

Registered number: 08058921 (England and Wales)

The Collegiate Trust

(A company limited by guarantee)

Annual report and financial statements

For the year ended 31 August 2018



The Collegiate Trust
(A company limited by guarantee)

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Reference and administrative details
For the year ended 31 August 2018

Members

Mr P Khan
Mrs S Lewis
Mrs K Myring
Gp Capt D North (appointed 1 June 2017)
M W Whitmarsh (appointed 1 February 2018)

Trustees

Mr P Khan, Chair
Mr G H Smith, Chief Executive & Accounting Officer
Mrs S Moys MBE
Mr P Hogan
Ms F M McSorley (appointed 6 November 2017)
Mr K Beattie
Mr D Clarke (resigned 31 December 2017)
Mr A Roseweir (appointed 1 September 2018)

Company registered number

08058921

Company name

The Collegiate Trust

Principal and registered office

Riddlesdown Collegiate, Honister Heights, Purley, Surrey, CR8 1EX

Company secretary

Mr D Clarke

Chief executive officer

Mr G H Smith

Senior management team

Mr G H Smith, Chief Executive Officer
Mr D Clarke, Chief Operating Officer
Mrs L Dey, Chief Finance Officer (from 1 October 2018)
Mrs S Silveira, Chief Finance Officer (to 31 August 2018)
Mr S Dey, Principal - Riddlesdown Collegiate
Mrs P Farrelly, Principal - Gossops Green Primary School
Miss K Gilzene, Principal - Waterfield Primary School
Mr A Crofts, Principal - The Quest Academy

Independent auditors

Kreston Reeves LLP, 37 St Margaret's Street, Canterbury, Kent, CT1 2TU

Bankers

Lloyds Bank, 95 George Street, Town Centre, Croydon, CR9 2NS

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Reference and administrative details of the Academy Trust, its trustees and advisers
For the year ended 31 August 2018

Advisers (continued)

Solicitors

Veale Wasbrough Vizards LLP, Barnards Inn, 86 Fetter Lane, London, EC4A 1AD

Member Schools

Riddlesdown Collegiate
Gossops Green Primary School
Waterfield Primary School (from 1 March 2018)
The Quest Academy (from 1 June 2018)
Courtwood Primary School (from 1 September 2018)
Gilbert Scott Primary School (from 1 September 2018)

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Trustees' report

For the year ended 31 August 2018

The Trustees (who are also Trustees of the charity for the purposes of the Companies Act) present their report together with the audited financial statements of The Collegiate Trust (the Academy Trust) for the year to 31 August 2018. The annual report serves the purposes of both a Trustees' report and a Directors' report under company law.

The Trust operated 4 academies for pupils aged 4 to 18 serving a catchment area in Croydon and Crawley in 2017/18. It now has a pupil capacity of 4414 and had a roll of 4018 in the October 2018 academy census.

Structure, Governance and Management

Constitution

The Academy Trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The trustees of The Collegiate Trust Limited are also the Trustees of the charitable company for the purposes of company law. The charitable company is known as The Collegiate Trust. Details of the trustees who served during the year are included in the Reference and Administrative Details on page 1.

Members' Liability

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

Trustees' Indemnities

The academy trust indemnifies trustees through the Risk Protection Arrangement.

Method of Recruitment and Appointment or Election

Members may by ordinary resolution appoint trustees to the board of The Collegiate Trust

Policies and Procedure Adopted for the Induction and Training of Trustees

The induction and training of trustees will vary depending on the expertise and experience of the individual. All trustees receive copies of all committee meetings and will meet with key members of staff to gain an understanding of The Collegiate Trust.

The Collegiate Trust also purchases the Governor Training Scheme from the Local Authority and subscribes to the National Governors' Association.

Organisational Structure

The Collegiate Trust was approved as a Multi Academy Trust on the 9th October 2015 and consists of 5 Members who have appointed a Board of seven trustees to which they have delegated the strategic leadership of the Trust. Each individual Academy within the Trust has its own Local Governing Body with schemes of delegation in place detailing specific areas of authority. The Chief Executive is the Accounting Officer. Arrangements for setting pay and remuneration of key management personnel.

The CEO is paid on a 5-point CEO scale as shown in the contract of employment; no other benefits (other than a mobile 'phone and laptop), mileage or expenses will be paid to the CEO (other than employer's contributions to the Teachers' Pension Scheme).

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Trustees' report (continued)
For the year ended 31 August 2018

The CEO is subject to an annual performance review, conducted by a subcommittee of two non-executive Board members. In reviewing performance and salary, this Performance & Remuneration Committee (PRC) considers:

- a. Educational outcomes across the Trust
- b. Leadership of the Trust
- c. Growth and complexity of the Trust

This is within the context of the Trust's annual Strategic Plan and agreed Trust objectives. This subcommittee makes a recommendation to the full Board – from which discussion the CEO is excluded – about quality of performance and salary level.

Senior Trust staff (COO, CFO, Head of Education, and Trustees of Academy Improvement) are paid on a 7-point range within the Leadership Scale (see Appendix E). Although this scale is designed for teacher leaders, The Collegiate Trust has decided that it is appropriate to use it for senior leadership posts across the Trust.

These staff are subject to an annual performance review, conducted by the CEO. The outcomes of this and decisions on salary are reported to the Trust PRC.

Each Principal is subject to an annual performance review, conducted by a subcommittee of two LGB members, advised by the CEO or his nominee on the LGB. In reviewing performance and salary, this committee considers:

- a. Educational outcomes in the academy
- b. Leadership of the academy
- c. Contribution as a leader across the wider Trust

This subcommittee makes a recommendation to the full LGB – from which discussion the Principal is excluded – about quality of performance and salary level.

Trade Union Facility
Relevant union officials

Number of employees who were relevant union officials during the relevant period	1
Full-time equivalent number employee number	1

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	-
1%-50%	1
51-99%	-
100%	-

Percentage of pay bill spent on facility time

Provide the total cost of facility time	£2,640
Provide the total pay bill	£7,749,894
Percentage of the total pay bill spent on facility time	2.3%

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	1.5%
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Trustees' report (continued)
For the year ended 31 August 2018

Related Parties and other Connected Charities and Organisations

The Collegiate Trust owns 100% of the share capital of the Collegiate Trading Company

Objectives, Strategies and Activities

The Collegiate Trust exists to improve education in Croydon and Crawley for children and young people up to the age of 18, thereby preparing them from an early age for success – in academy, at university, in ambitious careers and throughout a fulfilling life. We have built a local partnership of six academies for all ages which will work collaboratively to deliver Exceptional Education for All.

Such an exceptional education values and delivers wonderful academic learning and progress, but puts right alongside this the development of wider skills and qualities that come through a balanced focus on creative, cultural and active learning; it is driven by a strong Local Governing Body, under our clear Trust framework, and delivered by an expert Principal and team of teachers and support staff. The successful learners developed by our academies become confident individuals and responsible citizens in our modern British Society.

The Trust Board have approved a Strategic Plan for 2018/19, which identifies the main drivers as;

- Student learning & development
- Teaching & support for students
- Sustainable leadership act
- Recruitment and retention of staff
- Business functions

A detailed action plan forms part of the Strategic Plan identifying how the Trust will achieve it's strategic aims with key milestones incorporated in the plan which will be reviewed by the Board.

Public Benefit

The trustees have given careful consideration to the Charity Commissions general guidance on public benefit and believes it has conducted the academy trust's business in accordance with the highest standards of integrity, probity and openness.

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Trustees' report (continued)
For the year ended 31 August 2018

Strategic Report

Achievements and Performance

GCSE Outcomes

	4EM	5EM	EBACC	A8
Riddlesdown Collegiate	78%	>62%	36%	52.61
The Quest Academy	61%	30%	3%	42.02
TCT	73%	53%	27%	-

A Level Outcomes

	A	AB	AC	AE
Riddlesdown Collegiate	16%	42%	74%	98%
The Quest Academy	12%	36%	73%	100%
TCT	15%	41%	73%	99%

Key Stage 2 Outcomes

	Gossops Green	Waterfield
ARE Reading	73	74
ARE GPS	73	83
ARE Writing	71	65
ARE Maths	73	78
ARERWM	61	65
GD Reading	21	22
GD Writing	9	0
GD Maths	19	13
GD RWM	4	0

The Quest Academy received a Good Ofsted inspection rating in June 2018.

Key Financial Performance Indicators

Trustees have not set any specific financial targets beyond the requirement that the financial position is reviewed regularly and the Trust does not operate a deficit budget. The key performance measures are non-financial and are detailed in the Collegiate Development Plan.

Going Concern

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

Financial Review

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Trustees' report (continued)
For the year ended 31 August 2018

The majority of the income that the Trust receives is from the ESFA in the form of recurrent grant funding. The use of this funding is restricted for educational purposes. All grants received during the financial year are shown in the Statement of Financial Activities.

During the year ended 31st August 2018 total expenditure of £16,786,955 was covered by the grant funding together with additional incoming resources.

At 31st August 2018 the net book value of fixed assets was £47,309,845 and movements are shown in note 14. All assets are used primarily for providing education and the associated support services to pupils and students of the Trust.

Reserves Policy

The academy trust does not have a formalised policy on reserves. Levels of reserves are reported to trustees on a regular basis to ensure that there are sufficient levels to meet all future obligations and to not build up excessive reserve levels.

Should the academy trust seek to place funds into any longer term investments, the board of trustees would be responsible for making such decisions.

Investment Policy

The academy trust currently has no other investments other than funds held in the academy trust's bank accounts.

Principal Risks and Uncertainties

A central risk register is maintained by the Trust and reviewed by the Audit Committee. The register identifies the key risks the Trust could face and the consequences of them occurring and the potential impact together with the actions being taken to reduce or mitigate the risks.

The register identifies the key risks as;

- Strategic risks
- Operational risks
- Compliance risks
- Financial risks

Fundraising

Each Academy within the Trust carries out a limited amount of fundraising. No professional organisation is involved in assisting any Academy and all monies received are recorded in the Trusts financial system. Funds are raised through voluntary donations from parents and individual Academy run events e.g. summer fairs.

Plans for Future Periods

The Trust had grown to 4 Academies by the end of 2017/18 and 2 more primary Academies will join by on 1st September 2018. This represents rapid growth and the Trust will look to have a period of consolidation and look to embed the following;

- maintain a strong individual identity within a powerful local partnership
- work collaboratively to improve education in each of our partner academies
- achieve value-for-money on highly cost-effective services delivered through the Trust
- have the opportunity to contribute to the development of outstanding new provision where it is needed through the free-academy programme
- drive forward standards within their academy under a well-supported but autonomous Principal and a strong Local Governing Body

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Trustees' report (continued)
For the year ended 31 August 2018

Funds held as Custodian Trustee on behalf of others

No funds are held as custodian trustees on behalf of others by the academy trust.

Political donations

No political donations have been made in the period.

Auditor

Insofar as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware
- 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 the information.

The auditor, Kreston Reeves LLP, has indicated its willingness to continue in office. The Trustees will propose a motion re-appointing the auditor at a meeting of the Members.

The Trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on *21 December 2018* and signed on its behalf by:



Mr P Khan
Chair of Trustees

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Governance Statement

Scope of Responsibility

As trustees, we acknowledge we have overall responsibility for ensuring that The Collegiate 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 The Collegiate 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 6 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
Mr P Khan, Chair	5	6
Mr G H Smith, Chief Executive & Accounting Officer	6	6
Mrs S Moys MBE	2	6
Mr P Hogan	5	6
Ms F M McSorley (appointed 6 November 2017)	4	5
Mr K Beattie	3	6
Mr D Clarke (resigned 31 December 2017)	2	2
Mr A Roseweir (appointed 1 September 2018)	0	0

During the year, the Board of Trustees had responsibility for financial scrutiny and oversight. From 1 September 2018, the Trust have formed an Audit and Finance Committee in which financial scrutiny and oversight has been delegated to from that date.

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:

- Detailed reviews of staffing structures across the Trust to identify staff savings.
- Ongoing review of energy costs and introducing market tendering

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Collegiate Trust for the year 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

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Governance Statement (continued)
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 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of 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 Audit and Finance Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines.
- delegation of authority and segregation of duties;
- identification and management of risks.

The board of trustees has considered the need for a specific internal audit function and has decided to appoint Bayar Hughes & Co as internal auditor for the year to 31 August 2018 and Kreston Reeves from 1 September 2018.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. In particular the checks carried out in the current period included:

- testing of payroll systems
- testing of purchase systems
- testing of control account/bank reconciliations

On a regular basis, the auditor reports to the board of trustees through the Audit and Finance Committee on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

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 internal auditor;
- the work of the external auditors;
- the financial management and governance self-assessment process;
- 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 by the Audit and Finance Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on 21 December 2018 and signed on their behalf, by:



Mr P Khan
Chair of Trustees



Mr G H Smith
Accounting Officer


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Statement on Regularity, Propriety and Compliance

As Accounting Officer of The Collegiate 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 G H Smith
Accounting Officer
21 December 2018

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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 Group 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 the Group 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 Group will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company and the Group's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and the Group 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 the Group 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 and the Group 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 Group'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 ~~21 December 2018~~ and signed on its behalf by:



Mr P Khan, Chair
Chair of Trustees

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Independent auditors' report on the financial statements to the members of The Collegiate Trust

Opinion

We have audited the financial statements of The Collegiate Trust (the 'parent academy') and its subsidiaries (the 'group') for the year ended 31 August 2018 which comprise the Group Consolidated statement of financial activities incorporating income and expenditure account, the Group Consolidated balance sheet, the Group Consolidated 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 Group's and of the parent Academy Trust's affairs as at 31 August 2018 and of the Group's 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 Group 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 Group's or the parent 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.

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Independent auditors' report on the financial statements to the members of The Collegiate Trust

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 Group strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' report and the Group strategic report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the Group and the parent Academy Trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report including the Group 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:

- the parent Academy Trust has not kept adequate accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Academy Trust 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 Group's and the parent 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 Group or the parent Academy Trust or to cease operations, or have no realistic alternative but to do so.

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Independent auditors' report on the financial statements to the members of The Collegiate Trust

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.

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

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

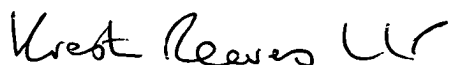
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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Independent auditors' report on the financial statements to the members of The Collegiate Trust

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.



Peter Manser FCA DChA (Senior statutory auditor)

for and on behalf of

Kreston Reeves LLP

Statutory Auditor
Chartered Accountants

Canterbury

Date: 21 December 2018

The Collegiate Trust
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Independent reporting accountants' assurance report on regularity to The Collegiate Trust and the Education & Skills Funding Agency

In accordance with the terms of our engagement letter dated 5 September 2018 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 The Collegiate 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 The Collegiate Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to The Collegiate 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 The Collegiate Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of The Collegiate Trust's accounting officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of The Collegiate Trust's funding agreement with the Secretary of State for Education dated 29 May 2012, 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.

The Collegiate Trust
(A company limited by guarantee)

Independent reporting accountants' assurance report on regularity to The Collegiate Trust and the Education & Skills Funding Agency (continued)

Work undertaken

The work undertaken to draw to our conclusion includes:

- Reviewed expenditure against specific terms of grant funding within the funding agreement
- Reviewed that grants have been applied for the purposes intended
- Confirmed that internal control procedures exist relating to expenditure incurred of cash and credit cards
- Confirmed items claimed on cash and credit cards are not for personal benefit
- Reviewed expenditure and considered whether any supplies are from related parties
- Reviewed minutes of Governing Body minutes for declaration of interests
- Considered whether other income activities are permitted within the Academy Trust's charitable objects
- Considered if borrowing agreements, including leases, have been made in accordance with the Academies Financial Handbook
- Confirmed that procurement and tendering procedures exist relating to expenditure and have been complied with.

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.



Kreston Reeves LLP

Statutory Auditor
Chartered Accountants

Canterbury

Date: 21 December 2018

The Collegiate Trust
(A company limited by guarantee)

Consolidated 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 £	As restated Total funds 2017 £
Income from:						
Donations & capital grants:						
Transferred on conversion	2	-	(125,000)	5,040,000	4,915,000	6,561,660
Inherited from other Academy Trusts	2	103,858	(977,000)	12,961,717	12,088,575	-
Other donations and capital grants	2	79,239	-	66,938	146,177	11,120
Charitable activities	3	-	13,787,516	-	13,787,516	11,512,809
Other trading activities:						
Fundraising	4	1,182,093	-	-	1,182,093	1,163,669
Trading activities - subsidiary trading income		311,912	-	-	311,912	214,013
Investments	5	572	-	-	572	1,041
Total income		1,677,674	12,685,516	18,068,655	32,431,845	19,464,312
Expenditure on:						
Raising funds:						
Subsidiary trading expenses		14,177	-	-	14,177	505,269
Charitable activities	6	800,478	15,143,576	828,724	16,772,778	13,526,368
Total expenditure	7	814,655	15,143,576	828,724	16,786,955	14,031,637
Net income / (expenditure) before transfers		863,019	(2,458,060)	17,239,931	15,644,890	5,432,675
Transfers between Funds	18	(806,995)	806,995	-	-	-
Net income / (expenditure) before other recognised gains and losses		56,024	(1,651,065)	17,239,931	15,644,890	5,432,675
Actuarial gains on defined benefit pension schemes	24	-	984,000	-	984,000	897,000
Net movement in funds		56,024	(667,065)	17,239,931	16,628,890	6,329,675
Reconciliation of funds:						
Total funds brought forward		809,455	(2,902,935)	30,082,589	27,989,109	21,659,434
Total funds carried forward		865,479	(3,570,000)	47,322,520	44,617,999	27,989,109

The Collegiate Trust
(A company limited by guarantee)
Registered number: 08058921

Consolidated balance sheet
As at 31 August 2018

	Note	£	2018 £	£	2017 £
Fixed assets					
Tangible assets	14		47,309,845		30,082,589
Current assets					
Stocks	15	12,393		8,291	
Debtors	16	502,446		387,365	
Cash at bank and in hand		1,864,558		1,334,620	
		2,379,397		1,730,276	
Creditors: amounts falling due within one year	17	(1,501,243)		(889,756)	
Net current assets			878,154		840,520
Total assets less current liabilities			48,187,999		30,923,109
Defined benefit pension scheme liability	24		(3,570,000)		(2,934,000)
Net assets including pension scheme liabilities			44,617,999		27,989,109
Funds of the academy					
Restricted income funds:					
Restricted income funds	18	-		31,065	
Restricted fixed asset funds	18	47,322,520		30,082,589	
Restricted income funds excluding pension liability		47,322,520		30,113,654	
Pension reserve		(3,570,000)		(2,934,000)	
Total restricted income funds			43,752,520		27,179,654
Unrestricted income funds	18		865,479		809,455
Total funds			44,617,999		27,989,109

The financial statements on pages 19 to 50 were approved by the Trustees, and authorised for issue, on 21 December 2018 and are signed on their behalf, by:



Mr P Khan
Chair of Trustees

The Collegiate Trust
(A company limited by guarantee)
Registered number: 08058921

Academy Trust balance sheet
As at 31 August 2018

	Note	£	2018 £	£	2017 £
Fixed assets					
Tangible assets	14		47,309,845		30,082,589
Current assets					
Debtors	16	855,974		634,822	
Cash at bank and in hand		1,635,582		990,289	
		<u>2,491,556</u>		<u>1,625,111</u>	
Creditors: amounts falling due within one year	17	<u>(1,644,722)</u>		<u>(888,065)</u>	
Net current assets			<u>846,834</u>		<u>737,046</u>
Total assets less current liabilities			<u>48,156,679</u>		<u>30,819,635</u>
Defined benefit pension scheme liability	24		<u>(3,570,000)</u>		<u>(2,934,000)</u>
Net assets including pension scheme liabilities			<u><u>44,586,679</u></u>		<u><u>27,885,635</u></u>
Funds of the academy					
Restricted funds:					
Restricted funds		-		(126,922)	
Restricted fixed asset funds		47,322,520		30,082,589	
Restricted funds excluding pension asset		<u>47,322,520</u>		<u>29,955,667</u>	
Pension reserve		<u>(3,570,000)</u>		<u>(2,934,000)</u>	
Total restricted funds			<u>43,752,520</u>		<u>27,021,667</u>
Unrestricted funds			<u>834,159</u>		<u>863,968</u>
Total funds			<u><u>44,586,679</u></u>		<u><u>27,885,635</u></u>

The financial statements were approved by the Trustees, and authorised for issue, on 2 December 2018 and are signed on their behalf, by:



Mr P Khan
Chair of Trustees

The Collegiate Trust
(A company limited by guarantee)

Consolidated statement of cash flows
For the year ended 31 August 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Net cash (used in)/provided by operating activities	20	<u>(87,275)</u>	<u>140,899</u>
Cash flows from investing activities:			
Dividends, interest and rents from investments		572	886
Purchase of tangible fixed assets		(54,263)	(117,663)
Capital grants from DfE Group		66,938	-
Cash transferred from existing academy into the Academy Trust		<u>603,966</u>	<u>-</u>
Net cash provided by/(used in) investing activities		<u>617,213</u>	<u>(116,777)</u>
Change in cash and cash equivalents in the year		529,938	24,122
Cash and cash equivalents brought forward		<u>1,334,620</u>	<u>1,310,498</u>
Cash and cash equivalents carried forward	21	<u><u>1,864,558</u></u>	<u><u>1,334,620</u></u>

The Collegiate Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2018

1. Accounting policies

The Collegiate Trust is a charitable company limited by guarantee and an exempt charity incorporated in England and Wales. The registered office is Riddlesdown Collegiate, Honister Heights, Purley, Surrey, CR8 1EX. The principal activity of the Academy Trust is to provide education for pupils that satisfies the requirements of the Education Act 2002.

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

1.1 Basis of preparation of financial statements

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

The Collegiate Trust constitutes a public benefit entity as defined by FRS 102.

The Statement of financial activities (SOFA) and Balance sheet consolidate the financial statements of the Academy Trust and its subsidiary undertaking. The results of the subsidiary are consolidated on a line by line basis.

No separate SOFA has been presented for the Academy Trust alone as permitted by section 408 of the Companies Act 2006.

The Academy Trust's functional and presentational currency is Pounds Sterling.

The Academy Trust's financial statements are presented to the nearest £.

1.2 Going concern

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

1.3 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.

The Collegiate Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2018

1. Accounting policies (continued)

1.4 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 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 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.

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 by the trust on conversion to an academy, the transferred assets are measured at fair value and recognised in the Balance sheet at the point when the risk and rewards of ownership pass to the trust. An equal amount of income is recognised as a transfer on conversion within Income from donations and capital grants.

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.

The Collegiate Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2018

1. Accounting policies (continued)

1.5 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 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.

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.

All expenditure is inclusive of irrecoverable VAT.

1.6 Basis of consolidation

The financial statements consolidate the accounts of The Collegiate Trust and its subsidiary undertaking ('subsidiary').

The Academy Trust has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own Income and expenditure account.

The Collegiate Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2018

1. Accounting policies (continued)

1.7 Tangible fixed assets and depreciation

All assets costing more than £1,000 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. The related grants are credited to a restricted fixed asset fund in the Statement of financial activities and carried forward in the Balance sheet. Depreciation on such assets is charged directly to the restricted fixed asset fund in the Statement of financial activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy Trust's depreciation policy. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets other than freehold land and assets under construction, 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:

Freehold property	-	2% Straight Line
Leasehold property	-	2% Straight Line
Freehold Improvements	-	2% Straight Line
Fixtures and fittings	-	20% Reducing Balance
Plant and equipment	-	20% Reducing Balance
Motor vehicles	-	25% Reducing Balance
Computer equipment	-	25% 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.

1.8 Interest receivable

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

1.9 Operating leases

Rentals under operating leases are charged to the Statement of financial activities on a straight line basis over the lease term.

1.10 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.

1.11 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.

The Collegiate Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2018

1. Accounting policies (continued)

1.12 Cash at Bank and in hand

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

1.13 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.

1.14 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 16. Prepayments are not financial instruments. Amounts due to the 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 note 17. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to the Academy Trust's wholly owned subsidiary are held at face value less any impairment.

1.15 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.

The Collegiate Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2018

1. Accounting policies (continued)

1.16 Pensions

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Governments 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 and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

1.17 Transferred on conversion and inherited from other Academy Trusts

The conversion of Waterfield Primary School from a state maintained school to an Academy Trust and the transfer of The Quest Academy to this 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 to this Academy Trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in donations - transfer from local authority on conversion and donations - inherited from other Academy Trusts in the Statement of financial activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

The most significant assets and liabilities transferred were those of land and buildings, the LGPS pension deficit and current asset and liabilities. The land and buildings were transferred at a valuation as detailed in note 14. Details concerning the LGPS deficit can be found within note 24.

Further details of the transaction are set out in notes 22 and 23.

The Collegiate Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2018

1. Accounting policies (continued)

1.18 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.

Multi-employer defined benefit pension scheme

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.

Tangible fixed assets

The Academy Trust has recognised tangible fixed assets with a carrying value of £47,309,845 at the reporting date (see note 14). These assets are stated at their cost less provision for depreciation and impairment. The Academy Trust's accounting policy sets out the approach to calculating depreciation for immaterial assets acquired. For material assets such as land and buildings the Academy Trust determines at acquisition reliable estimates for the useful life of the asset, its residual value and decommissioning costs. These estimates are based upon such factors as the expected use of the acquired asset and market conditions. At subsequent reporting dates the directors consider whether there are any factors such as technological advancements or changes in market conditions that indicate a need to reconsider the estimates used.

Where there are indicators that the carrying value of tangible assets may be impaired the Academy Trust undertakes tests to determine the recoverable amount of assets. These tests require estimates of the fair value of assets less cost to sell and of their value in use. Wherever possible the estimate of the fair value of assets is based upon observable market prices less incremental cost for disposing of the asset. The value in use calculation is based upon a discounted cash flow model, based upon the Academy Trust's forecasts for the foreseeable future which do not include any restructuring activities that the Academy Trust is not yet committed to or significant future investments that will enhance the asset's performance. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well expected future cash flows and the growth rate used for extrapolation purposes.

The Collegiate Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2018

1. Accounting policies (continued)

Critical areas of judgement:

Lease commitments

The Academy Trust has entered into a range of lease commitments in respect of plant and equipment. The classification of these leases as either financial or operating leases requires the Trustees to consider whether the terms and conditions of each lease are such that the Academy Trust has acquired the risks and rewards associated with the ownership of the underlying assets.

Multi-employer defined benefit pension scheme

Certain employees participate in a multi-employer defined benefit pension scheme with other Academy Trusts in the region. In the judgement of the Trustees, the Academy Trust does not have sufficient information on the plan assets and liabilities to be able to reliably account for its share of the defined benefit obligation and plan assets. Therefore the scheme is accounted for as a defined contribution scheme. See note 24 for further details.

Assets inherited from other Academy Trusts

The Academy Trust has recognised fixed assets of £18,001,717, unrestricted funds of £103,858 and a deficit of £1,102,000 relating to LGPS Pension being the estimated fair value of assets and liabilities transferred in respect of Waterfield Primary School and The Quest Academy (see notes 22 and 23).

2. Income from donations and capital grants

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	As restated Total funds 2017 £
Transferred on conversion	-	(125,000)	5,040,000	4,915,000	6,561,660
Inherited from other Academy Trusts	103,858	(977,000)	12,961,717	12,088,575	-
Subtotal	103,858	(1,102,000)	18,001,717	17,003,575	6,561,660
Donations	79,239	-	-	79,239	11,120
Capital Grants	-	-	66,938	66,938	-
Subtotal	79,239	-	66,938	146,177	11,120
	183,097	(1,102,000)	18,068,655	17,149,752	6,572,780
Total 2017	120,780	(313,000)	6,765,000	6,572,780	

The Collegiate Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2018

3. Funding for Academy's educational operations

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	As restated Total funds 2017 £
DfE/ESFA grants				
General Annual Grant (GAG)	-	12,271,693	12,271,693	10,431,815
Other DfE/ESFA Grants	-	910,418	910,418	698,111
	-	13,182,111	13,182,111	11,129,926
Other government grants				
Local Authority Grants	-	605,405	605,405	382,883
	-	605,405	605,405	382,883
	-	13,787,516	13,787,516	11,512,809
Total 2017	-	11,512,809	11,512,809	

4. Other trading activities

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	As restated Total funds 2017 £
Income from facilities/services	185,065	-	185,065	136,388
Catering	533,840	-	533,840	620,669
School fund	11,953	-	11,953	17,881
School trips	374,370	-	374,370	318,268
Breakfast club	18,533	-	18,533	1,549
Exam fees	10,036	-	10,036	9,803
Music lessons	48,296	-	48,296	59,111
	1,182,093	-	1,182,093	1,163,669
Total 2017	933,312	230,357	1,163,669	

The Collegiate Trust
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Notes to the financial statements
For the year ended 31 August 2018

5. Investment income

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	As restated Total funds 2017 £
Investment income	572	-	572	1,041
Total 2017	570	471	1,041	

6. Charitable activities

	Total funds 2018 £	As restated Total funds 2017 £
Direct costs - educational operations		
Wages and salaries	8,333,669	7,089,988
National insurance	821,410	703,728
Pension cost	1,267,948	1,068,877
Educational supplies	343,253	313,563
Staff development	82,923	83,969
Examination fees	206,045	161,752
Curriculum fees	101,737	50,490
	11,156,985	9,472,367
Support costs - educational operations		
Wages and salaries	1,288,667	1,019,679
National insurance	106,063	69,481
Pension cost	592,627	378,821
Depreciation	828,724	710,025
FRS102 Pension finance cost	80,000	78,000
Premises costs	953,850	1,024,977
Technology costs	39,489	9,302
Other support costs	1,130,715	367,137
Professional services	24,950	13,000
Licences and subscriptions	110,680	67,815
Computer maintenance	107,438	55,943
School trip costs	342,903	252,586
School fund costs	9,687	7,235
	5,615,793	4,054,001
	16,772,778	13,526,368

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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	-	-	14,177	14,177	505,269
Support costs	-	-	-	-	-
Activities:					
Direct costs	10,423,027	-	733,958	11,156,985	9,472,367
Support costs	1,987,357	953,850	2,674,586	5,615,793	4,054,001
	<u>12,410,384</u>	<u>953,850</u>	<u>3,422,721</u>	<u>16,786,955</u>	<u>14,031,637</u>
Total 2017	<u>10,330,574</u>	<u>1,024,977</u>	<u>2,676,086</u>	<u>14,031,637</u>	

8. Net income/(expenditure)

This is stated after charging:

	2018 £	2017 £
Depreciation of owned tangible assets	828,724	710,025
Auditors' remuneration - audit	18,000	12,000
Auditors' remuneration - other services	6,950	6,500
	<u>853,674</u>	<u>728,525</u>

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9. Staff costs

a. Staff costs

Staff costs were as follows:

	2018 £	As restated 2017 £
Wages and salaries	9,427,555	7,934,579
Social security costs	927,473	773,209
Operating costs of defined benefit pension schemes	1,860,575	1,447,698
	<u>12,215,603</u>	<u>10,155,486</u>
Agency staff costs	194,781	157,938
Staff restructuring costs	-	17,150
	<u>12,410,384</u>	<u>10,330,574</u>

Staff restructuring costs comprise:

	2018 £	2017 £
Severance payments	-	17,150
	<u>-</u>	<u>17,150</u>

b. Non-statutory/non-contractual staff severance payments

In the prior year the Academy Trust made ex-gratia payments of £17,150 in relation to termination of employment of one employee.

The legal authority sought to make ex-gratia payments was in compliance with the Academies Financial Handbook 2017, being delegated authority or approval from the Education and Skills Funding Agency.

c. Staff numbers

The average number of persons employed by the Academy Trust during the year was as follows:

	2018 No.	2017 No.
Teachers	171	149
Administration and Support	202	105
Management	6	4
	<u>379</u>	<u>258</u>

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Notes to the financial statements
For the year ended 31 August 2018

9. Staff costs (continued)

d. Higher paid staff

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

	2018	As restated
	No.	2017
		No.
In the band £60,001 - £70,000	6	6
In the band £70,001 - £80,000	1	1
In the band £80,001 - £90,000	1	1
In the band £110,001 - £120,000	1	0
In the band £160,001 - £170,000	0	1
In the band £180,001 - £190,000	1	0

Nine of the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2018, pension contributions for these employees amounted to £125,239 (2017: £120,766). The other employee participated in the Local Government Pension Scheme, pension contributions amounted to £15,461 (2017: £14,422).

e. 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) received by key management personnel for their services to the Academy Trust was £670,548 (2017: £491,742).

10. Central services

The Academy Trust has provided the following central services to its academies during the year:

- Finance, HR, payroll and school improvement services
- Management services

The Academy Trust charges for these services on the following basis:

4% of GAG income

The actual amounts charged during the year were as follows:

	2018	As restated
	£	2017
		£
Riddlesdown Collegiate	361,847	286,500
Gossops Green Primary School	76,896	66,250
Waterfield Primary	26,250	-
	464,993	352,750
Total	464,993	352,750

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For the year ended 31 August 2018

11. 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 £10,000,000. It is not possible to quantify the Trustees and officers indemnity element from the overall cost of the RPA scheme.

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 Principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and other staff members under their contracts of employment, and not in respect of their role as Trustees. The value of Trustees' remuneration and other benefits was as follows:

		2018 £	2017 £
Mr G H Smith, Chief Executive & Accounting Officer	Remuneration	180,000-185,000	165,000-170,000
	Pension contributions paid	25,000-30,000	25,000-30,000
Mr D Clarke, Staff Trustee (resigned 31 December 2017)	Remuneration	25,000-30,000	80,000-85,000
	Pension contributions paid	5,000-10,000	10,000-15,000

During the year, no Trustees received any benefits in kind (2017 - £NIL).

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

13. Other finance expense

	2018 £	2017 £
Interest income on pension scheme assets	104,000	68,000
Interest on pension scheme liabilities	(184,000)	(146,000)
	<u>(80,000)</u>	<u>(78,000)</u>

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Notes to the financial statements
For the year ended 31 August 2018

14. Tangible fixed assets

Group and Academy trust	Land and Buildings	Furniture and fixtures	Plant and equipment	Motor vehicles	Computer equipment	Total
	£	£	£	£	£	£
Cost						
At 1 September 2017	32,104,758	58,223	314,253	26,839	544,166	33,048,239
Additions	-	10,643	27,819	-	15,801	54,263
Inherited assets on conversion	5,040,000	-	-	-	-	5,040,000
Inherited assets on transfer in to Academy Trust	12,361,538	382,978	-	16,283	200,918	12,961,717
At 31 August 2018	49,506,296	451,844	342,072	43,122	760,885	51,104,219
Depreciation						
At 1 September 2017	2,315,102	17,309	158,905	19,889	454,445	2,965,650
Charge for the year	671,301	1,791	35,719	2,755	117,158	828,724
At 31 August 2018	2,986,403	19,100	194,624	22,644	571,603	3,794,374
Net book value						
At 31 August 2018	46,519,893	432,744	147,448	20,478	189,282	47,309,845
At 31 August 2017	29,789,656	40,914	155,348	6,950	89,721	30,082,589

Included in land and buildings is freehold land at valuation of £5,664,000 (2017: £4,800,000) which is not depreciated.

During the year, the Academy Trust recognised leasehold property of £12,361,538 in respect of The Quest Academy on transfer to The Collegiate Trust and freehold land and buildings of £5,040,000 in respect of Waterfield Primary School at the date of conversion.

The valuation of Waterfield Primary School land and buildings was undertaken by Stiles Harrold Williams Partnership LLP who are regulated by the Royal Institute of Chartered Surveyors on a depreciated replacement cost basis.

15. Stocks

	Group		Academy trust	
	2018	2017	2018	2017
	£	£	£	£
Catering stock	12,393	8,291	-	-

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Notes to the financial statements
For the year ended 31 August 2018

16. Debtors

	Group		Academy trust	
	2018	2017	2018	2017
	£	£	£	£
Trade debtors	43,940	175,798	20,059	375,218
Amounts owed by group undertakings	-	-	226,924	-
Other debtors	130,058	138,364	284,602	138,364
Prepayments and accrued income	328,448	73,203	324,389	121,240
	502,446	387,365	855,974	634,822

17. Creditors: Amounts falling due within one year

	Group		Academy trust	
	2018	2017	2018	2017
	£	£	£	£
Trade creditors	172,676	258,844	176,107	262,560
Amounts owed to group undertakings	-	-	20,806	-
Other taxation and social security	301,956	213,943	301,956	196,036
Other creditors	235,853	139,700	418,297	120,969
Accruals and deferred income	790,758	277,269	727,556	308,500
	1,501,243	889,756	1,644,722	888,065

	Group		Academy trust	
	£	£	£	£
Deferred income				
Deferred income at 1 September 2017	275,650	129,930	275,650	129,930
Resources deferred during the year	251,497	275,650	251,497	275,650
Amounts released from previous years	(275,650)	(129,930)	(275,650)	(129,930)
Deferred income at 31 August 2018	251,497	275,650	251,497	275,650

The deferred income above relates to money received in advance of the year to which it relates from the ESFA in relation to Universal Infant Free School Meals and start up funding.

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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 Funds	738,304	1,365,762	(800,478)	(469,431)	-	834,157
Trading Company	71,151	311,912	(14,177)	(337,564)	-	31,322
	<u>809,455</u>	<u>1,677,674</u>	<u>(814,655)</u>	<u>(806,995)</u>	<u>-</u>	<u>865,479</u>
Restricted funds						
General Annual Grant (GAG)	31,065	12,271,693	(13,109,753)	806,995	-	-
Other DfE/ESFA	-	910,418	(910,418)	-	-	-
Local Authority Grants	-	605,405	(605,405)	-	-	-
Pension reserve	(2,934,000)	(1,102,000)	(518,000)	-	984,000	(3,570,000)
	<u>(2,902,935)</u>	<u>12,685,516</u>	<u>(15,143,576)</u>	<u>806,995</u>	<u>984,000</u>	<u>(3,570,000)</u>
Restricted fixed asset funds						
Restricted Fixed Asset Funds	30,082,589	18,001,717	(828,724)	54,263	-	47,309,845
DfE/ESFA capital grants	-	66,938	-	(54,263)	-	12,675
	<u>30,082,589</u>	<u>18,068,655</u>	<u>(828,724)</u>	<u>-</u>	<u>-</u>	<u>47,322,520</u>
Total restricted funds	<u>27,179,654</u>	<u>30,754,171</u>	<u>(15,972,300)</u>	<u>806,995</u>	<u>984,000</u>	<u>43,752,520</u>
Total of funds	<u>27,989,109</u>	<u>32,431,845</u>	<u>(16,786,955)</u>	<u>-</u>	<u>984,000</u>	<u>44,617,999</u>

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

Restricted funds:

GAG represents funds to be used to cover the normal running costs of the Academy Trust.

Other DfE/ESFA grants represents grants provided for specific purposes, such as pupil premium which is used to support disadvantaged pupils and assist them in decreasing the attainment gap between them and their peers.

The Restricted fixed asset fund represents the leasehold land and buildings and other assets which were donated upon conversion to academy status, the value of fixed assets purchased since conversion including depreciation to the balance sheet date.

DfE/ESFA capital grants funds is to provide the Academy Trust with its own capital money to address improvements to buildings and other facilities. The balance on the fund represents the value of fixed assets purchased in the financial year including depreciation to the balance sheet date and unspent capital grant money to be spent in 2017/18.

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Notes to the financial statements
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18. Statement of funds (continued)

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

Analysis of academies by fund balance

Fund balances at 31 August 2018 were allocated as follows:

	Total 2018 £	Total 2017 £
Riddlesdown Collegiate	593,337	766,076
Gossops Green Primary School	120,262	3,293
The Collegiate Trust Trading Limited	31,322	71,151
Waterfield Primary School	22,193	-
The Quest Academy	98,365	-
	<hr/>	<hr/>
Total before fixed asset fund and pension reserve	865,479	840,520
Restricted fixed asset fund	47,322,520	30,082,589
Pension reserve	(3,570,000)	(2,934,000)
	<hr/>	<hr/>
Total	<u>44,617,999</u>	<u>27,989,109</u>

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 depreciat- ion £	Total 2018 £	Total 2017 £
Riddlesdown Collegiate	8,188,569	988,623	861,851	1,078,782	11,117,825	10,984,321
Gossops Green Primary School	1,468,110	374,559	94,144	717,032	2,653,845	2,123,008
Waterfield Primary School	534,465	349,085	12,371	409,065	1,304,986	-
The Quest Academy	231,883	256,090	15,658	342,767	846,398	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	<u>10,423,027</u>	<u>1,968,357</u>	<u>984,024</u>	<u>2,547,646</u>	<u>15,923,054</u>	<u>13,107,329</u>

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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 £
General funds						
General Funds	830,836	1,097,347	(953,376)	(236,503)	-	738,304
Trading Company	34,348	171,328	(134,525)	-	-	71,151
	<u>865,184</u>	<u>1,268,675</u>	<u>(1,087,901)</u>	<u>(236,503)</u>	<u>-</u>	<u>809,455</u>
Restricted funds						
General Annual Grant (GAG)	59,299	10,431,815	(10,578,890)	118,841	-	31,065
Other DFE/ESFA	-	698,111	(698,111)	-	-	-
Local Authority Grants	-	382,886	(382,886)	-	-	-
	-	230,354	(230,354)	-	-	-
	-	471	(471)	-	-	-
Pension reserve	(3,175,000)	-	(656,000)	-	897,000	(2,934,000)
	<u>(3,115,701)</u>	<u>11,743,637</u>	<u>(12,546,712)</u>	<u>118,841</u>	<u>897,000</u>	<u>(2,902,935)</u>
Restricted fixed asset funds						
Restricted Fixed Asset Funds	23,909,951	6,765,000	(710,024)	117,662	-	30,082,589
Total of funds	<u>21,659,434</u>	<u>19,777,312</u>	<u>(14,344,637)</u>	<u>-</u>	<u>897,000</u>	<u>27,989,109</u>

19. Analysis of net assets between funds

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	47,309,845	47,309,845
Current assets	2,366,722	-	12,675	2,379,397
Creditors due within one year	(1,501,243)	-	-	(1,501,243)
Provisions for liabilities and charges	-	(3,570,000)	-	(3,570,000)
	<u>865,479</u>	<u>(3,570,000)</u>	<u>47,322,520</u>	<u>44,617,999</u>

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19. Analysis of net assets between funds (continued)

Analysis of net assets between funds - prior year

	Unrestricted funds	Restricted funds	Restricted fixed asset funds	Total funds
	2017	2017	2017	2017
	£	£	£	£
Tangible fixed assets	-	-	30,082,589	30,082,589
Current assets	811,146	919,130	-	1,730,276
Creditors due within one year	(1,691)	(888,065)	-	(889,756)
Provisions for liabilities and charges	-	(2,934,000)	-	(2,934,000)
	<u>809,455</u>	<u>(2,902,935)</u>	<u>30,082,589</u>	<u>27,989,109</u>

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

	2018 £	Group 2017 £
Net income for the year (as per Statement of Financial Activities)	15,644,890	5,432,675
Adjustment for:		
Depreciation charges	828,724	710,025
Dividends, interest and rents from investments	(572)	(886)
(Increase)/Decrease in stocks	(4,102)	(2,175)
(Increase)/decrease in debtors	(115,081)	20,441
Increase/(decrease) in creditors	611,487	199,479
Defined benefit pension scheme obligation inherited	1,102,000	-
Defined benefit pension scheme finance cost	80,000	343,000
Assets from Academy on transfer to Academy Trust	(13,565,683)	(6,561,660)
Assets from Local Authority inherited on conversion	(5,040,000)	-
Capital grants from DfE and other capital income	(66,938)	-
Defined benefit pension scheme cost less contributions payable	438,000	-
Net cash (used in)/provided by operating activities	<u>(87,275)</u>	<u>140,899</u>

21. Analysis of cash and cash equivalents

	2018 £	Group 2017 £
Cash in hand	1,864,558	1,334,620
Total	<u>1,864,558</u>	<u>1,334,620</u>

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Notes to the financial statements
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22. Conversion to an academy trust

On 1 March 2018 Waterfield Primary School converted to Academy Trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to The Collegiate Trust from West Sussex County Council for £NIL consideration.

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

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

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Freehold land and buildings	-	-	5,040,000	5,040,000
LGPS pension surplus/(deficit)	-	(125,000)	-	(125,000)
	<hr/>	<hr/>	<hr/>	<hr/>
Net assets/(liabilities)	-	(125,000)	5,040,000	4,915,000
	<hr/>	<hr/>	<hr/>	<hr/>

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Notes to the financial statements
For the year ended 31 August 2018

23. Transfer of existing academies into the Academy Trust

On 1 June 2018 the Academy Trust took over the management of The Quest Academy from another Academy Trust. The operations and assets and liabilities were transferred to the Collegiate Trust for £Nil consideration.

The Quest Academy

	Value reporting by transferring trust £	Fair value adjustments £	Transfer in recognised £
Tangible fixed assets			
Long-term leasehold property	12,361,538	-	12,361,538
Motor vehicles	16,283	-	16,283
Fixtures and fittings	382,978	-	382,978
Computer equipment	200,918	-	200,918
Debtors due within one year	111,916	-	111,916
Cash in bank and in hand	603,966	-	603,966
Liabilities			
Creditors due within one year	(612,024)	-	(612,024)
Pensions			
Pensions - pension scheme assets	1,226,000	-	1,226,000
Pensions - pension scheme liabilities	(2,203,000)	-	(2,203,000)
Net assets	12,088,575	-	12,088,575

The above net assets include £603,966 transferred as cash.

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24. Pension commitments

The Group'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 London Borough of Croydon and West Sussex 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.

The LGPS obligation relates to the original employees of the Academy Trust, who were the employees transferred as part of the conversion from the original schools plus the employees transferred from other Academy Trusts and the employees who were eligible to, and did, join the Scheme during the year. These obligations in respect of employees who transferred on conversion plus those transferred from other Academy Trusts represents their cumulative service at both the predecessor schools and the Academy Trust at the balance sheet date.

Contributions amounting to £172,670 were payable to the schemes at 31 August 2018 (2017 - 120,969) 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 April 2019.

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24. Pension commitments (continued)

The employer's pension costs paid to TPS in the period amounted to £1,267,948 (2017 - £893,339).

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.

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 £590,000 (2017 - £496,000), of which employer's contributions totalled £456,000 (2017 - £394,000) and employees' contributions totalled £134,000 (2017 - £102,000). The agreed contribution rates for future years are between 17.4% and 18.1% (LBC) and 17.7% WSCC) 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.
London Borough of Croydon Pension Fund

Principal actuarial assumptions:

	2018	2017
Discount rate for scheme liabilities	2.80 %	2.50 %
Rate of increase in salaries	2.90 %	2.90 %
Rate of increase for pensions in payment / inflation	2.40 %	2.40 %

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	22.3	22.3
Females	24.4	24.4
Retiring in 20 years		
Males	24	24
Females	26.2	26.2

West Sussex County Council Pension Fund

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

	2018	2017
Discount rate for scheme liabilities	2.80 %	2.50 %
Rate of increase in salaries	3.00 %	3.10 %
Rate of increase for pensions in payment / inflation	2.30 %	2.40 %

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24. Pension commitments (continued)

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

	2018	2017
Retiring today		
Males	23.6	23.6
Females	25	25
Retiring in 20 years		
Males	26	26
Females	27.8	27.8

Sensitivity analysis	At 31 August 2018 £	At 31 August 2017 £
Discount rate +0.5%	1,282,000	853,000
Mortality assumption - 1 year increase	168,000	148,000
CPI rate +0.5%	1,103,000	691,000

The Group's share of the assets in the scheme was:

	Fair value at 31 August 2018 £	Fair value at 31 August 2017 £
Equities	4,156,000	2,227,000
Corporate bonds	1,419,000	814,000
Property	679,000	352,000
Cash and other liquid assets	106,000	105,000
Total market value of assets	6,360,000	3,498,000

The actual return on scheme assets was £399,000 (2017 - £472,000).

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

	2018 £	As restated 2017 £
Current service cost	(894,000)	(668,000)
Interest income	104,000	68,000
Interest cost	(184,000)	(146,000)
Transfer in on conversion from Local Authority	(125,000)	(313,000)
Transfer in on existing academies joining the Trust	(977,000)	-
Total	(2,076,000)	(1,059,000)

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24. Pension commitments (continued)

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

	2018 £	2017 £
Opening defined benefit obligation	6,432,000	5,179,000
Transferred in on existing academies joining the trust	3,082,000	1,210,000
Current service cost	894,000	668,000
Interest cost	184,000	146,000
Employee contributions	134,000	111,000
Actuarial gains	(745,000)	(818,000)
Benefits paid	(51,000)	(64,000)
	<u>9,930,000</u>	<u>6,432,000</u>
Closing defined benefit obligation	<u>9,930,000</u>	<u>6,432,000</u>

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

	2018 £	2017 £
Opening fair value of scheme assets	3,498,000	2,004,000
Transferred in on existing academies joining the trust	1,980,000	897,000
Interest income	104,000	68,000
Actuarial losses	239,000	79,000
Employer contributions	456,000	403,000
Employee contributions	134,000	111,000
Benefits paid	(51,000)	(64,000)
	<u>6,360,000</u>	<u>3,498,000</u>
Closing fair value of scheme assets	<u>6,360,000</u>	<u>3,498,000</u>

25. Operating lease commitments

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

Group	2018 £	2017 £
Amounts payable:		
Within 1 year	18,055	25,838
Between 1 and 5 years	-	3,250
	<u>18,055</u>	<u>29,088</u>
Total	<u>18,055</u>	<u>29,088</u>

26. Members' liability

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

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27. Related party transactions

Owing to the nature of the Academy Trust's operations and the composition of the Board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which a Trustee has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy Trust's financial regulations and normal procurement procedures. The following related party transactions took place in the financial period:

Octavo Business Partnership

A mutual trading company owned by the Croydon Headteachers Association (CHTA), Croydon Council and Octavo staff to provide support, services and training to education providers in London. The Chief Executive and Accounting Officer of the Academy Trust, Mr G H Smith, is a director of Octavo Business Partnership.

During the year the Academy Trust paid £3,040 for services provided. There were no amounts due to the company as at the year end.

Croydon Headteachers Association (CHTA)

A network to provide networking, support and training to the Headteachers of education providers in Croydon. The Chief Executive and Accounting Officer of the Academy Trust, Mr G H Smith, is a director of the CHTA.

During the year the Academy Trust paid £3,050 for their services. There were no amounts due to the Association as at the year end.

28. Post balance sheet events

On 1 September 2018 Courtwood Primary School and Gilbert Scott Primary School joined the Academy Trust as Member Schools.

29. Controlling party

The Academy Trust is run by the management team on a day to day basis. Strategic decisions are made by the Board of Trustees. There is no ultimate controlling party.

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30. Principal subsidiaries

The Collegiate Trading Limited

Subsidiary name	The Collegiate Trading Limited
Company registration number	09317797
Basis of control	£1 Ordinary Shares
Total assets as at 31 August 2018	£ 346,843
Total liabilities as at 31 August 2018	£ 315,520
Total equity as at 31 August 2018	£ 31,323
Turnover for the year ended 31 August 2018	£ 1,015,636
Expenditure for the year ended 31 August 2018	£ 1,087,790
Loss for the year ended 31 August 2018	£ (72,154)