

Aletheia Anglican Academies Trust
(A company limited by guarantee)

Annual Report and Financial Statements

For the Year Ended 31 August 2018



Aletheia Anglican Academies Trust
(A company limited by guarantee)

Contents

	Page
Reference and administrative details	1
Trustees' report	2 - 8
Governance statement	9 - 10
Statement on regularity, propriety and compliance	11
Statement of trustees' responsibilities	12
Independent auditors' report on the financial statements	13 - 14
Independent reporting accountant's assurance report on regularity	15 - 16
Statement of financial activities incorporating income and expenditure account	17
Balance sheet	18
Statement of cash flows	19
Notes to the financial statements	20 - 43

Aletheia Anglican Academies Trust
(A company limited by guarantee)

Reference and Administrative Details of the Academy trust, its trustees and Advisers
For the Year Ended 31 August 2018

Members	Area Dean of Gravesend (The Rev. N.I.Bourne) Archdeacon of Rochester (The Rev. A.Wooding Jones) Bishop of Rochester (The Right Reverend J. Langstaff) Chair of Trustees (Mr. W. Johnson) Rochester Diocesan Board of Education (Mr J. Constanti)
Trustees	Mr. W. Johnson, Chair of Trustees Mr. N.R. Bird Ms. Z.C. Bucknell (appointed 16 October 2017) Mr. S. Carey, Accounting officer Mrs. A. Chitty, Head Teacher at St Botolph's Church of England Primary School Mr. J. King Mrs. L.J. Patla Mr. A.J. Smith (appointed 16 October 2017) Mr. R. Hicks (appointed 25 June 2018)
Company registered number	07801612
Company name	Aletheia Anglican Academies Trust
Principal and registered office	Saint George's Church of England School Meadow Road Gravesend Kent DA11 7LS
Chief executive officer	Mr. S. Carey
Senior management team	Mr. S. Carey, Chief Executive Officer, Secondary Principal Mr. M.Lillie, Head of School at Saint George's Church of England School Mrs. A. Chitty, Head Teacher at St Botolph's Church of England Primary School Miss. T.Hewett, Head of School at Shorne Church of England Primary School Mrs. J. Rolfe, Head Teacher at Stone St Mary's Church of England Primary School Mr. G. Pollard, Head Teacher at Horton Kirby Church of England Primary School Mrs.K.Trowell, Head of School at Sutton-at-Hone Church of England Primary School Mr. T. Seath, Chief Finance Officer
Independent auditors	UHY Kent LLP t/a UHY Hacker Young Chartered Accountants Statutory Auditors Thames House Roman Square Sittingbourne Kent ME10 4BJ
Bankers	Lloyds Bank plc 78 New Road Gravesend Kent DA11 0AR
Solicitors	Stone King LLP Boundary House 91 Charterhouse Street Clerkenwell London EC1M 6HR

Aletheia Anglican Academies Trust
(A company limited by guarantee)

Trustees' Report
For the Year Ended 31 August 2018

The trustees present their annual report together with the financial statements and auditor's reports of the academy trust for the year ended 31 August 2018.

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.

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

Following further expansion during the year the academy trust is now responsible for the management of the following academies:

Saint George's Church of England School, Gravesend
St. Botolph's Church of England Primary School, Gravesend,
Shorne Church of England Primary School
Horton Kirby Church of England Primary School, Dartford
Stone St Mary's Church of England Primary School, Greenhithe
Sutton-at-Hone Church of England Primary School, Greenhithe (joined 1 October 2017, on conversion to academy status)

Rosherville Church of England Primary School joined the academy trust at midnight on 31 August 2018 and, for the reasons explained in note 29 to the financial statements, the impact of the transfer has been included in these financial statements.

The academy trust's principal object and activity is therefore to manage these academies and their provision of education to pupils between the ages of 5 and 19 across the trust.

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 Chief Executive Officer and one Primary Head Teacher 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 full board of trustees met 4 times and as a sub-committee on 1 occasion. There were a minimum of 3 full local governing body meetings held at each academy plus various committee meetings. 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.

Aletheia Anglican Academies Trust
(A company limited by guarantee)

Trustees' Report
For the Year Ended 31 August 2018

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.

The management board comprises the CEO/Accounting Officer, primary principals, Trust School Improvement Officer 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 10.

Trade union facility time

There are no members of staff, either part or full time that are paid for being a Union representative.

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. Systems are in place to assess risks that the schools face, 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 the Accounting Policies. Each academy has its own PTA organisation.

Aletheia Anglican Academies Trust
(A company limited by guarantee)

Trustees' Report
For the Year Ended 31 August 2018

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.

Objectives, Strategies and Activities

The main objectives of the academy trust during the year ended 31 August 2018 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 parent groups and various sports lettings including the refurbished swimming pool at Sutton-at-Hone CEP.

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.

Aletheia Anglican Academies Trust
(A company limited by guarantee)

Trustees' Report
For the Year Ended 31 August 2018

ACHIEVEMENTS AND PERFORMANCE

Secondary results

GCSE	2018	2017
Basics 4+	64%	62%
Basics 5+	32%	39%
Attainment 8	4.20 (C)	4.18 (C)
Progress 8	+0.05	0.0
EBacc	15.9%	12.4%
A Level	2018	2017
3 A*-E	60%	51.4%
2 A*-E	89.2%	84.3%
1 A*-E	98.5%	97.1%
Academic average points per entry	32.82 (C)	29.5 (C-)
Value Added	0.20	-0.01

Primary data averages:

	2017/18 School (National)	2016/17 School (National)
EYFS	76.33% (71.5%)	73.25% (70.0%)
KS1 Phonics Screening	82.0% (81.2%)	80.75% (81.2%)
Year 2 Phonics Retakes	71.67% (60.8%)	86.75% (61.6%)
End of KS1 Reported Data: Level 2b+ Reading	81.33% (69.9%)	81.5% (75.5%)
End of KS1 Reported Data: Level 2b+ Writing	75.33% (68.2%)	75.25% (68.2%)
End of KS1 Reported Data: Level 2b+ Maths	82.67% (76.1%)	80.75% (75.1%)
End of KS2 Reported Data: Combined Expected	78.3% (64.0%)	68.75% (61.0%)
End of KS2 Reported Data: Combined Greater Depth	10.25% (10%)	7.75% (9%)

Key Financial Performance Indicators:

	Unit	2018	2017
Student Numbers: Comparison with Published Admission Numbers (PAN = 2,569)	Pupil	2,922	2,431
Financial stability (revenue fund balances)	£	979,064	576,762
% of total spend on staff pay	%	75.2	72.3
% of total spend on teaching staff pay	%	51.6	
% of total spend on curriculum support staff pay	%	14.3	
% of total spend on non-curriculum support staff pay	%	9.3	
Pupil : teacher ratio	Pupil	23	
Average teacher cost (including on-costs)	£	40,879	
Teacher contact ratio		0.76	
Average class size	Pupil	28	

Financial review and position

Most of the academy trust's recurrent income is obtained from the Education and Skills Funding Agency (ESFA) in the form of grants, some of which is restricted to particular purposes. The grants received from the ESFA during the year ended 31 August 2018 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 ESFA, 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 £14.8m (2017: £10.6m). It is difficult to directly compare the two years because of the growth of the trust in each year. Income this year includes a net donation of £16k in relation to the transfer of the assets and liabilities of an existing academy (see note 29 for details).

Total expenditure for the year amounted to £14.5m (2017: £12.4m) and included significant capital works on the trust's academies' buildings of £657k (2017: £1.4m). As church academies the school buildings are not recognised on the Balance Sheet and expenditure on

Aletheia Anglican Academies Trust
(A company limited by guarantee)

Trustees' Report
For the Year Ended 31 August 2018

the buildings is shown as 'grants' to the Diocese in accordance with the Academies Accounts Direction (see note 6). This year expenditure also includes the net cost of £107k (2017: £774k) in relation to the school (2017: schools) which converted to academy status and joined the trust (see note 22 for details).

The SoFA therefore reports net income for the year of £269k for 2017/18. To this is added an actuarial gain of £1.04m arising on the Local Government Pension Scheme, resulting in an overall net increase to funds of £1.3m.

This actuarial gain is only part of the movement on the LGPS deficit carried by the trust on its Balance Sheet. Further non-actuarial pension charges of £571k are included within expenditure. Set against the actuarial gain, and taking into account pension liabilities inherited from joining academies, these mean that the pension deficit and reserve have decreased by £59k during the year. Without the inherited pension liabilities the underlying deficit would have fallen far more significantly. The deficit shown on the Balance Sheet of £3.8m does not mean that an immediate liability crystallises; it is an accounting deficit has no direct effect on the employer contribution rate paid by the trust, which is determined using longer-term funding assumptions.

The operating revenue result or outturn on day-to-day funds is not immediately clear on the SoFA as a result of the items explained above.

The result and movement on revenue funds for the year (after transfers into capital) was as follows:

- (i) Unrestricted funds - the result for the year was a deficit of £134k (2017: £98k).
- (ii) Restricted revenue funds - the result for the year was a surplus of £219k (2017: £54k).

In total the result on revenue funds was therefore a surplus of £85k (2017: deficit of £44k).

The overall movement in revenue funds, including the balances inherited from joining academies, was an increase of £402k. This can be best seen within note 18 in the 'Analysis of academies by fund balance' section where closing revenue funds of £979k compare to £577k at the previous year end.

The trust's other fund is the restricted fixed asset fund. This comprises three elements: the net book value of capitalised fixed assets held on the Balance Sheet; unspent capital grant money and interest free Salix loan funding from the DfE. At 31 August 2018 the trust held a significant amount of unspent capital money (£1.1m) because of various on-going projects and this to be completed in the coming year.

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.

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.

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 as 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 is liquidity risk which arises because the trust has to manage its cash resources, including sufficient working capital, so that all its operating needs are met without the need for short-term borrowing.

Aletheia Anglican Academies Trust
(A company limited by guarantee)

Trustees' Report
For the Year Ended 31 August 2018

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.

Fund raising

The trust does not get involved in any formal professional fundraising. Where relevant trustees will adopt the 6 principles of fundraising recommended by the Charity Commission as per their publication "Charity fundraising: a Guide to Trustee Duties (CC20)". The 6 principles are:

- Planning effectively
- Supervising fundraisers
- Protecting reputation, money & other assets
- Identifying and ensuring compliance with the laws or regulations that apply to fundraising within a school
- Identifying and following any recognized standards applicable to fundraising within a school
- Being open and accountable

Investment Policy

The trustees did not adopt an investment policy 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 maintain, and where necessary improve, the levels of attainment and progress of its students at all Key Stages.

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.

Work is ongoing with a local Church of England primary school with the view to a smooth transition (as a converter academy). We are awaiting the outcome of a bid for a new secondary Free School to be sited within the new Ebbsfleet Garden City Development. Site work has commenced relating to the development of a primary school at Saint George's which will create an all-through provision with placements in Reception and Year 1 from September 2019.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

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

Aletheia Anglican Academies Trust
(A company limited by guarantee)

Trustees' Report
For the Year Ended 31 August 2018

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 2018/19 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 11 December 2018 and signed on the board's behalf by:



~~Mr. W. Johnson~~ **MS Z. BUCKNELL**
Chair of Trustees



Mr. S. Carey
Accounting Officer

Aletheia Anglican Academies Trust
(A company limited by guarantee)

Governance Statement

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 3 times plus 3 Resources sub-committees and 2 Standards sub-committees during the year. Attendance during the year at meetings was as follows:

<u>Trustee</u>	<u>Meetings attended</u>	<u>Out of a possible</u>
Mr. W. Johnson, Chair of Trustees	5	5
Mr. N.R. Bird	5	6
Mr. S. Carey, Accounting officer	8	8
Mrs. A. Chitty, Head Teacher (St Botolph's)	6	6
Mr. J. King	5	5
Mrs. L.J. Patla	3	5
Mrs. Z. Bucknell (appointed 16/10/2017)	4	6
Mr. A. Smith (appointed 16/10/2017)	5	5
Mr R. Hicks (appointed 25/06/2018)	0	1

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 since 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. School Improvement / Primary physical education provision / Financial management) and enabled cost savings through economies of scale through shared administration and procurement costs (e.g. Insurance / HR & Payroll / Recruitment / 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.

Aletheia Anglican Academies Trust
(A company limited by guarantee)

Governance Statement (continued)

The Purpose of the System of Internal Control

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

Capacity to Handle Risk

The board of trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the year 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

The Risk and Control Framework

The 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; and
- 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

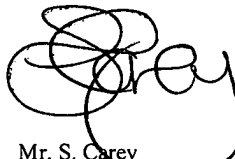
As Accounting Officer, the Chief Executive Officer has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- 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 11 December 2018 and signed on their behalf, by:


Mr. W. Johnson MS. Z. BUCKNELL
Chair of Trustees


Mr. S. Carey
Accounting Officer

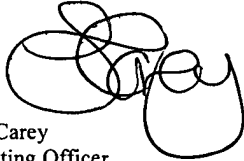
Aletheia Anglican Academies Trust
(A company limited by guarantee)

Statement on Regularity, Propriety and Compliance

As Accounting Officer of Aletheia Anglican Academies Trust I have considered my responsibility to notify the academy trust board of trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, 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 2017.

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

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



Mr. S. Carey
Accounting Officer

Date: 11 December 2018

Aletheia Anglican Academies Trust
(A company limited by guarantee)

Statement of Trustees' Responsibilities
For the Year Ended 31 August 2018

The trustees (who 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 & Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the board of trustees on 11 December 2018 and signed on its behalf by:



~~Mr. W. Johnson~~ **MS. Z. SUCKNELL**
Chair of Trustees

Aletheia Anglican Academies Trust
(A company limited by guarantee)

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

Opinion

We have audited the financial statements of Aletheia Anglican Academies Trust (the 'academy trust') for the year ended 31 August 2018 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report including the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Report and the Strategic Report have been prepared in accordance with applicable legal requirements.

Aletheia Anglican Academies Trust
(A company limited by guarantee)

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

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the academy trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report including the Strategic Report.

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

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

Responsibilities of trustees

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the academy trust's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the academy trust's members those matters we are required to state to them in an 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 academy trust and its members, as a body, for our audit work, for this report, or for the opinions we have formed.



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: 17 December 2018

Aletheia Anglican Academies Trust
(A company limited by guarantee)

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

In accordance with the terms of our engagement letter dated 5 September 2015 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Aletheia Anglican Academies Trust during the year 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Aletheia Anglican Academies Trust and the ESFA 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 ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Aletheia Anglican Academies Trust and the ESFA, 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 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2017 to 2018. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2017 to 31 August 2018 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 2017 to 2018 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the academy 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 2018 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.

Aletheia Anglican Academies Trust
(A company limited by guarantee)

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

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



UHY Kent LLP
Chartered Accountants
Sittingbourne
Thames House
Roman Square
Sittingbourne
Kent
ME10 4BJ

Date: 17 December 2018

Aletheia Anglican Academies Trust
(A company limited by guarantee)

Statement of Financial Activities Incorporating Income and Expenditure Account
For the Year Ended 31 August 2018

	Note	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
Income from:						
Donations & capital grants:						
Transferred in on existing academy joining the trust	2, 29	-	16,443	-	16,443	-
Other donations and capital grants	2	41,566	-	1,325,224	1,366,790	915,885
Charitable activities	3	846,496	12,434,306	-	13,280,802	9,613,726
Other trading activities	4	92,425	-	-	92,425	73,716
Investments	5	1,301	-	-	1,301	995
Total income		981,788	12,450,749	1,325,224	14,757,761	10,604,322
Expenditure on:						
Raising funds	4	44,120	-	-	44,120	21,010
Charitable activities:						
Academy trust educational operations		853,081	12,733,264	94,187	13,680,532	10,198,108
Transfer from local authority on conversion	22	(186,437)	293,000	-	106,563	774,111
Grants	6	-	-	656,987	656,987	1,415,672
Total expenditure	7	710,764	13,026,264	751,174	14,488,202	12,408,901
Net income / (expenditure) before transfers		271,024	(575,515)	574,050	269,559	(1,804,579)
Transfers between Funds	18	(219,222)	(51,985)	271,207	-	-
Net income / (expenditure) before other recognised gains and losses		51,802	(627,500)	845,257	269,559	(1,804,579)
Actuarial gains/(losses) on defined benefit pension schemes	24	-	1,037,000	-	1,037,000	1,270,000
Net movement in funds		51,802	409,500	845,257	1,306,559	(534,579)
Reconciliation of funds:						
Total funds brought forward		176,053	(3,421,291)	525,221	(2,720,017)	(2,185,438)
Total funds carried forward		227,855	(3,011,791)	1,370,478	(1,413,458)	(2,720,017)

The notes on pages 20 to 43 form part of these financial statements.

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

Balance Sheet
As at 31 August 2018

	Note	£	2018 £	£	2017 £
Fixed assets					
Tangible assets	14		348,449		372,416
Current assets					
Stocks		27,613		11,974	
Debtors	15	563,596		473,415	
Cash at bank and in hand		2,024,965		958,869	
		<u>2,616,174</u>		<u>1,444,258</u>	
Creditors: amounts falling due within one year	16	<u>(579,743)</u>		<u>(674,690)</u>	
Net current assets			2,036,431		769,568
Total assets less current liabilities			<u>2,384,880</u>		<u>1,141,984</u>
Creditors: amounts falling due after more than one year	17		<u>(35,338)</u>		<u>(40,001)</u>
Net assets excluding pension scheme liabilities			2,349,542		1,101,983
Defined benefit pension scheme liability	24		<u>(3,763,000)</u>		<u>(3,822,000)</u>
Net liabilities including pension scheme liabilities			<u><u>(1,413,458)</u></u>		<u><u>(2,720,017)</u></u>
Funds of the academy					
Restricted funds :					
Restricted income funds	18	751,209		400,709	
Restricted fixed asset funds	18	1,370,478		525,221	
		<u>2,121,687</u>		<u>925,930</u>	
Restricted income funds excluding pension liability					
Pension reserve		<u>(3,763,000)</u>		<u>(3,822,000)</u>	
Total restricted funds			<u>(1,641,313)</u>		<u>(2,896,070)</u>
Unrestricted income funds	18		<u>227,855</u>		<u>176,053</u>
Total deficit			<u><u>(1,413,458)</u></u>		<u><u>(2,720,017)</u></u>

The financial statements on pages 17 to 43 were approved by the trustees, and authorised for issue, on 11 December 2018 and are signed on their behalf, by:



Mr. W. Johnson MS. Z. BUCKNEU
Chair of Trustees

The notes on pages 20 to 43 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 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Net cash used in operating activities	20	(186,876)	(1,413,443)
Cash flows from investing activities:			
Dividends, interest and rents from investments		1,301	924
Purchase of tangible fixed assets		(70,220)	(112,816)
Capital grants from DfE Group		1,325,224	893,344
Net cash provided by investing activities		1,256,305	781,452
Cash flows from financing activities:			
Repayments of borrowings		(3,333)	(6,294)
Net cash used in financing activities		(3,333)	(6,294)
Change in cash and cash equivalents in the year		1,066,096	(638,285)
Cash and cash equivalents brought forward		958,869	1,597,154
Cash and cash equivalents carried forward	21	2,024,965	958,869

The notes on pages 20 to 43 form part of these financial statements.

Notes to the Financial Statements
For the Year Ended 31 August 2018

1. Accounting Policies

A summary of the principal accounting policies adopted (which have been applied consistently, except where noted), judgments 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 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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

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 funders where the asset acquired or created is held for a specific purpose.

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

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

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 receipt is probable and it is measurable.

Donations are recognised on a receivable basis where receipt is probable 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.

Where assets are received on the transfer of an existing academy into the trust, the transferred assets are measured at fair value and recognised in the Balance sheet at the point when the risks and rewards of ownership pass to the trust, which is on signing of the transfer agreement with the transferring trust. An equal amount of income is recognised for the transfer of an existing academy into the trust within income and donations and capital grants.

Notes to the Financial Statements
For the Year Ended 31 August 2018

1. Accounting Policies (continued)

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.

Expenditure on raising funds includes all expenditure incurred by the academy trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

Expenditure on charitable activities are costs incurred on the academy trust's educational operations, including support costs and those costs relating to the governance of the academy trust appointed to charitable activities.

Grants payable are charged in the year when the offer is made except in those cases where the offer is conditional, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to conditions which have not been met at the year end are noted as a commitment, but not accrued as expenditure.

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.

The Balance Sheet shows a net liability position when including the Local Government Pension Scheme liability. The trustees note that, as stated in note 24, Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of academy closure, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

The trust has revenue reserves of £685k across restricted and unrestricted income funds, which is more than sufficient to meet operational needs and liabilities as they fall due, and the trustees have therefore concluded that the inclusion of the pension scheme liability does not affect their assessment of going concern.

1.6 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.

1.7 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.

1.8 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.

Notes to the Financial Statements
For the Year Ended 31 August 2018

1. Accounting Policies (continued)

1.9 Tangible fixed assets and depreciation

All assets costing more than £5,000 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of financial activities 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.

The Rochester Diocesan Board of Education own the legal title of the sites where the academy trust's land and buildings are situated, with the exception of certain land, mainly playing fields, at St George's Church of England School, which is which is owned by the academy trust. The trust therefore occupies the school properties under the terms of a Church Supplemental Agreement with the freehold owners. In considering the accounting treatment for these properties the trustees have considered the provisions of the Academies Accounts Direction (AAD). The AAD has now clarified that where a Supplemental Agreement is in place then the trust does not have full rights or control, such that any asset should not be recognised on the Balance Sheet. The trustees are unable to quantify with any certainty the value that would be attributed to the freehold land held and so no value has been included in these financial statements for it.

Per the AAD the rolling right to occupy the buildings could be recognised in the financial statements via a notional donation (since the trust pays no actual rent) with a corresponding notional rental expense for its use of the premises. The value of the donation would be the amount that the academy trust would otherwise have had to pay to secure premises, however since the trustees feel that this cannot be reliably measured, and in accordance with the AAD, no donation or rental expense have been recognised.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of these assets, less their estimated residual value, over their expected useful lives on the following bases:

Plant and equipment	- 10 to 20 years straight-line
Computer equipment	- 3 years straight-line

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of financial activities incorporating income and expenditure account.

1.10 Liabilities and provisions

Liabilities and provisions 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.

Notes to the Financial Statements
For the Year Ended 31 August 2018

1. Accounting Policies (continued)

1.11 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 15. Prepayments are not financial instruments. Amounts due to the academy trust's wholly owned subsidiary are held at face value less any impairment. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in notes 16 and 17. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments. Amounts due to the academy trust's wholly owned subsidiary are held at face value less any impairment.

1.12 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.

1.13 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.

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 24, 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.

Notes to the Financial Statements
For the Year Ended 31 August 2018

1. Accounting Policies (continued)

1.14 Conversion to an academy trust

The conversion of Sutton-at-Hone Church of England Primary School from a state maintained school to an academy trust involved the transfer of identifiable assets and liabilities and the operation of the school for £Nil consideration. The substance of the transfer is that of a gift and it has been accounted for on that basis as set out below.

The assets and liabilities transferred on conversion from Sutton-at-Hone Church of England Primary School to the academy trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in Charitable activities - transfer from local authority on conversion in the Statement of financial activities incorporating income and expenditure account and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

Further details of the transaction are set out in note 22.

1.15 Agency arrangements

The academy trust acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the academy trust does not have control over the charitable application of the funds. The academy trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the statement of financial activities. The funds received and paid and any balances held are disclosed in note 28.

1.16 Critical accounting estimates and areas of judgment

Estimates and judgments 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 24, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Aletheia Anglican Academies Trust
(A company limited by guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2018

2. Income from donations and capital grants

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
Transferred in on existing academy joining the trust	-	16,443	-	16,443	-
Donations	41,566	-	-	41,566	22,541
Capital grants	-	-	1,325,224	1,325,224	893,344
	41,566	-	1,325,224	1,366,790	915,885
	41,566	16,443	1,325,224	1,383,233	915,885
<i>Analysis of 2017 total by fund</i>	22,541	-	893,344	915,885	

3. Funding for Academy's educational operations

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
DfE/ESFA grants				
General annual grant (GAG)	-	10,924,093	10,924,093	7,873,097
Other DfE/ESFA grants	-	1,048,647	1,048,647	858,769
	-	11,972,740	11,972,740	8,731,866
Other government grants				
Local authority grants	-	455,166	455,166	303,252
	-	455,166	455,166	303,252
Other funding				
Catering	197,662	-	197,662	201,007
School trips	282,333	-	282,333	248,126
Before and after school clubs	159,511	-	159,511	-
Recharge of salaries to other organisations	69,534	-	69,534	-
Other	137,456	6,400	143,856	129,475
	846,496	6,400	852,896	578,608
	846,496	12,434,306	13,280,802	9,613,726
<i>Analysis of 2017 total by fund</i>	578,608	9,035,118	9,613,726	

Aletheia Anglican Academies Trust
(A company limited by guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2018

4. Trading activities

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Charity trading income				
Lettings	47,954	-	47,954	22,052
Uniform sales	14,210	-	14,210	13,969
Receipts from insurance claims	12,488	-	12,488	20,196
Other trading income	17,773	-	17,773	17,499
	<u>92,425</u>	<u>-</u>	<u>92,425</u>	<u>73,716</u>
Fundraising trading expenses				
Trading expenditure	44,120	-	44,120	21,010
	<u>44,120</u>	<u>-</u>	<u>44,120</u>	<u>21,010</u>
Net income from trading activities	<u>48,305</u>	<u>-</u>	<u>48,305</u>	<u>52,706</u>

In 2017, the income and expenditure from trading activities was to unrestricted funds.

5. Investment income

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Bank interest	1,301	-	1,301	995
	<u>1,301</u>	<u>-</u>	<u>1,301</u>	<u>995</u>
<i>Analysis of 2017 total by fund</i>	<u>995</u>	<u>-</u>	<u>995</u>	

6. Analysis of grants

	Restricted fixed asset funds 2018 £	Total 2018 £	Total 2017 £
Improvements to diocesan property occupied by the academy trust	656,987	656,987	1,415,672
	<u>656,987</u>	<u>656,987</u>	
<i>Analysis of 2017 total by fund</i>	<u>1,415,672</u>	<u>1,415,672</u>	

These costs represents works completed on the school buildings during the year. As noted in accounting policy 1.9 the school buildings are not reflected on the balance sheet, and so in accordance with the Academies Accounts Direction associated improvements are treated as a revenue expense for the year as a grant to the Diocese which owns the buildings.

Aletheia Anglican Academies Trust
(A company limited by guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2018

7. Expenditure

	Staff costs 2018 £	Premises 2018 £	Other costs 2018 £	Total 2018 £	Total 2017 £
Expenditure on fundraising trading					
Direct costs	-	-	44,120	44,120	21,010
Support costs	-	-	-	-	-
Activities:					
Direct costs	8,558,898	-	1,203,891	9,762,789	7,260,271
Support costs	2,131,999	817,865	1,074,442	4,024,306	3,711,948
	<u>10,690,897</u>	<u>817,865</u>	<u>2,322,453</u>	<u>13,831,215</u>	<u>10,993,229</u>
<i>Analysis of 2017 total</i>	<u>7,952,170</u>	<u>576,930</u>	<u>2,464,129</u>	<u>10,993,229</u>	

Total expenditure for the year also includes the grant expenditure shown in note 6 bringing total expended resources per the Statement of Financial Activities to £14,488,202 (2017: £12,408,901).

8. Analysis of expenditure by activities

	Direct costs 2018 £	Grants to Diocese 2018 £	Support costs 2018 £	Total 2018 £	Total 2017 £
Academy trust's educational operations	9,762,789	656,987	4,024,306	14,444,082	12,387,891
<i>Analysis of 2017 total</i>	<u>7,260,271</u>	<u>1,415,672</u>	<u>3,711,948</u>	<u>12,387,891</u>	

For details of the grants to Diocese please see note 6 to the financial statements.

Analysis of support costs

	Total 2018 £	Total 2017 £
Staff costs	2,131,999	1,649,072
Premises costs	817,865	576,930
Other support costs	691,643	456,992
Technology costs	241,014	217,345
Governance costs	35,222	37,498
Transfer from Local Authority on conversion	106,563	774,111
	<u>4,024,306</u>	<u>3,711,948</u>
<i>Analysis of 2017 total</i>	<u>3,711,948</u>	

Aletheia Anglican Academies Trust
(A company limited by guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2018

9. Net income/(expenditure)

This is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets:		
- owned by the charity	94,187	80,239
Auditors' remuneration - audit	18,730	17,300
Auditors' remuneration - other services	6,115	3,680
Operating lease rentals	33,705	66,959
	<u>152,737</u>	<u>168,178</u>

10. Central services

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

- Staffing support – CEO/Executive Headteacher, School Improvement Officer, teacher training co-ordinator, CEO PA, IT technician, Chief Finance Officer and finance apprentice
- Apprenticeship levy
- Insurance
- Staff recruitment packages
- Staff training
- HR and payroll
- Rochester Diocese SLA
- Responsible officer and audit
- Administrative expenses.

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

September 2017 to May 2018 : 5% of General Annual Grant (GAG) funding
June 2018 to August 2018 : 6% of General Annual Grant (GAG) funding from Primary and 5% from Secondary

The actual amounts charged during the year were as follows:

	2018 £	2017 £
St George's Church of England School	204,803	185,349
St Botolph's Church of England Primary School	77,742	65,257
Shorne Church of England Primary School	39,875	36,943
Horton Kirby Church of England Primary School	51,760	20,872
Stone St Mary's Church of England Primary School	97,176	39,186
Sutton-at-Hone Church of England Primary School	62,567	-
	<u>533,923</u>	<u>347,607</u>

Aletheia Anglican Academies Trust
(A company limited by guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2018

11. Staff

a. Staff costs

Staff costs were as follows:

	2018 £	2017 £
Wages and salaries	8,015,679	5,919,830
Social security costs	722,270	535,050
Operating costs of defined benefit pension schemes	1,928,479	1,428,531
	<u>10,666,428</u>	<u>7,883,411</u>
Agency staff costs	24,469	32,579
Staff restructuring costs	-	36,180
	<u>10,690,897</u>	<u>7,952,170</u>

Staff restructuring costs comprise:

	2018 £	2017 £
Severance payments	-	36,180

b. Staff numbers

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

	2018 No.	2017 No.
Management	23	15
Teachers	151	110
Administration and support	201	141
	<u>375</u>	<u>266</u>

Average headcount expressed as a full time equivalent:

	2018 No.	2017 No.
Management	20	14
Teachers	139	97
Administration and support	120	82
	<u>279</u>	<u>193</u>

c. Higher paid staff

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

	2018 No.	2017 No.
In the band £ 60,001 - £ 70,000	6	5
In the band £ 70,001 - £ 80,000	1	0
In the band £ 80,001 - £ 90,000	0	1
In the band £ 120,001 - £ 130,000	0	1
In the band £ 140,001 - £ 150,000	1	0

Aletheia Anglican Academies Trust
(A company limited by guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2018

11. Staff costs (continued)

d. Key management personnel

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 and employer national insurance contributions) received by key management personnel for their services to the academy trust was £602,056 (2017 - £496,325).

12. 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 Accounting Officer and other staff trustees only receive remuneration in respect of services they provide undertaking their roles 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:

		2018 £	2017 £
Mr. S. Carey, Accounting officer	Remuneration	145,000-150,000	125,000-130,000
	Pension contributions paid	20,000-25,000	15,000-20,000
Mrs. A. Chitty, Head Teacher	Remuneration	65,000-70,000	65,000-70,000
	Pension contributions paid	10,000-15,000	10,000-15,000

During the year ended 31 August 2018, no trustees received any reimbursement of expenses (2017 - £Nil).

13. 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 2018 was £739 (2017 - £890).

14. Tangible fixed assets

	Plant and equipment £	Computer equipment £	Total £
Cost			
At 1 September 2017	378,902	330,019	708,921
Additions	-	70,220	70,220
At 31 August 2018	378,902	400,239	779,141
Depreciation			
At 1 September 2017	65,632	270,873	336,505
Charge for the year	39,318	54,869	94,187
At 31 August 2018	104,950	325,742	430,692
Net book value			
At 31 August 2018	273,952	74,497	348,449
At 31 August 2017	313,270	59,146	372,416

Aletheia Anglican Academies Trust
(A company limited by guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2018

15. Debtors

	2018 £	2017 £
Trade debtors	1,962	-
VAT recoverable	150,876	98,332
Other debtors	2,938	-
Prepayments and accrued income	407,820	375,083
	<u>563,596</u>	<u>473,415</u>

16. Creditors: Amounts falling due within one year

	2018 £	2017 £
Other loans	10,639	9,309
Trade creditors	11,276	1,303
Other taxation and social security	181,944	126,734
Other creditors	676	120,583
Accruals and deferred income	375,208	416,761
	<u>579,743</u>	<u>674,690</u>

	2018 £	2017 £
Deferred income		
Deferred income at 1 September 2017	180,132	143,291
Resources deferred during the year	206,295	180,132
Amounts released from previous years	(180,132)	(143,291)
Deferred income at 31 August 2018	<u>206,295</u>	<u>180,132</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

	2018 £	2017 £
Other loans	35,338	40,001

Creditors include amounts not wholly repayable within 5 years as follows:

	2018 £	2017 £
Repayable by instalments	3,017	9,051

The other loans balance above represents interest free Salix loan funding from the DfE in respect of three capital projects. 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 2018

18. Statement of funds

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Unrestricted funds						
General fund	176,053	981,788	(710,764)	(219,222)	-	227,855
Restricted funds						
General Annual Grant (GAG)	120,445	10,924,093	(10,807,388)	23,556	-	260,706
Other DfE/ESFA grants	219,239	1,048,647	(930,749)	54,902	-	392,039
Other government grants	61,025	455,166	(417,727)	-	-	98,464
Other restricted income	-	6,400	(6,400)	-	-	-
Transferred in on existing academy joining the trust	-	16,443	-	(16,443)	-	-
Pension reserve	(3,822,000)	-	(864,000)	(114,000)	1,037,000	(3,763,000)
	<u>(3,421,291)</u>	<u>12,450,749</u>	<u>(13,026,264)</u>	<u>(51,985)</u>	<u>1,037,000</u>	<u>(3,011,791)</u>
Restricted fixed asset funds						
Tangible fixed assets	372,416	-	(751,174)	727,207	-	348,449
Capital grants and donations	202,115	1,325,224	-	(459,333)	-	1,068,006
Salix loan	(49,310)	-	-	3,333	-	(45,977)
	<u>525,221</u>	<u>1,325,224</u>	<u>(751,174)</u>	<u>271,207</u>	<u>-</u>	<u>1,370,478</u>
Total restricted funds	<u>(2,896,070)</u>	<u>13,775,973</u>	<u>(13,777,438)</u>	<u>219,222</u>	<u>1,037,000</u>	<u>(1,641,313)</u>
Total of funds	<u>(2,720,017)</u>	<u>14,757,761</u>	<u>(14,488,202)</u>	<u>-</u>	<u>1,037,000</u>	<u>(1,413,458)</u>

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

General Annual Grant ("GAG") must be used for the normal running costs of the academy trust.

The other DfE/ESFA grants is used to track non-GAG grant money received from the DfE/ESFA and connected bodies, and included Pupil Premium and Universal Infant Free School grant income.

The other government grants fund is used to track grants provided by government departments, including the Local authority.

The pensions reserve is a restricted fund to account for the liability arising under The Local Government Pension Scheme.

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. The total transfer to the fund of £271,207 represents capital expenditure funded by revenue reserves and the movement in the Salix loan balance.

Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2018.

Aletheia Anglican Academies Trust
(A company limited by guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2018

18. Statement of funds (continued)

Analysis of academies by fund balance

Fund balances at 31 August 2018 were allocated as follows:

	Total 2018 £	Total 2017 £
St George's Church of England School	(88,816)	(118,501)
St Botolph's Church of England Primary School	321,569	319,291
Shorne Church of England Primary School	12,028	41,478
Horton Kirby Church of England Primary School	120,028	111,885
Stone St Mary's Church of England Primary School	330,801	167,953
Sutton-at-Hone Church of England Primary School	163,468	-
Rosherville Church of England Primary School	40,204	-
Central services	79,782	54,656
Total before fixed asset fund and pension reserve	979,064	576,762
Restricted fixed asset fund	1,370,478	525,221
Pension reserve	(3,763,000)	(3,822,000)
Total	(1,413,458)	(2,720,017)

The following academy is carrying a net deficit on its portion of the funds as follows:

Name of academy	Amount of deficit £
St George's Church of England School	88,816

As described in Note 19 of the 2016/17 Financial Statements, it was necessary to process a transfer from the unrestricted income fund to the restricted fixed asset fund of St George's Church of England School to reflect the cumulative effect of capital expenditure in excess of capital income during prior years (2012 to 2015). This had resulted in the fixed asset fund for that school to be in deficit, excluding ongoing CIF projects.

The academy trust is taking the following action to return the academy to surplus:

A deficit plan was created and in 2017/18 the deficit reduced by £29k. Saint George's increased its Year 7 pupil intake in September 2018 to trigger growth funding from the Local Authority. This has improved the pupil : teaching staff ratio further and along with other spending measures the budget plan shows Saint George's returning to a year end surplus position in 2018/19

Aletheia Anglican Academies Trust
(A company limited by guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2018

18. Statement of funds (continued)

Analysis of academies by cost

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2018 £	Total 2017 £
St George's Church of England School	3,425,477	681,066	522,954	792,400	5,421,897	6,803,119
St Botolph's Church of England Primary School	1,155,220	184,137	142,826	535,760	2,017,943	1,579,706
Shorne Church of England Primary School	552,819	113,978	83,351	149,243	899,391	941,766
Horton Kirby Church of England Primary School	829,078	65,314	58,544	215,521	1,168,457	502,560
Stone St Mary's Church of England Primary School	1,308,901	182,705	189,767	393,992	2,075,365	842,658
Sutton-at-Hone Church of England Primary School	1,010,876	197,485	89,313	240,840	1,538,514	-
Central services	276,527	136,314	22,949	159,095	594,885	439,742
	<u>8,558,898</u>	<u>1,560,999</u>	<u>1,109,704</u>	<u>2,486,851</u>	<u>13,716,452</u>	<u>11,109,551</u>

Aletheia Anglican Academies Trust
(A company limited by guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2018

18. Statement of funds (continued)

Statement of funds - prior year

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
Unrestricted funds						
General fund	426,506	675,860	(661,803)	(264,510)	-	176,053
Restricted funds						
General Annual Grant (GAG)	32,110	7,873,097	(7,784,762)	-	-	120,445
Other DfE/ESFA grants	129,635	858,769	(769,165)	-	-	219,239
Other government grants	32,033	303,252	(274,260)	-	-	61,025
Pension reserve	(3,669,000)	-	(1,423,000)	-	1,270,000	(3,822,000)
	(3,475,222)	9,035,118	(10,251,187)	-	1,270,000	(3,421,291)
Restricted fixed asset funds						
Tangible fixed assets	339,839	-	(80,239)	112,816	-	372,416
Capital grants and donations	523,439	893,344	(1,415,672)	201,004	-	202,115
Salix loan	-	-	-	(49,310)	-	(49,310)
	863,278	893,344	(1,495,911)	264,510	-	525,221
Total restricted funds	(2,611,944)	9,928,462	(11,747,098)	264,510	1,270,000	(2,896,070)
Total of funds	(2,185,438)	10,604,322	(12,408,901)	-	1,270,000	(2,720,017)

19. Analysis of net assets between funds

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	348,449	348,449
Current assets	254,680	1,293,488	1,068,006	2,616,174
Creditors due within one year	(26,825)	(542,279)	(10,639)	(579,743)
Creditors due in more than one year	-	-	(35,338)	(35,338)
Provisions for liabilities and charges	-	(3,763,000)	-	(3,763,000)
	227,855	(3,011,791)	1,370,478	(1,413,458)

Aletheia Anglican Academies Trust
(A company limited by guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2018

19. Analysis of net assets between funds (continued)

Analysis of net assets between funds - prior year

	<i>Unrestricted funds</i>	<i>Restricted funds</i>	<i>Restricted fixed asset funds</i>	<i>Total funds</i>
	<i>2017</i>	<i>2017</i>	<i>2017</i>	<i>2017</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
Tangible fixed assets	-	-	372,416	372,416
Current assets	176,053	1,066,090	202,115	1,444,258
Creditors due within one year	-	(665,381)	(9,309)	(674,690)
Creditors due in more than one year	-	-	(40,001)	(40,001)
Provisions for liabilities and charges	-	(3,822,000)	-	(3,822,000)
	<u>176,053</u>	<u>(3,421,291)</u>	<u>525,221</u>	<u>(2,720,017)</u>

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

	2018	2017
	£	£
Net income/(expenditure) for the year (as per Statement of Financial Activities)	269,559	(1,804,579)
Adjustment for:		
Depreciation charges	94,187	80,239
Dividends, interest and rents from investments	(1,301)	(924)
Increase in stocks	(15,639)	(11,974)
Increase in debtors	(90,181)	(140,773)
Decrease in creditors	(96,277)	(65,088)
Capital grants from DfE and other capital income	(1,325,224)	(893,344)
Defined benefit pension scheme obligation inherited	293,000	978,000
Defined benefit pension scheme cost less contributions payable	469,000	359,000
Defined benefit pension scheme finance cost	102,000	86,000
Transfer in of defined pension scheme obligation	114,000	-
Net cash used in operating activities	<u>(186,876)</u>	<u>(1,413,443)</u>

21. Analysis of cash and cash equivalents

	2018	2017
	£	£
Cash in hand	2,024,965	958,869
Total	<u>2,024,965</u>	<u>958,869</u>

Aletheia Anglican Academies Trust
(A company limited by guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2018

22. Transfer on conversion to an academy

On 1 October 2017 Sutton-at-Hone Church of England Primary School converted to academy status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Aletheia Anglican Academies Trust from Dartford Borough Council for £Nil consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the Balance sheet under the appropriate headings with a corresponding net amount recognised as a net loss in the Statement of financial activities incorporating income and expenditure account as Charitable activities - transfer from local authority on conversion

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of financial activities incorporating income and expenditure account.

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Budget surplus/(deficit) on LA funds	140,321	-	-	140,321
Budget surplus/(deficit) on other school funds	46,116	-	-	46,116
LGPS pension deficit	-	(293,000)	-	(293,000)
Net assets/(liabilities)	186,437	(293,000)	-	(106,563)

The above net liabilities include £186,437 that were transferred as cash.

23. Capital commitments

At 31 August 2018 the academy trust had capital commitments as follows:

	2018 £	2017 £
Contracted for but not provided in these financial statements	4,264,911	-

Notes to the Financial Statements
For the Year Ended 31 August 2018

24. 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 Kent County Council. 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 2016.

Contributions amounting to £Nil were payable to the schemes at 31 August 2018 (2017 - £120,033) 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.

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

Valuation of the Teachers' Pension Scheme

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

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

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 September 2019. The government has warned of a rise in the employer rate, but has also indicated that any rise will be funded until March 2020 and will be thereafter reviewed.

The employer's pension costs paid to TPS in the period amounted to £912,000 (2017 - £669,000).

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).

Under the definitions set out in FRS 102, the TPS is an unfunded 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.

Aletheia Anglican Academies Trust
(A company limited by guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2018

24. Pension commitments (continued)

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 2018 was £573,000 (2017 - £376,000), of which employer's contributions totalled £445,000 (2017 - £289,000) and employees' contributions totalled £128,000 (2017 - £89,000). The agreed contribution rates for future years are 20.0% for employers and 5.5% to 12.5% for employees.

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

Principal actuarial assumptions:

	2018	2017
Discount rate for scheme liabilities	2.65 %	2.60 %
Rate of increase in salaries	3.80 %	4.20 %
Rate of increase for pensions in payment / inflation	2.30 %	2.70 %
Inflation assumption (CPI)	2.30 %	2.70 %

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

	2018	2017
Retiring today		
Males	23.1	23.0
Females	25.2	25.1
Retiring in 20 years		
Males	25.3	25.2
Females	27.5	27.4

	At 31 August 2018 £	At 31 August 2017 £
Sensitivity analysis		
Discount rate +0.1%	205,000	188,000
Discount rate -0.1%	(210,000)	(193,000)
Mortality assumption - 1 year increase	(290,000)	(263,000)
Mortality assumption - 1 year decrease	280,000	255,000
CPI rate +0.1%	(183,000)	(155,000)
CPI rate -0.1%	179,000	151,000

Aletheia Anglican Academies Trust
(A company limited by guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2018

24. Pension commitments (continued)

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

	Fair value at 31 August 2018 £	<i>Fair value at 31 August 2017 £</i>
Equities	3,532,000	2,905,000
Gilts	40,000	29,000
Corporate bonds	460,000	397,000
Property	641,000	506,000
Cash and other liquid assets	159,000	131,000
Absolute return fund	351,000	158,000
	<u>5,183,000</u>	<u>4,126,000</u>
Total market value of assets	<u>5,183,000</u>	<u>4,126,000</u>

The actual return on scheme assets was £203,000 (2017 - £480,000).

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

	2018 £	<i>2017 £</i>
Current service cost	(912,000)	(647,000)
Interest income	119,000	67,000
Interest cost	(221,000)	(153,000)
Admin expenses	(2,000)	(1,000)
Liability on conversion	(293,000)	(978,000)
Liability transferred in on existing academy joining the trust	(114,000)	-
	<u>(1,423,000)</u>	<u>(1,712,000)</u>
Total	<u>(1,423,000)</u>	<u>(1,712,000)</u>

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

	2018 £	<i>2017 £</i>
Opening defined benefit obligation	7,948,000	6,160,000
Upon conversion	531,000	1,916,000
Transferred in on existing academies joining the trust	275,000	-
Current service cost	912,000	647,000
Interest cost	221,000	153,000
Employee contributions	128,000	87,000
Actuarial gains	(953,000)	(894,000)
Benefits paid	(116,000)	(121,000)
	<u>8,946,000</u>	<u>7,948,000</u>
Closing defined benefit obligation	<u>8,946,000</u>	<u>7,948,000</u>

Aletheia Anglican Academies Trust
(A company limited by guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2018

24. Pension commitments (continued)

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

	2018 £	2017 £
Opening fair value of scheme assets	4,126,000	2,491,000
Upon conversion	238,000	938,000
Transferred in on existing academies joining the trust	161,000	-
Interest income	119,000	67,000
Actuarial gains	84,000	376,000
Employer contributions	445,000	289,000
Employee contributions	128,000	87,000
Benefits paid	(116,000)	(121,000)
Administration expenses	(2,000)	(1,000)
	<u>5,183,000</u>	<u>4,126,000</u>
Closing fair value of scheme assets	<u>5,183,000</u>	<u>4,126,000</u>

25. Operating lease commitments

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

	2018 £	2017 £
Amounts payable:		
Within 1 year	28,033	28,911
Between 1 and 5 years	35,880	23,024
Total	<u>63,913</u>	<u>51,935</u>

26. Agency Arrangements

The academy trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2018 the academy trust received £11,752 and disbursed £11,076 from the fund. An amount of £676 is included in other creditors relating to undistributed funds that is repayable to ESFA.

27. 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.

Notes to the Financial Statements
For the Year Ended 31 August 2018

28. Related party transactions

Owing to the nature of the academy trust and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the Academies Financial Handbook (AFH) and with the trust's financial regulations and normal procurement procedures relating to connected and related party transactions. The following related party transactions took place in the financial period.

Expenditure related party transactions:

(1) Diocese of Rochester. The Rochester Diocesan Board of Education is a member of the academy trust. During the year the academy trust incurred a total cost of £7,553 (2017 - £1,123) in transactions with the Diocese of Rochester during the year. These costs related to conversion fees in respect of Sutton-at-Hone Church of England Primary School (which joined the trust on 1 October 2017 - see note 22), plus payments under a service level agreement for training and other education matters which the trustees consider that only the Diocese of Rochester could provide. The at cost principles of related party transactions are not considered to apply in such circumstances, as confirmed by 3.10.20 of the later AFH 2018, and so in entering into these transactions the academy trust has complied with the requirements of the AFH.

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

- The trust purchased building services from Chitbrook Services totalling £19,656 (2017 - £10,170) during the year. There were no amounts outstanding at 31 August 2018 (2017 - £Nil).
- The academy 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 transaction the academy trust has complied with the requirements of the AFH.
- The element above £2,500 has been provided 'at no more than cost' and Chitbrook Services has provided a statement of assurance confirming this.

Aletheia Anglican Academies Trust
(A company limited by guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2018

29. Transfer of existing academies into the academy trust

Rosherville Church of England Primary School transferred into the trust at midnight on 31 August 2018, from Rochester Diocesan Multi-Academy Education Trust (company number 08270657)(RDMAET). Usually such a transfer would be treated as taking place on 1 September, however an agreement has been reached with the ESFA that the transfer should be reflected in both RDMAET and Aletheia's financial statements for the year ended 31 August 2018.

Details of the assets and liabilities transferred into the trust as part of this process are provided below. The fair value adjustment of £48,622 is to remove the value of prepaid notional rent relating to Church buildings, which had been recognised by the incoming trust. The accounting policy of the trust, which is not to recognise such a notional charge and corresponding donation, is stated in note 1 to the financial statements.

Rosherville Church of England Primary School

	Value reporting by transferring trust	Fair value adjustments	Transfer in recognised
	£	£	£
Debtors due within one year	51,560	(48,622)	2,938
Cash in bank and in hand	191,196	-	191,196
Liabilities			
Creditors due within one year	(63,691)	-	(63,691)
Pensions			
Pensions - pension scheme assets	161,000	-	161,000
Pensions - pension scheme liabilities	(275,000)	-	(275,000)
Net assets	65,065	(48,622)	16,443