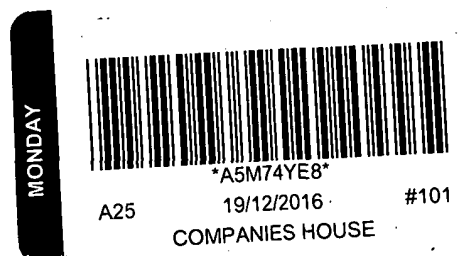


**Aletheia Anglican Academies Trust**

**(A company limited by guarantee)**

**Annual Report and Financial Statements**

**For the Year Ended 31 August 2016**



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**Aletheia Anglican Academies Trust**  
**(A company limited by guarantee)**

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**Contents**

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	<b>Page</b>
<b>Reference and administrative details</b>	<b>1</b>
<b>Trustees' report</b>	<b>2 - 7</b>
<b>Governance statement</b>	<b>8 - 9</b>
<b>Statement on regularity, propriety and compliance</b>	<b>10</b>
<b>Statement of trustees' responsibilities</b>	<b>11</b>
<b>Independent auditors' report on the financial statements</b>	<b>12 - 13</b>
<b>Independent reporting accountant's assurance report on regularity</b>	<b>14 - 15</b>
<b>Statement of financial activities incorporating income and expenditure account</b>	<b>16</b>
<b>Balance sheet</b>	<b>17</b>
<b>Statement of cash flows</b>	<b>18</b>
<b>Notes to the financial statements</b>	<b>19 - 35</b>

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**Aletheia Anglican Academies Trust**  
**(A company limited by guarantee)**

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**Reference and Administrative Details of the Academy trust, its trustees and Advisers**  
**For the Year Ended 31 August 2016**

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<b>Members</b>	Area Dean of Gravesend (Rev. S.C. Brewer) Archdeacon of Rochester (The Venerable S. Burton-Jones) Bishop of Rochester (The Right Reverend J. Langstaff) Chair of Trustees (Mr. W. Johnson)
<b>Trustees</b>	Mr. W. Johnson, Chair of Trustees Mr. N.R. Bird Mr. S. Carey, Accounting officer Mrs. A. Chitty, Head Teacher at St Botolph's Church of England Primary School Ms. C. Conroy, Head Teacher at Shorne Church of England Primary School Mr. A. Hamilton (resigned 30 June 2016) Mr. J. King Mr. A.K. Muckley Mrs. L.J. Patla Mrs. A. Southgate
<b>Company registered number</b>	07801612
<b>Company name</b>	Aletheia Anglican Academies Trust
<b>Principal and registered office</b>	Saint George's Church of England School Meadow Road Gravesend Kent DA11 7LS
<b>Chief executive officer</b>	Mr. S. Carey
<b>Senior management team</b>	Mr. S. Carey, Chief Executive Officer, Secondary Principal Mrs. A. Chitty, Head Teacher at St Botolph's Church of England Primary School Miss. C. Conroy, Head Teacher at Shorne Church of England Primary School Mr. T. Seath, Chief Finance Officer
<b>Independent auditors</b>	UHY Kent LLP t/a UHY Hacker Young Chartered Accountants Statutory Auditors Thames House Roman Square Sittingbourne Kent ME10 4BJ
<b>Bankers</b>	Lloyds Bank plc 78 New Road Gravesend Kent DA11 0AR
<b>Solicitors</b>	Lee Bolton Monier-Williams 1 The Sanctuary Westminster London SW1P 3JT

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**Aletheia Anglican Academies Trust**  
**(A company limited by guarantee)**

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**Trustees' Report**  
**For the Year Ended 31 August 2016**

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The trustees present their annual report together with the financial statements and auditor's reports of the academy trust for the period 1 September 2015 to 31 August 2016.

**STRUCTURE, GOVERNANCE AND MANAGEMENT**

**Constitution**

The academy trust is a company limited by guarantee (registration number 07801612) and an exempt charity, and its memorandum and articles of association are the primary governing documents of the trust.

The trustees of Aletheia Anglican Academies Trust are also the directors for the purposes of company law. The academy trust is known as Aletheia Anglican Academies Trust.

Details of the trustees who served during the year are included in the Reference and Administrative Details on page 1.

**Members' liability**

Each member of the academy trust 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.

**Trustees' Indemnities**

The academy trust maintains Governors' and officers' liability insurance which gives appropriate cover for any legal action brought against its Governors. The academy trust has also granted indemnities to each of its Governors and other officers to the extent permitted by law. Qualifying third party indemnity provisions (as defined by section 234 of the Companies Act 2006) were in force during the period and remain in force, in relation to certain losses and liabilities which the Governors or other officers may incur to third parties in the course of acting as Governors or officers of the academy trust.

**Principal Activities**

The academy trust took over the operation of an existing academy, Saint George's Church of England School plus St. Botolph's Church of England Primary School and Shorne Church of England Primary School on their conversion to academy status on 1 December 2014. Since then the academy trust's principal object and activity has been to manage the school's provision of education to pupils between the ages of 5 and 19.

**Method of Recruitment and Appointment or Election of Trustees**

Potential new trustees are identified by the board, ensuring that the skills and experience of new trustees are complementary to those of existing board members.

The members appoint a minimum of 5 trustees.

The principals are treated for all purposes as being a trustee.

In circumstances where the trustees have not appointed at least 2 governors being parents of pupils attending the relevant academy, there shall be a minimum of 2 parent trustees appointed by the members.

**Policies and Procedures Adopted for the Induction and Training of Trustees**

During the year under review the board of trustees met 4 times and there were 3 full governing body and 13 committee meetings held across the local governing bodies. The training and induction provided for new trustees depends on their previous experience. Where necessary the induction process will provide training on charity, educational, legal and financial matters. All new trustees are welcome to visit the academies and to meet with staff and students. All trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as trustees. As there are normally no more than one or two new trustees a year, induction tends to be done informally and is tailored specifically to the individual trustees.

**Organisational Structure**

There is a clear management structure to control the way in which the trust is run. The organisational structure consists of three levels: the members, the trustees and management board, and the local governors (including the senior leadership team) at each academy. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

The trustees provide direction to the governors who are responsible for setting general policy, adopting an annual plan and budget, monitoring the academy trust by the use of budgets and making major decisions about the direction of the academy trust, capital expenditure and senior staff appointments.

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**Aletheia Anglican Academies Trust**  
**(A company limited by guarantee)**

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**Trustees' Report (continued)**  
**For the Year Ended 31 August 2016**

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The management board comprises the CEO/Accounting Officer, primary principals and Chief Finance Officer. These managers control the academy trust at an executive level implementing the policies laid down by the trustees and governors and reporting back to them. As a group the management board are responsible for the authorisation of spending up to a level delegated to them within agreed budgets and the appointment of staff, although appointment boards for posts in the extended senior leadership team always contain a governor. Some spending control is devolved to members of the extended senior leadership team, with limits above which a member of the management board must countersign.

The local governing bodies and the principals control the academies on a day to day basis.

**Arrangements for setting pay and remuneration of key management personnel**

The key management personnel of the academies trust comprise the trustees and management board as disclosed on page 1.

Only staff trustees are remunerated and these individuals only receive remuneration in respect of services they provide under their contracts of employment, and not in respect of their role as trustees. Specific disclosures concerning staff trustees' remuneration is included in note 11.

All details of setting pay and remuneration of key management personnel are set out in the pay policy and appraisal policy which are reviewed annually by the board of trustees.

Remuneration of key management personnel is set at an individual level, and where possible the trustees have taken external professional advice which includes benchmarking, market trends and advice on structuring of incentives. Senior management salaries are linked to pay spines, helping trustees conclude that each individual is remunerated at an appropriate level. As such salaries are linked to factors such as length of service and experience. Total remuneration packages include employer pension contribution rates at specific approved rates.

The board always bear in mind the charitable status of the academy trust and it recognises the fact that the trust receives funding under a funding agreement with the Secretary of State for Education, and therefore ensures the remuneration paid to senior management personnel never exceeds a reasonable amount that provides value for money to the trust. The performance of senior management personnel is reviewed on a regular basis to ensure continuing value for money.

Total remuneration paid to senior management personnel is set out in note 9.

**Risk Management**

The trustees have assessed the major risks to which the academy trust is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the academy trust, and its finances. The trustees have implemented a number of systems to assess risks that the school faces, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school trips) and in relation to the control of finance. They have introduced systems, including operational procedures (e.g. vetting of new staff and visitors; supervision of school grounds) and internal financial controls (see below) in order to manage risk. Where significant financial risk still remains they have ensured they have adequate insurance cover. The academy trust has an effective system of internal financial controls and this is explained in more detail in the Governance Statement.

**Connected Organisations, including Related Party Relationships**

The academy trust is not linked with any sponsors, however it continues to have close involvement with the Rochester Diocesan Board of Education, who hold title of the footprint of the land as detailed in note 13 of the accounts. Each academy has its own PTA organisation and maintain separate voluntary funds.

**OBJECTIVES AND ACTIVITIES**

**Objects and Aims**

In accordance with the articles of association the charitable company has adopted a 'Scheme of Government' approved by the Secretary of State for Education which specifies the basis for admitting students to the academy trust and that the curriculum should comply with the substance of the national curriculum with an emphasis on humanities.

The Aletheia Anglican Academies Trust implements a vision to improve the life chances of children and young people so that they can fulfil their potential and lead happy and productive adult lives.

The mission of the trust is to offer its pupils opportunities to develop as high achieving, confident, healthy, caring and fulfilled members of society.

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**Aletheia Anglican Academies Trust**  
**(A company limited by guarantee)**

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**Trustees' Report (continued)**  
**For the Year Ended 31 August 2016**

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**Objectives, Strategies and Activities**

The main objectives of the academy trust during the year ended 31 August 2016 are summarised below:

- To ensure student progress is at or above national averages
- To develop a sustainable curriculum offer to meet the needs of all students
- To maximise resources
- To ensure good behaviour and attendance
- To improve the effectiveness of the academy trust by keeping the curriculum and organisational structure under continual review
- To comply with all appropriate statutory and curriculum requirements
- To conduct the Academies business in accordance with the highest standards of integrity, probity and openness.

The academy trust's main strategy is to provide access to the best possible teaching facilities and staff. The main activities include:

- Tuition and learning opportunities for all students to maximise individual academic progress
- Training opportunities for all staff, and especially teaching staff
- A programme of sporting and after school activities for all students
- A programme of collective worship and worship based activities
- Sourcing work experience and careers advice to help students obtain employment or move on to higher education.

**Public Benefit**

The Aletheia Anglican Academies Trust strives to promote and support the advancement of education within the North Kent (Gravesham and Dartford) area. The academies provide an extensive programme of educational and recreational activity - all designed to contribute to the overall education of our students in areas such as academic distinction, music, the arts and sport. For example the academies collaborate to provide maths, languages and physical education support.

Wherever possible the academies aim to contribute to the benefit of the wider public, by making available the premises to third parties for the provision of educational and other opportunities. For example various sports lettings and parent groups such as support for EAL parents.

In setting our objectives and planning our activities the trustees have given careful consideration to the Charity Commission's general guidance on public benefit. The trustees believe that the academy trust's aims, together with the activities outlined above, are demonstrably to the public benefit.

**ACHIEVEMENTS AND PERFORMANCE**

Secondary results – the 2016 cohort was a year with significantly lower prior attainment than the year before and a range of complex learning needs. Progress 8 score 0.23 which is significantly above the national average of -0.03. Attainment 8 score is C- which is an increase on last year (D+).

KS5 86% of pupils gained 2 A\*-E up from 78% the year before. Average point score per entry is up from 192 (2015) to 204, an increase of almost 0.5 of a grade per entry.

Primary data averages:

	2015/16 School (National)	2014/15 School (National)
EYFS	75.7% (66.0%)	78.9% (66.2%)
KS1 Phonics Screening	87.0% (77.0%)	77.7% (76.8%)
End of KS1 Reported Data: Level 2b+ Reading	76.0%	82.5% (82.0%)
End of KS1 Reported Data: Level 2b+ Writing	74.5%	73.5% (72.0%)
End of KS1 Reported Data: Level 2b+ Maths	79.0%	90.0% (82.0%)
End of KS2 Reported Data: Level 5 Reading	66.5% (66.0%)	46.0% (48.0%)
End of KS2 Reported Data: Level 5 Writing		37.0% (36.0%)
End of KS2 Reported Data: Level 5 Maths	70.0% (70.0%)	30.5% (42.0%)

**Going Concern**

After making appropriate enquiries, the board of trustees has a reasonable expectation that the academies 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.

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**Aletheia Anglican Academies Trust**  
**(A company limited by guarantee)**

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**Trustees' Report (continued)**  
**For the Year Ended 31 August 2016**

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**Key Financial Performance Indicators**

	Unit	2016	2015
Student Numbers: Comparison with Published Admission Numbers (PAN = 1,624)	Pupil	1,552	1,507
Financial stability (fund balances)	£	562,269	558,533
Percentage of GAG funding spent on direct staff costs	%	87.8	86.7
Staff costs as a percentage of total expenditure	%	74.7	69.9
Percentage of educational resources costs over total expenditure	%	8.8	4.0
% of premises & other supplies & services costs over total exp.	%	15.0	20.4

*To be confirmed (subject to audit adjustments)*

**Financial review**

Most of the academy trust's recurrent income is obtained from the Education Funding Agency (EFA) in the form of grants, some of which is restricted to particular purposes. The grants received from the EFA during the year ended 31 August 2016 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities ("SoFA").

The trust also receives grants for fixed assets from the EFA, which are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

Total incoming resources for the year were £10m. This income was sufficient to cover total expenditure of £8.4m leaving a net income for the year of £1.6m.

The result on revenue funds for the year was as follows:

- (i) Unrestricted funds - the result of the year, was a surplus of £45k.
- (ii) Restricted revenue funds - the result for the year was a deficit of £41k.

In total the result on revenue funds was therefore a surplus of £4k.

The restricted fixed asset fund reflects capital grant income of £2.2m, and expenditure of £378k which relates solely to depreciation, a non-cash accounting adjustment to write off the cost of the assets over their useful economic lives.

The restricted pension fund reserve has increased during the year from £1.8m to £3.7m. This relates to the Local Government Pension Scheme ("LGPS") for non-teaching staff. As explained in more detail within the pensions accounting policies (1.16) the Teachers' Pension Scheme is an unfunded scheme and the trust's share of the overall deficit cannot be quantified for the purpose of these financial statements. The movement in the LGPS liability is largely due to the actuarial loss of £1.7m shown on the SoFA. This actuarial loss, despite its size, is not alarming - it is an accounting adjustment to estimate, as a point in time, the potential pension scheme liabilities. This year the actuary who has calculated the movement in the deficit has advised that academies, in general, have seen their deficits increase considerably this year due to the fall in corporate bond yields, particularly after Brexit. The actuarial loss is only part of the overall movement in the LGPS liability. The balance is made up of a charge of £178k, included within the £8.7m costs of charitable expenditure on the SoFA.

After the actuarial loss the overall movement in funds for the year on all funds was a reduction of £35k.

At 31 August 2016 the net book value of fixed assets was £18.4m and movements in tangible fixed assets are shown in note 13 to the financial statements. The assets were used almost exclusively for providing education and the associated support services to the pupils of the trust's academies.

**Financial position**

The trust held fund balances at 31 August 2016 of £15.8m.

These funds included restricted fixed asset funds of £18.9m, the pension reserve deficit of £3.7m, unrestricted revenue funds of £368k and restricted revenue funds of £194k.

The substantial increase in the pension reserve deficit during the year has been explained in the financial review above. This deficit does not mean that an immediate liability crystallises. The accounting deficit has no direct effect on the employer contribution rate paid by the school, which is determined using longer-term funding assumptions.

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**Aletheia Anglican Academies Trust**  
**(A company limited by guarantee)**

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**Trustees' Report (continued)**  
**For the Year Ended 31 August 2016**

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**Financial and Risk Management Objectives and Policies**

Financial - covering risks to the academy trust's financial position, including revenue streams, cost control and cash management.

The exposure to financial risks is minimal due to the fact that the financial instruments that it deals with are largely bank balances, cash and trade creditors, with limited trade and other debtors. There is a deficit on the Local Government Pension Scheme, as described in the relevant note to the financial statements but this is subject to periodic actuarial review and in the event of academy closure, would be met by the Department for Education guarantee (July 2013).

The existence of these financial instruments exposes the academy trust to a number of financial risks which are described in more detail below. The main risks arising from the trust's financial instruments are liquidity risk and cash flow interest rate risk.

Liquidity risk - the trust manages its cash resources, including sufficient working capital, so that all its operating needs are met without the need for short-term borrowing.

**Principal Risks and Uncertainties**

The main risks that the academy trust is exposed to are summarised below. For each of these risks the probability, impact and seriousness have been considered together with appropriate action and management plans:

Reputational - this covers risks to its performance in delivering the curriculum.

Operational - There are two principal operational risks and uncertainties relating to the trust.

The future level of funding of primary and secondary education is uncertain in the current economic climate. The trustees also set prudent budgets to enable the academies to react to changes in funding levels, if necessary.

The finances of the academies are highly sensitive to the number of pupils who are enrolled each year. The trustees and principals are confident that the examination successes, enhanced reputations of their academies and the local need for places will enable them to attract an increased number of pupils. Projected pupil numbers and the associated financial implications are closely monitored by trustees and academy staff.

**Reserves Policy**

The trustees have reviewed the financial statements of the trust. This review encompassed the nature of income and expenditure streams, the need to match them with commitments and the nature of reserves. The level of reserves will be kept under review by the trustees. In view of the restrictions contained in the academies' funding agreements, the trustees have decided not to adopt a formal policy regarding the level of reserves.

**Investment Policy**

The trustees did not adopt an investment policy in Year 2 of the trust as the level of free reserves was not considered large enough to enable long term investment after providing a contingency to deal with unexpected emergencies such as urgent maintenance. This will continue to be reviewed by trustees.

**PLANS FOR FUTURE PERIODS**

The Aletheia Anglican Academies Trust will continue to strive to improve the levels of attainment of its students at all levels.

The trustees are committed to a policy of measured expansion within Gravesham and Dartford as encouraged by the government's multi academy trust programme. In Autumn 2015, the trust achieved accreditation as an academy sponsor to enable it to support local academies requiring improvement, following the necessary due diligence process.

The management board is working closely with 3 local Church of England primary schools with the view to a smooth transition (2 as convertor academies and 1 sponsored) into the Multi-Academy Trust in Spring/Summer 2017. We are currently preparing a bid for a new primary Free School to be sited adjacent to any proposed Diocesan mission presence within the new Ebbsfleet Garden City Development. We are additionally in somewhat advanced stages of conversation regarding the re-brokerage (and eventual relocation) of another small local Anglican primary school. There is also work in progress relating to the development of a primary school at Saint George's which will create an all-through provision with early years placements from September 2018. These developments in most cases are subject to a number of interested parties and form part of a current extended conversation with the office of the Regional Schools Commissioner.

**FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS**

The trust does not act as custodian trustee on behalf of any others.



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**Aletheia Anglican Academies Trust**  
**(A company limited by guarantee)**

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**Trustees' Report (continued)**  
**For the Year Ended 31 August 2016**

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**AUDITOR**

In so far as the trustees are aware:

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

A resolution to appoint an auditor for 2016/17 onwards will be proposed at the annual general meeting.

This report, incorporating a strategic report, was approved by order of the board of trustees on 7 December 2016 and signed on the board's behalf by:



Mr. W. Johnson  
Chair of Trustees

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**Aletheia Anglican Academies Trust**  
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**Governance Statement**

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**Scope of Responsibility**

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

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

**Governance**

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

Trustee	Meetings attended	Out of a possible
Mr. W. Johnson, Chair of Trustees	4	4
Mr. N.R. Bird	4	4
Mr. S. Carey, Accounting officer	4	4
Mrs. A. Chitty, Head Teacher (St Botolph's)	4	4
Ms. C. Conroy, Head Teacher (Shorne)	4	4
Mr. A. Hamilton (resigned 30 June 2016)	0	3
Mr. J. King	4	4
Mr. A.K. Muckley	3	4
Mrs. L.J. Patla	3	4
Mrs. A. Southgate	3	4

During the year, the responsibilities of the board of trustees included those of the resources and finance committee and the audit committee. Resources and finance is a fixed agenda item at all board of trustee meetings.

**Review of Value for money**

As Accounting Officer, the Chief Executive Officer has responsibility for ensuring that the academy trust delivers good value in the use of public resources. The Accounting Officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The Accounting Officer considers how the academy trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the academy trust has delivered improved value for money during the year by:

**Targeted Improvement:** The staffing structure and timetable is regularly reviewed to ensure that staff are efficiently deployed and educational standards continue to improve. Resources were targeted to enhance provision to literacy, numeracy and EAL support. Individual student progress is monitored throughout the academic year to ensure that all students are quickly and accurately assessed and appropriate interventions and support are targeted to achieve the best outcome. This is assisted by the employment of a data technician.

**Collaboration:** Links with other local Church Schools continue to grow with the forming of the Aletheia Anglican Academies Trust (MAT) in December 2014. This has enhanced the sharing of experts for the delivery of good practice (e.g. Primary physical education provision / Financial management) and enabled cost savings through economies of scale through shared administration and procurement costs (e.g. Insurance / Reprographics).

**Better Purchasing:** Procurement decisions are carefully considered by local governors at regular Resources and Finance Committee meetings. Expiring contracts and the replacement/renewal of equipment are considered and the best value long term options assessed prior to quotes being obtained (e.g. contract cleaning). Proposals/quotes are compared to ensure that goods and services are secured in the most economic, efficient and effective way. There is a tender process for major works e.g. buildings and boiler replacement projects. Professional advice is sought when necessary (e.g. major building works, human resources and legal).

**Financial Governance and Management:** Financial governance and oversight is robust. Each academy produces a 3 year benchmarked budget plan and controls are in place for all levels of management to be provided with regular budget monitoring reports. This ensures that resources are managed effectively to meet the objectives of the academy trust. Termly Responsible Officer reports further inform governors that the necessary controls are in place. Significant spending proposals are costed and presented to the senior leadership teams and the local governing bodies for consideration and challenge.

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**Aletheia Anglican Academies Trust**  
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**Governance Statement (continued)**

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**The Purpose of the System of Internal Control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Aletheia Anglican Academies Trust for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

**Capacity to Handle Risk**

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

**The Risk and Control Framework**

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

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

The board of trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the trustees have appointed Education Financial Service, as Responsible Officer (RO).

The RO's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. On a termly basis, the RO reports to the board of trustees on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

The trustees are able to confirm that the RO delivered their schedule of work as planned and that no material control issues were identified as a result of their work.

**Review of Effectiveness**

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

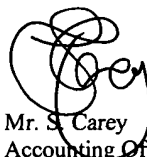
- the work of the Responsible Officer;
- the work of the external auditors;
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the board of trustees on 7 December 2016 and signed on their behalf, by:



Mr. W. Johnson  
Chair of Trustees



Mr. S. Carey  
Accounting Officer

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**Aletheia Anglican Academies Trust**  
**(A company limited by guarantee)**

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**Statement on Regularity, Propriety and Compliance**

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As Accounting Officer of Aletheia Anglican Academies Trust I have considered my responsibility to notify the academy trust board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

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

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



Mr. S. Carey  
Accounting Officer

Date: 7 December 2016

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**Aletheia Anglican Academies Trust**  
**(A company limited by guarantee)**

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**Statement of Trustees' Responsibilities**  
**For the Year Ended 31 August 2016**

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The trustees (who act as governors of Aletheia Anglican Academies Trust and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Strategic report, the Trustees' report and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

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

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

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

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

Approved by order of the members of the board of trustees on 7 December 2016 and signed on its behalf by:



Mr. W. Johnson  
Chair of Trustees

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**Aletheia Anglican Academies Trust**  
**(A company limited by guarantee)**

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**Independent Auditors' Report on the Financial Statements to the Members of Aletheia Anglican Academies Trust**

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We have audited the financial statements of Aletheia Anglican Academies Trust for the year ended 31 August 2016 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

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 its members, as a body, for our audit work, for this report, or for the opinion we have formed.

**Respective responsibilities of trustees and auditors**

As explained more fully in the Statement of trustees' responsibilities, the trustees (who are also the directors of the academy trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

**Scope of the audit of the financial statements**

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

**Opinion on financial statements**

In our opinion the financial statements:

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

**Opinion on other matter prescribed by the Companies Act 2006**

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

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**Aletheia Anglican Academies Trust**  
**(A company limited by guarantee)**

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**Independent Auditors' Report on the Financial Statements to the Members of Aletheia Anglican Academies Trust**

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**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.



Allan Hickie BSc FCA (Senior statutory auditor)

for and on behalf of

**UHY Kent LLP**

Chartered Accountants

Statutory Auditors

Thames House

Roman Square

Sittingbourne

Kent

ME10 4BJ

Date: 16 December 2016

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**Aletheia Anglican Academies Trust**  
**(A company limited by guarantee)**

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**Independent Reporting Accountants' Assurance Report on Regularity to Aletheia Anglican Academies Trust and the Education Funding Agency**

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In accordance with the terms of our engagement letter dated 5 September 2015 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Aletheia Anglican Academies Trust during the year 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

**Respective responsibilities of Aletheia Anglican Academies Trust's accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of Aletheia Anglican Academies Trust's funding agreement with the Secretary of State for Education dated 10 November 2014, and the Academies Financial Handbook extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2015 to 2016. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

**Approach**

We conducted our engagement in accordance with the Academies Accounts Direction 2015 to 2016 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

We conducted our work in accordance with Technical Release TECH 08/12 AAF issued by the Institute of Chartered Accountants In England and Wales. In accordance with that Technical Release we have carried out the procedures we consider necessary to arrive at our conclusion. Other than those procedures undertaken for the purposes of our audit of the financial statements of Aletheia Anglican Academies Trust for the year ended 31 August 2016 which provide evidence on regularity, our work was limited to only those additional procedures necessary to provide limited assurance.

The work undertaken to draw to our conclusion included:

- an assessment of the risk of material irregularity and impropriety across all of the academy trust's activities;
- further testing and review of the areas identified through the risk assessment including enquiry, identification of control processes and examination of supporting evidence across all areas identified as well as additional verification work where considered necessary; and
- consideration of evidence obtained through the work detailed above and the work completed as part of our financial statements audit in order to support the regularity conclusion.



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**Aletheia Anglican Academies Trust**  
**(A company limited by guarantee)**

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**Independent Reporting Accountants' Assurance Report on Regularity to Aletheia Anglican Academies Trust and the Education Funding Agency (continued)**

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**Conclusion**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



**UHY Kent LLP**  
Chartered Accountants  
Sittingbourne

Date: 16 December 2016

**Aletheia Anglican Academies Trust**  
**(A company limited by guarantee)**

**Statement of Financial Activities Incorporating Income and Expenditure Account**  
**For the Year Ended 31 August 2016**

		<b>Unrestricted funds 2016 £</b>	<b>Restricted funds 2016 £</b>	<b>Restricted funds - fixed assets 2016 £</b>	<b>Total funds 2016 £</b>	<i>Total funds 2015 £</i>
<b>Income from:</b>						
Donations & capital grants:						
Transfer from local authority on conversion	2	-	-	-	-	6,700,578
Other donations and capital grants	2	58,765	-	2,194,563	2,253,328	875,785
Charitable activities	3	378,950	7,390,947	-	7,769,897	7,196,612
Other trading activities	4	11,107	-	-	11,107	6,757
Investments	5	1,877	-	-	1,877	900
<b>Total income</b>		<b>450,699</b>	<b>7,390,947</b>	<b>2,194,563</b>	<b>10,036,209</b>	<b>14,780,632</b>
<b>Expenditure on:</b>						
Charitable activities		406,045	7,609,865	377,752	8,393,662	7,932,087
<b>Total expenditure</b>	6	<b>406,045</b>	<b>7,609,865</b>	<b>377,752</b>	<b>8,393,662</b>	<b>7,932,087</b>
<b>Net income / (expenditure) before other recognised gains and losses</b>		<b>44,654</b>	<b>(218,918)</b>	<b>1,816,811</b>	<b>1,642,547</b>	<b>6,848,545</b>
Actuarial gains/(losses) on defined benefit pension schemes	23	-	(1,678,000)	-	(1,678,000)	7,000
<b>Net movement in funds</b>		<b>44,654</b>	<b>(1,896,918)</b>	<b>1,816,811</b>	<b>(35,453)</b>	<b>6,855,545</b>
<b>Reconciliation of funds:</b>						
Total funds brought forward		323,837	(1,578,304)	17,134,173	15,879,706	9,024,161
<b>Total funds carried forward</b>		<b>368,491</b>	<b>(3,475,222)</b>	<b>18,950,984</b>	<b>15,844,253</b>	<b>15,879,706</b>

The notes on pages 19 to 35 form part of these financial statements.

**Aletheia Anglican Academies Trust**  
**(A company limited by guarantee)**  
**Registered number: 07801612**

**Balance Sheet**  
**As at 31 August 2016**

	Note	£	2016 £	£	2015 £
<b>Fixed assets</b>					
Tangible assets	13		18,427,545		16,831,793
<b>Current assets</b>					
Stocks	14	-		3,719	
Debtors	15	332,642		260,177	
Cash at bank and in hand		1,539,139		1,039,192	
		<u>1,871,781</u>		<u>1,303,088</u>	
<b>Creditors: amounts falling due within one year</b>	16	<u>(738,272)</u>		<u>(442,175)</u>	
<b>Net current assets</b>			1,133,509		860,913
<b>Total assets less current liabilities</b>			<u>19,561,054</u>		<u>17,692,706</u>
<b>Creditors: amounts falling due after more than one year</b>	17		<u>(47,801)</u>		<u>-</u>
<b>Net assets excluding pension scheme liabilities</b>			19,513,253		17,692,706
Defined benefit pension scheme liability	23		<u>(3,669,000)</u>		<u>(1,813,000)</u>
<b>Net assets including pension scheme liabilities</b>			<u>15,844,253</u>		<u>15,879,706</u>
<b>Funds of the academy</b>					
Restricted funds :					
Restricted income funds	18	193,778		234,696	
Restricted funds - fixed assets	18	18,950,984		17,134,173	
		<u>19,144,762</u>		<u>17,368,869</u>	
Restricted income funds excluding pension liability					
Pension reserve		<u>(3,669,000)</u>		<u>(1,813,000)</u>	
Total restricted funds			15,475,762		15,555,869
Unrestricted income funds	18		<u>368,491</u>		<u>323,837</u>
<b>Total funds</b>			<u>15,844,253</u>		<u>15,879,706</u>

The financial statements were approved by the trustees, and authorised for issue, on 7 December 2016 and are signed on their behalf, by:

  
Mr. W. Johnson  
Chair of Trustees

The notes on pages 19 to 35 form part of these financial statements.

**Aletheia Anglican Academies Trust**  
**(A company limited by guarantee)**

**Statement of Cash Flows**  
**For the Year Ended 31 August 2016**

	<b>Note</b>	<b>2016 £</b>	<b>2015 £</b>
<b>Cash flows from operating activities</b>			
Net cash provided by operating activities	20	221,407	605,192
<b>Cash flows from investing activities:</b>			
Dividends, interest and rents from investments		1,877	900
Purchase of tangible fixed assets		(1,973,504)	(596,543)
Capital grants from DfE/EFA		2,170,563	861,716
Capital funding received from sponsors and others		24,000	14,069
<b>Net cash provided by investing activities</b>		222,936	280,142
<b>Cash flows from financing activities:</b>			
Cash inflows from new borrowing		55,604	-
<b>Net cash provided by financing activities</b>		55,604	-
<b>Change in cash and cash equivalents in the year</b>		499,947	885,334
Cash and cash equivalents brought forward		1,039,192	153,858
<b>Cash and cash equivalents carried forward</b>	21	1,539,139	1,039,192

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**Aletheia Anglican Academies Trust**  
**(A company limited by guarantee)**

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**Notes to the Financial Statements**  
**For the Year Ended 31 August 2016**

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**1. Accounting Policies**

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

**1.1 Basis of preparation of financial statements**

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

Aletheia Anglican Academies Trust constitutes a public benefit entity as defined by FRS 102.

**First time adoption of FRS 102**

It is the first period that the academy trust has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 August 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 1 September 2014.

As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards, however generally the impact of these has had no effect on comparative figures.

The main impact has therefore been to change the presentation of certain items in the accounts in order to comply with the new legislation, notably:

- i) capital grants are now shown in a donations and capital grants row on the Statement of financial activities, rather than within incoming resources from charitable activities; and
- ii) governance costs are now included with support costs, within costs of charitable activities, instead of appearing on a separate line on the Statement of financial activities.

The comparative figures have been restated only in respect of the recognition of LGPS interest costs. Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in income/expense. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in income/expense. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to increase the debit to expense by £34,000 and increase the credit in other recognised gains and losses in the Statement of financial activities by an equivalent amount. There is therefore no impact on the brought forward fund position or net movement in funds in the comparative period.

**1.2 Fund accounting**

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

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

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

Investment income, gains and losses are allocated to the appropriate fund.

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**Aletheia Anglican Academies Trust**  
**(A company limited by guarantee)**

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**Notes to the Financial Statements**  
**For the Year Ended 31 August 2016**

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**1. Accounting Policies (continued)**

**1.3 Income**

All income is recognised once the academy trust has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Grants are included in the Statement of financial activities incorporating income and expenditure account on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the Statement of financial activities incorporating income and expenditure account in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

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

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the Statement of financial activities incorporating income and expenditure account in the period in which it is receivable, where there is certainty of receipt and it is measurable.

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

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

**1.4 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.

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

All resources expended are inclusive of irrecoverable VAT.

**1.5 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 academy trust to continue as a going concern. The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements..

**1. Accounting Policies (continued)**

**1.6 Tangible fixed assets and depreciation**

All assets costing more than £2,000 are capitalised.

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 incorporating income and expenditure account 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 incorporating income and expenditure account. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is not charged on freehold land. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Long-term leasehold property	-	50 years straight-line
Plant and machinery	-	10 to 20 years straight-line
Computer equipment	-	3 years straight-line

**1.7 Interest receivable**

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the academy trust; this is normally upon notification of the interest paid or payable by the Bank.

**1.8 Stocks**

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

**1.9 Debtors**

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

**1.10 Cash at Bank and in hand**

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

**1.11 Liabilities and provisions**

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 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.

**1.12 Financial instruments**

The academy trust only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

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**Aletheia Anglican Academies Trust**  
**(A company limited by guarantee)**

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**Notes to the Financial Statements**  
**For the Year Ended 31 August 2016**

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**1. Accounting Policies (continued)**

**1.13 Taxation**

The academy trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the academy trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

**1.14 Pensions**

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 23, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

**1.15 Critical accounting estimates and areas of judgement**

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 23, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.



**Aletheia Anglican Academies Trust**  
**(A company limited by guarantee)**

**Notes to the Financial Statements**  
**For the Year Ended 31 August 2016**

**2. Income from donations and capital grants**

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted funds - fixed assets 2016 £	Total funds 2016 £	Total funds 2015 £
Transfer from local authority on conversion	-	-	-	-	6,700,578
Donations	58,765	-	24,000	82,765	-
Capital grants	-	-	2,170,563	2,170,563	875,785
	58,765	-	2,194,563	2,253,328	875,785
Total donations and capital grants	58,765	-	2,194,563	2,253,328	7,576,363

In 2015, of the total income from donations and capital grants, £318,052 was to unrestricted funds and £7,258,311 was to restricted funds

**3. Funding for Academy's educational operations**

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
<b>DfE/EFA grants</b>				
General annual grant (GAG)	-	6,650,379	6,650,379	6,352,749
Other DfE/EFA grants	-	535,406	535,406	497,500
	-	7,185,785	7,185,785	6,850,249
<b>Other government grants</b>				
Local authority grants	-	205,162	205,162	112,366
	-	205,162	205,162	112,366
<b>Other funding</b>				
Catering	183,736	-	183,736	157,681
School trips	96,700	-	96,700	29,063
Other	98,514	-	98,514	47,253
	378,950	-	378,950	233,997
	378,950	7,390,947	7,769,897	7,196,612

In 2015, of the total income from charitable activities, £208,956 was to unrestricted funds and £6,987,656 was to restricted funds.

**Aletheia Anglican Academies Trust**  
**(A company limited by guarantee)**

**Notes to the Financial Statements**  
**For the Year Ended 31 August 2016**

**4. Other trading activities**

	<b>Unrestricted funds 2016 £</b>	<b>Restricted funds 2016 £</b>	<b>Total funds 2016 £</b>	<b>Total funds 2015 £</b>
Hire of facilities	11,107	-	11,107	6,757

In 2015 the total income from other trading activities was to unrestricted funds.

**5. Investment income**

	<b>Unrestricted funds 2016 £</b>	<b>Restricted funds 2016 £</b>	<b>Total funds 2016 £</b>	<b>Total funds 2015 £</b>
Bank interest	1,877	-	1,877	900

In 2015 the total investment income was to unrestricted funds.

**6. Expenditure**

	<b>Staff costs 2016 £</b>	<b>Premises 2016 £</b>	<b>Other costs 2016 £</b>	<b>Total 2016 £</b>	<b>Total 2015 £</b>
Academy trust's educational operations:					
Direct costs	5,001,037	307,916	627,266	5,936,219	5,796,153
Support costs	1,267,447	662,149	527,847	2,457,443	2,135,934
	<u>6,268,484</u>	<u>970,065</u>	<u>1,155,113</u>	<u>8,393,662</u>	<u>7,932,087</u>

In 2016, of the total expenditure, £406,045 (2015 - £266,163) was to unrestricted funds and £7,622,188 (2015 - £7,665,924) was to restricted funds.

**Aletheia Anglican Academies Trust**  
**(A company limited by guarantee)**

**Notes to the Financial Statements**  
**For the Year Ended 31 August 2016**

**7. Charitable activities**

	<b>Total funds 2016 £</b>	<b>Total funds 2015 £</b>
<b>Direct costs - educational operations</b>		
Wages and salaries	4,184,318	4,045,687
National insurance	269,794	245,460
Pension cost	546,925	437,690
Depreciation	307,916	482,367
Educational supplies	268,069	142,121
Examination fees	90,133	132,324
Staff development	54,252	37,010
Educational consultancy	189,112	173,784
Other direct costs	25,700	99,710
	<u>5,936,219</u>	<u>5,796,153</u>
<b>Support costs - educational operations</b>		
Wages and salaries	764,339	458,282
National insurance	76,702	72,197
Pension cost	426,406	288,737
Depreciation	69,836	120,591
Cleaning	146,860	122,154
Rent, rates and utilities	213,009	221,444
Insurance	47,991	52,331
Recruitment and support	24,282	22,036
Security and transport	5,790	2,851
Catering	226,476	270,171
Other support costs	110,175	96,649
Maintenance of premises and equipment	154,142	128,006
Technology costs	164,488	153,178
Legal and professional	26,947	127,307
	<u>2,457,443</u>	<u>2,135,934</u>
	<u>8,393,662</u>	<u>7,932,087</u>

**8. Net incoming resources/(resources expended)**

This is stated after charging:

	<b>2016 £</b>	<b>2015 £</b>
Depreciation of tangible fixed assets:		
- owned by the charity	377,752	602,958
Auditors' remuneration - audit	9,950	9,650
Auditors' remuneration - other services	7,980	-
Operating lease rentals	55,565	21,211
	<u>451,247</u>	<u>633,819</u>

**Aletheia Anglican Academies Trust**  
**(A company limited by guarantee)**

**Notes to the Financial Statements**  
**For the Year Ended 31 August 2016**

**9. Staff costs**

Staff costs were as follows:

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Wages and salaries	4,909,975	4,453,530
Social security costs	346,496	317,657
Operating costs of defined benefit pension schemes	973,331	726,427
	<u>6,229,802</u>	<u>5,497,614</u>
Supply teacher costs	21,066	26,039
Staff restructuring costs	17,616	24,400
	<u>6,268,484</u>	<u>5,548,053</u>

Staff restructuring costs comprise:

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Redundancy payments	17,616	-
Severance payments	-	24,400
	<u>17,616</u>	<u>24,400</u>

The average number of persons employed by the academy trust during the year was as follows:

	<b>2016</b>	<b>2015</b>
	<b>No.</b>	<b>No.</b>
Management	13	13
Teachers	89	88
Administration and support	110	110
	<u>212</u>	<u>211</u>

Average headcount expressed as a full time equivalent:

	<b>2016</b>	<b>2015</b>
	<b>No.</b>	<b>No.</b>
Management	12	11
Teachers	84	82
Administration and support	67	69
	<u>163</u>	<u>162</u>

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

	<b>2016</b>	<b>2015</b>
	<b>No.</b>	<b>No.</b>
In the band £ 60,001 - £ 70,000	1	0
In the band £ 80,001 - £ 90,000	0	1
In the band £ 90,001 - £ 100,000	1	0

The key management personnel of the academy trust comprise the trustees and senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £322,957 (2015 - £370,600).

**Aletheia Anglican Academies Trust**  
**(A company limited by guarantee)**

**Notes to the Financial Statements**  
**For the Year Ended 31 August 2016**

**10. Central services**

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

- Multi Academy Trust consultancy;
- Insurance;
- Chief Finance Officer (50%);
- IT Technician support;
- Consolidation of finance system;
- Audit fees; and
- Administrative expenses.

The academy trust charges for these services on the following basis:

- Pupil number ratio
- Staff (head count) number ratio

The actual amounts charged during the year (after repayment of excess central funds to each school) were as follows:

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
St George's Church of England School	139,775	12,569
St Botolph's Church of England Primary School	50,042	2,471
Shorne Church of England Primary School	34,387	3,864
	<u>224,204</u>	<u>18,904</u>

**11. Trustees' remuneration and expenses**

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

		<b>2016</b>	<b>2015</b>
		<b>£</b>	<b>£</b>
Mr. S. Carey, Accounting officer	Remuneration	95,000-100,000	75,000-80,000
	Pension contributions paid	15,000-20,000	10,000-15,000
Mrs. A. Southgate	Remuneration	Nil	30,000-35,000
	Pension contributions paid	Nil	0-5,000
Mrs. A. Chitty, Head Teacher	Remuneration	60,000-65,000	45,000-50,000
	Pension contributions paid	10,000-15,000	5,000-10,000
Ms. C. Conroy, Head Teacher	Remuneration	55,000-60,000	40,000-45,000
	Pension contributions paid	5,000-10,000	5,000-10,000

During the year ended 31 August 2016, expenses totalling £1,273 (2015 - £232) were reimbursed to 3 trustees (2015 - 2).

**12. Trustees' and Officers' Insurance**

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the year ended 31 August 2016 was £998 (2015 - £1,027).

**Aletheia Anglican Academies Trust**  
**(A company limited by guarantee)**

**Notes to the Financial Statements**  
**For the Year Ended 31 August 2016**

**13. Tangible fixed assets**

	Long-term leasehold property £	Plant and machinery £	Computer equipment £	Assets under construction £	Total £
<b>Cost</b>					
At 1 September 2015	18,385,295	171,769	286,970	-	18,844,034
Additions	483,429	104,790	32,576	1,352,709	1,973,504
At 31 August 2016	18,868,724	276,559	319,546	1,352,709	20,817,538
<b>Depreciation</b>					
At 1 September 2015	1,825,811	21,497	164,933	-	2,012,241
Charge for the year	307,916	17,991	51,845	-	377,752
At 31 August 2016	2,133,727	39,488	216,778	-	2,389,993
<b>Net book value</b>					
At 31 August 2016	16,734,997	237,071	102,768	1,352,709	18,427,545
At 31 August 2015	16,559,484	150,272	122,037	-	16,831,793

When each school within the trust converted to an academy, the building and surrounding land were transferred to the academy trust. However, the footprint title of the school buildings remains with the Rochester Diocesan Board of Education.

Included in land and buildings is long-term leasehold land at valuation of £2,979,526 (2015 - £2,979,526) which is not depreciated.

**14. Stocks**

	2016 £	2015 £
Catering	-	3,719

**15. Debtors**

	2016 £	2015 £
VAT recoverable	71,703	33,783
Prepayments and accrued income	260,939	226,394
	332,642	260,177

**Aletheia Anglican Academies Trust**  
**(A company limited by guarantee)**

**Notes to the Financial Statements**  
**For the Year Ended 31 August 2016**

**16. Creditors: Amounts falling due within one year**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Other loans	7,803	-
Trade creditors	530	23,742
Other taxation and social security	104,496	29,156
Other creditors	35,864	85,027
Accruals and deferred income	589,579	304,250
	<u>738,272</u>	<u>442,175</u>
	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
<b>Deferred income</b>		
Deferred income at 1 September 2015	68,313	113,500
Resources deferred during the year	143,291	68,313
Amounts released from previous years	(68,313)	(113,500)
	<u>143,291</u>	<u>68,313</u>
Deferred income at 31 August 2016	<u>143,291</u>	<u>68,313</u>

Deferred income above comprises universal free school meals income, rates income and catering income received in advance.

**17. Creditors:**  
**Amounts falling due after more than one year**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Other loans	47,801	-
	<u>47,801</u>	<u>-</u>
Creditors include amounts not wholly repayable within 5 years as follows:		
	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Repayable by instalments	10,559	-
	<u>10,559</u>	<u>-</u>

The other loans balance above represents interest free Salix loan funding from the DfE in respect of two capital projects undertaken in the year. The loans are due for repayment by 2024.

**Aletheia Anglican Academies Trust**  
**(A company limited by guarantee)**

**Notes to the Financial Statements**  
**For the Year Ended 31 August 2016**

**18. Statement of funds**

	<b>Brought Forward £</b>	<b>Income £</b>	<b>Expenditure £</b>	<b>Transfers in/out £</b>	<b>Gains/ (Losses) £</b>	<b>Carried Forward £</b>
<b>Unrestricted funds</b>						
General fund	323,837	450,699	(406,045)	-	-	368,491
<b>Restricted funds</b>						
General Annual Grant (GAG) (i)	96,516	6,650,379	(6,714,785)	-	-	32,110
Other DfE/EFA grants (ii)	62,686	535,406	(468,457)	-	-	129,635
Other government grants (iii)	46,770	205,162	(219,899)	-	-	32,033
Other donations	19,999	-	(19,999)	-	-	-
MAT Grant	8,725	-	(8,725)	-	-	-
Pension reserve (iv)	(1,813,000)	-	(178,000)	-	(1,678,000)	(3,669,000)
	<u>(1,578,304)</u>	<u>7,390,947</u>	<u>(7,609,865)</u>	<u>-</u>	<u>(1,678,000)</u>	<u>(3,475,222)</u>
<b>Restricted funds - fixed assets (v)</b>						
Restricted fixed assets	16,831,793	-	(377,752)	1,973,504	-	18,427,545
Capital grants and donations	302,380	2,194,563	-	(1,973,504)	-	523,439
	<u>17,134,173</u>	<u>2,194,563</u>	<u>(377,752)</u>	<u>-</u>	<u>-</u>	<u>18,950,984</u>
Total restricted funds	<u>15,555,869</u>	<u>9,585,510</u>	<u>(7,987,617)</u>	<u>-</u>	<u>(1,678,000)</u>	<u>15,475,762</u>
Total of funds	<u>15,879,706</u>	<u>10,036,209</u>	<u>(8,393,662)</u>	<u>-</u>	<u>(1,678,000)</u>	<u>15,844,253</u>

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

- (i) General Annual Grant ("GAG") must be used for the normal running costs of the academy trust.
- (ii) The other DfE/EFA grants is used to track non-GAG grant money received from the DfE/EFA and connected bodies, and included Pupil Premium and Universal Infant Free School grant income.
- (iii) The other government grants fund is used to track grants provided by government departments, including the Local authority.
- (iv) The pensions reserve is a restricted fund to account for the liability arising under The Local Government Pension Scheme.
- (v) The restricted fixed asset funds are carried forward to meet the specific costs of fixed asset projects and to cover the depreciation charges that will be required on these projects going forward and the current fixed assets held.

Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2016.



**Aletheia Anglican Academies Trust**  
**(A company limited by guarantee)**

**Notes to the Financial Statements**  
**For the Year Ended 31 August 2016**

**18. Statement of funds (continued)**

**Analysis of academies by fund balance**

Fund balances at 31 August 2016 were allocated as follows:

	<b>Total 2016 £</b>	<b>Total 2015 £</b>
St George's Church of England School	160,192	225,945
St Botolph's Church of England Primary School	317,120	278,787
Shorne Church of England Primary School	84,957	53,801
Total before fixed asset fund and pension reserve	562,269	558,533
Restricted fixed asset fund	18,950,984	17,134,173
Pension reserve	(3,669,000)	(1,813,000)
Total	15,844,253	15,879,706

**Analysis of academies by cost**

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

	<b>Teaching and educational support staff costs £</b>	<b>Other support staff costs £</b>	<b>Educational supplies £</b>	<b>Other costs excluding depreciation £</b>	<b>Total 2016 £</b>	<b>Total 2015 £</b>
St George's Church of England School	3,681,836	543,471	407,171	821,928	5,454,406	5,684,884
St Botolph's Church of England Primary School	910,876	148,520	74,317	233,030	1,366,743	912,525
Shorne Church of England Primary School	555,947	112,162	45,298	91,473	804,880	712,816
Central services	49,186	88,096	12,758	74,164	224,204	18,904
Central services (LGPS)	-	178,000	-	-	178,000	-
	5,197,845	1,070,249	539,544	1,220,595	8,028,233	7,329,129

**19. Analysis of net assets between funds**

	<b>Unrestricted funds 2016 £</b>	<b>Restricted funds 2016 £</b>	<b>Restricted funds - fixed assets 2016 £</b>	<b>Total funds 2016 £</b>	<b>Total funds 2015 £</b>
Tangible fixed assets	-	-	18,427,545	18,427,545	16,831,793
Current assets	368,491	577,669	925,621	1,871,781	1,303,088
Creditors due within one year	-	(336,090)	(402,182)	(738,272)	(442,175)
Creditors due in more than one year	-	(47,801)	-	(47,801)	-
Provisions for liabilities and charges	-	(3,669,000)	-	(3,669,000)	(1,813,000)
	368,491	(3,475,222)	18,950,984	15,844,253	15,879,706

**Aletheia Anglican Academies Trust**  
**(A company limited by guarantee)**

**Notes to the Financial Statements**  
**For the Year Ended 31 August 2016**

**20. Reconciliation of net movement in funds to net cash flow from operating activities**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Net income for the year (as per Statement of financial activities)	1,642,547	6,848,545
<b>Adjustment for:</b>		
Depreciation charges	377,752	602,958
Dividends, interest and rents from investments	(1,877)	(900)
Decrease/(increase) in stocks	3,719	(654)
(Increase)/decrease in debtors	(72,465)	15,614
Increase in creditors	288,294	237,940
Capital grants from DfE and other capital income	(2,194,563)	(875,785)
Defined benefit pension scheme obligation inherited	-	493,000
Defined benefit pension scheme cost less contributions payable	109,000	96,000
Defined benefit pension scheme finance cost	69,000	64,000
Fixed assets inherited from local authority on conversion	-	(6,875,526)
<b>Net cash provided by operating activities</b>	<b>221,407</b>	<b>605,192</b>

**21. Analysis of cash and cash equivalents**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Cash in hand	1,539,139	1,039,192
<b>Total</b>	<b>1,539,139</b>	<b>1,039,192</b>

**22. Capital commitments**

At 31 August 2016 the academy trust had capital commitments as follows:

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Contracted for but not provided in these financial statements	1,509,734	-

**23. Pension commitments**

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

Contributions amounting to £35,395 were payable to the schemes at 31 August 2016 (2015 - £Nil) and are included within creditors.

**Teachers' Pension Scheme**

**Introduction**

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (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.

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**Aletheia Anglican Academies Trust**  
**(A company limited by guarantee)**

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**Notes to the Financial Statements**  
**For the Year Ended 31 August 2016**

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**23. Pension commitments (continued)**

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

**Valuation of the Teachers' Pension Scheme**

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

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

During the 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 will be as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £547,000 (2015 - £408,000).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website ([www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx](http://www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx)).

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 scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £307,000 (2015 - £274,000) of which employer's contributions totalled £236,000 (2015 - £210,000) and employees' contributions totalled £71,000 (2015 - £64,000). The agreed contribution rates until April 2017 are 19.8% for employers and 5.5% to 12.5% for employees. The trust is currently waiting to receive confirmation of the rates that will apply from April 2017.

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

Principal actuarial assumptions:

	2016	2015
Discount rate for scheme liabilities	2.20 %	4.00 %
Rate of increase in salaries	4.10 %	4.50 %
Rate of increase for pensions in payment / inflation	2.30 %	2.70 %

**Aletheia Anglican Academies Trust**  
**(A company limited by guarantee)**

**Notes to the Financial Statements**  
**For the Year Ended 31 August 2016**

**23. Pension commitments (continued)**

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

	<b>2016</b>	<b>2015</b>
Retiring today		
Males	22.9	22.8
Females	25.3	25.2
Retiring in 20 years		
Males	25.2	25.1
Females	27.7	27.6

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

	<b>Fair value at 31 August 2016 £</b>	<b>Fair value at 31 August 2015 £</b>
Equities	1,686,000	1,289,000
Debt instruments	288,000	226,000
Property	349,000	255,000
Cash	60,000	49,000
Target return portfolio	108,000	81,000
<b>Total market value of assets</b>	<b>2,491,000</b>	<b>1,900,000</b>

The actual return on scheme assets was £291,000 (2015 - £36,000).

The amounts recognised in the Statement of financial activities incorporating income and expenditure account are as follows:

	<b>2016 £</b>	<b>2015 £</b>
Current service cost (net of employee contributions)	(345,000)	(306,000)
Net interest cost	(68,000)	(63,000)
Administration expenses	(1,000)	(1,000)
<b>Total</b>	<b>(414,000)</b>	<b>(370,000)</b>

Movements in the present value of the defined benefit obligation were as follows:

	<b>2016 £</b>	<b>2015 £</b>
Opening defined benefit obligation	3,713,000	2,456,000
Upon conversion	-	796,000
Current service cost	345,000	306,000
Interest cost	150,000	128,000
Contributions by employees	71,000	64,000
Actuarial losses/(gains)	1,887,000	(35,000)
Benefits paid	(6,000)	(2,000)
<b>Closing defined benefit obligation</b>	<b>6,160,000</b>	<b>3,713,000</b>

**Aletheia Anglican Academies Trust**  
**(A company limited by guarantee)**

**Notes to the Financial Statements**  
**For the Year Ended 31 August 2016**

**23. Pension commitments (continued)**

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

	2016 £	2015 £
Opening fair value of scheme assets	1,900,000	1,289,000
Upon conversion	-	303,000
Return on plan assets (excluding net interest on the net defined pension liability)	82,000	65,000
Actuarial gains and (losses)	209,000	(28,000)
Contributions by employer	236,000	210,000
Contributions by employees	71,000	64,000
Benefits paid	(6,000)	(2,000)
Administration expenses	(1,000)	(1,000)
	<u>2,491,000</u>	<u>1,900,000</u>
Closing fair value of scheme assets	<u>2,491,000</u>	<u>1,900,000</u>

**24. Operating lease commitments**

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

	2016 £	2015 £
<b>Amounts payable:</b>		
Within 1 year	50,700	55,565
Between 1 and 5 years	35,141	84,244
Total	<u>85,841</u>	<u>139,809</u>

**25. Members' liability**

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

**26. Related party transactions**

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

The academy trust incurred a total cost of £1,254 (2015 - £3,289) in transactions with the Diocese of Rochester in the year.

Chitbrook Services - a business of which Mr. Peter Chitty (the husband of Mrs. Amy Chitty, a trustee of the trust) is a partner:

- The trust purchased building services from Chitbrook Services totalling £40,800 (2015 - £Nil) during the year. A total of £12,700 (2015 - £Nil) was outstanding at the year end
- The trust made the purchase at arms' length following a competitive tendering exercise in accordance with its financial regulations, which Mrs. Chitty neither participated in, nor influenced

In entering into the transactions the trust has complied with the requirements of the Academies Financial Handbook 2015.