust

Statement of Financial Activities for the Year Ended 31 August 2017 (including Income and Expenditure Account)

| | Note | Unrestricted Funds £ | Restricted General Funds £ | Restricted Fixed Asset Funds £ | Total 2017 £ | Total 2016 £ |
|--|------|----------------------------|-------------------------------------|---|--------------------|--------------------|
| Income and endowments from: | | | | | | |
| Donations and capital grants | 2 | 4,803 | - | 26,191 | 30,994 | 442,812 |
| Other trading activities | 4 | 514,377 | 80,648 | - | 595,025 | 614,706 |
| Investments | 5 | 632 | - | - | 632 | 3,042 |
| <i>Charitable activities:</i> | | | | | | |
| Funding for the Academy trust's educational operations | 3 | - | 6,057,629 | - | 6,057,629 | 6,159,816 |
| Total income | | 519,812 | 6,138,277 | 26,191 | 6,684,280 | 7,220,376 |
| Expenditure on: | | | | | | |
| Expenditure on raising funds | | 490,797 | - | - | 490,797 | 485,435 |
| <i>Charitable activities:</i> | | | | | | |
| Academy trust educational operations | 7 | - | 6,394,662 | 276,694 | 6,671,356 | 6,741,523 |
| Total expenditure | 6 | 490,797 | 6,394,662 | 276,694 | 7,162,153 | 7,226,958 |
| Net incoming/(outgoing) resources before transfers | | 29,015 | (256,385) | (250,503) | (477,873) | (6,582) |
| Transfers between funds | | (42,193) | 68,385 | (26,192) | - | - |
| Net expenditure for the year | | (13,178) | (188,000) | (276,695) | (477,873) | (6,582) |
| Other recognised gains and losses | | | | | | |
| Actuarial gains on defined benefit pension schemes | 22 | - | 383,000 | - | 383,000 | (1,065,000) |
| Net movement in (deficit)/funds | | (13,178) | 195,000 | (276,695) | (94,873) | (1,071,582) |
| Reconciliation of funds | | | | | | |
| Funds/(deficit) brought forward at 1 September 2016 | | 376,203 | (2,848,000) | 5,750,738 | 3,278,941 | 4,350,523 |
| Funds/(deficit) carried forward at 31 August 2017 | | 363,025 | (2,653,000) | 5,474,043 | 3,184,068 | 3,278,941 |

The Sandon School Academy Trust

Statement of Financial Activities for the Year Ended 31 August 2016 (including Income and Expenditure Account)

| | Note | Unrestricted Funds £ | Restricted General Funds £ | Restricted Fixed Asset Funds £ | Total 2016 £ |
|---|------|----------------------------|-------------------------------------|---|--------------------|
| Income and endowments from: | | | | | |
| Donations and capital grants | 2 | 4,748 | - | 438,064 | 442,812 |
| <i>Charitable activities:</i> | | | | | |
| Funding for the Academy trust's educational operations | 3 | - | 6,159,816 | - | 6,159,816 |
| Other trading activities | 4 | 514,261 | 100,445 | - | 614,706 |
| Investments | 5 | 3,042 | - | - | 3,042 |
| Total | | <u>522,051</u> | <u>6,260,261</u> | <u>438,064</u> | <u>7,220,376</u> |
| Expenditure on: | | | | | |
| Raising funds | 6 | 485,435 | - | - | 485,435 |
| <i>Charitable activities:</i> | | | | | |
| Academy trust educational operations | 7 | - | 6,043,467 | 698,056 | 6,741,523 |
| Total | | <u>485,435</u> | <u>6,043,467</u> | <u>698,056</u> | <u>7,226,958</u> |
| Net income/(expenditure) | | 36,616 | 216,794 | (259,992) | (6,582) |
| Transfers between funds | | (28,554) | (781,046) | 809,600 | - |
| Other recognised gains and losses | | | | | |
| Actuarial gains on defined benefit pension schemes | 22 | - | (1,065,000) | - | (1,065,000) |
| Net movement in funds/(deficit) | | 8,062 | (1,629,252) | 549,608 | (1,071,582) |
| Reconciliation of funds | | | | | |
| Total funds/(deficit) brought forward at 1 September 2015 | | <u>368,141</u> | <u>(1,218,748)</u> | <u>5,201,130</u> | <u>4,350,523</u> |
| Total funds/(deficit) carried forward at 31 August 2016 | | <u>376,203</u> | <u>(2,848,000)</u> | <u>5,750,738</u> | <u>3,278,941</u> |

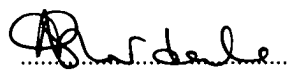
The Sandon School Academy Trust

(Registration number: 07697483 (England and Wales))

Balance Sheet as at 31 August 2017

| | Note | 2017 £ | 2016 £ |
|--|------|-------------------------|-------------------------|
| Fixed assets | | | |
| Tangible assets | 11 | 5,474,043 | 5,750,738 |
| Current assets | | | |
| Stocks | 12 | 2,122 | 2,633 |
| Debtors | 13 | 106,193 | 109,224 |
| Cash at bank and in hand | | <u>717,550</u> | <u>753,235</u> |
| | | 825,865 | 865,092 |
| Creditors: Amounts falling due within one year | 14 | <u>(462,840)</u> | <u>(488,889)</u> |
| Net current assets | | <u>363,025</u> | <u>376,203</u> |
| Total assets less current liabilities | | <u>5,837,068</u> | <u>6,126,941</u> |
| Net assets excluding pension liability | | 5,837,068 | 6,126,941 |
| Pension scheme liability | 22 | <u>(2,653,000)</u> | <u>(2,848,000)</u> |
| Net assets including pension liability | | <u><u>3,184,068</u></u> | <u><u>3,278,941</u></u> |
| Funds of the Academy: | | | |
| Restricted funds | | | |
| Restricted fixed asset fund | | 5,474,043 | 5,750,738 |
| Restricted pension fund | | <u>(2,653,000)</u> | <u>(2,848,000)</u> |
| | | 2,821,043 | 2,902,738 |
| Unrestricted funds | | | |
| Unrestricted general fund | | <u>363,025</u> | <u>376,203</u> |
| Total funds | | <u><u>3,184,068</u></u> | <u><u>3,278,941</u></u> |

The financial statements on pages 25 to 48 were approved by the Trustees, and authorised for issue on 4 December 2017 and signed on their behalf by:



 Mrs Anne Whelpdale
 Trustee

The Sandon School Academy Trust

Statement of Cash Flows for the Year Ended 31 August 2017

| | Note | 2017 £ | 2016 £ |
|---|-------------|-----------------------|-----------------------|
| Cash flows from operating activities | | | |
| Net cash used in operating activities | 18 | (62,508) | (564,849) |
| Cash flows from investing activities | 19 | <u>26,823</u> | <u>(368,494)</u> |
| Change in cash and cash equivalents in the year | | (35,685) | (933,343) |
| Cash and cash equivalents at 1 September | | <u>753,235</u> | <u>1,686,578</u> |
| Cash and cash equivalents at 31 August | 20 | <u><u>717,550</u></u> | <u><u>753,235</u></u> |

The Sandon School Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2017

1 Accounting policies

Statement of accounting policies

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

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 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

The Sandon School Academy Trust 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 receivable

Grant income is included in the Statement of Financial Activities on a receivable basis. The balance sheet of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet.

The general annual grant ('the GAG') from the DfE, which is intended to meet recurrent costs, is recognised on a receivable basis and is credited directly to the Statement of Financial Activities to the extent of the entitlement of the funds, any abatement in respect of the period is deducted from income and is recognised as a liability.

Capital grants are recognised as voluntary income on a receivable basis to the extent there is entitlement.

Other grants from government agencies and other bodies are recognised in the period in which they are receivable to the extent the conditions of funding have been met. Where income is received in advance of entitlement of receipt its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received the income is accrued.

The Sandon School Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

1 Accounting policies (continued)

Donations

Donations are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable and the amount can be reliably measured.

Other income

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

Interest Receivable

Interest receivable is included in the Statement of Financial Activities on a receivable basis, and is stated inclusive of related tax credits.

Fund Accounting

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

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

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

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.

All resources expended are inclusive of irrecoverable VAT.

Cost of generating 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.

The Sandon School Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

1 Accounting policies (continued)

Tangible fixed assets

Assets costing £5,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset over its expected useful lives, per the table below.

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.

| Asset class | Depreciation method and rate |
|----------------------------------|-------------------------------------|
| Freehold Buildings | 4% p.a. |
| Fixtures, Fittings and Equipment | 20% p.a. |
| ICT Equipment | 33.33% p.a. |
| Motor Vehicles | 20% p.a. |

Liabilities

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

Provisions

Provisions are recognised when the Academy Trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

Leased assets

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

The Sandon School Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

1 Accounting policies (continued)

Stock

Stock generally consists of small items of uniform and catering stock. A full stock count is made at the year end and stock is valued at the lower of cost price or net realisable value.

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.

Pension 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, are contracted out of the State Earnings-Related Pension Scheme ('SERPS'), and the assets are held separately from those of the Academy Trust.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in the notes to the financial statements, the TPS is a multi-employer scheme and the Academy Trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The LGPS is a funded 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 method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

Agency arrangements

The Academy Trust acts as an agent in the administering of 16-19 Bursary Funds from the ESFA. Related payments received from the ESFA and subsequent disbursements to students are excluded from the statement of financial activities to the extent that the Academy Trust does not have a beneficial interest in the individual transactions. Where funds have not been fully applied in the year then an amount will be included as amounts due to the ESFA.

The Sandon School Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

1 Accounting policies (continued)

Funds held for third parties

The Sandon School holds funds for the South Chelmsford, Sandon and South Woodham Ferrers Local Delivery Group, a group of one secondary and eight primary schools. The group's funding is awarded by Essex County Council for the support of parents and students enabling them to access extended services. Currently, the key priorities for the LDG are to:

- enhance the emotional well-being of our students
- address the needs of specific groups of vulnerable students

The disposal of these funds is authorised by the delivery group co-ordinator in consultation with representatives from all the schools in the group. The funds are held in a separate fund code for reporting purposes.

Critical accounting estimates and areas of judgement

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

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 23, 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 31/08/2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2 Donations and capital grants

| | Unrestricted funds £ | Restricted fixed asset funds £ | Total 2017 £ | Total 2016 £ |
|-----------------|----------------------------|---|--------------------|--------------------|
| Capital grants | - | 26,191 | 26,191 | 438,064 |
| Other donations | 4,803 | - | 4,803 | 4,748 |
| | <u>4,803</u> | <u>26,191</u> | <u>30,994</u> | <u>442,812</u> |

Capital grants received are not permanent endowments.

The Sandon School Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

3 Funding for the Academy Trust's educational operations

| | Restricted funds £ | Total 2017 £ | Total 2016 £ |
|--------------------------------|--------------------------|--------------------|--------------------|
| DfE/ESFA revenue grants | | | |
| General Annual Grant (GAG) | 5,747,790 | 5,747,790 | 5,879,599 |
| Other DfE/ESFA grants | 194,580 | 194,580 | 198,279 |
| | <u>5,942,370</u> | <u>5,942,370</u> | <u>6,077,878</u> |
| Other government grants | | | |
| Special Educational Projects | 115,259 | 115,259 | 81,938 |
| Total grants | <u>6,057,629</u> | <u>6,057,629</u> | <u>6,159,816</u> |

4 Other trading activities

| | Unrestricted funds £ | Restricted funds £ | Total 2017 £ | Total 2016 £ |
|--------------------|----------------------------|--------------------------|--------------------|--------------------|
| Hire of facilities | 40,541 | - | 40,541 | 23,553 |
| Catering income | 328,476 | - | 328,476 | 338,595 |
| Class Sales | - | 17,162 | 17,162 | 15,622 |
| Educational Visits | 141,737 | - | 141,737 | 146,606 |
| Other sales | 3,623 | 63,486 | 67,109 | 90,330 |
| | <u>514,377</u> | <u>80,648</u> | <u>595,025</u> | <u>614,706</u> |

5 Investment income

| | Unrestricted funds £ | Total 2017 £ | Total 2016 £ |
|---------------------|----------------------------|--------------------|--------------------|
| Short term deposits | <u>632</u> | <u>632</u> | <u>3,042</u> |

The Sandon School Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

6 Expenditure

| | Non Pay Expenditure | | | Total | Total |
|---|----------------------------|-----------------|--------------------|------------------|------------------|
| | Staff costs | Premises | Other costs | 2017 | 2016 |
| | £ | £ | £ | £ | £ |
| Expenditure on raising funds | 121,075 | - | 369,722 | 490,797 | 485,435 |
| Academy's educational operations | | | | | |
| Direct costs | 4,330,714 | - | 454,563 | 4,785,277 | 4,678,446 |
| Allocated support costs | 1,006,043 | 669,538 | 210,498 | 1,886,079 | 2,063,077 |
| | <u>5,457,832</u> | <u>669,538</u> | <u>1,034,783</u> | <u>7,162,153</u> | <u>7,226,958</u> |

The Sandon School Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

6 Expenditure (continued)

Net income/(expenditure) for the year includes:

| | 2017 | 2016 |
|--|----------------|----------------|
| | £ | £ |
| Operating leases - plant and machinery | 15,265 | 14,491 |
| Audit fee - Edmund Carr LLP | 14,150 | 14,750 |
| Other services - Edmund Carr LLP | 3,050 | 2,800 |
| Depreciation | <u>276,695</u> | <u>259,992</u> |

7 Charitable activities

| | Total | Total |
|--|------------------|------------------|
| | 2017 | 2016 |
| | £ | £ |
| Direct costs - educational operations | 4,785,277 | 4,678,446 |
| Support costs - educational operations | <u>1,886,079</u> | <u>2,063,077</u> |
| | <u>6,671,356</u> | <u>6,741,523</u> |

| | Educational | Total | Total |
|----------------------------------|--------------------|------------------|------------------|
| | operations | 2017 | 2016 |
| | £ | £ | £ |
| Analysis of support costs | | | |
| Support staff costs | 1,006,043 | 1,006,043 | 784,167 |
| Depreciation | 276,694 | 276,694 | 259,993 |
| Premises costs | 392,844 | 392,844 | 768,078 |
| Other support costs | 147,889 | 147,889 | 190,518 |
| Governance costs | <u>62,609</u> | <u>62,609</u> | <u>60,321</u> |
| Total support costs | <u>1,886,079</u> | <u>1,886,079</u> | <u>2,063,077</u> |

8 Staff

Staff costs

| | 2017 | 2016 |
|--|------------------|------------------|
| | £ | £ |
| Staff costs during the year were: | | |
| Wages and salaries | 4,062,758 | 3,950,846 |
| Social security costs | 387,932 | 331,514 |
| Pension costs | <u>852,952</u> | <u>618,492</u> |
| | 5,303,642 | 4,900,852 |
| Supply teacher costs | <u>154,190</u> | <u>202,593</u> |
| | <u>5,457,832</u> | <u>5,103,445</u> |

The Sandon School Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

8 Staff (continued)

Non statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £30,000 (2016: £Nil). Individually, the payments were:

Non-contractual payments £30,000

Staff numbers

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

| | 2017 No | 2016 No |
|------------------------------|--------------------|--------------------|
| Charitable Activities | | |
| Teachers | 71 | 71 |
| Administration and support | 46 | 46 |
| Management | 7 | 7 |
| | <u>124</u> | <u>124</u> |

Higher paid staff

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

| | 2017 No | 2016 No |
|---------------------|--------------------|--------------------|
| £60,001 - £70,000 | 4 | 4 |
| £70,001 - £80,000 | 1 | 1 |
| £110,001 - £120,000 | - | 1 |
| £120,001 - £130,000 | <u>1</u> | <u>-</u> |

The key management personnel of the Academy Trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust was £722,981 (2016: £679,973).

9 Related party transactions - trustees' remuneration and expenses

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

The Sandon School Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

9 Related party transactions - trustees' remuneration and expenses (continued)

Mr Jonathan Wincott (Headteacher)

Remuneration: £120,000 - £125,000 (2016 - £115,000 - £120,000)

Employer's pension contributions: £20,000 - £25,000 (2016 - £15,000 - £20,000)

Mr Duncan Owen (Staff Trustee)

Remuneration: £35,000 - £40,000 (2016 - £35,000 - £40,000)

Employer's pension contributions: £5,000 - £10,000 (2016 - £0 - £5,000)

Mr Craig Keane (Staff Trustee)

Remuneration: £15,000 - £20,000 (2016 - £45,000 - £50,000)

Employer's pension contributions: £0 - £5,000 (2016 - £5,000 - £10,000)

Mr Ryan Sutton (Staff Trustee)

Remuneration: £40,000 - £45,000 (2016 - £Nil)

Employer's pension contributions: £5,000 - £10,000 (2016 - £Nil)

During the year ended 31 August 2017, travel and subsistence expenses totalling £Nil (2016 - £Nil) were reimbursed or paid directly to 0 trustees (2016 - 0).

Other related party transactions involving the trustees are set out in note 23.

10 Trustees' and officers' insurance

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

11 Tangible fixed assets

| | Freehold land and buildings £ | Furniture and equipment £ | Motor vehicles £ | Computer equipment £ | Total £ |
|-----------------------|-------------------------------------|---------------------------------|------------------------|----------------------------|------------|
| Cost | | | | | |
| At 1 September 2016 | 6,877,905 | 32,375 | 21,165 | 14,955 | 6,946,400 |
| At 31 August 2017 | 6,877,905 | 32,375 | 21,165 | 14,955 | 6,946,400 |
| Depreciation | | | | | |
| At 1 September 2016 | 1,148,807 | 22,905 | 8,995 | 14,955 | 1,195,662 |
| Charge for the year | 268,563 | 3,899 | 4,233 | - | 276,695 |
| At 31 August 2017 | 1,417,370 | 26,804 | 13,228 | 14,955 | 1,472,357 |
| Net book value | | | | | |
| At 31 August 2017 | 5,460,535 | 5,571 | 7,937 | - | 5,474,043 |
| At 31 August 2016 | 5,729,098 | 9,470 | 12,170 | - | 5,750,738 |

The Sandon School Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

11 Tangible fixed assets (continued)

Freehold land & buildings includes £163,828 (2016: £163,828) of land which is not being depreciated.

12 Stock

| | 2017 £ | 2016 £ |
|----------|--------------|--------------|
| Catering | <u>2,122</u> | <u>2,633</u> |

13 Debtors

| | 2017 £ | 2016 £ |
|-----------------|----------------|----------------|
| Trade debtors | 2,649 | 4,312 |
| Prepayments | 82,664 | 79,330 |
| VAT recoverable | 20,730 | 25,432 |
| Other debtors | <u>150</u> | <u>150</u> |
| | <u>106,193</u> | <u>109,224</u> |

14 Creditors: amounts falling due within one year

| | 2017 £ | 2016 £ |
|------------------------------------|----------------|----------------|
| Trade creditors | 130,691 | 104,988 |
| Other taxation and social security | 97,531 | 97,437 |
| Other creditors | 55,985 | 48,771 |
| Accruals | 77,905 | 144,282 |
| Deferred income | <u>100,728</u> | <u>93,411</u> |
| | <u>462,840</u> | <u>488,889</u> |

| | 2017 £ |
|--|-----------------|
| Deferred income | |
| Deferred income at 1 September 2016 | 93,411 |
| Resources deferred in the period | 100,728 |
| Amounts released from previous periods | <u>(93,411)</u> |
| Deferred income at 31 August 2017 | <u>100,728</u> |

The Sandon School Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

14 Creditors: amounts falling due within one year (continued)

Deferred income as at the balance sheet date was made up as follows:

Government grants received in respect of the 2017/18 academic year £35,334 (2016 £34,859)
 Music tuition income received in advance £9,011 (2016 £8,996)
 Monies received for trips and visits taking place in the 2017/18 academic year £42,131 (2016 £38,725)
 Lettings income for Autumn term 2017 £3,456 (2016 £3,456)
 Other miscellaneous income in advance £10,796 (2016 £7,375)

15 Funds

| | Balance at 1 September 2016 £ | Income £ | Expenditure £ | Gains, losses and transfers £ | Balance at 31 August 2017 £ |
|---|--|------------------|--------------------|--|--------------------------------------|
| Restricted general funds | | | | | |
| General Annual Grant (GAG) | - | 5,747,789 | (5,816,174) | 68,385 | - |
| Other DfE/ESFA grants | - | 194,582 | (194,582) | - | - |
| Special Educational Projects | - | 115,259 | (115,259) | - | - |
| Funds from other external bodies (parents etc) | - | 80,647 | (80,647) | - | - |
| | <u>-</u> | <u>6,138,277</u> | <u>(6,206,662)</u> | <u>68,385</u> | <u>-</u> |
| Restricted fixed asset funds | | | | | |
| DfE/ESFA and local authority capital grants | 206,462 | 26,191 | (10,348) | (26,192) | 196,113 |
| Capital expenditure from GAG | 1,700,018 | - | (81,555) | - | 1,618,463 |
| Inherited fixed assets | <u>3,844,258</u> | <u>-</u> | <u>(184,791)</u> | <u>-</u> | <u>3,659,467</u> |
| | 5,750,738 | 26,191 | (276,694) | (26,192) | 5,474,043 |
| Restricted pension funds | | | | | |
| Pension reserve | <u>(2,848,000)</u> | <u>-</u> | <u>(188,000)</u> | <u>383,000</u> | <u>(2,653,000)</u> |
| Total restricted funds | 2,902,738 | 6,164,468 | (6,671,356) | 425,193 | 2,821,043 |
| Unrestricted funds | | | | | |
| Unrestricted general funds | <u>376,203</u> | <u>519,812</u> | <u>(490,797)</u> | <u>(42,193)</u> | <u>363,025</u> |
| Total funds | <u>3,278,941</u> | <u>6,684,280</u> | <u>(7,162,153)</u> | <u>383,000</u> | <u>3,184,068</u> |

The Sandon School Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

15 Funds (continued)

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

The General Annual Grant (GAG) represents the core funding for the educational activities of the school that has been provided to the academy via the ESFA by the DfE. The GAG fund has been set up because the GAG must be used for the normal running costs of the academy. Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2017.

The Pension reserve has been created to separately identify the pension deficit inherited from the Local Authority upon conversion to Academy status, and through which all the pension scheme movements are recognised.

The Other DfE/ESFA fund has been created to recognise the restricted grant funding received from the DfE/ESFA which fall outside the scope of core funding.

The Local Authority revenue grants fund has been set up to recognise the income received from Essex County Council as a contribution towards the cost of the Academy's revenue expenditure.

The Special Educational Needs fund has been set up to recognise the restricted funding received from the ESFA to assist with the costs incurred providing disadvantaged students with the additional educational resources that they require.

The DfE/ESFA and Local Authority capital grant fund has been created to recognise the capital grants received for the purpose of the acquisition of tangible fixed assets. The amount spent in excess of the capital grants received has been transferred in from the GAG fund. Depreciation relating to these assets has been allocated to this fund.

The capital expenditure from GAG fund has been created to reflect the value of tangible fixed assets purchased from GAG funding. Depreciation charged to the assets purchased with the GAG funding is allocated to this fund.

The Inherited fixed assets fund has been set up to recognise the tangible assets gifted to the Academy upon conversion by the Local Authority which represent the school site inherited from the Local Authority including the freehold land and buildings and all material items of plant and machinery included therein. Depreciation charged on those inherited assets is allocated to this fund.

The transfer from restricted fixed asset funds represents general repairs and maintenance costs assigned against the devolved capital formula grant.

The Sandon School Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

16 Analysis of net assets between funds

| | Unrestricted funds £ | Restricted general funds £ | Restricted fixed asset funds £ | Total funds £ |
|--------------------------|-------------------------------------|---|---|--------------------------|
| Tangible fixed assets | - | - | 5,474,043 | 5,474,043 |
| Current assets | 363,025 | 462,840 | - | 825,865 |
| Current liabilities | - | (462,840) | - | (462,840) |
| Pension scheme liability | - | (2,653,000) | - | (2,653,000) |
| Total net assets | <u>363,025</u> | <u>(2,653,000)</u> | <u>5,474,043</u> | <u>3,184,068</u> |

17 Financial commitments

Operating leases

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

| | 2017 £ | 2016 £ |
|--|-------------------|-------------------|
| Amounts due within one year | 13,131 | 14,053 |
| Amounts due between one and five years | <u>11,771</u> | <u>24,805</u> |
| | <u>24,902</u> | <u>38,858</u> |

The Sandon School Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

18 Reconciliation of net expenditure to net cash inflow/(outflow) from operating activities

| | 2017 | 2016 |
|--|------------------------|-------------------------|
| | £ | £ |
| Net expenditure | (477,873) | (6,582) |
| Depreciation | 276,695 | 259,992 |
| Capital grants from DfE and other capital income | (26,191) | (438,064) |
| Interest receivable | (632) | (3,042) |
| Defined benefit pension scheme revaluation | 188,000 | (21,000) |
| Decrease/(increase) in stocks | 511 | (436) |
| Decrease in debtors | 3,031 | 84,782 |
| Decrease in creditors | <u>(26,049)</u> | <u>(440,499)</u> |
| Net cash used in Operating Activities | <u><u>(62,508)</u></u> | <u><u>(564,849)</u></u> |

19 Cash flows from investing activities

| | 2017 | 2016 |
|---|----------------------|-------------------------|
| | £ | £ |
| Dividends, interest and rents from investments | 632 | 3,042 |
| Purchase of tangible fixed assets | - | (809,600) |
| Capital funding received from sponsors and others | <u>26,191</u> | <u>438,064</u> |
| Net cash provided by/(used in) investing activities | <u><u>26,823</u></u> | <u><u>(368,494)</u></u> |

20 Analysis of cash and cash equivalents

| | At 31 August | At 31 August |
|---------------------------------|-----------------------|-----------------------|
| | 2017 | 2016 |
| | £ | £ |
| Cash at bank and in hand | <u>717,550</u> | <u>753,235</u> |
| Total cash and cash equivalents | <u><u>717,550</u></u> | <u><u>753,235</u></u> |

21 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 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.

The Sandon School Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

22 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 Essex County Council. Both are defined benefit schemes.

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

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

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (previously 14.1%);
- total scheme liabilities for service to the effective date of £191,500 million, and notional assets of £176,600 million, giving a notional past service deficit of £14,900 million; and
- 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 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The pension costs paid to TPS in the period amounted to £493,792 (2016: £480,832).

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

The Sandon School Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

22 Pension and similar obligations (continued)

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

Local government pension scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £222,000 (2016 - £205,000), of which employer's contributions totalled £172,000 (2016 - £159,000) and employees' contributions totalled £50,000 (2016 - £46,000). The agreed contribution rates for future years are 22.3 per cent for employers and 5.5 - 12.5 per cent for employees.

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

Principal actuarial assumptions

| | At 31 August 2017 % | At 31 August 2016 % |
|--|---------------------------|---------------------------|
| Rate of increase in salaries | 4.20 | 4.10 |
| Rate of increase for pensions in payment/inflation | 2.70 | 2.30 |
| Discount rate for scheme liabilities | 2.60 | 2.20 |
| Inflation assumptions (CPI) | 2.70 | 2.30 |
| RPI increases | 3.60 | 3.20 |

Sensitivity analysis

A sensitivity analysis for the principal assumptions used to measure scheme liabilities is set out below:

| | + 0.1% £ | 0.0% £ | - 0.1% £ |
|--|-----------------|-------------|-----------------|
| Adjustment to discount rate | | | |
| Present value of total obligation | 4,285 | 4,377 | 4,471 |
| Projected service cost | 337 | 345 | 353 |
| | <u>+ 0.1%</u> | <u>0.0%</u> | <u>- 0.1%</u> |
| Adjustment to rate of inflation | | | |
| Present value of total obligation | 4,458 | 4,377 | 4,297 |
| Projected service cost | 353 | 345 | 337 |
| | <u>+ 0.1%</u> | <u>0.0%</u> | <u>- 0.1%</u> |
| Adjustment to rate of salary growth | | | |
| Present value of total obligation | 4,389 | 4,377 | 4,365 |
| Projected service cost | 345 | 345 | 345 |
| | <u>+ 1 Year</u> | <u>None</u> | <u>- 1 Year</u> |
| Adjustment to mortality age rating assumption | | | |
| Present value of total obligation | 4,531 | 4,377 | 4,228 |
| Projected service cost | 356 | 345 | 334 |

The Sandon School Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

22 Pension and similar obligations (continued)

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

| | At 31 August 2017 | At 31 August 2016 |
|------------------------------|------------------------------|------------------------------|
| Retiring today | | |
| Males retiring today | 22.20 | 22.90 |
| Females retiring today | 24.70 | 25.30 |
| Retiring in 20 years | | |
| Males retiring in 20 years | 24.30 | 25.20 |
| Females retiring in 20 years | <u>27.00</u> | <u>27.70</u> |

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

| | At 31 August 2017 £ | At 31 August 2016 £ |
|--|------------------------------------|------------------------------------|
| Equities | 1,125,000 | 976,000 |
| Gilts | 107,000 | 51,000 |
| Other bonds | 67,000 | 64,000 |
| Property | 167,000 | 157,000 |
| Cash | 53,000 | 43,000 |
| Other | <u>205,000</u> | <u>131,000</u> |
| Total market value of assets | 1,724,000 | 1,422,000 |
| Present value of scheme liabilities - funded | <u>(4,377,000)</u> | <u>(4,270,000)</u> |
| Deficit in the scheme | <u>(2,653,000)</u> | <u>(2,848,000)</u> |

The actual return on scheme assets was £218,000 (2016 - £175,000).

The Sandon School Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

22 Pension and similar obligations (continued)

Amounts recognised in the statement of financial activities

| | 2017 £ | 2016 £ |
|------------------------|-----------|-----------|
| Current service cost | 299,000 | 196,000 |
| Total operating charge | 299,000 | 196,000 |

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

| | 2017 £ | 2016 £ |
|--------------------------|-----------|-----------|
| At 1 September | 4,270,000 | 2,883,000 |
| Current service cost | 299,000 | 196,000 |
| Interest cost | 94,000 | 116,000 |
| Employee contributions | 50,000 | 46,000 |
| Actuarial (gains)/losses | (264,000) | 1,065,000 |
| Benefits paid | (72,000) | (36,000) |
| At 31 August | 4,377,000 | 4,270,000 |

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

| | 2017 £ | 2016 £ |
|---|-----------|-----------|
| At 1 September | 1,422,000 | 1,079,000 |
| Interest income | 33,000 | 46,000 |
| Return on plan assets (excluding net interest on the net defined pension liability) | 185,000 | 128,000 |
| Actuarial losses | (66,000) | - |
| Employer contributions | 172,000 | 159,000 |
| Employee contributions | 50,000 | 46,000 |
| Benefits paid | (72,000) | (36,000) |
| At 31 August | 1,724,000 | 1,422,000 |

23 Related party transactions

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

There were no related party transactions in the year, other than certain trustees' remuneration and expenses already disclosed in note 9.

The Sandon School Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

24 Agency Arrangements

The Academy Trust administers the disbursement of the new discretionary support for learners, 16-19 Bursary Funds, on behalf of the ESFA. In the year it received £11,543 (2016: £12,124) and disbursed £10,963 (2016: £7,391). £Nil was retained to cover administration expenses and therefore a balance of £19,226 (2016: £18,646) was repayable to the ESFA at 31 August 2017 and is included within other creditors.