

REGISTERED COMPANY NUMBER: 07736448 (England and Wales)

**Report of the Trustees and
Financial Statements for the Year Ended 31 August 2017
for**

**Tenterden Schools Trust
Previously known as
Homewood School & Sixth Form Centre**

McCabe Ford Williams
Statutory Auditors &
Chartered Accountants
Invicta Business Centre
Monument Way
Orbital Park
Ashford
Kent
TN24 0HB

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Tenterden Schools Trust
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for the Year Ended 31 August 2017

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Tenterden Schools Trust

Reference and Administrative Details for the Year Ended 31 August 2017

Members

Mrs V Hardy	Rev Canon L J Hammond
Mr I Kirkland	The Diocese of Canterbury Academies Co Ltd

Trustees/Board

(for Tenterden Schools Trust from 1 December 2016 to 31 August 2017)

Mrs V Hardy	Chair (Diocesan Rep for St Michaels)
Mr D Harding (from 1.5.2017)	Director (Diocesan rep for Tenterden Schools)
Mr M Hill	Director
Mrs S Lees	CEO
Mrs S Moon	Director
Mrs N Paterson	Diocesan Director
Mr J Nelson (resigned 30.4.2017)	Director (Diocesan rep for Tenterden Schools)
Mr M Seymour	Finance Director
Ms K Smith	Director
Ms J Thorp	Director
Mr N Vincer	Director
Ms J Vos	Director
Mrs S Williamson	Primary Schools Director

Previous Trustees/Board

(for Homewood School & Sixth Form Centre from 1 September 2016 to 30 November 2016)

Mr D Akporehe	Mrs J Kirk
Mr T Barton	Mr I Kirkland
Mr S Parker	Mrs S Mash
Ms K Smith	Mrs G Guthrie
Mr C Mills	Mrs S Moon
Mrs J Ross-Smith	Mr N Vincer
Mrs S Lees	

Secretary

Mrs K Douglas

Senior executive team

Mrs S Lees	CEO
Ms S Crinnion	Executive Head (Tenterden Primary Federation)
Mrs S Williamson	Headteacher (St Michaels C of E Primary school)
Mrs S King	Vice Principal (Homewood)
Mr S Pusey	Senior Assistant Vice Principal (Homewood)
Mr S Ridgway	Vice Principal (Homewood)
Mrs D Faulkner	Head of Administration
Mr M Seymour	Finance Director

Registered Office

Homewood School & Sixth Form Centre
Ashford Road
Tenterden
Kent
TN30 6LT

Company Reg No

07736448

Auditors

McCabe Ford Williams
Invicta Business Centre
Monument Way
Orbital Park
Ashford Kent TN24 0HB

Bankers

Lloyds TSB Plc
81 High Street
Ashford TN24 8SS

Tenterden Schools Trust

Report of the Trustees for the Year Ended 31 August 2017

The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 August 2017. The trustees have adopted the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) and the Academies Accounts Direction issued by the Education and Skills Funding Agency.

OBJECTIVES AND ACTIVITIES

Objectives and aims

The main aim of the multi-academy Trust is to provide a broad based curriculum across the full ability range of pupils from ages 0 to 4 in the nursery and from 4 to 19 in the primary and secondary schools. The second aim of the Trust is for the facilities to be enjoyed by the public and used by them when available and for the financial benefit of the Trust. The aims and objects link with the Articles of Association primary objects as noted above.

The objectives for the year 2016/17 were set out in the School Development Plan for this period. Some of these areas are noted as follows:

- Improve the impact of teaching and learning - 100% lessons are graded good or outstanding with 50% graded as outstanding.
- Develop coherent 0 -19 curriculum including team teaching opportunities, sharing schemes of work and exploring year 6 pupils beginning the year 7 curriculum in English and Maths.
- Develop support across the Trust to improve outcomes for vulnerable groups including FSM, Pupil Premium and SEN.
- Audit progress of vulnerable groups including "FSM ever" for impact of pupil premium income across all schools.
- Ensure individual schools exceed floor targets for performance at all key stage levels and achieve standards at or above national and Kent averages.
- Develop coherent tracking procedures from 0 -19.
- Ensure quality assurance of assessment for learning procedures across the Trust.
- Develop shared teaching and learning practice across the Trust including teacher exchanges and cross moderation opportunities.
- Ensure robust financial planning across the Trust and efficient use of resources. Deliver a balanced budget for the Trust in 2016/17.
- Develop a clear strategy for succession planning in leadership across the Trust.
- Develop a strategy for marketing and communication across the Trust.
- Deliver premises plans across the Trust including plans for a 3G pitch at Homewood and asbestos work and playground resurfacing at Tenterden Junior school.
- Develop and implement the Trust expansion plan.
- Establish high quality governance and leadership across the Trust.
- Work together to ensure good parental engagement at every level in the Trust.
- Develop good links with the local community.

Tenterden Schools Trust

Report of the Trustees for the Year Ended 31 August 2017

OBJECTIVES AND ACTIVITIES

Public benefit

The trustees confirm that they have complied with the duties in Section 17(5) of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit.

We have referred to the guidance in the Charity Commission's general guidance on public benefit when reviewing our aims and objectives and in planning our future activities. In particular, the trustees consider how planned activities will contribute to the aims and objectives they have set.

Public benefit from the Trust's operations is manifested in a number of different ways:

- In the education of pupils across all ability levels from ages 0 to 19.
- In the availability of facilities to the general public, from sports halls and school halls to the theatre to adult education classes, in the evening.
- In community events run by the schools on behalf of the local community.
- In the community and educational links with the local Tenterden Rural alliance and other primary schools.
- In the activity days, master classes and summer school activities run out of hours for the benefit of primary age children in the surrounding area and Ashford.

The trustees have complied fully with their duty to have due regard to the guidance on public benefit as published by the Charity Commission in exercising their powers and duties.

STRATEGIC REPORT

Achievement and performance

Key financial performance indicators

The Trust schools' Key performance indicators are set out on the attached Appendix 4.

Tenterden Schools Trust
Report of the Trustees
for the Year Ended 31 August 2017

STRATEGIC REPORT

Achievement and performance

The Tenterden Schools Trust has been established since 1 December 2016 so is now reporting on its first set of published outcomes since that date.

Tenterden Primary Federation - 2017 outcomes in KS1 and KS2 all above 2016 national averages and improved headline data in all areas, with the exception of a slight dip in Year 6 Writing, but still well above 2016 national average. A dip in Year 6 Maths in 2016 has been vigorously addressed and outcomes were well above national in 2017. A dip in EYFS Good Level of Development in 2017 is cohort specific and relates to a small number of children with particular needs. The negative progress scores represent some historic over-assessment when these pupils were in Year 2, when 100% were assessed as meeting expectation across all measures.

St Michael's Primary School - 2017 outcomes show sustained performance in EYFS and KS1 but a dip in performance in Year 6 across all measures, most notably in Maths. This was due in part to the starting points for many of these students, as reflected in the progress scores in Reading and Writing which largely maintained the position from the previous year, except in Maths where there was a significant decline. The Trust recognises a need to focus on progress in Maths in particular in future cohorts. Remedial action has already been taken, with the Headteacher undertaking some teaching in Year 6 herself to ensure the highest quality provision for these students.

Homewood - Following a "Good" outcome in a Section 8 inspection in May 2017, exam results in the summer showed an improvement across the board on the previous year. Students achieving Grade 4 or above in English and Maths rose by 5% to 53%, with 4+ English showing an 8% improvement and 4+ Maths a 2% improvement on the following year. Progress 8 shows a slight uplift on the previous year, but has remained fairly static despite these improvements. This was in large part due to the number of students who did not fill all 8 buckets in the P8 measure, often for very good and well documented reasons, although underperformance in Science and Geography had a depressing effect on the measure. The E-Bacc subjects are a key area of focus for the school in the year ahead. Outcomes at KS5 sustained the same A*-E pass rate at 96% but showed a decrease in the percentage of students achieving the higher grades.

Lower than expected recruitment into Year 7 and Year 12 at Homewood and into Year R at the primary schools in 2017 has caused us to look again at the staffing models across the schools to prepare for 2018-19.

Despite the financial climate, the Trust is maintaining its buildings in good condition, with a new toilet block built for St Michael's and significant interior refurbishment at Homewood to enhance the working environment in the 6th form Centre and the I-College.

The financial element is covered in the financial section to follow.

Financial review

Going concern

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

Tenterden Schools Trust

Report of the Trustees for the Year Ended 31 August 2017

STRATEGIC REPORT

Financial review

The Trust has had a challenging nine months in financial terms with the pressures of seven years of flat funding showing in all schools and against this backcloth we are pleased to report a small surplus of income over expenditure of £21k in 2016/17 in the management accounts. This was £74k below the budgeted surplus of £94k but there were a number of additional costs areas including some building costs and staff arrangements. Overall this position is fine and the reserves for the Trust increase to £390k. Homewood had a year end £10k surplus after new building project costs were shown at £67k. St Michael's C of E Primary had a deficit of £8k but there was a staff arrangement and additional ICT expenditure. Tenterden Infant school showed a surplus of £23k and the C of E Junior school a surplus of £17k. The Central expenses did show a deficit of expenditure over income by £21k. The central pot is funded by topslicing the schools in the Trust by 4% of General Annual Grant and this figure has increased in 2017/18. This area needs to be reviewed going forward to ensure that we are covered here as does the insurance aspect which is centralised but could be taken from each school. There were a number of areas in which the Trust obtained additional income. Income from facilities and services was strong (£417k) and there were a number of additional grants including the Regional Academy Growth Fund at £70k. Whilst there was expenditure against these income areas nonetheless the additional income enabled the Trust to spend over £223k on premises improvements in this period. The financial controls have been well maintained and the auditors have supported the Responsible Officer (Cliff Mills) in his role in this regard. Updates to the Financial Regulations manual for the Trust were approved by the Directors in January 2017 (in line with ESFA changes to the Academies Financial Handbook) and this has been used as the guide for the quarterly audits undertaken by a separate office of the auditors. The reports have been presented at the subsequent meetings by the Responsible Officer.

It can be seen from the accounts on the following pages that the central ESFA grant funding (GAG or general annual grants) plus local authority grants, which are the majority of the Trust's income have been fully utilised in the operations of the various schools.

GAG funding is broken down into various elements which includes, 4 - 11 funding, 11 to 16 funding, sixth form funding and then special educational needs funding which in turn is derived from a number of different factors. The main element to funding is the pupil count which is reported by the various academies in the annual census in October. There is always a lag of one year so the main grants paid in 2016/17 reflect the census numbers in October 2015.

The pupil premium funding is an important element of the government's plans and this is included in the GAG element. A full breakdown of how this was spent in the financial year is shown on each of the schools' websites.

Financial and risk management objectives and policies including principal risks and uncertainties

The risk assessment process for the Trust has already been outlined. The sections under the financial category in the risk register include the risk of a budget deficit and that performance is not checked against budget on a regular basis. The internal control procedures are well tested and supported by the external audits but there are risks in future years that with falling rolls in our key recruitment points, that funding will fall despite the national funding formula. In October 2017 Year R (reception) in St Michael's C of E Primary, Year R in Tenterden Infant school and year 7 at Homewood are all showing a drop in numbers on the previous year. In addition, sixth form numbers have also fallen at Homewood. This will create some pressure in each of these schools in 2018/19 despite the possibility of some additional funding in all of the schools from the new funding formula. The base funding per student allowance remains on a flat cash basis for 2017/18 which means that there has been no additional funding for over 7 years. 2015/16 saw an increase in the employers' contributions to teachers pensions of 2.3% and also from April 2016 the employers' national insurance contributions will increase due to the ending of the allowance for contracting-out of the additional state pension. This will add in a full year (2017-18) about £180k to staffing costs. Furthermore, the Government's Apprenticeship levy will cost the Trust about £45k in 2017/18.

Tenterden Schools Trust
Report of the Trustees
for the Year Ended 31 August 2017

STRATEGIC REPORT

Financial review (continued)

It is for this reason that the risks are regularly assessed and the Trust is already working on its plans for 2018/19 and thereafter. Overall GAG funding in 2017/18 is about £350k down on 2016/17 and this is the impact of the fall in numbers at Homewood in the sixth form. The other schools are at similar levels for 2017/18 but then in 2018/19 St Michael's and Tenterden Infant school will also see a reduction in GAG following lower year R numbers. This will be managed through but the Trustees recognise that there is a need to ensure strong recruitment into year R and year 7 going forward. Year R is affected by lower birthrates in the Rural Ashford area but we plan to market the schools strongly in readiness for the 2018 intake. Tent 1A housing will also help all schools and the primary schools in the Trust should gain at least 6 pupils per year across all year groups in the next three years which will be good for income. At Homewood the plan of increasing numbers has been successful for the sixth form but has fallen back from a peak of 499 in September 2015 to 443 in September 2016 and now 390 in September 2017. This has been down to several reasons including the opening of Ashford College but the numbers are about 60 higher than the previous sixth form trend prior to RPA (raising participation age). Recruitment for year 7 was sound in September 2016 at 358 but also fell in September 2017 to 307. With the Grammar schools increasing their PAN and the rising costs of the Kent Freedom bus pass it is challenging to move nearer to the new PAN of 390. We also know that 2017 was not such a high demand year for year 7 but 2018 is stronger and the Trust will aim to get towards PAN. The 390 PAN will remain to support the Ashford area part of the Kent Commissioning plan and we are in discussions with KCC regarding temporary increases above that to support prior to the opening of the new secondary school at Chilmington Green.

Financial risks in terms of payments by debtors are low and so is cash flow risk with the current level of reserves and investments maintained. The main risk to the Trust apart from the number of pupils and uncertainty regarding the national funding formula is the provision of the same level of additional income streams. Over the coming years much work will be undertaken to consolidate this area but there are risks that income could fall in some of the constituent areas e.g. lettings, consultancy support etc. As noted above, 2016/17 saw a strong performance in these areas which is encouraging. Furthermore, in 2017/18 the Trust plans to appoint a Business Development Manager to assist with income generation including a focus on raising the Trust's profile in the community.

The three year finance budgets enable the Trust to plan for any necessary changes to ensure that where possible surplus budgets will be maintained in the stretching years ahead. These budgets were presented to the Directors in July 2017 and approved.

One area to be noted is the Local Government Pensions scheme with a deficit of £3.753m at year end. This represents a decrease of £1.265m over the year despite the addition of the three primary schools on 1 December 2016. These figures are taken from the latest actuarial valuation undertaken for the Trust by Barnett Waddingham public sector consulting. There has been an overall positive move on valuation of the underlying equities, bonds and property funds to bring about the reduction in deficit from 2016.

Reserves policy

The Directors have considered the need to establish a reasonable level of reserves given the size of the Trust and the age of some of the buildings across the schools in the Trust. However, it is noted that unlike many charities who need to take a very cautionary approach with their reserves given the uncertainty of their income, the Trust has knowledge of regular grant funding from the ESFA and the local authority and thus a similar view is not warranted. Nonetheless, it has been agreed by the Directors that the level of reserves should be maintained at or around the level of two weeks of total staff costs. For the 2016/17 year this calculates at £415k based on total staff costs of £10.8m. As staff costs are about 75% of all costs this covers by far the largest item on the cost side of running the academy. This level of reserves will provide 1.5 weeks cover for all of the academies' costs and not just staff costs.

For 2016/17 the free reserves in the audited accounts are £389k (£265k in 2016) so by that calculation marginally below the two week level (1.9 weeks). The Directors aim to hold the level of reserves steady but they are aware that the next two years are challenging before the National Funding Formula comes in to assist. Thus the need to take a realistic view in holding balances at or around the current level.

The deficit on the LGPS described above is not an immediate liability and will have a cash flow effect over a period of years as a result of higher employer's pension contributions.

Tenterden Schools Trust

Report of the Trustees for the Year Ended 31 August 2017

STRATEGIC REPORT

Financial review (continued)

Investment policy

The Trust holds reserves and invests on the basis that it can meet its short term requirements for cash flow purposes but also to maximise the interest earned. In 2016/17 there were investments made on the money market via Lloyds Bank PLC who provided competitive interest rates on less than one month, one month, three months and six months options, all of which were used. The Trust has enhanced its short term investments by using the grant money paid on the first of the month and then investing the amount needed to cover salary payments on the 25th.

The Trustees are comfortable that given the cash flow needs of the Trust, best possible use is made of the investments available.

Future plans

Each academy has a three year budget plan and this extends to 2019/20. The Trust then has an overall budget plan including the summary of the schools and the central fund. Incorporated into this plan are the three year premises development plans and the three year ICT plans. These two areas form the highest areas of expenditure after staff costs and thus the budgets are drawn from the underlying plans. The Trust considers that it has detailed planning processes embedded into its operations and these help considerably with the financial plans for the coming years. There are factors that will change each year, including the ability to bid for new MAT funding, projects for capital funding, new ICT opportunities and other work that was not anticipated when budgets were initially set. These will be considered and progressed, if necessary, at the time. Within the Trust the individual schools will each have balanced budgets, as far as possible. The Trust budget for 2017/18 shows a surplus of £53k and there will be regular reviews of performance against that budget via the management accounts. The following two years are challenging but the national funding formula will bring additional funds to all of the schools in both 2018/19 and 2019/20. There will also be some Section 106 secondary school funding from the new housing development in the town which will come to the Trust.

The Trust will continue to invest in its building stock and the main focus will be to prepare the schools for the increased numbers projected in the Kent Commissioning Plan. Whilst this will mainly impact on Homewood at the secondary stage there will be growth in the primary schools from the new housing. As noted, S106 funds will be coming to the Trust over the next three years for additional secondary provision. In the first instance this should enable us to deliver the ATP (Artificial Turf Pitch) on site at Homewood and to purchase additional mobile accommodation. The Trust will have a strong drive on improving student recruitment for 2018 following a disappointing recruitment round in 2017. The introduction of a Grammar Plus stream at Homewood is a key strategy in this regard and the appointment of a Business Development Manager will allow us to raise the profile of the school whilst having a focus on income generation.

The Trust also has plans to expand, as agreed in principle by the Regional Schools Commissioner. It is currently in discussion with a total of 6 local primary schools and a secondary school, all of which are exploring the possibility of joining the Trust. We envisage the establishment of a second hub of primary schools joining the Trust within the next 12 months. The Canterbury Diocese is supportive of the Trust and has indicated its willingness to support local schools should they wish to join us in the future.

The Trust intends to apply for Teaching School status in the next year.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

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

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

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

Members' liability

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

Tenterden Schools Trust
Report of the Trustees
for the Year Ended 31 August 2017

STRUCTURE, GOVERNANCE AND MANAGEMENT

Trustees' Indemnities

Company law requires the trustees to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the net income or expenditure, of the charity for the year. In preparing those financial statements the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for keeping accounting records that disclose with reasonable accuracy at any time the financial position of the charity 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 charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

So far as the trustees are aware, there is no relevant audit information of which the company's auditors are unaware. The trustees have taken all the steps they ought to have taken as trustees in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Principal activities

The Trust's objects are specifically restricted to the following: "to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing schools offering a broad and balanced curriculum". In addition, "to promote for the benefit of Ashford, Kent and the surrounding area the provision of facilities for recreation or other leisure time occupation of individuals who have reason of their need for such facilities or for the public at large in the interests of social welfare and with the object of improving the condition of life of the said inhabitants".

The Trust includes the following academies:

Homewood School & Sixth Form Centre which is a mixed ability school and there is an emphasis on the individual needs of all students including pupils with special educational needs.

St. Michael's Church of England Primary School which is a primary school covering years R to 6 (age 4 to 11).

Tenterden Infant School which is an infant school for years R to 2 (age 4 to 7).

Tenterden Church of England Junior School which is a junior phase school from years 3 to 6 (age 7 to 11).

Method of recruitment and appointment or election of trustees

The trustees' term of office is four years but they are eligible for re-election at the meeting at which they retire. At the first Full Trustees' meeting of the year the trustees will elect a Chairman and a Vice-Chairman and these automatically become the Chairman and Vice-Chairman of the Company.

The total number of staff trustees will not exceed a quarter of the total number of trustees.

Tenterden Schools Trust

Report of the Trustees for the Year Ended 31 August 2017

STRUCTURE, GOVERNANCE AND MANAGEMENT

Organisational structure

The structure chart for the Trust Executive team is shown with areas of responsibilities (appendix 2). This is essentially a strategic leadership team which will report to the Board. In addition, underlying this there is a Trust Strategy team represented by leaders in all of the schools and covering strategic, achievement, curriculum and learning and student welfare areas across the Trust. The operational level discussions are made within this framework but also by each of the individual schools within their own leadership structures. Decisions at a strategic level are made through the Trust Executive team. Strategic level recommendations go via the Trust Executive team to the Board of Trustees.

The CEO is the Accounting Officer for the Trust and as such takes overall responsibility on behalf of the Governing body for the finances of the Multi-academy Trust.

Arrangements for setting pay and remuneration of key management personnel

The Trust body has a Pay Review Committee which is made up of the Chairs of the Local Governing Bodies for each of the schools in the Trust and one other director (not a staff director). This group meets with the CEO to review the pay of all senior teaching and associate staff. This meeting is usually in October each year after the year-end appraisals but additional meetings are held during the year as necessary.

The Committee question the CEO closely on the proposals and comparisons are made to other schools and the marketplace to ensure that salary levels are appropriate.

Policies and procedures adopted for the induction and training of trustees

All newly appointed trustees are provided with an induction pack which includes a guide to the law, an overview of roles and responsibilities within the current governing body and a copy of the school improvement plan. During their first year they will join all of the trustees in a training day and any specific induction needs covered during that session. They will be supported by the clerk and by longer term serving members of the board, as required.

Employees and disabled persons

We will give full and fair consideration and ensure the equal treatment of disabled applicants for any vacancy and candidates will be considered solely on their ability to do the job. Wherever possible, after any necessary rehabilitation training, we will seek to retain or transfer to more suitable work, any otherwise capable employees who become disabled during their employment with us. We will provide disabled employees the same opportunities for promotion, career development and training to those afforded to other employees.

Employee consultation

Tenterden Schools Trust consults with employees and recognised unions to promote harmonious working relationships. Meetings are held termly with all staff to disseminate information regarding matters affecting them. Consultation always takes place in the event of proposed changes to terms and conditions, pay and performance management policies and employment policies and procedures.

Related parties

Home Farm Childrens Nursery Limited

The nursery is situated on the school site and there are four directors who are school staff and two others, one of whom has connections with the school but is not employed by the school. The Company secretary is the same for both companies.

The nursery became a subsidiary company to Homewood School & Sixth Form Centre on 1 April 2014. It has an annual turnover of about £279k and employs 13 staff. During this period the nursery has made donations to the school totalling £5k which was related to the premises improvements in 2015/16.

The nursery accounts show a surplus of £16k for the twelve months to 31 August 2017 and sound reserves of £54k.

Risk management

The Trust has undertaken a review of the risks it has exposure to and has detailed these in a risk register. This register covers strategic and reputational risks, operational risks, compliance risks and financial risks. It has been completed with input from all the Trust Executive team staff and the trustees of the board. The register is fully reviewed on an annual basis and updated as necessary.

Tenterden Schools Trust

**Report of the Trustees
for the Year Ended 31 August 2017**

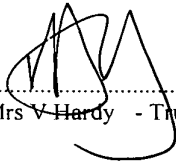
CHANGE OF NAME

The charitable company passed a special resolution on 24 November 2016 changing its name from Homewood School & Sixth Form Centre to Tenterden Schools Trust.

AUDITORS

The auditors, McCabe Ford Williams, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Report of the trustees, incorporating a strategic report, approved by order of the board of trustees, as the company directors, on ~~27 November 2017~~ and signed on the board's behalf by:


.....
Mrs V Hardy - Trustee

Tenterden Schools Trust
Governance Statement
for the Year Ended 31 August 2017

Scope of Responsibility

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

The Directors have delegated the day-to-day responsibility to Mrs S Lees, 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 master funding agreement between Tenterden Schools Trust and the Secretary of State for Education. They are also responsible for reporting to the Directors any material weaknesses or breakdowns in internal control.

Governance

The appendices set out on pages 15 to 23 detail the Structure of Trustee Governance and the Leadership Team Areas Of Responsibility. This includes details of the delegated responsibilities for the various layers in the Trust governance.

The Directors provided support to the Executive leadership during the year and also to the local governing bodies. The local governing bodies supported the Directors at local school level and also gave strong support to each school's leadership team. As a local body they work closely with their school in terms of educational performance overall but the also cover specialist areas such as Pupil Premium, SEN/D and child protection. Governors from local bodies are attached to these specific areas to support their local school with this reflected in both the primary and secondary sectors. The Scheme of Delegation sets out in detail the responsibilities and roles of local governing bodies and where decision making is delegated to these bodies. It is acknowledged that the Board of Directors are responsible overall for the performance of the Trust and the schools within it and that broadly the local bodies are more of an advisory group. They do, however, have input towards the decision making process, for example involvement in the appointment of a new Headteacher or Executive Headteacher. They also hold delegated responsibilities as detailed in the Scheme of Delegation including child protection and holding the Head/Executive Head to account for school performance.

The information on trustees included here supplements that described in the trustees' Report and in the Statement of Trustees' responsibilities. The Board of Directors have met a total of four times during the year since the multi-academy Trust was formed on 1 December 2016. Attendance during the year at these meetings was as follows:

	Name	Meetings attended	Out of a possible
Chair (Diocesan Rep for St Michael's)	Mrs V Hardy	4	4
Director	Mr D Harding (From 1.5.2017)	0	2
Director	Mr M Hill	3	4
CEO	Mrs S Lees	4	4
Director	Mrs S Moon	2	4
Diocesan Director	Mrs N Paterson	4	4
	Mr J Nelson(resigned 30.4.2017)	2	2
Director (Diocesan rep for Tenterden Schools)			
Finance Director	Mr M Seymour	4	4
Director	Ms K Smith	3	4
Director	Ms J Thorp	2	4
Director	Mr N Vincer	2	4
Director	Ms J Vos	4	4
Primary Schools Director	Mrs S Williamson	4	4
Clerk	Mrs K Douglas	4	4

Tenterden Schools Trust
Governance Statement
for the Year Ended 31 August 2017

Review of Value for Money

As Accounting Officer the principal has responsibility for ensuring that the 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 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 on a regular basis. The Trust has delivered value for money during the year adhering closely to the Financial Regulations Manual in all of its financial transactions and by comparing its performance with other academy schools from ESFA benchmarking data to ensure that expenditure levels are reasonable for an academy of this size.

The Financial Regulations Manual is the guide in this area which the school, the Directors and the auditors use. This is updated each year to fit closely to the Academies Handbook (last updated December 2016). It establishes the financial roles, powers and responsibilities of the CEO as Accounting Officer, the Finance Director and the Board of Directors. There are specific guidelines on purchases across the Trust:

- 1 All service contracts over the OJEU limit must go via a tendering process with the obligatory European advertisements duly placed.
- 2 All orders over £10k must evidence "best value" - whether this be by alternative quotations in full or by a study of what other organisations have paid or evidence given of reasonable market rates for the goods/services to be supplied. In practice this is applied to all purchases over £1k.
- 3 All purchases over £20k must have evidence of three alternative quotations.
- 4 Homewood - the principal teachers and all other budget holders must have all purchase orders over £1k countersigned by the Finance Director.
- 5 Homewood - the principal teachers and budget holders will have their budgets agreed by the Finance Director before the academic year and these will link with their department plans which are agreed by the CEO.
- 6 Primary schools - the Executive Head and Head can agree purchase orders up to £5k. The School Business Manager(Primaries) signs and manages all orders to £1k and the Finance Director signs all above these unless the Heads have signed those up to £5k.
- 7 Primary schools - all budgets are agreed with the Executive Head/Head for the year.

All of these above help to ensure that the schools in the Trust achieve value for money in its purchasing and that the purchases link with whole school plans.

The internal accounting controls are strengthened by the auditors undertaking a full accounting year audit as is standard practice but in addition to this they also perform three internal interim audit checks. These are managed by a separate office to the same accountancy practice that undertake the year-end audit (McCabe Ford Williams). The interim audits cover purchasing, payments and salaries as well as income areas. Areas to be covered and volume of checks undertaken are detailed in the Financial Regulations Manual. The report is sent to a member of a local governing body who is the Responsible Officer and he in turn reports to the Board of Directors. The Responsible Officer is not on the Board and has a reporting role to the Directors so can hold them to account. During 2016/17 these audits showed that financial matters were being conducted well but there were minor areas for improvement. The Directors and the Trust schools appreciate the depth and breadth of these reviews.

In addition, the Education and Skills Funding Agency provide an Accounts Direction document for the year end audit. An area of continued focus is a review of contracted work undertaken by relatives of the Charity trustees for the benefit of the school. During the year two pieces of work were undertaken for £1,580.

We strongly believe that Tenterden Schools Trust delivered value for money during the 2016/17 academic year. The imperative to ensure value for money is one of the cornerstones of what we do and firmly engrained into all of our expenditure plans as we move into 2017/18.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of charitable company policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Tenterden Schools Trust for the period 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements.

Tenterden Schools Trust
Governance Statement
for the Year Ended 31 August 2017

Capacity to Handle Risk

The board of trustees has reviewed the key risks to which the charitable company is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the charitable company's significant risks that has been in place for the period 1 September 2016 to 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 Trust's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes:

- * the key elements of the risk management strategy, including the way in which risk (or change in risk) is identified, evaluated, and controlled. Explicitly how risks to information are being managed and controlled as part of this process;
- * the internal audit / Responsible Officer function;
- * key ways in which risk management is embedded in the activity of the organisation;
- * the key elements of the way in which public stakeholders are involved in managing risks which impact on them (where relevant);
- * comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the governing body;
- * regular reviews by the Board of Directors 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 governing body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the trustees have appointed McCabe Ford Williams, a firm of Chartered Accountants and the academy Trust's auditors, to assist the Responsible Officer ('RO'). The RO's role includes giving advice on financial matters and performing a range of checks on the Trust's financial systems. On a quarterly basis, the RO reports to the governing body on the operation of the systems of control and on the discharge of the governing body's financial responsibilities.

Review of Effectiveness

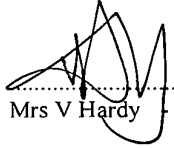
As Accounting Officer, Mrs S Lees has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

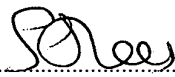
- * the work of the Responsible Officer;
- * the work of the external auditor;
- * the financial management and governance self-assessment process;
- * the work of the executive managers within the Trust who have responsibility for the development and maintenance of the internal control framework.
- * other explicit review/assurance mechanisms.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Board of Directors and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Tenterden Schools Trust
Governance Statement
for the Year Ended 31 August 2017

Approved by order of the members of the board of trustees on 27/11/17 and signed on its behalf by:


.....
Mrs V Hardy - Trustee


.....
Mrs S Lees - Accounting Officer

Tenterden Schools Trust

**Appendices to the Report of Trustees and Governance Statement
for the Year Ended 31 August 2017**

Appendix 1	-	Structure of Trust Governance
Appendix 2	-	Governance - Delegated responsibilities
Appendix 3	-	Leadership Team Areas Of Responsibility
Appendix 4	-	Method of Recruitment and Appointment of Trustees
Appendix 5	-	Key Performance Indicators

Tenterden Schools Trust
Structure of Trust Governance
for the Year Ended 31 August 2017

There is a detailed scheme of delegation setting out all of the responsibilities of the various bodies and the delegated powers from the directors. Latest version dated May 2017.

<u>Members:</u>					
Lindsay Hammond					
Vanessa Hardy					
Ian Kirkland					
Diocesan Board of Education – Corporate Member					
<u>Board Directors</u>					
Sally Lees – CEO					
Sara Williamson – Primary Executive Director					
Mark Seymour – Finance Director					
<u>Vanessa Hardy – Chair</u>					
David Harding					
Mike Hills					
Sue Moon					
Niki Paterson					
Kate Smith					
Jill Thorpe					
Neil Vincer					
Jo Vos					
Associate: Sam Crinnion – Executive Head TPF					
<u>Homewood Local GB</u>		<u>St Michaels Local GB</u>		<u>Tenterden Primary Federation Local GB</u>	
Tim Barton	Parent	Claire Cantor	Associate	Kimberley Craggs	Staff
Gillian Guthrie	Community	Jo Gandolfo	Co-opted	Sam Crinnion	Executive Head Teacher
Sally Lees	Principal	Kim Hamilton	Staff	Kenneth Grant	Foundation
Sue Mash	Partnership	Vanessa Hardy	Co-Opted	David Harding	Co- opted
Cliff Mills	Community	Hilary Honeysett	Foundation	Emma Isworth	Foundation
Jane Ross-Smith	Staff	Jo Paskhin	Associate	Nicholas Leggat	Associate
Kate Smith	Parent	Ivor Rushworth	Foundation	Tina McIntosh	Associate
Neil Vincer	Community	Rebecca Sharp	Parent	Maria Sullivan	Parent
2 x parent vacancies		Joanna Vos	Associate	Seren Welch	Parent
		Monica Walton	Parent		
		Sara Williamson	Head Teacher		

Tenterden Schools Trust

**Summary of Key Delegated Responsibilities
for the Year Ended 31 August 2017**

Members	Directors	Members of Local Governing Body
<ul style="list-style-type: none"> · determine constitution · oversee the Directors · recognise any strategic partnerships · delegate governance and management responsibility to the 	<ul style="list-style-type: none"> · determine strategic vision and overarching strategic plan · provide strategic leadership and governance · provide challenge and support to senior leaders · develop and decide strategic and operational policies · facilitate collaboration · oversee expenditure ensuring the trust and individual Academies work within their budgets and implement the Trust risk and financial management policies · co-ordinate and oversee shared services and resources · develop and oversee the implementation of action plans · set performance benchmarks · determine curriculum priorities 	<ul style="list-style-type: none"> · ensure the implementation of the MAT strategic vision, creating accountability and monitoring progress at school level in realising this vision · set and safeguard the school ethos of high expectations of everyone in the school community, including the fundamental British values. · ensure high expectations on behaviour, progress and attainment of all pupils and for the conduct and professionalism of both staff and local governors · governors appointed by the diocese have a specific role in preserving and developing the ethos of the school, including its religious character. · ensure school policy and practice include risk assessments to safeguard and promote pupils' welfare · implement the strategic framework set out by The Executive Board · support the implementation of any Academy plan, focussing particularly on school performance targets · support, monitor and evaluate the actions of the headteacher and senior leadership team, holding them to account for the day to day running of the school(s) including the performance management of · holding the headteacher and other senior leaders to account for pupil performance, using school data to monitor and challenge school outcomes · support the senior leadership team in the development and review of an appropriate staffing structure

continued

Tenterden Schools Trust

**Summary of Key Delegated Responsibilities - continued
for the Year Ended 31 August 2017**

Members	Directors	Members of Local Governing Body
	<ul style="list-style-type: none"> · set overall Trust budget and approve of Academy budgets · monitor expenditure in accordance with appropriate authorisations · develop and implement a risk management strategy · determine the Trust's reserves/contingency policy · ensure appropriate insurance or risk cover is put in place · undertake recruitment and performance management of head teachers and other senior · develop staff training programmes and opportunities for professional development · support the development and building of leadership and governance capacity at Academy · approve of site and asset management · oversee any significant capital expenditure and building projects · approve funding applications · decision maker for all appeals 	<ul style="list-style-type: none"> · promote collaboration with other Academies in the Trust · contribute to the development and review of Academy policies (e.g. admissions, pupil behaviour, safeguarding) · provide advice and feedback to the Directors, ensuring the Academy is meeting the needs of its community · monitor and hold the headteacher and senior leadership team to account in relation to curriculum and school · undertake all and any appropriate community consultation · provide a point of contact for parents, carers and other members of the local · maintain effective links with the school community and the wider local community

Tenterden Schools Trust

**Leadership Team – Areas of Responsibility
for the Year Ended 31 August 2017**

<p align="center">CEO of Multi-Academy Trust Principal of Homewood – Sally Lees</p> <p>MAT responsibilities: The CEO is the Accounting Officer for the Trust and is directly responsible for the strategic development of the Multi-Academy Trust, relations with Trust Board, contractual matters concerning Trust Staff</p> <p>Homewood responsibilities: The principle is directly responsible for approval of staff absence; fixed term and permanent exclusion of students; Performance Management of staff; quality assurance and self-evaluation; links with Kent Association of Headteachers and Local Education Authority.</p> <p align="center">The Principal chairs the EXECUTIVE group and STRATEGY team.</p>				
<p>Vice Principal (Learning) S Ridgway</p>	<p>Vice Principal (Students) S King</p>	<p>Senior Assistant Vice Principal Raising Standards Leader S Pusey</p>	<p>Head of Adminitration & PA to CEO D Faulkner</p>	<p>Finance Director M Seymour</p>
<p>MAT responsibilities</p> <ul style="list-style-type: none"> Curriculum and Learning across the MAT <p>Homewood responsibilities</p> <ul style="list-style-type: none"> Learning HDT Line management of English, Science, I-College, 6th Form Curriculum Development QA in Teaching and Learning IAG and Careers <ul style="list-style-type: none"> Options UCAS IB Co-Ordinator Whole Education Champion KIC Centre Literacy 	<p>MAT responsibilities</p> <ul style="list-style-type: none"> Student welfare across the MAT <p>Homewood responsibilities</p> <ul style="list-style-type: none"> Student HDT Line management of Maths Numeracy Inclusion Mentoring Student Welfare Attendance PSHE/Citizenship Ethos for Learning Multi-agencies Alternative Curriculum Transport – students (with Colleges) Health Schools oversight 	<p>MAT responsibilities</p> <ul style="list-style-type: none"> Achievement across the MAT <p>Homewood responsibilities</p> <ul style="list-style-type: none"> Raising Standards Leader COSMOS Timetable Assessment, Reporting and Exams Data and Achievement SIMS/SISRA 	<p>MAT responsibilities</p> <ul style="list-style-type: none"> Administration co-ordination across the MAT PA to CEO <p>Homewood responsibilities</p> <ul style="list-style-type: none"> Staff/Events HDT Communication ICT Services HR Services Performance Management administration QA in Administration Services Data Protection and FOI Staff training administration Staff duties Masterclasses and Summer School 	<p>MAT responsibilities</p> <ul style="list-style-type: none"> Legal and contractual aspects of MAT developments Finance and premises management across the MAT <p>Homewood responsibilities</p> <ul style="list-style-type: none"> Finance Premises Health and Safety Retail Services Print Team ICT procurement Contracts Management Income Generation Marketing Theatre, Farm Transport - contracts

Continued

Tenterden Schools Trust

**Leadership Team – Areas of Responsibility - continued
for the Year Ended 31 August 2017**

<p align="center">Executive Headteacher Tenterden Primary Federation</p> <p align="center">S Crinnion</p>	<p align="center">Headteacher St Michael's Primary School</p> <p align="center">S Williamson</p>
<p>MAT responsibilities</p> <p>The EH supports the CEO in the strategic development of the Multi-Academy Trust</p> <p>TPF responsibilities:</p> <p>The EH is directly responsible for approval of staff absence; fixed term and permanent exclusion of students; Performance Management of Staff; quality assurance and self-evaluation; links with Local Education Authority; safeguarding; employment of staff to the Academy</p>	<p>MAT responsibilities</p> <p>The HT supports the CEO in the strategic development of the Multi-Academy Trust</p> <p>St Michael's responsibilities:</p> <p>The HT is directly responsible for approval of staff absence; fixed term and permanent exclusion of students; Performance Management of Staff; quality assurance and self-evaluation; links with Local Education Authority; safeguarding; employment of staff to the Academy</p>

Tenterden Schools Trust

Method of Recruitment and Appointment of Trustees for the Year Ended 31 August 2017

Method of Recruitment and Appointment of Trustees

There are twelve Trustees (Directors) on the board and it is established at this level. Diocesan representation must be 25% and all three trustees require the Diocesan Board of Education approval. The other nine are appointed by the members. There can be no more than 33% of the Board as staff governors (max 4). The Directors are appointed for 4 years. Staff directors continue with the position except in the case of the Primary school director which is renewed each year.

Diocese representatives - 3

Chair of St Michael's Church of England Primary School
Chair of Tenterden Church of England Junior School and Infant school federation
Diocesan Director as appointed by the Canterbury Diocesan Board of Education

Staff - 3

CEO
Primary School Director - chosen by the Primary School Headteachers
Finance Director

Other - 6

These positions are filled by individuals with specific skills. There were initially filled as representatives of the Local Governing Bodies.

In future they will be recommended by the members or existing directors and then appointed to the board by the directors.

Parent Governors

There are no parent governors on the Trust board but there are two parent governors on each of the local governing boards so six across the Trust as at 31 August 2017.

Tenterden Schools Trust
Key Performance Indicators
for the Year Ended 31 August 2017

Achievements and Performance

Homewood School & Sixth Form Centre

Ofsted May 2017 – The school remains "Good" and safeguarding is effective

Examination Outcomes 2017 (compared with 2015 and 2016)

	Measure	2017 (All)	2016	2016 National Data
	Cohort	327	355	
Key Stage 4	% 9-4 GCSE in English (A*-C)	73	65	74
	% 9-5 GCSE in English	59	n/a	n/a
	% 9-4 GCSE in Maths (A*-C)	55	53	68
	% 9-5 GCSE in Maths	26	n/a	n/a
	% 9-4 GCSE in Maths and English (A*-C)	53	48	62
	% 9-5 GCSE in Maths and English	24	n/a	n/a
	% English Baccalaureate	8	14	24
	Attainment 8	37.39	42.19	49.5
	Progress 8	-0.47	-0.49	n/a
Key Stage 5				
	A*/A grades	8	18	25
	A*/B grades	23	34	43
	A*/C grades	57	61	78
	A*/E grades	96	97	98
	% 2+ A2 and equivalent passes	76	76	N/A
	APS per examination entry	25.2	29.1	32.1

Tenterden Primary Federation

	Measure	2017	2016	2016 National Data
EYFS	Good Level of Development	67%	82%	69%
Year 1	Phonics	92%	93%	81%
Year 2	Re-take Phonics	25% (1/4)		67%
	Reading	79%	76%	74%
	Writing	80%	76%	66%
	Maths	86%	80%	73%
	RWM	75%		
Year 6	Reading	76%	75%	66%
	Writing	81%	87%	74%
	Maths	75%	64%	70%
	GPS	81%	79%	72%
	RWM	66%	60%	53%
	Progress in Reading	neg -1.6	-1.24	0
	Progress in writing	neg -2.8	neg -0.7	0
	Progress in Maths	neg -2.3	neg -2.7	0

Tenterden Schools Trust

Key Performance Indicators for the Year Ended 31 August 2017

St Michael's Primary School

	Measure	2017	2016	2016 National Data
EYFS	Good Level of Development	82%	79%	69%
Year 1	Phonics	86%	83%	81%
Year 2	Re-take Phonics	67%	20%	67%
	Reading	76%	78%	74%
	Writing	68%	70%	66%
	Maths	84%	78%	73%
	RWM	68%	68%	
Year 6	Reading	73%	80%	66%
	Writing	59%	68%	74%
	Maths	46%	64%	70%
	SPaG	46%	60%	72%
	RWM	36%	56%	53%
	Progress in Reading	pos:0.2	2.25	0
	Progress in writing	neg:-1.1	neg:-1.41	0
	Progress in Maths	neg:-3.6	neg:-0.58	0

Key Trust Performance Indicators 2016- 17

- Examination outcomes as above
- ~ Recruitment at Year R (20 below target); Year 7 (20 below target); Year 12 (80% retention - achieved target)
- ~ Trust expansion on target; Regional Academies Growth Fund grant received and allocated
- ~ All schools in the Trust fully staffed

Plans for Future Periods

Trust Development Plan priorities for 2017 – 18

- Year 11: Percentage of students achieving 5+ in English and Maths at GCSE 49%; positive Progress 8
- Years R, 1 and 2: National averages achieved or exceeded
- Continued focus on closing gaps for Pupil Premium and Special Educational Needs (SEND) students, particularly in Maths in Year 11
- Continue focus on closing gender gap, particularly in English in Year 11
- Recruitment of students into Years R, 7 and 12 to reach PAN (planned admission number); retention into Year 12 80%+
- Quality of Teaching – 100% Good or Outstanding with 50% Outstanding
- Fixed term exclusions reduced below 100 at Homewood, below 10 at primary schools
- Attendance at least 94% at Homewood and 96% at TPF and St Michael's
- 0-19 Curriculum developed to improve continuity at transition points

Trust Development Plan 2017-18 and individual School Improvement Plans set out the steps to be taken to achieve these objectives.

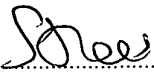
Tenterden Schools Trust

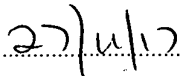
**Statement on Regularity, Propriety and Compliance
for the Year Ended 31 August 2017**

As accounting officer of Tenterden Schools Trust I have considered my responsibility to notify the charitable company board of trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the charitable company and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2016.

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

.....
Mrs S Lees - Accounting Officer

Date:.....

Tenterden Schools Trust

Statement of Trustees Responsibilities for the Year Ended 31 August 2017

The trustees (who act as governors of Tenterden Schools Trust and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with the Annual Accounts Direction issued by the Education 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 the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing those financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

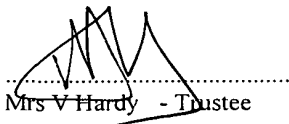
The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements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

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

In so far as the trustees are aware:

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

Approved by order of the board of trustees on 27 November 2017 and signed on its behalf by:


Mrs V Hardy - Trustee

Report of the Independent Auditors to the Members of Tenterden Schools Trust

Opinion

We have audited the financial statements of Tenterden Schools Trust (the 'charitable company') for the year ended 31 August 2017 on pages thirty to fifty seven. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Accounts Direction 2015 to 2016 issued by the Education and Skills Funding Agency (ESFA).

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

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;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and Academies Accounts Direction 2016 to 2017.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our Report of the Independent Auditors thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

Report of the Independent Auditors to the Members of Tenterden Schools Trust

Matters on which we are required to report by exception

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

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

Responsibilities of trustees

As explained more fully in the Statement of Trustees Responsibilities set out on page 25, 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, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Our responsibilities for the audit of the financial statements

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

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

John Sheather BSc FCA (Senior Statutory Auditor)
for and on behalf of McCabe Ford Williams
Statutory Auditors &
Chartered Accountants
Invicta Business Centre
Monument Way
Orbital Park
Ashford
Kent
TN24 0HB



Date: *29 NOVEMBER 2017*

Independent Reporting Accountant's Assurance Report on Regularity to Tenterden Schools Trust and the Education and Skills Funding Agency

In accordance with the terms of our engagement letter dated 22 November 2017 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 Tenterden Schools 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 Tenterden Schools Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Tenterden Schools Trust and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Tenterden Schools Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

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

The accounting officer is responsible, under the requirements of Tenterden Schools Trust's funding agreement with the Secretary of State for Education 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 period 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 the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw our conclusion includes:

- Review of the internal control environment which is designed to ensure compliance with regulations;
- Review of the accounting officer's consideration of issues surrounding regularity, propriety and compliance;
- Review of the work and reports of the responsible officer during the period;
- Analytical procedures regarding declaration of potential conflicts of interest by key staff and the governing body;
- Review of fixed asset transactions against the requirements of the funding agreement between Homewood School and Sixth form Centre and the Secretary of State and the Academies Financial Handbook;
- Testing of grants and other income for application in accordance with the terms and requirements attached;
- Review of the academy trust's activities to check they are in line with the Academies Framework and the academy trust's charitable objectives;
- Review of bank statements and financial transactions for indications of any items which may be improper;
- Review of bank accounts to check that they are operated within the terms of the Trust's governing document and borrowing limits imposed by the funding agreement are not exceeded;
- Testing of expenditure, including expense claims for signs of transactions for personal benefit;
- Review of any extra-contractual payments made to staff;
- Review of procurement activity during the period.

**Independent Reporting Accountant's Assurance Report on Regularity to
Tenterden Schools Trust and the Education and Skills Funding Agency**

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 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.

John Sheather BSc FCA (Reporting Accountant)
for and on behalf of

McCabe Ford Williams
Chartered Accountants
Invicta Business Centre
Monument Way
Orbital Park
Ashford
Kent
TN24 0HB

Date: 29 NOVEMBER 2017



Tenterden Schools Trust
Statement of Financial Activities
(Incorporating an Income and Expenditure Account)
for the Year Ended 31 August 2017

					2017	2016
	Notes	Unrestricted fund £	Restricted Fixed Assets Fund £	Restricted General funds £	Total funds £	Total funds £
INCOME AND ENDOWMENTS FROM						
Donations and capital grants	2	26,009	62,480	172,422	260,911	224,479
Transfer from Local Authority on conversion	27	90,963	2,227,200	(716,000)	1,602,163	-
Charitable activities						
Funding for the academy's educational operations	3	-	-	12,938,362	12,938,362	10,973,503
Other trading activities	4	556,284	-	117,728	674,012	646,619
Investment income	5	<u>2,646</u>	<u>-</u>	<u>-</u>	<u>2,646</u>	<u>2,714</u>
Total		675,902	2,289,680	12,512,512	15,478,094	11,847,315
EXPENDITURE ON						
Raising funds	7	172,091	-	223,886	395,977	355,017
Charitable activities						
Academy's educational operations	8	<u>328,126</u>	<u>121,163</u>	<u>13,557,335</u>	<u>14,006,624</u>	<u>11,758,373</u>
Total	6	<u>500,217</u>	<u>121,163</u>	<u>13,781,221</u>	<u>14,402,601</u>	<u>12,113,390</u>
NET INCOME/(EXPENDITURE)						
		175,685	2,168,517	(1,268,709)	1,075,493	(266,075)
Transfers between funds	21	<u>(51,659)</u>	<u>17,950</u>	<u>33,709</u>	<u>-</u>	<u>-</u>
Other recognised gains/(losses)						
Actuarial gains/(losses) on defined benefit schemes		<u>-</u>	<u>-</u>	<u>2,500,000</u>	<u>2,500,000</u>	<u>(2,225,000)</u>
Net movement in funds		124,026	2,186,467	1,265,000	3,575,493	(2,491,075)
RECONCILIATION OF FUNDS						
Total funds brought forward		<u>265,532</u>	<u>32,132,235</u>	<u>(5,018,000)</u>	<u>27,379,767</u>	<u>29,870,842</u>
TOTAL FUNDS CARRIED FORWARD		<u>389,558</u>	<u>34,318,702</u>	<u>(3,753,000)</u>	<u>30,955,260</u>	<u>27,379,767</u>

All activities arise from acquired and continuing operations.

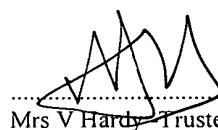
The notes form part of these financial statements

Tenterden Schools Trust

Balance Sheet
At 31 August 2017

	Notes	2017 £	2016 £
FIXED ASSETS			
Tangible assets	14	34,318,702	32,132,235
CURRENT ASSETS			
Stocks	15	48,147	44,633
Debtors	16	174,485	170,553
Prepayments and accrued income		328,498	316,165
Cash at bank and in hand		<u>830,322</u>	<u>763,672</u>
		1,381,452	1,295,023
CREDITORS			
Amounts falling due within one year	17	(991,894)	(1,029,491)
NET CURRENT ASSETS		<u>389,558</u>	<u>265,532</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		34,708,260	32,397,767
PENSION LIABILITY	22	(3,753,000)	(5,018,000)
NET ASSETS		<u>30,955,260</u>	<u>27,379,767</u>
FUNDS	21		
Unrestricted funds:			
General fund		389,558	265,532
Restricted funds:			
Pension reserve		(3,753,000)	(5,018,000)
Fixed Asset Fund		<u>34,318,702</u>	<u>32,132,235</u>
		30,565,702	27,114,235
TOTAL FUNDS		<u>30,955,260</u>	<u>27,379,767</u>

The financial statements on pages 30 to 57 were approved by the Board of Trustees on 27 November 2017 and were signed on its behalf by:


Mrs V Hardy, Trustee

The notes form part of these financial statements

Tenterden Schools Trust
Cash Flow Statement
for the Year Ended 31 August 2017

	Notes	2017 £	2016 £
Cash flows from operating activities:			
Cash generated from operations	1	83,781	143,676
Interest paid		<u>(1,827)</u>	<u>(2,206)</u>
Net cash provided by (used in) operating activities		<u>81,954</u>	<u>141,470</u>
Cash flows from investing activities:			
Purchase of tangible fixed assets		(17,950)	(37,928)
Interest received		<u>2,646</u>	<u>2,714</u>
Net cash provided by (used in) investing activities		<u>(15,304)</u>	<u>(35,214)</u>
Change in cash and cash equivalents in the reporting period		66,650	106,256
Cash and cash equivalents at the beginning of the reporting period		<u>763,672</u>	<u>657,416</u>
Cash and cash equivalents at the end of the reporting period		<u><u>830,322</u></u>	<u><u>763,672</u></u>

The notes form part of these financial statements

Tenterden Schools Trust

**Notes to the Cash Flow Statement
for the Year Ended 31 August 2017**

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

	2017 £	2016 £
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	1,075,493	(266,075)
Adjustments for:		
Depreciation	58,684	71,538
Fixed Assets transferred from Local Authority on conversion	(2,227,200)	-
Pension deficit transferred from Local Authority on conversion	716,000	-
Interest received	(2,646)	(2,714)
Interest paid	1,827	2,206
(Increase)/decrease in stocks	(3,514)	15,482
(Increase)/decrease in debtors	(16,265)	84,287
Decrease in creditors	(37,598)	(41,048)
Difference between pension charge and cash contributions	<u>519,000</u>	<u>280,000</u>
Net cash provided by (used in) operating activities	<u><u>83,781</u></u>	<u><u>143,676</u></u>

Tenterden Schools Trust
Notes to the Financial Statements
for the Year Ended 31 August 2017

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Academies Accounts Direction 2016 to 2017 issued by the ESFA, the Charities Act 2011 and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

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

Consolidated Accounts

Consolidated accounts have not been prepared as the results, assets and liabilities of the only subsidiary, Home Farm Childrens Nursery Limited, are not considered material to the group. Further details of the subsidiary are included within note 26.

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 Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Income

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

Grants

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

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

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

Donations

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

Agency arrangements

The academy trust acts as an agent in distributing 16-19 bursary funds from the ESFA. Payments received from the ESFA and the subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The funds received and paid and any balances held are disclosed in note 25.

Other income

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

Tenterden Schools Trust

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

1. ACCOUNTING POLICIES - continued

Donated goods, facilities and services

The value of donated services and gifts in kind provided to the Trust are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the Academy can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of Financial Activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the Trust's policies.

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.

Raising funds

Raising funds 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

Costs of charitable activities are 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.

Tangible fixed assets

Freehold land and buildings inherited from the Local Education Authority are stated in the balance sheet at valuation on conversion on the basis of depreciated replacement cost, as the open market value for existing use is not readily obtainable. Land and buildings acquired since incorporation are included in the balance sheet at cost.

Leasehold land and buildings are leased from Kent County Council for a period of 125 years. Rentals payable in respect of this lease are one peppercorn per annum. Under the terms of the lease the risks and rewards of ownership have been substantially transferred to Tenterden Schools Trust and accordingly to reflect its use, the value of the property has been included in fixed assets with an appropriate credit to voluntary income within the restricted fixed asset fund. The property was valued at fair value by professional valuers who specialise in public sector property valuation. The valuation was specifically carried out in accordance with the capital accounting requirements of the Charities SORP 2015.

The Trust also occupies buildings which are retained by the Canterbury Diocesan Board of Finance and the Trust has a licence to occupy these buildings with a minimum notice period of two years on a rolling basis. The Trust does not have control over these premises and as such they are not recognised as fixed assets.

Tenterden Schools Trust

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

1. ACCOUNTING POLICIES - continued

Tangible fixed assets - continued

Subsequent expenditure on existing fixed assets:

Where significant expenditure is incurred on tangible fixed assets it is charged to the income and expenditure account in the period it is incurred, unless it meets one of the following criteria, in which case it is capitalised and depreciated on the relevant basis:

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

Depreciation is provided on all tangible fixed assets other than freehold land and buildings, at rates calculated to write off the cost less estimated residual value of each asset over its expected useful lives, as follows:

Improvements to property	10%	Straight line method
Motor vehicles	20%	Straight line method
Plant and equipment	20%	Straight line method
Computer equipment	33%	Straight line method

In the case of freehold and leasehold properties, annual depreciation would not be material and hence no depreciation is provided.

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.

Financial instruments

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

Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 16. Prepayments are not financial instruments. Amounts due to the charity's wholly owned subsidiary are held at face value less any impairment.

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

Financial liabilities – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 17. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to the charity's wholly owned subsidiary are held at face value less any impairment.

Tenterden Schools Trust

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

1. ACCOUNTING POLICIES - continued

Stocks

Stock consists of purchased goods for resale. Stocks are valued at the lower of cost and net realisable value on a first in first out basis. Items donated for resale or distribution are not included in the financial statements until they are sold or distributed.

Taxation

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

Fund accounting

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

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

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

Pension costs and other post-retirement benefits

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in Note 22, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

Tenterden Schools Trust

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

1. ACCOUNTING POLICIES - continued

Transfer on conversion

Where assets are received by the trust on conversion to an academy, the transferred assets are measured at fair value and recognised in the balance sheet at the point when the risks and rewards of ownership pass to the trust. An equal amount of income is recognised as Transfer on conversion within Donations and capital grant income.

On 1 December 2016 St Michael's' Church of England Primary School, Tenterden Infants School and Tenterden Church of England Junior School all converted to academy status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Tenterden Schools Trust from Kent County Council (KCC) for £nil consideration

The conversion from a state maintained school to an academy trust involves the transfer of identifiable assets and liabilities and the operation of the school for £nil consideration. The substance of the transfer is that of a gift and it has been accounted for on that basis as set out below. 'The assets and liabilities transferred on conversion from the above schools to the academy trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in Donations - transfer from local authority on conversion in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

The fixed assets transferred consist of Tenterden Infants School, land at Tenterden Church of England Junior School and land and a mobile building at St Michael's Church of England Primary School. These assets are held on a 125 year lease with KCC and are included in note 14 under "Long Leasehold". An independent valuation has been obtained of the fair value of these assets.

The other assets transferred consist of balances in bank accounts previously held by KCC. Liabilities transferred consist of the deficit on the Local Government Pension Scheme for the three primary schools.

Further details of the transaction are set out in note 27.

The buildings at Tenterden Church of England Junior School and St Michael's Church of England Primary School were not transferred to the Trust on conversion. The buildings are retained by the Canterbury Diocesan Board of Finance and the Trust has a licence to occupy these buildings with a minimum notice period of two years on a rolling basis. The Trust does not have control over these premises and as such they are not recognised as fixed assets.

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.

Tenterden Schools Trust

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

1. ACCOUNTING POLICIES - continued

Leased Assets

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

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 22, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 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.

The net book value of freehold property, included within fixed assets, is based on assumptions in relation to the useful life of property and the residual value of the assets. The element of freehold property which relates to land is deemed to have a finite life and is not depreciated. The element of freehold property which does not relate to land is not depreciated as it is assumed that the assets' residual value will not be materially different from its current value. Any changes in these assumptions will have an impact on the carrying amount of fixed assets.

2. DONATIONS AND CAPITAL GRANTS

	Unrestricted funds £	Restricted funds £	2017 Total funds £	2016 Total funds £
Donations	26,009	172,423	198,432	180,142
Grants	-	62,479	62,479	44,337
	<u>26,009</u>	<u>234,902</u>	<u>260,911</u>	<u>224,479</u>

Grants received, included in the above, are as follows:

	2017 £	2016 £
Devolved Capital Grant	<u>62,479</u>	<u>44,337</u>

Tenterden Schools Trust

**Notes to the Financial Statements - continued
for the Year Ended 31 August 2017**

3. FUNDING FOR THE ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds £	Restricted funds £	2017 Total funds £	2016 Total funds £
DfE/ESFA revenue grant				
General Annual Grant(GAG)	-	12,156,232	12,156,232	10,411,708
Other DfE/ESFA Grants	-	147,890	147,890	170,319
Start Up Grants	-	90,762	90,762	59,238
	-	12,394,884	12,394,884	10,641,265
Other government grant				
Local Authority Grants	-	543,478	543,478	332,238
	-	12,938,362	12,938,362	10,973,503

4. OTHER TRADING ACTIVITIES

	Unrestricted funds £	Restricted funds £	2017 Total funds £	2016 Total funds £
Trip income	-	117,728	117,728	161,989
Copier income	109,442	-	109,442	103,587
Farm income	17,247	-	17,247	13,816
Hire of facilities	67,876	-	67,876	54,098
Catering income	149,809	-	149,809	78,873
Shop income	98,218	-	98,218	81,852
Supply Course income	3,182	-	3,182	2,018
Consultancy income	10,456	-	10,456	93,240
PGCE Income	7,227	-	7,227	12,078
ICT recharges	3,294	-	3,294	15,352
Departmental income	74,881	-	74,881	13,768
English and Maths Workshops	1,300	-	1,300	8,630
Other insurance claims	13,352	-	13,352	7,318
	556,284	117,728	674,012	646,619

5. INVESTMENT INCOME

	Unrestricted funds £	Restricted funds £	2017 Total funds £	2016 Total funds £
Short term deposits	2,646	-	2,646	2,714

Tenterden Schools Trust

**Notes to the Financial Statements - continued
for the Year Ended 31 August 2017**

6. EXPENDITURE

			2017	2016
	Staff costs £	Non-pay expenditure Premises £	Other costs £	Total £
Raising funds				
Costs incurred by trading for a fundraising purpose	-	-	395,977	355,017
Charitable activities				
Academies educational operations				
Direct costs	8,923,634	-	1,289,141	8,639,249
Allocated support costs	<u>1,915,094</u>	<u>944,089</u>	<u>934,666</u>	<u>3,119,124</u>
	<u>10,838,728</u>	<u>944,089</u>	<u>2,619,784</u>	<u>12,113,390</u>

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

	2017 £	2016 £
Auditors' remuneration	18,525	15,025
Auditors' remuneration for non audit work	1,750	2,200
Depreciation - owned assets	58,683	71,538
Operating lease rentals	<u>32,008</u>	<u>3,592</u>

7. RAISING FUNDS

Costs incurred by trading for a fundraising purpose

	Unrestricted funds £	Restricted funds £	2017 Total funds £	2016 Total funds £
Purchases	75,145	223,886	299,031	266,195
Copying fundraising	<u>96,946</u>	<u>-</u>	<u>96,946</u>	<u>88,822</u>
	<u>172,091</u>	<u>223,886</u>	<u>395,977</u>	<u>355,017</u>

8. CHARITABLE ACTIVITIES - ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds £	Restricted funds £	2017 Total funds £	2016 Total funds £
Direct costs	328,126	9,884,649	10,212,775	8,639,249
Support costs	<u>-</u>	<u>3,793,849</u>	<u>3,793,849</u>	<u>3,119,124</u>
	<u>328,126</u>	<u>13,678,498</u>	<u>14,006,624</u>	<u>11,758,373</u>

Tenterden Schools Trust

**Notes to the Financial Statements - continued
for the Year Ended 31 August 2017**

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

	2017 Total £	2016 Total £
Analysis of support costs		
Support staff costs	1,915,094	1,386,584
Depreciation	58,684	71,538
Technology costs	22,062	14,400
Premises costs	944,089	867,779
Other support costs	782,814	714,070
Governance costs	<u>71,106</u>	<u>64,753</u>
Total support costs	<u><u>3,793,849</u></u>	<u><u>3,119,124</u></u>

9. TRUSTEES' REMUNERATION AND BENEFITS

The principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff and not in respect of their services as trustees. Other trustees did not receive any payments, other than expenses, from the academy trust in respect of their role as trustees.

Mr M Seymour and Mrs S Williamson both commenced as trustees on 25 November 2016. Mrs J Ross Smith resigned as a trustee on 30 November 2016. The figures disclosed below reflect the amounts paid for the periods employees were trustees. The full year equivalent is also disclosed.

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

Mrs S Lees, CEO and trustee		
Remuneration	£110k - £115k	(2016 - £110k - £115k)
Employer's pension contributions	£15k - £20k	(2016 - £15k - £20k)
Mr M Seymour, Finance Director and trustee		
Remuneration	£55k - £60k (for 9 months) (£75k - £80k) (full year)	
Employer's pension contributions	£10k - £15k (for 9 months) (£10k - £15k) (full year)	
Mrs S Williamson, Primary Schools Director and trustee		
Remuneration	£40k - £45k (for 9 months) (£55k - £60k) (full year)	
Employer's pension contributions	£5k - £10k (for 9 months) (£5k - £10k) (full year)	
Mrs J Ross Smith, Staff trustee		
Remuneration	£0k - £5k	(2016 - £10k - £15k)
Employer's pension contributions	£0 - £5k	(2016 - £0 - £5k)

Trustees' expenses

There were no trustees' expenses paid for the year ended 31 August 2017 nor for the year ended 31 August 2016.

Tenterden Schools Trust

**Notes to the Financial Statements - continued
for the Year Ended 31 August 2017**

10. STAFF COSTS

	2017	2016
	£	£
Wages and salaries	8,087,495	6,753,898
Social security costs	751,231	544,197
Operating costs of defined benefit pension schemes	1,746,819	1,274,045
Apprenticeship levy	<u>10,457</u>	<u>-</u>
	10,596,002	8,572,140
Supply teacher costs	238,176	333,685
Compensation payments	<u>4,550</u>	<u>6,500</u>
	<u><u>10,838,728</u></u>	<u><u>8,912,325</u></u>

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

	2017	2016
Teachers	136	120
Administration and support	159	110
Management	<u>15</u>	<u>12</u>
	<u><u>310</u></u>	<u><u>242</u></u>

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

	2017	2016
£60,001 - £70,000	2	3
£70,001 - £80,000	2	2
£110,101 - £120,000	<u>1</u>	<u>1</u>
	<u><u>5</u></u>	<u><u>6</u></u>

Four of the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2017 employer's pension contributions for these staff amounted to £52,087 (2016 - Five employees £61,577). The other employee participated in the Local Government Pension Scheme. Employer's pension contributions amounted to £14,929 (2016 - £13,910).

The key management personnel of the Trust comprise the senior executive 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 trust was £617,266 (2016 - £930,424).

Included in staff costs are non statutory/non contractual severance payments totalling £4,550 (2016 - £6,500). The total during the year consisted of one individual payment.

11. TRUSTEES' AND OFFICERS' INSURANCE

The charitable company 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.

Tenterden Schools Trust

**Notes to the Financial Statements - continued
for the Year Ended 31 August 2017**

12. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted fund £	Restricted Fixed Assets Fund £	Restricted General funds £	Total funds £
INCOME AND ENDOWMENTS FROM				
Donations and capital grants	77,959	-	146,520	224,479
Charitable activities				
Funding for the academy's educational operations	-	-	10,973,503	10,973,503
Other trading activities	424,630	-	221,989	646,619
Investment income	<u>2,714</u>	<u>-</u>	<u>-</u>	<u>2,714</u>
Total	505,303	-	11,342,012	11,847,315
EXPENDITURE ON				
Raising funds	158,795	-	196,222	355,017
Charitable activities				
Academy's educational operations	<u>264,741</u>	<u>71,538</u>	<u>11,422,094</u>	<u>11,758,373</u>
Total	423,536	71,538	11,618,316	12,113,390
NET INCOME/(EXPENDITURE)	81,767	(71,538)	(276,304)	(266,075)
Transfers between funds	<u>(34,232)</u>	<u>37,928</u>	<u>(3,696)</u>	<u>-</u>
Other recognised gains/(losses)				
Actuarial gains/losses on defined benefit schemes	<u>-</u>	<u>-</u>	<u>(2,225,000)</u>	<u>(2,225,000)</u>
Net movement in funds	47,535	(33,610)	(2,505,000)	(2,491,075)
RECONCILIATION OF FUNDS				
Total funds brought forward	217,997	32,165,845	(2,513,000)	29,870,842
TOTAL FUNDS CARRIED FORWARD	<u>265,532</u>	<u>32,132,235</u>	<u>(5,018,000)</u>	<u>27,379,767</u>

Tenterden Schools Trust

**Notes to the Financial Statements - continued
for the Year Ended 31 August 2017**

13. CENTRAL SERVICES

Tenterden Schools Trust became a multi academy trust on 1 December 2016. The academy trust has provided the following central services to its academies during the period from 1 December 2016:

- management services
- human resources
- financial services
- legal services
- insurance
- educational support services

The trust charges for these services on the basis of 4% of General Annual Grant income received.

The actual amounts charged during the period were as follows:

	£
Homewood School & Sixth Form Centre	291,700
St Michael's Church of England Primary School	16,622
Tenterden Infant School	18,993
Tenterden Church of England School	23,323

Tenterden Schools Trust

**Notes to the Financial Statements - continued
for the Year Ended 31 August 2017**

14. TANGIBLE FIXED ASSETS

	Freehold property £	Long leasehold £	Improvements to property £
COST			
At 1 September 2016	31,843,361	-	369,695
Transfer on conversion	-	2,227,200	-
Additions	-	-	-
At 31 August 2017	<u>31,843,361</u>	<u>2,227,200</u>	<u>369,695</u>
DEPRECIATION			
At 1 September 2016	-	-	113,319
Charge for year	-	-	<u>36,164</u>
At 31 August 2017	-	-	<u>149,483</u>
NET BOOK VALUE			
At 31 August 2017	<u>31,843,361</u>	<u>2,227,200</u>	<u>220,212</u>
At 31 August 2016	<u>31,843,361</u>	-	<u>256,376</u>

	Plant and machinery £	Motor vehicles £	Computer equipment £	Totals £
COST				
At 1 September 2016	25,121	87,250	68,697	32,394,124
Transfer on conversion	-	-	-	2,227,200
Additions	-	17,950	-	<u>17,950</u>
At 31 August 2017	<u>25,121</u>	<u>105,200</u>	<u>68,697</u>	<u>34,639,274</u>
DEPRECIATION				
At 1 September 2016	11,729	74,600	62,241	261,889
Charge for year	<u>5,024</u>	<u>11,040</u>	<u>6,455</u>	<u>58,683</u>
At 31 August 2017	<u>16,753</u>	<u>85,640</u>	<u>68,696</u>	<u>320,572</u>
NET BOOK VALUE				
At 31 August 2017	<u>8,368</u>	<u>19,560</u>	<u>1</u>	<u>34,318,702</u>
At 31 August 2016	<u>13,392</u>	<u>12,650</u>	<u>6,456</u>	<u>32,132,235</u>

The Trust occupies land and the buildings provided to it by the Diocesan Trustees under a license (also referred to as a Church Supplemental Agreement) which contains a two-year notice period. Having considered the fact that the Trust occupies the land and buildings by a license that transfers to the Trust no rights or control over the site save that of occupying it at the will of the Diocesan Trustees under the agreements, the Trustees have concluded that the value of the land and buildings occupied by the Trust will not be recognised or valued within fixed assets.

Tenterden Schools Trust

**Notes to the Financial Statements - continued
for the Year Ended 31 August 2017**

15. STOCKS

	2017	2016
	£	£
Clothing	<u>48,147</u>	<u>44,633</u>

16. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017	2016
	£	£
Trade debtors	72,585	51,192
Other debtors	5,123	10,473
VAT	<u>96,777</u>	<u>108,888</u>
	<u>174,485</u>	<u>170,553</u>

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017	2016
	£	£
Trade creditors	264,701	464,987
Social security and other taxes	193,956	159,964
Other creditors	169,912	133,913
Accrued expenses	<u>363,325</u>	<u>270,627</u>
	<u>991,894</u>	<u>1,029,491</u>

Deferred income

	2017	2016
	£	£
Deferred income at 1 September 2016	65,770	78,290
Released from previous years	(65,770)	(78,290)
Resources deferred in the year	<u>115,698</u>	<u>65,770</u>
Deferred income at 31 August 2017	<u>115,698</u>	<u>65,770</u>

At the balance sheet date the academy trust was holding funds received in advance in respect of Bursary Fund income, trip income and voluntary fund income.

18. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2017	2016
	£	£
Within one year	34,198	1,539
Between one and five years	<u>64,110</u>	<u>-</u>
	<u>98,308</u>	<u>1,539</u>

Tenterden Schools Trust

**Notes to the Financial Statements - continued
for the Year Ended 31 August 2017**

19. MEMBERS' LIABILITY

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

20. ANALYSIS OF NET ASSETS BETWEEN FUNDS

				2017	2016
	Unrestricted fund	Restricted Fixed Assets Fund	Restricted General funds	Total funds	Total funds
	£	£	£	£	£
Fixed assets	-	34,318,702	-	34,318,702	32,132,235
Current assets	389,558	-	991,894	1,381,452	1,295,023
Current liabilities	-	-	(991,894)	(991,894)	(1,029,491)
Pension liability	-	-	(3,753,000)	(3,753,000)	(5,018,000)
	<u>389,558</u>	<u>34,318,702</u>	<u>(3,753,000)</u>	<u>30,955,260</u>	<u>27,379,767</u>

21. MOVEMENT IN FUNDS

	At 1.9.16 £	Net movement in funds £	Transfers between funds £	At 31.8.17 £
Unrestricted funds				
General fund	265,532	175,685	(51,659)	389,558
Restricted funds				
School voluntary fund	-	(33,709)	33,709	-
Pension reserve	(5,018,000)	1,265,000	-	(3,753,000)
Fixed Asset Fund	<u>32,132,235</u>	<u>2,168,517</u>	<u>17,950</u>	<u>34,318,702</u>
	<u>27,114,235</u>	<u>3,399,808</u>	<u>51,659</u>	<u>30,565,702</u>
TOTAL FUNDS	<u>27,379,767</u>	<u>3,575,493</u>	<u>-</u>	<u>30,955,260</u>

Tenterden Schools Trust

**Notes to the Financial Statements - continued
for the Year Ended 31 August 2017**

21. MOVEMENT IN FUNDS - continued

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

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Unrestricted funds				
General fund	675,902	(500,217)	-	175,685
Restricted funds				
School voluntary fund	290,152	(323,861)	-	(33,709)
General Annual Grant	12,156,230	(12,156,230)	-	-
Other DfE/ESFA grants	147,890	(147,890)	-	-
Start Up Grant	90,762	(90,762)	-	-
Pension reserve	(716,000)	(519,000)	2,500,000	1,265,000
Other Government Grants	543,478	(543,478)	-	-
Fixed Asset Fund	<u>2,289,680</u>	<u>(121,163)</u>	<u>-</u>	<u>2,168,517</u>
	14,802,192	(13,902,384)	2,500,000	3,399,808
TOTAL FUNDS	<u>15,478,094</u>	<u>(14,402,601)</u>	<u>2,500,000</u>	<u>3,575,493</u>

Tenterden Schools Trust

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

21. MOVEMENT IN FUNDS - continued

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

General Annual Grant (GAG) must be used for the normal running costs of the Trust. The Trust is allowed to use the GAG for general purposes at the discretion of the Trust, including capital purposes.

Under the funding agreement with the Secretary of State, the Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2017.

The pension liability has been charged to restricted reserves. This is because the obligation to fund the deficit is met from the General Annual Grant funding which is accounted for through restricted reserves and therefore it is more appropriate to charge the deficit to restricted reserves. The same treatment is applied to borrowing obligations taken over from the Local Authority.

Amounts included within Voluntary Income and amounts received from Local Government are for specific projects undertaken by the Academy. Restricted fixed asset funds were funded by Government Grants and a transfer from restricted general funds.

Total funds analysis by academy

Fund balances at 31 August 2017 were allocated as follows:

	Total 2017 £	Total 2016 £
Homewood School & Sixth Form Centre	316,318	265,531
St Michael's Church of England Junior School	45,898	-
Tenterden Infants School	27,547	-
Tenterden Church of England Junior School	20,291	-
Central Services	<u>(20,496)</u>	<u>-</u>
 Total before fixed assets and pension reserve	 389,558	 265,531
Restricted fixed assets fund	34,318,702	32,132,235
Pension reserve	<u>(3,753,000)</u>	<u>(5,018,000)</u>
	<u><u>30,955,260</u></u>	<u><u>27,379,766</u></u>

Central services are funded by "topslicing" the schools in the Trust by 4% of General Annual Grant. The amount has been increased in 2017/18 and will be reviewed going forward to ensure that Central Services does not remain in deficit.

Tenterden Schools Trust

**Notes to the Financial Statements - continued
for the Year Ended 31 August 2017**

21. MOVEMENT IN FUNDS - continued

Total cost analysis by academy

	Teaching and Educational Support Staff Costs £	Other Support Staff Costs £	Educational Supplies £
Homewood School & Sixth Form Centre	7,509,434	1,081,704	734,162
St Michael's Church of England Junior School	423,912	25,017	27,962
Tenterden Infants School	445,236	99,278	28,183
Tenterden Church of England Junior School	523,270	47,541	22,413
Central Services	<u>22,619</u>	<u>246,716</u>	<u>3,421</u>
Academy Trust	<u>8,924,471</u>	<u>1,500,256</u>	<u>816,141</u>

	Other costs (excluding) depreciation £	Total 2017 £	Total 2016 £
Homewood School & Sixth Form Centre	2,166,398	11,441,698	12,041,855
St Michael's Church of England Junior School	105,356	582,247	-
Tenterden Infants School	101,600	674,297	-
Tenterden Church of England Junior School	150,803	744,027	-
Central Services	<u>109,895</u>	<u>382,651</u>	<u>-</u>
Academy Trust	<u>2,584,052</u>	<u>13,824,920</u>	<u>12,041,855</u>

The above costs do not include non cash pension expenditure of £519,000 in respect of defined benefit pension contributions which cannot be allocated to individual schools.

22. PENSION AND SIMILAR OBLIGATIONS

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

As described in note 27, the LGPS obligation relates to the employees of the academy trust, who were the employees transferred as part of the conversion from the maintained schools and new employees who were eligible to, and did, join the Scheme in the year. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor schools and the academy trust at the balance sheet date.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

Contributions amounting to £170,211 were payable to the schemes at 31 August 2017 (2016 - £133,666) and are included within creditors.

Tenterden Schools Trust

**Notes to the Financial Statements - continued
for the Year Ended 31 August 2017**

**22. PENSION AND SIMILAR OBLIGATIONS
- continued**

Teachers' pension scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

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

During the 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 employer's pension costs paid to TPS in the period amounted to £835,000 (2016: £737,000).

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

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

Local government pension scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee administered funds. The total contribution made for the year ended 31 August 2017 was £599,000 (2016: £465,000), of which employer's contributions totalled £457,000 (2016: £355,000) and employees' contributions totalled £142,000 (2016: £110,000). The agreed contribution rates for future years are 19.8 per cent for employers and 5.5 to 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.

Tenterden Schools Trust

**Notes to the Financial Statements - continued
for the Year Ended 31 August 2017**

22. PENSION AND SIMILAR OBLIGATIONS
- continued

The amounts recognised in the balance sheet are as follows:

	Defined benefit pension plans	
	2017	2016
	£	£
Present value of funded obligations	(10,705,000)	(9,262,000)
Fair value of plan assets	<u>6,952,000</u>	<u>4,244,000</u>
	<u>(3,753,000)</u>	<u>(5,018,000)</u>
Deficit	<u>(3,753,000)</u>	<u>(5,018,000)</u>
Liability	<u>(3,753,000)</u>	<u>(5,018,000)</u>

The amounts recognised in the statement of financial activities are as follows:

	Defined benefit pension plans	
	2017	2016
	£	£
Current service cost	871,000	539,000
Net interest from net defined benefit asset/liability	102,000	94,000
Administrative expenses	<u>3,000</u>	<u>2,000</u>
	<u>976,000</u>	<u>635,000</u>
Actual return on Fund assets	<u>943,000</u>	<u>505,000</u>

Changes in the present value of the defined benefit obligation are as follows:

	Defined benefit pension plans	
	2017	2016
	£	£
Defined benefit obligation	9,262,000	5,882,000
Current service cost	871,000	539,000
Contributions by scheme participants	142,000	110,000
Interest cost	264,000	236,000
Actuarial losses/(gains)	(1,173,000)	2,588,000
Benefits paid	(101,000)	(93,000)
Conversion of academy trusts	<u>1,440,000</u>	<u>-</u>
	<u>10,705,000</u>	<u>9,262,000</u>

Tenterden Schools Trust

**Notes to the Financial Statements - continued
for the Year Ended 31 August 2017**

22. PENSION AND SIMILAR OBLIGATIONS
- continued

Changes in the fair value of scheme assets are as follows:

	Defined benefit pension plans	
	2017	2016
	£	£
Fair value of scheme assets	4,244,000	3,369,000
Interest on assets	162,000	142,000
Contributions by employer	457,000	355,000
Contributions by scheme participants	142,000	110,000
Return on assets less interest	781,000	363,000
Actuarial gains/(losses)	546,000	-
Benefits paid	(101,000)	(93,000)
Conversion of academy trusts	724,000	-
Administrative expenses	(3,000)	(2,000)
	<u>6,952,000</u>	<u>4,244,000</u>

The amounts recognised in other recognised gains and losses are as follows:

	Defined benefit pension plans	
	2017	2016
	£	£
Actuarial gains/(losses)	<u>2,500,000</u>	<u>(2,225,000)</u>
	<u>2,500,000</u>	<u>(2,225,000)</u>

The major categories of scheme assets as amounts of total scheme assets are as follows:

	Defined benefit pension plans	
	2017	2016
	£	£
Equities	4,896,000	2,871,000
Gilts	48,000	38,000
Other Bonds	669,000	453,000
Property	853,000	595,000
Cash	220,000	102,000
Absolute Return Fund	<u>266,000</u>	<u>185,000</u>
	<u>6,952,000</u>	<u>4,244,000</u>

The expected return on assets is based on the long-term future expected investment return for each asset class as at the beginning of the period (i.e. as at 1 September 2016) for the period to 31 August 2017. The returns on gilts and other bonds are assumed to be gilt yield and corporate bond yield (with an allowance for defaults) respectively at the relevant date. The returns on equities and property are then assumed to be a margin above gilt yields.

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages)

	2017	2016
Discount rate	2.6%	2.2%
Future salary increases	4.2%	4.1%
Future pension increases	2.7%	2.3%
Inflation assumption (CPI)0	2.7%	2.3%

Tenterden Schools Trust

**Notes to the Financial Statements - continued
for the Year Ended 31 August 2017**

22. PENSION AND SIMILAR OBLIGATIONS
- continued

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

	2017	2016
Retiring today		
Males	23.0	22.9
Females	25.1	25.3
Retiring in 20 years		
Males	25.2	25.2
Females	27.4	27.7

The estimated value of employer contributions for the year ended 31 August 2018 is £487,000.

Sensitivity Analysis

The following sets out the impact of a 0.1% change in the discount rates, the long term salary increases, the pension increases and deferred revaluation and a 1 year change in the mortality age rating assumption on the present value of the total obligation and the projected service cost.

	£	£	£
Adjustment to discount rate	+0.1%	0.0%	-0.1%
- Present value of total obligation	10,482,000	10,705,000	10,933,000
- Projected service cost	988,000	1,009,000	1,031,000
Adjustment to long term salary increase	+0.1%	0.0%	-0.1%
- Present value of total obligation	10,751,000	10,705,000	10,660,000
- Projected service cost	1,009,000	1,009,000	1,009,000
Adjustment to pension increases and deferred revaluation	+0.1%	0.0%	-0.1%
- Present value of total obligation	10,887,000	10,705,000	10,527,000
- Projected service cost	1,031,000	1,009,000	988,000
Adjustment to mortality age rating assumption	+1 Year	None	-1 Year
- Present value of total obligation	11,062,000	10,705,000	10,360,000
- Projected Service cost	1,041,000	1,009,000	978,000

23. CONTINGENT LIABILITIES

No contingent liabilities existed at the year end.

Tenterden Schools Trust

**Notes to the Financial Statements - continued
for the Year Ended 31 August 2017**

24. RELATED PARTY DISCLOSURES

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

The following related party transaction took place during the year:

A total of £1,580 (2016 - £660) was paid to Essay Studio, a business owned by the daughter of Mrs S Lees (CEO) for work on the school prospectus and designing new logos. There were no amounts outstanding at 31 August 2017 (2016 - £nil).

The Trust made the purchase at arm's length in accordance with its financial regulations. In making the purchase the Trust has complied with the requirements of the Academies Financial Handbook 2016.

The Trust operates from land and buildings at St Michael's Church of England Primary School and at Tenterden Church of England Junior School provided rent free by the Canterbury Diocesan Board of Finance. Under an agreement between the Diocese, the Trust and the Secretary of State, the Diocese would be required to give 24 months' notice from the year end if they wished to terminate these agreements. No such notice had been given at the year end and the Diocese is therefore committed to providing the land and buildings rent free for a further 24 months from the year end. The trustees do not believe that the likely benefit to the Academy, that is a market rent for these properties, can be reliably measured and accordingly, no amounts have been included within income, expenditure or debtors.

Transactions with the subsidiary company Home Farm Childrens Nursery are set out in Note 26.

No other related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 9.

25. AGENCY ARRANGEMENTS

The academy trust distributes 16-19 bursary funds to students as an agent for the ESFA. In the year ended 31 August 2017 the trust received £43,927 and this was all disbursed from the fund.

Tenterden Schools Trust

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

26. HOME FARM CHILDRENS NURSERY LIMITED

On 1 April 2014 Home Farm Childrens Nursery Limited, which operates the nursery on the Trust's land, became a subsidiary company to the Trust. This was agreed by the ESFA at the same time as a new 5 year lease was sanctioned by them, granting the nursery a continuing leasehold over the building and surrounding land. Home Farm Childrens Nursery Limited is a charitable company limited by guarantee. The company is registered in England and Wales. The company's registered number is 05925303 and the registered charity number is 1092566.

No consideration was paid for this acquisition. At the time of acquisition, the book value (which equated to the fair value) of net assets of the subsidiary were £81,656. The Trust is the sole member of the nursery. Home Farm Childrens Nursery Limited will present their accounts separately for the year to 31 August 2017 and these will be filed with Companies House and the Charity Commission.

As explained in note 1, the subsidiary company has not been consolidated as it is regarded as being immaterial to the group and consolidation would add unhelpful complexity to the Trust's financial statements. For the year ended 31 August 2017 total Incoming Resources in the subsidiary were £279,615 (2016 - £254,092) and there was a surplus for the year of £16,376 (2016 - £8,298) all in unrestricted funds. The surplus is after donations made to Tenterden Schools Trust of £5,000 (2016 - £8,828), rent paid to Tenterden Schools Trust of £12,125 (2016 - £10,987) and fees for payroll maintenance paid to Tenterden Schools Trust of £1,190 (2016 - £900). At 31 August 2017 the subsidiary had total net assets of £54,620 (2016 - £38,244). All of these net assets represent unrestricted funds, with fixed assets of £6,391 (2016 - £7,145) and net current assets of £48,449 (2016 - £31,099).

Home Farm Childrens Nursery Limited's Memorandum of Association provides that the income and property of the Company shall be applied solely towards the promotion of the objects of the Company, being to provide day care and education for infants and pre-school children and that no profit from the Company is paid or transferred to the members of the Company. Thus, were the subsidiary to be included within consolidated accounts, all amounts would be treated a restricted fund, to provide for the objects of the subsidiary.

27. CONVERSION TO AN ACADEMY

On 1 December 2016 St Michael's' Church of England Primary School, Tenterden Infants School and Tenterden Church of England Junior School all converted to academy status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Tenterden Schools Trust from Kent County Council for £nil consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the Balance Sheet under the appropriate headings with a corresponding net amount recognised as a net gain in the Statement of Financial Activities as Donations - Transfer from Local authority on Conversion. The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the SOFA.

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Assets Fund £	Total £
Tangible fixed assets				
Leasehold land and buildings				
- St Michael's C of E Junior School			93,500	93,500
- Tenterden Infants School			2,050,000	2,050,000
- Tenterden C of E Junior School			83,700	83,700
Budget surplus on LA Funds				
- St Michael's C of E Junior School	62,559			62,559
- Tenterden Infants School	24,803			24,803
- Tenterden C of E Junior School	3,601			3,601
LGPS Pension deficit		(716,000)		(716,000)
Net assets/(liabilities)	90,963	(716,000)	2,227,200	1,602,163