

THE MILL ACADEMY
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018



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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE TRUST, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2018**

Members

D Jones
W Stephenson
J Wymer (resigned 26 February 2018)
C Mitchell (appointed 22 March 2018)
The Oxford Diocesan Board of Education

Trustees

J Wymer, Chair (resigned 26 February 2018)
W Hemmingsley, Chief Executive
G Joyner
D Gribble (resigned 15 December 2017)
G Manthorpe, Vice Chair (appointed 5 February 2018)
C Mitchell (appointed 22 January 2018)
J West-Burnham, Chair (appointed 10 October 2018)

Senior Management Team

W Hemmingsley, Chief Executive, Accounting Officer and Head teacher of The Henry Box School
V Musson, Director of Education
N Stretton, Chief Finance Officer
S Pritchard, Deputy Head teacher of The Henry Box School
R Goddard, Deputy Head teacher of The Henry Box School
H Bartlett, Head teacher of Queen Emma's Primary School
K Smith, Deputy Head teacher of Queen Emma's Primary School
J Patino-Velasquez, Head teacher of Finstock CE Primary School

Company Name

The Mill Academy

Principal and Registered Office

The Henry Box School, Church Green, Witney, Oxfordshire, OX28 4AX

Company Registration Number

08060721

Independent Auditor

James Cowper Kreston, 2 Chawley Park, Cumnor Hill, Oxford, Oxfordshire, OX2 9GG

Bankers

Lloyds Bank Plc, P O Box 1000, Andover, BX1 1LT

Solicitors

Harrison Clark Rickerbys, Ellenborough House, Wellington Street, Cheltenham, GL50 1YD

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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2018

The Trustees present their annual report together with the financial statements and auditors' report of The Mill Academy Trust ('the Trust' or 'the charitable company') for the period ended 31 August 2018. The annual report serves the purposes of both a Trustees' report, and a Directors' report under company law.

The Trust operates two primary schools and one secondary school in West Oxfordshire. Its academies have a combined pupil capacity of 1,889 and had a roll of 1,437 in the school census on October 2018.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Trust, which was incorporated on 8 May 2012 and opened as an Academy on 1 June 2012, is a company limited by guarantee and an exempt charity. The charitable company's Memorandum and Articles of Association are the primary governing documents of the Trust.

The Trustees act as the Trustees for the charitable activities of the Trust and are the Directors of the charitable company for the purposes of company law.

Details of the Trustees who served throughout the period, except as noted, are included in the Reference and Administrative Details on page 1.

Members' Liability

Each Member of the charitable company undertakes to contribute to the assets of the charitable company in the event of it being wound up while 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 Trustees benefit from indemnity insurance purchased by the Trust to cover the liability of the Trustees arising from negligent acts, errors or commissions occurring whilst on Trust business. The limit of this indemnity is £5,000,000.

Principal Activities

The principal activity of the Trust is to advance for the public benefit, ensuring each of its academies are at the heart of its community, promoting community cohesion and sharing facilities with other schools and/or other educational institutions and the wider community.

Method of Recruitment and Appointment or Election of Trustees

On the formation of The Mill Academy, from the former single academy trust known as The Henry Box School, new Trustees were appointed. The Trust shall have the following Trustees as set out in its Articles of Association and Funding Agreement:

- up to 9 Trustees who are appointed by the Members;
- up to 3 Trustees who are appointed by the Diocesan Board of Education; and
- the Chief Executive who is treated for all purposes as being a Trustee.

Trustees are appointed for a four year period, except that this time limit does not apply to the Chief Executive. Subject to remaining eligible to be a particular type of Trustee, any Trustee can be re-appointed or re-elected.

When appointing new Trustees, the Members, Trustees and the Diocesan Board of Education will give consideration to the skills and experience mix of existing Trustees in order to ensure the Board has the necessary skills to contribute fully to the Trust's development.

Policies and Procedures Adopted for the Induction and Training of Trustees

The training and induction provided for new Trustees will depend upon their existing experience and tends to be done informally and tailored specifically to the individual based on an audit of their skills. All Trustees are provided with copies of policies, procedures, plans and other documents they will need to undertake their role as Trustees.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

There are Trustee training days organised each year which include training sessions to keep the Trustees updated on relevant developments impacting on their roles and responsibilities. The Trust subscribes to the National Governor Association, Excellence in Governance programme and The Key giving Trustees access to a range of resources, articles and training.

Organisational Structure

The Board of Trustees normally meets at least six times a year. The Trustees establish an overall framework for the governance of the Trust and determines membership, terms of reference and procedures of its Committees and other groups. It receives reports including policies from its Committees for ratification. It monitors the activities of the Committees through the minutes of their meetings. The Board of Trustees may from time to time establish working groups to perform specific tasks over a limited timescale.

There are six Committees of the Board of Trustees as below. During the year 2017/18 the only committees which operated were the three local governing committees, with all other matters being dealt with at full Board meetings:

- Finance and Resources Committee
- Risk and Audit Committee
- Education Standards and Performance Committee
- The Henry Box School Local Governing Committee
- Queen Emma's Primary Local Governing Committee
- Finstock Church of England Primary Local Governing Committee

Each Committee has its own terms of reference detailing the responsibilities discharged to it.

The following decisions are reserved to the full Board:

- to consider any proposals for changes to the name, status, educational character, mission, ethos or constitution of the Trust and its committee structure;
- to approve the annual estimates of income and expenditure (budgets) and major projects and to sign off the annual statement of accounts;
- to appoint and consider the performance management of the Chief Executive;
- to appoint the Chief Finance Officer;
- to appoint the Clerk to the Trustees and Company Secretary.

The Trustees are responsible for setting general policy, adopting an annual development plan and budget, approving the annual statutory accounts, monitoring the Trust by the use of budgets and other data, and making the major decisions about the direction of the Trust, finances and headteacher appointments.

The Trustees have devolved the day-to-day management of the Trust to the Chief Executive and the Executive Team. The Executive Team comprises the Chief Executive, Chief Finance Officer and Trustee of Education; and is supported by an Executive Assistant and the Headteachers of the Schools in the Trust. The Executive Team implements the policies laid down by the Trustees and reports back to them on performance.

Arrangements for setting pay and remuneration of key management personnel

The Trust has laid out in its annual Pay Policy for Teachers, the system for setting pay and remuneration for all teaching staff, including the Chief Executive, the Headteachers of the Academy's schools, and all senior leaders who are teachers. The Pay Policy is consistent with the School Teacher's Pay and Conditions Document (STPCD) and is based on the model agreed between Oxfordshire County Council and the teaching Unions.

Pay and remuneration for all Trust support staff is in accordance with the terms and conditions set out in the National Joint Council (NJC) "Green Book". The Chief Finance Officer is remunerated in accordance with the "Green Book".

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

Trade union facility time

Relevant union officials

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
2	2

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	
1-50%	2
51-99%	
100%	

Percentage of pay bill spent on facility time

Total cost of facility time	£580
Total pay bill	£6,596,785
Percentage of the total pay bill spent on facility time	0.01%

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	100%
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Related Parties and other Connected Charities and Organisations

There are no related parties which either control or significantly influence the decisions and operations of the Trust. There are no sponsors associated with the Trust.

OBJECTIVES AND ACTIVITIES

Objects and Aims

The principal objects of the Trust, as set out in its Articles of Association, are:

- a. to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing schools which shall offer a broad and balanced curriculum; and which shall include:
 - i. Schools other than those designated Church of England, whether with or without a designated religious character; and
 - ii. Church of England schools
 but in relation to each of the schools to recognise and support their individual ethos, whether or not designated Church of England.
- b. In relation to the non-Church of England schools to promote for the benefit of the inhabitants of Witney and the surrounding area the provision of facilities for recreation or other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity, disablement, financial hardship or social and economic circumstances for the public at large in the interests of social welfare and with the object of improving the condition of life of the said inhabitants.

The broad aims of the Trust during the period ended 31 August 2018 are summarised below:

1. Improve standards in all Trust schools
2. Develop leadership capacity
3. Develop literacy early intervention models in Trust schools

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

Objectives, Strategies and Activities

The key priorities for the period are contained in the Trust's Development Plan which is available from the Chief Executive.

The main activities of the Trust for the period ended 31 August 2018 were as follows:

Priority 1: Improve standards in all Trust schools

Objectives

- 1.1 Close the gap for those that are disadvantaged
- 1.2 Working collaboratively, ensure professional development improves the quality of learning
- 1.3 Increase leadership development across the Trust to recruit, retain and develop the best

Strategies

- Review use of PP funding, its impact on outcomes and implement action plan
- Deploy secondary maths expertise to improve the quality of learning in primary phase
- Review learning, teaching and assessment models with a particular focus on improving impact of feedback
- Align Professional Development opportunities across Trust schools
- Establish Middle Leader programme to monitor performance and lead improvement of learning and teaching
- Ensure IT (e.g. VEO) is utilized to establish coaching
- Identify Trust wide 'future leaders' via Appraisal process
- Establish 'Future Leaders' programme across the Trust
- Investigate leadership models with proposals to the Board

Priority 2: Develop leadership capacity and implement people strategy

Objectives

- 2.1 Governor training increases challenge and support
- 2.2 HT training for SEF, school improvement activity and quality assurance
- 2.3 Develop Trust wide leadership models, including succession planning

Strategies

- School improvement professional development session (joint with Governors)
- School Peer Review
- Review current structures
- Develop alternative models
- Begin implementation of shadow structures

Priority 3: Develop literacy early intervention models in all Trust schools

Objectives

- 3.1 Ensure all can read and write to expected standard
- 3.2 Develop community links to actively promote literacy

Strategies

- Ensure RWI (phonics and FS) are implemented with consistency
- Professional Development ensures key staff have skills and knowledge required
- Systematic sharing of effective practice established
- Increase parental engagement
- Parents' workshops to promote phonics and FS
- Review impact and next steps
- HT planning group to review existing practice

Public Benefit

The Trustees confirm that they have complied with the requirement in the Charities Act 2011 to have due regard to the Charity Commission general guidance on public benefit in exercising their powers or duties. They have referred to this guidance when reviewing the Trust's aims and objectives and in planning its future activities.

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STRATEGIC REPORT

The Trust has continued to work on the priorities set out by the Board of Trustees and contained in the 'Objectives' section above. Notable achievements this year were the significant improvement in A Level results at The Henry Box School; Key Stage 1 outcomes in Queen Emma's Primary School and Finstock Church of England Primary School, the improving Key Stage 2 outcomes in both primaries and three 'Good' Ofsted inspections between November 2017 and September 2018. Queen Emma's Primary has moved out of the 'Requires Improvement' category.

Environmental factors to consider are the current political and financial instability caused by the EU Referendum vote and the impact of the impending EU exit negotiations on public spending and economic forecasts for the UK.

The Trust faces a number of principal risks as set out in the 'Principal Risks and Uncertainties' section.

The Trust uses various financial instruments including cash and items such as trade debtors and trade creditors that arise directly from its operations.

The existence of these financial instruments exposes the Trust to a number of financial risks which are described in more detail below.

The main risks arising from the financial statements are cash flow, interest rate risk and credit risk. The Trust seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. The Trust seeks to manage its cash reserves to ensure liabilities are settled as they fall due.

Achievements and Performance

The Trust is in its sixth period of operation since conversion on 1 June 2012 and the third period as a multi-academy trust.

The total number of pupils in the period ended 31 August 2018 was 1,458, but this has decreased to 1,437 at the October 2018 census date. The number of pupils in the primary schools is decreasing due to recent lower birth rates but the numbers transitioning to secondary school are larger, with the secondary numbers expected to continue to rise year on year for the next 4 to 5 years. Sixth form numbers in the secondary school have decreased recently due to the numbers transitioning to further education being lower in the short term.

The Trust is committed to continual improvement which is achieved in a number of ways; including improvement planning, review meetings, continual professional development, lesson observations, performance management, self-evaluation, data analysis and action planning.

The particular achievements and performance of the Trust during the period ended 31 August 2018 were as follows:

GCSE Results

	The Henry Box School	National
Number of Candidates	161	
English & Maths 4+	68%	59%
English & Maths 5+	47%	40%
Progress FFT Rank	12	
Average Attainment 8 Score	46.86	44.48
Progress 8 Measure	-0.04	-0.07

GCE Results

	*A-B Grades	*A-C Grades	*A-E Grades
2018	58%	81%	99%
2017	54%	78%	98%
2016	56%	83%	99%
2015	47%	68%	97%
2014	53%	78%	99%
2013	52%	79%	99%
2012	52%	78%	99%
National			
2018	53%	77%	98%

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Key Stage 1

	National	Queen Emma's Primary	Finstock CofE Primary
Reading	75%	80%	51%
Writing	70%	72%	57%
Maths	76%	77%	86%

Key Stage 2

	National	Queen Emma's Primary	Finstock CofE Primary
Reading	75%	59%	80%
Writing	78%	62%	80%
Maths	76%	55%	60%
EGPS	78%	52%	80%

The Henry Box School was subject to a Section 5 Ofsted Inspection in November 2017, where it received an overall rating of Good, as well as individual judgement of Good in the categories of:

- Leadership and Management
- Quality of Teaching, Learning and Assessment
- Personal Development, Behaviour and Welfare
- Outcomes for Pupils

Further details can be found on the School's website at www.henrybox.oxon.sch.uk.

Queen Emma's Primary School was subject to a Section 5 Ofsted Inspection in September 2018 and received an overall rating of Good, as well as individual judgement of Good in the categories of:

- Leadership and Management
- Quality of Teaching, Learning and Assessment
- Personal Development, Behaviour and Welfare
- Outcomes for Pupils

Further details can be found on the School's website at www.queen-emmas.oxon.sch.uk.

Finstock Church of England Primary School was subject to a Section 8 Ofsted Inspection in September 2018 and received an overall rating of Good, as well as individual judgement of Good in the categories of:

- Leadership and Management
- Quality of Teaching, Learning and Assessment
- Personal Development, Behaviour and Welfare
- Outcomes for Pupils

Further details can be found on the School's website at www.finstockschool.wordpress.com.

Key Performance Indicators

Although the Trust's Funding Agreement is not subject to a specific carry forward limit on the amount of GAG funding, the main financial performance indicator is the level of reserves held at the balance sheet date and, in particular, the amount of GAG funding carried forward at the balance sheet date. At 31 August 2018, the balance of the GAG Restricted Fund was £129,276, and the balance of unrestricted general funds is £805,416.

As the majority of the Trust's funding is based on pupil numbers, pupil numbers is also a key performance indicator. As noted above, pupil numbers at the most recent census was 1,437 which is a decrease of 1.4% from the previous census.

As a result, the ratio of GAG funding per pupil was £5,112 for the period.

Staffing costs are another key performance indicator for the Trust and the percentage of total staff costs to GAG funding for the period was 89.2%, while the percentage of staff costs to total costs was 76.6%.

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Attendance Data

Measure	Group	National	Outstanding Schools	Finstock	Queen Emma's Primary	Henry Box
Attendance	95.5%	95.5%	95.9%	96.3%	95.1%	95.2%
Absence	4.5%	4.5%	4.1%	3.7%	4.9%	4.8%
Persistent Absence	9.0%	10.2%	8.6%	5.8%	0.6%	10.6%

Going Concern

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

FINANCIAL REVIEW

The majority of the Trust's income is received from the DfE via the ESFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the period ended 31 August 2018 and the associated expenditure of these grants are shown as Restricted Funds in the Statement of Financial Activities.

The Trust also receives grants for fixed assets from the DfE and other organisations and funders and these are shown as Restricted Fixed Asset Funds in the Statement of Financial Activities. The balance of the Restricted Fixed Asset fund is reduced by the depreciation charges on the assets acquired using these funds.

During the period ended 31 August 2018, the total expenditure of £8,680,289 was covered by the recurrent grant funding from the DfE, together with other incoming resources. Excluding depreciation charges of £633,904, total income for the period exceeded total expenditure by £363,687.

The fixed assets held by the Trust are used exclusively for providing education and associated support services to the pupils of the Academy schools.

The balance of total funds held at 31 August 2018 was £20,615,725 which comprised of the following:

Restricted Funds (excluding Pension Liability)	£131,771
Restricted Pension Liability Fund	(£3,043,000)
Restricted Fixed Asset Fund	£22,721,538
Unrestricted Funds	£805,416

The key financial policies reviewed during the period included the Financial Procedures Manual, which lays out the framework for the Trust's financial management, including financial responsibilities of the Board of Trustees, the Chief Executive, Chief Finance Officer, Headteachers of individual schools, senior leaders/managers, budget holders and other staff, as well as the delegated authorities for spending. The other policies reviewed and adopted during the period included Risk Management Policy, Teachers Pay Policy, Data Protection and Publication Scheme, Health, Safety and Wellbeing Policy and Child Protection and Safeguarding Policy.

Financial and Risk Management Objectives and Policies

The Trust has agreed a Risk Management Policy and a Risk Management Plan. In addition each school in the Trust is asked to keep a risk register. The Trust's risks and risk management plan are constantly reviewed in light of any new information and formally reviewed annually.

The Trustees have assessed the major risks to which the Trust is exposed, in particular those relating to its finances, teaching, facilities and other operational areas. The Trustees have implemented a number of systems to assess and minimise those risks, including internal controls. Where significant financial risk still remains, the Trustees have ensured the Trust has adequate insurance cover.

The risks to the Trust's revenue funding from a falling rolls are small. However, the current freeze on the Governments overall education budget and the increasing employment and premises costs mean that budgets will be increasingly tight in coming years.

The Trustees examine the financial health of the Trust formally in its meetings, reviewing performance against budgets and

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FOR THE YEAR ENDED 31 AUGUST 2018

overall expenditure by means of regular update reports at all full Trustees and Local Governing Committee meetings.

At the balance sheet date, the Trust had no significant liabilities arising from trade creditors or debtors where there would be a significant effect on the Trust's liquidity.

The Trustees recognised that the Local Government Pension Scheme deficit represents a significant potential liability to the Trust. However, as the Trustees consider the Trust is able to meet its known annual contribution commitments for the foreseeable future, the risk from this liability is minimised.

Principal Risks and Uncertainties

The Trustees have set out a Risk Management Policy and implemented a system to assess risks that the Trust faces. They have introduced systems, including operational procedures and internal financial controls in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover.

The Trust has an effective system of internal financial controls and this is explained in more detail in the Statement of Internal Control.

The principal risks and uncertainties facing the Trust are as follows:

Financial

The Trust has considerable reliance on continued Government funding through the ESFA. In the period, approximately 98.58% of the Trust's incoming resources were ultimately Government funded and whilst this level is expected to continue, there is no assurance that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

Failures in governance and / or management

The risk in this area arises from the potential failure to effectively manage the Trust's finances, internal controls, compliance with regulations and legislation, statutory returns etc. The Trustees continue to review and ensure appropriate measures are in place to mitigate these risks.

Reputational

The continuing success of the Trust is dependent on continuing to attract applicants in sufficient numbers by maintaining the highest educational standards. To mitigate this risk, the Trustees ensure that pupil success and achievement are closely monitored, reviewed and publicised on the websites and prospectus of the schools. The adverse reporting of the local press has been and continues to be a significant risk to school reputations.

Safeguarding and child protection

The Trustees continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health & safety and discipline.

Staffing

The success of the Trust is reliant on the quality of its staff so the Trustees monitor and review policies and procedures to ensure continued development and training of staff as well as ensuring there is clear succession planning.

Fraud and mismanagement of funds

The Trust has engaged its external auditors to perform a program of work aimed at checking and reviewing the financial systems and records as required by the Academies Financial Handbook. All finance staff receive training to keep them up to date with financial practice requirements and to develop their skills in this area.

Reserves Policy

The Trustees review the reserve levels of the Trust annually. This review encompasses the nature of the income and expenditure streams, the need to match income with commitments and the nature of reserves. The Trustees also take into consideration the future plans of the Trust, the uncertainty over future income streams and other key risks identified during the risk review.

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TRUSTEES' REPORT (continued)
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The Trustees have determined that the appropriate level of free cash reserves should provide sufficient working capital to cover delays between spending and receipts of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. The individual schools are asked to keep reserve levels at least above the figure needed to meet its monthly payroll liability and as a Trust as a whole should not be below 5% of total incoming resources. The Trust believes its current insurance arrangements provide sufficient cover to provide immediate responses to emergency situations such as fire, explosion, flood and storm damage; but the Trust will need to review its reserves levels when or if its insurance arrangements are changed in the future.

The Trust's current level of reserves (defined as restricted general funds, excluding pension reserve, plus the balance on unrestricted funds) is £20,615,725, of which £805,416 is free reserves (that is, total funds less the amount held in fixed assets and restricted funds).

The current level of reserves is above our target level of at least 5% of incoming resources.

Investment Policy

All funds are held on deposit with Lloyds Bank. All funds surplus to immediate requirements are invested to optimal effect by the Trust with the objective of ensuring maximum return on assets invested but with minimal risk.

PLANS FOR FUTURE PERIODS

The Trust strives to continually improve levels of attainment and progress for all pupils and, particularly, to secure equity for the most vulnerable.

The Trust's plans for future periods are:

- Ensure that all teaching across the Trust is of the highest quality and is research informed;
- Ensure that the progress of disadvantaged students and those with SEND is at least in line with that of the non-disadvantaged nationally;
- Ensure that the curriculum is irresistible;
- Increase levels of literacy to increase rates of progress;
- Increasing parental engagement to increase rates of progress and attendance;
- To harness the benefits of collaborative working and to share good teaching practice and financial economies of scale.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

The Trust and its Trustees do not act as Custodian Trustees of any other charity.

AUDITOR

In so far as the Trustees are aware:

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

The Trustees report, incorporating a strategic report has been approved by order of the Board of Trustees on 10/12/2018 and signed on its behalf by:


J West-Burnham
Chair of the Board

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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As Trustees, we acknowledge we have overall responsibility for ensuring that The Mill Academy 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, 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 Mill Academy and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees, including all Committees, 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 9 times during the period ended 31 August 2018. Attendance during the period at meetings of the Board was as follows:

	Meetings attended	Out of a possible
J Wymer	4	5
W Hemmingsley	9	9
D Gribble	3	3
G Joyner	9	9
C Mitchell	4	4
G Manthorpe	4	4

There were no committees of the Board of Trustees operating during 2017/18 all business was conducted at full Board meetings.

Governance reviews

The governance arrangements for The Henry Box School were replaced by the new governance for The Mill Academy on 1 October 2015. The governance arrangements include maintaining a local governing committee for each of the schools in the Trust. In early 2016, the Board agreed a Scheme of Governance, Management and Delegation for the Trust as a whole, along with individual Schemes of Delegation for each local governing committee and its own committees.

The Trust continues to identify areas of weakness or gaps on the Board, and is using the Academy Ambassadors programme to recruit to Trustee vacancies. During 2017/18 there have been some Trustee changes with efforts to recruit additional Trustees being ongoing. Due to the small numbers of Trustees during the year, it has not been possible to operate committees of the Board with all business being conducted within full Board meetings. The current Trustees are clear on the skills they need on the Board, and they have successfully recruited new Trustees for the academic year 2018/19. The Board are reviewing their schemes of delegations for the year 2018/19 and are embarking on making changes to the company Articles of Association to bring them closer to the new model articles set out by the Department for Education.

REVIEW OF VALUE FOR MONEY

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

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

- The avoidance of waste and extravagance;
- The prudent and economical administration of the organisation;
- The establishment and maintenance of a system of financial governance, including sound internal spending controls, keeping up to date financial records, continuous financial monitoring and timely reporting; and
- Ensuring all financial transactions represent value for money.

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GOVERNANCE STATEMENT (continued)

Our guiding principles for ensuring best value for money can be summarised as:

- Rigorous procedures for establishing, reviewing and evaluating Trust and school budgets, including comparisons against national good practice and benchmarking;
- A rigorous purchasing policy, ensuring value for money comparisons for purchased items;
- Rigorous evaluations of impact on student outcomes including examination results, value added progress, student attendance, transition and parental engagement;
- Sharing of good practice amongst collaborative schools.

The Trust's use of its resources has provided good value for money during the academic year because the Trustees, local governors and school leadership teams apply the principles of best value when making decisions about:

- The allocation of resources to best promote the aims and values of the school;
- The targeting of resources to best improve standards and the quality of provision;
- The use of resources to best support the various educational needs of all students.

The pursuit of minor improvements or savings is not cost effective if the administration involves substantial time and/or costs. Time wasted on minor improvements or savings can also distract leaders from more important or valuable areas; therefore Trustees, local governors and leaders **do not** waste time and resources:

- On investigating minor areas where few improvements can be achieved;
- To make minor savings in costs;
- Seeking tenders for minor supplies and services.

Trustees, local governors and leaders **do**:

- Make comparisons with other/similar schools using data provided by central government and other appropriate bodies, e.g. quality of teaching and learning, levels of expenditure;
- Challenge proposals. Examining them for effectiveness, efficiency, and cost, e.g. setting of annual student achievement targets;
- Require suppliers to compete on grounds of cost, and quality/suitability of services/products/backup;
- Consult individuals and organisations of quality/suitability of service we provide to parents and students, and services we receive from providers, e.g. the online payment system, website.

This will apply in particular to:

Staffing

Trustees, local governors and leaders deploy staff to provide best value in terms of quality of teaching, quality of learning, adult-student ratio and curriculum management.

Teaching

Trustees, local governors and leaders review the quality of curriculum provision and quality of teaching, to provide students with a curriculum which meets their needs in order to best prepare them for the next stage of their learning journey.

Learning

Trustees, local governors and leaders review the quality of student learning in order to provide teaching which enables students to achieve above nationally expected progress e.g. setting of annual student achievement targets; investment in professional development and systems which allow teachers to focus on learning.

Use of Premises

Trustees, local governors and leaders consider the allocation and use of teaching areas, support areas and communal areas, to provide the best environment for teaching and learning, for support services, and for communal access to central resources.

Use of Resources

Trustees, local governors and leaders deploy equipment, materials and services to provide students and staff with resources which support quality of teaching and quality of learning. The Trust benefits from employing a Finance Trustee and centralised finance team, which supports staff in its schools to deploy resources in the most efficient manner.

THE MILL ACADEMY
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

Purchasing

Trustees, local governors and leaders have procedures in place for assessing need and obtaining goods and services which provide "best value" in terms of suitability, efficiency, time and cost. These include:

- A competitive tendering procedure for goods and services above £25,000,
- Three written quotes for goods and services between £6,000 and £25,000,
- Tender exercises are undertaken to ensure that high value contracts are assessed against the marketplace to ensure that long term contracts (3 to 5 years) remain competitive,
- Procedures for accepting "best value" quotes which are not necessarily the cheapest (e.g. suitability for purpose and quality of workmanship),
- Procedures to minimise office time by the purchase of goods or services under £1,000 direct from reliable suppliers (e.g. stationery, small equipment),
- An annual budget prepared in line with the needs identified within School Improvement Plans
- Regular monitoring and review of all aspects of finance with Headteachers and at the Board.

Income Generation and Surplus Balances

Trustees, local governors and leaders explore every opportunity to generate income through various means such as the hiring of Trust facilities and the selling of training and consultation time.

Student Welfare

Trustees, local governors and leaders review the quality of the school environment and the school ethos, in order to provide a supportive environment conducive to learning and achievement. Safeguarding procedures are in place and tested to ensure they are robust and preventative measures and training provision built into budgetary estimates.

Health and Safety

Trustees and leaders review the quality of the school environment and equipment, carrying out risk assessments where appropriate, in order to provide a safe working environment for students, staff and visitors.

Monitoring of Best Value

Monitoring of these areas for best value took place:

- In-house through local governance and by leaders and leadership teams in schools e.g. through quality assurance procedures;
- In the Annual Budget Planning process and the preparation of the Annual Accounts;
- In Academy and School Improvement Plans;
- Through the analysis of in-house student performance data including exam results and Key Stage results;
- Through the analysis of RAISEonline student performance data;
- Through the analysis of financial data;
- In stakeholder surveys;
- By providing information to parents via school websites and newsletters.

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 Trust's 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 Mill Academy for the period ended 31 August 2018 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

The Board of Trustees has reviewed the key risks to which the 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 on-going process for identifying, evaluating and managing the Trust's significant risks that has been in place for the period from incorporation 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 MILL ACADEMY
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

THE RISK AND CONTROL FRAMEWORK

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

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

The Board of Trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have appointed James Cowper Kreston, the external auditor, to perform additional checks. The Trust Board carried out the responsibilities of the Audit Committee in 2017/18 and set out specific terms of reference to monitor compliance with internal assurance work, set areas for examination by the external auditor and monitor the risk management policy.

James Cowper Kreston's role includes giving advice on financial matters, where requested, and performing a range of checks on the Trust's financial systems.

On a semi-annual basis, James Cowper Kreston reports to the Board of Trustees on the results of its work.

James Cowper Kreston has delivered their schedule of work and only minor issues have been raised. These have been addressed by the Trustees and Leadership in a timely manner. No significant weaknesses or discrepancies have been highlighted.

REVIEW OF EFFECTIVENESS

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

- the work of the external auditor;
- the financial management and self-assessment process;
- the work of the Chief Finance Officer and the Finance Manager within the 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 Board of Trustees and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the Board of Trustees on 10/12/2018

and signed on their behalf by:



J West-Burnham
Chair of the Board



W Hemmingsley
Accounting Officer

THE MILL ACADEMY
(A company limited by guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of The Mill Academy I have considered my responsibility to notify the academy trust Board of Trustees and the Education and 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.



W Hemmingsley
Accounting Officer

10/12/2018

THE MILL ACADEMY
(A company limited by guarantee)

TRUSTEES' RESPONSIBILITIES STATEMENT
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 Trustees' Report and the financial statements in accordance with the Annual Accounts Direction issued by the Education and Skills Funding Agency.

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

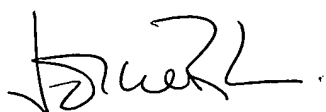
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting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

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

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

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

Approved by order of the Board of Trustees and signed on its behalf by:



J West-Burnham
Chair of the Board

Date: 10/12/2018

THE MILL ACADEMY
(A company limited by guarantee)

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
MILL ACADEMY**

OPINION

We have audited the financial statements of The Mill Academy (the 'Trust') for the year ended 31 August 2018 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

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

BASIS FOR OPINION

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

CONCLUSIONS RELATING TO GOING CONCERN

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

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the 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 Auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

THE MILL ACADEMY
(A company limited by guarantee)

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
MILL ACADEMY**

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

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

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the Statement of Trustees' responsibilities, the Trustees (who are also the directors of the 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 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 Trust or to cease operations, or have no realistic alternative but to do so.

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

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

USE OF OUR REPORT

This report is made solely to the 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 Trust's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trust and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

THE MILL ACADEMY
(A company limited by guarantee)

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
MILL ACADEMY**

MN Farwell

Michael Farwell MA FCA DChA (Senior Statutory Auditor)

for and on behalf of

James Cowper Kreston

Chartered Accountants and Statutory Auditor

2 Chawley Park
Cumnor Hill
Oxford
Oxfordshire
OX2 9GG

Date:

10/12/2018

THE MILL ACADEMY
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE MILL
ACADEMY AND THE EDUCATION & SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 3 October 2018 and further to the requirements of the Education and 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 Mill Academy 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 Mill Academy and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to The Mill Academy 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 Mill Academy and the ESFA, for our work, for this report, or for the conclusion we have formed.

**RESPECTIVE RESPONSIBILITIES OF THE MILL ACADEMY'S ACCOUNTING OFFICER AND THE
REPORTING ACCOUNTANT**

The Accounting Officer is responsible, under the requirements of The Mill Academy's funding agreement with the Secretary of State for Education dated 1 June 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 Trust's income and expenditure.

Our work on regularity included a review of the internal controls policies and procedures that have been implemented and an assessment of their design and effectiveness to understand how the academy complied with the framework of authorities. We also reviewed the reports commissioned by the trustees to assess the internal controls throughout the year.

Specific work undertaken to draw to our conclusion includes:

- reviewing the minutes of the meetings of the Board of Trustees and other evidence made available to us, relevant to our consideration of regularity;
- a review of the objectives and activities of the academy, with reference to the income streams and other information available to us as auditors of the academy;
- testing of a sample of payroll payments to staff;
- testing of a sample of payments to suppliers and other third parties;
- testing of a sample of grants received and other income streams.

We performed detailed testing based on our assessment of the risk of material irregularity, impropriety and non-compliance. This work was integrated with our audit on the financial statements where appropriate and included analytical review and detailed substantive testing of transactions.

THE MILL ACADEMY
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE MILL
ACADEMY AND THE EDUCATION & SKILLS FUNDING AGENCY (continued)**

CONCLUSION

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



Michael Farwell MA FCA DChA (Senior Statutory Auditor)

James Cowper Kreston

Chartered Accountants and Statutory Auditor

2 Chawley Park
Cumnor Hill
Oxford
Oxfordshire
OX2 9GG

Date:

10/12/2018

THE MILL ACADEMY
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2018**


	Note	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
INCOME FROM:						
Donations and capital grants	2	1,116	34,763	448,380	484,259	327,711
Charitable activities	5	231,643	7,610,868	-	7,842,511	7,902,965
Other trading activities	3	73,973	-	-	73,973	82,557
Investments	4	9,329	-	-	9,329	6,418
TOTAL INCOME		316,061	7,645,631	448,380	8,410,072	8,319,651
EXPENDITURE ON:						
Raising funds		350	-	-	350	350
Charitable activities		229,617	7,816,418	633,904	8,679,939	9,107,021
TOTAL EXPENDITURE	7	229,967	7,816,418	633,904	8,680,289	9,107,371
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS						
Transfers between Funds	17	86,094	(170,787)	(185,524)	(270,217)	(787,720)
		-	(99,674)	99,674	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES						
		86,094	(270,461)	(85,850)	(270,217)	(787,720)
Actuarial gains on defined benefit pension schemes	22	-	910,000	-	910,000	1,057,000
NET MOVEMENT IN FUNDS		86,094	639,539	(85,850)	639,783	269,280
RECONCILIATION OF FUNDS:						
Total funds brought forward		719,322	(3,550,768)	22,807,388	19,975,942	19,706,662
TOTAL FUNDS CARRIED FORWARD		805,416	(2,911,229)	22,721,538	20,615,725	19,975,942

THE MILL ACADEMY
(A company limited by guarantee)
REGISTERED NUMBER: 08060721

BALANCE SHEET
AS AT 31 AUGUST 2018

	Note	£	2018 £	2017 £
FIXED ASSETS				
Tangible assets	14		22,493,059	22,846,168
CURRENT ASSETS				
Debtors	15	222,897	223,587	
Cash at bank and in hand		1,537,446	1,216,261	
		<u>1,760,343</u>	<u>1,439,848</u>	
CREDITORS: amounts falling due within one year	16	(594,677)	(758,074)	
NET CURRENT ASSETS			<u>1,165,666</u>	<u>681,774</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>23,658,725</u>	<u>23,527,942</u>
Defined benefit pension scheme liability	22	(3,043,000)	(3,043,000)	(3,552,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u><u>20,615,725</u></u>	<u><u>19,975,942</u></u>
FUNDS OF THE ACADEMY				
Restricted income funds:				
Restricted income funds	17	131,771	1,232	
Restricted fixed asset funds	17	22,721,538	22,807,388	
Restricted income funds excluding pension liability		<u>22,853,309</u>	<u>22,808,620</u>	
Pension reserve		<u>(3,043,000)</u>	<u>(3,552,000)</u>	
Total restricted income funds		<u>19,810,309</u>	<u>19,256,620</u>	
Unrestricted income funds	17	805,416	719,322	
TOTAL FUNDS			<u><u>20,615,725</u></u>	<u><u>19,975,942</u></u>

The financial statements on pages 22 to 47 were approved by the Trustees, and authorised for issue, on 10/12/2018 and are signed on their behalf, by:


J West-Burnham
Chair of the Board

THE MILL ACADEMY
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Net cash provided by operating activities	19	<u>592,651</u>	<u>566,532</u>
Cash flows from investing activities:			
Dividends, interest and rents from investments		9,329	6,418
Purchase of tangible fixed assets		<u>(280,795)</u>	<u>(536,464)</u>
Net cash used in investing activities		<u>(271,466)</u>	<u>(530,046)</u>
Change in cash and cash equivalents in the year		321,185	36,486
Cash and cash equivalents brought forward		<u>1,216,261</u>	<u>1,179,775</u>
Cash and cash equivalents carried forward	20	<u><u>1,537,446</u></u>	<u><u>1,216,261</u></u>

THE MILL ACADEMY
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES

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

1.1 Basis of preparation of financial statements

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

1.2 Company status

The Academy is a company limited by guarantee incorporated in the United Kingdom. The registered office address is shown on page 1.

The members of the company are as set out on page 1. In the event of the Academy being wound up, the liability in respect of the guarantee is limited to £10 per member of the Academy.

1.3 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 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.

1.4 Income

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

Grants are included in the Statement of Financial Activities Incorporating Income and Expenditure Account on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance Sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

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

Capital grants are recognised when there is an unconditional entitlement to the grant 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.

Income tax recoverable in relation to investment income is recognised at the time the investment income is receivable.

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.

THE MILL ACADEMY
(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 raising funds includes all expenditure incurred by the Academy to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

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

All expenditure is inclusive of irrecoverable VAT.

1.6 Tangible fixed assets and depreciation

Assets costing £500 or more are capitalised.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the Government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities Incorporating Income and Expenditure Account and carried forward in the Balance Sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities Incorporating Income and Expenditure Account. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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

Leasehold land	-	Over the term of the lease
Buildings	-	2.5% Straight line
Fixtures & fittings	-	25% Straight line
Motor vehicles	-	12.5% Straight line
Computer equipment	-	33% Straight line

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Financial Activities Incorporating Income and Expenditure Account.

1.7 Debtors

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

1.8 Cash at bank and in hand

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

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

1.9 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 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.

1.10 Operating leases

Rentals under operating leases are charged to the Statement of Financial Activities Incorporating Income and Expenditure Account on a straight line basis over the lease term.

1.11 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 15. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 16. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments.

1.12 Taxation

The Academy is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

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

1.13 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 22, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

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

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

1.14 Redundancy payments

Redundancy payments are made in line with statutory or contractual terms made on the termination of the employment contract.

1.15 Fund accounting

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

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

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

1.16 Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 22, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 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.

Critical areas of judgment:

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. Residual value assessments consider issues such as the remaining life of the asset and projected disposal values.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
Donations and other voluntary income	1,116	34,763	-	35,879	43,520
Capital grants	-	-	448,380	448,380	284,191
	<u>1,116</u>	<u>34,763</u>	<u>448,380</u>	<u>484,259</u>	<u>327,711</u>
<i>Total 2017</i>	<u>284,191</u>	<u>23,896</u>	<u>19,624</u>	<u>327,711</u>	

3. OTHER TRADING ACTIVITIES

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Lettings income	40,828	-	40,828	44,361
Other income	33,145	-	33,145	38,196
	<u>73,973</u>	<u>-</u>	<u>73,973</u>	<u>82,557</u>
<i>Total 2017</i>	<u>82,557</u>	<u>-</u>	<u>82,557</u>	

4. INVESTMENT INCOME

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Interest income	9,329	-	9,329	6,418
<i>Total 2017</i>	<u>6,418</u>	<u>-</u>	<u>6,418</u>	

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

5. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Educational operations (see below)	-	7,492,227	7,492,227	7,535,022
Local Authority	-	118,641	118,641	117,253
Other income from educational activities	231,643	-	231,643	250,690
	<u>231,643</u>	<u>7,610,868</u>	<u>7,842,511</u>	<u>7,902,965</u>
<i>Total 2017</i>	<u>250,689</u>	<u>7,652,276</u>	<u>7,902,965</u>	

FUNDING FOR THE ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
DfE/ESFA grants				
General Annual Grant (GAG)	-	7,454,339	7,454,339	7,500,098
Other DfE/ESFA grants	-	37,888	37,888	34,924
	<u>-</u>	<u>7,492,227</u>	<u>7,492,227</u>	<u>7,535,022</u>
<i>Total 2017</i>	<u>-</u>	<u>7,535,023</u>	<u>7,535,023</u>	

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

6. CHARITABLE ACTIVITIES

	Total funds 2018 £	<i>Total funds 2017 £</i>
DIRECT COSTS - EDUCATIONAL OPERATIONS		
Wages and salaries	4,215,146	4,320,397
National insurance	387,246	415,969
Pension cost	800,317	859,949
Net FRS 102 pension scheme finance cost	97,000	90,000
Technology	15,286	32,489
Educational supplies	84,907	124,256
Examination fees	93,918	110,859
Staff development	22,138	34,487
Educational consultancy	45,289	60,558
Other direct costs	198,127	254,408
	<hr/> 5,959,374	<hr/> 6,303,372
SUPPORT COSTS - EDUCATIONAL OPERATIONS		
Wages and salaries	800,364	746,009
National insurance	54,596	50,561
Pension cost	339,116	249,039
Depreciation	633,904	630,341
Technology costs	101,074	98,221
Recruitment and support	16,922	26,359
Maintenance of premises	84,827	121,303
Maintenance of equipment	20,339	27,011
Cleaning	33,622	61,118
Rent and rates	87,975	73,991
Energy	114,600	128,073
Insurance	44,589	56,424
Security	2,246	1,046
Transport	11,722	27,005
Catering	98,776	110,113
Bank interest and charges	455	514
Travel and subsistence	4,000	5,024
Agency costs	53,119	150,782
Legal and professional	118,916	81,809
Other support costs	99,403	158,906
	<hr/> 2,720,565	<hr/> 2,803,649
	<hr/> 8,679,939	<hr/> 9,107,021

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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	-	-	350	350	350
Activities:					
Direct costs	5,402,701	-	556,673	5,959,374	6,303,372
Support costs	1,247,204	735,653	737,708	2,720,565	2,803,649
	<u>6,649,905</u>	<u>735,653</u>	<u>1,294,731</u>	<u>8,680,289</u>	<u>9,107,371</u>
<i>Total 2017</i>	<u>6,792,708</u>	<u>737,985</u>	<u>1,576,678</u>	<u>9,107,371</u>	

8. ANALYSIS OF EXPENDITURE BY ACTIVITIES

	Activities undertaken directly 2018 £	Support costs 2018 £	Total 2018 £	Total 2017 £
Direct costs - educational operations	5,959,374	2,720,565	8,679,939	9,107,021
<i>Total 2017</i>	<u>6,303,372</u>	<u>2,803,649</u>	<u>9,107,021</u>	

9. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets:		
- owned by the charity and leasehold land	633,904	630,341
Fees payable to auditor for audit	9,750	9,550
Fees payable to auditor for other services	1,620	1,585
Operating lease rentals	<u>16,206</u>	<u>13,341</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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10. STAFF COSTS

a. Staff costs

Staff costs were as follows:

	2018 £	2017 £
Wages and salaries	4,825,399	5,012,744
Social security costs	441,842	466,531
Operating costs of defined benefit pension schemes	1,139,434	1,108,988
	<hr/> 6,406,675	<hr/> 6,588,263
Apprenticeship levy	8,974	3,391
Staff restructuring costs (redundancy and severance payments)	181,137	50,271
Supply teacher costs	53,119	150,783
	<hr/> <hr/> 6,649,905	<hr/> <hr/> 6,792,708

Non-statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £6,678 (2017: £nil). Individually, the payments were: £500 made on 29 September 2017, and £6,178 made on 30 April 2018.

b. Staff numbers

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

	2018 No.	2017 No.
Teachers	93	95
Administration and support	110	118
Management	11	11
	<hr/> 214	<hr/> 224

Average headcount expressed as a full time equivalent:

	2018 No.	2017 No.
Teaching	73	79
Administration and support	68	70
Management	10	11
	<hr/> 151	<hr/> 160

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

10. STAFF COSTS (continued)

c. Higher paid staff

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

	2018	2017
	No.	No.
In the band £60,001 - £70,000	2	1
In the band £70,001 - £80,000	0	1
In the band £80,001 - £90,000	1	1
In the band £90,001 - £100,000	1	0

The above employees all participated in the Teachers' Pension Scheme. During the year ended 31 August 2018, pension contributions for these staff members amounted to £37,379 (2017: £38,172).

d. Key management personnel

The key management personnel of the Academy comprise the Trustees and Senior Management Team as listed on page 1. The total amount of employee benefits (including employer pension and national insurance contributions) received by key management personnel for their services was £599,470 (2017: £479,252).

11. CENTRAL SERVICES

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

- School Improvement personnel and support
- HR support and advice
- IT personnel and support
- Financial support and systems
- Health, Safety and Wellbeing advice
- Governance and administrative advice and support
- Services purchased centrally such as insurance, IT licencing and payroll

The Trust charged for these services mainly on the basis of actual consumption, for example cost per employee for HR and payroll; or in some cases as a % based on pupil numbers in each academy. The Trust does not use a flat % top-slice and does not intend to build a reserve of central funds, as the Trust believes that funds are better utilised within the academies themselves.

The actual amounts charged during the year were as follows:

	2018	2017
	£	£
The Henry Box School	430,000	400,000
Finstock C.E. Primary School	28,000	20,000
Queen Emma's Primary School	110,530	108,544
	568,530	528,544
Total	568,530	528,544

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

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 £
W Hemmingsley (Principal and Trustee)	Remuneration	90,000-95,000	85,000-90,000
	Pension contributions paid	10,000-15,000	10,000-15,000

13. TRUSTEES' INSURANCE

In accordance with normal commercial practice the Academy has purchased insurance to protect trustees from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2018 was £3,326 (2017 - £3,268).

14. TANGIBLE FIXED ASSETS

	Land and buildings £	Fixtures & fittings £	Computer equipment £	Motor vehicles £	Total £
Cost					
At 1 September 2017	24,447,648	159,932	684,973	15,175	25,307,728
Additions	256,801	2,816	21,178	-	280,795
At 31 August 2018	24,704,449	162,748	706,151	15,175	25,588,523
Depreciation					
At 1 September 2017	1,908,043	70,731	475,057	7,729	2,461,560
Charge for the year	479,013	35,454	117,540	1,897	633,904
At 31 August 2018	2,387,056	106,185	592,597	9,626	3,095,464
Net book value					
At 31 August 2018	22,317,393	56,563	113,554	5,549	22,493,059
At 31 August 2017	22,539,605	89,201	209,916	7,446	22,846,168

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

14. TANGIBLE FIXED ASSETS (continued)

The Academy took out a 125 year lease over the land and buildings located at the Henry Box School and transferred from Oxfordshire County Council at the original date of conversion to a standalone academy in 2012. In addition, the 90 year lease that already existed between Oxfordshire County Council and the Witney Educational Foundation was assigned to the Trust on the date of conversion. The land and buildings transferred and assigned at conversion have been valued at an estimate of their fair value at conversion. In determining this value, the Trustees have referred to the desktop valuation of the land and buildings commissioned by the ESFA as at 31 March 2013.

This desktop valuation was undertaken by Kier (previously Mouchel) and was carried out on a depreciated replacement cost basis. Included in the value of land and buildings is land at a value of £6,483,000.

During 2015, Finstock C.E. Primary School and Queen Emma's Primary School joined the multi-academy trust.

The Trust took out a 125 year lease over the land and buildings located at Queen Emma's Primary School transferred from Oxfordshire County Council.

Finstock C.E. Primary School occupies land and buildings which are owned by the Oxford Diocesan Board of Education. Supplemental Agreements are in place between the Oxford Diocesan Board of Education, the Oxford Diocesan Board of Finance and the Trust, which provide the Trust with the right to use the land and buildings for Finstock C.E. Primary School. In addition, Finstock School has a 20 year lease with the Finstock Parish Council for land encompassing the school field.

The land and buildings transferred and assigned have been valued at an estimate of their fair value. In determining this value, the Trustees have referred to the desktop valuations of the land and buildings commissioned by the ESFA as at 31 March 2016.

These desktop valuations were undertaken by Kier (previously Mouchel) and were carried out on a depreciated replacement cost basis. The valuation for Finstock C.E. Primary School was £1,256,000 (including land at a value of £547,000). The valuation for Queen Emma's Primary School was £2,487,000 (including land at a value of £631,000).

15. DEBTORS

	2018	2017
	£	£
Trade debtors	17,841	9,288
VAT recoverable	72,603	91,354
Other debtors	14,934	2,518
Prepayments and accrued income	117,519	120,427
	<hr/> 222,897 <hr/>	<hr/> 223,587 <hr/>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

16. CREDITORS: Amounts falling due within one year

	2018 £	2017 £
Trade creditors	252,019	265,684
Other taxation and social security	113,433	117,915
Other creditors	100,584	112,765
Accruals and deferred income	128,641	261,710
	<u>594,677</u>	<u>758,074</u>
	2018 £	2017 £
Deferred income		
Deferred income at 1 September 2017	4,522	517
Resources deferred during the year	40,944	4,522
Amounts released from previous years	(4,522)	(517)
Deferred income at 31 August 2018	<u>40,944</u>	<u>4,522</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

17. STATEMENT OF FUNDS

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Unrestricted funds						
General Funds	719,322	316,061	(229,967)	-	-	805,416
Restricted funds						
Donations	1,232	34,762	(33,499)	-	-	2,495
General Annual Grant (GAG)	-	7,454,339	(7,225,389)	(99,674)	-	129,276
Local Authority and other DfE/ESFA grants	-	156,530	(156,530)	-	-	-
Pension reserve	(3,552,000)	-	(401,000)	-	910,000	(3,043,000)
	<u>(3,550,768)</u>	<u>7,645,631</u>	<u>(7,816,418)</u>	<u>(99,674)</u>	<u>910,000</u>	<u>(2,911,229)</u>
Restricted fixed asset funds						
Other capital grants fund	281,548	410,960	(29,209)	-	-	663,299
DfE/ESFA capital grants	1,192,922	37,420	(86,254)	-	-	1,144,088
Capital from GAG and other funds	174,008	-	(134,640)	99,674	-	139,042
Assets transferred on conversion	21,158,910	-	(383,801)	-	-	20,775,109
	<u>22,807,388</u>	<u>448,380</u>	<u>(633,904)</u>	<u>99,674</u>	<u>-</u>	<u>22,721,538</u>
Total restricted funds	<u>19,256,620</u>	<u>8,094,011</u>	<u>(8,450,322)</u>	<u>-</u>	<u>910,000</u>	<u>19,810,309</u>
Total of funds	<u>19,975,942</u>	<u>8,410,072</u>	<u>(8,680,289)</u>	<u>-</u>	<u>910,000</u>	<u>20,615,725</u>

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

Unrestricted funds

General fund represents income generated by the academy (such as lettings and hire of facilities) and any other donations or investment income, which is not restricted for any specific purpose and can be spent as determined by the Governing Body.

Restricted funds

The General Annual Grant (GAG) represents funding received from the Education and Skills Funding Agency during the period in order to fund the continuing activities of the school. Under the funding agreement with the Secretary of State, the Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2018.

Local Authority and other DfE/ESFA grants represent money given to the Trust by the local authority and the Education and Skills Funding Agency, including the High Needs grant and rates relief.

Donations represent money given to the Trust by donors for specific fundraising ventures. Restrictions

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**NOTES TO THE FINANCIAL STATEMENTS
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17. STATEMENT OF FUNDS (continued)

are imposed by the donor and the money will be spent on the relevant project.

The pension reserve represents the Local Government Pension Scheme (LGPS) deficit which has been created to separately identify the pension deficit inherited from the local authority upon conversion to academy status, and through which all the pension scheme movements are recognised. The pension liability has not crystallised and the trustees do not need to designate any of their existing funds to meet future pension commitments. Parliament, at the request of the Secretary of State for Education, has guaranteed that in the event of academy closure, outstanding LGPS liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

Fixed asset funds

Other capital grants represents funds given to the Trust through donations for specific capital purposes which were unspent at 31 August 2018.

DfE/ESFA capital grants included devolved capital funding and amounts received from the Condition Improvement Fund.

Capital from GAG and other funds represents amounts spent on fixed assets from the GAG funding received from the ESFA.

Assets transferred on conversion represent the land and buildings and equipment donated to the school from Oxfordshire County Council on conversion to an academy.

ANALYSIS OF ACADEMIES BY FUND BALANCE

Fund balances at 31 August 2018 were allocated as follows:

	Total 2018 £	<i>Total 2017 £</i>
The Henry Box School	852,251	647,901
Finstock C.E Primary School	26,197	36,797
Queen Emma's Primary School	54,622	44,351
Central Costs	4,117	(8,495)
Total before fixed asset fund and pension reserve	<u>937,187</u>	<u>720,554</u>
Restricted fixed asset fund	22,721,538	22,807,388
Pension reserve	(3,043,000)	(3,552,000)
Total	<u><u>20,615,725</u></u>	<u><u>19,975,942</u></u>

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**NOTES TO THE FINANCIAL STATEMENTS
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17. STATEMENT OF FUNDS (continued)

ANALYSIS OF ACADEMIES BY COST

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciat- ion £	Total 2018 £	Total 2017 £
The Henry Box School	4,178,096	554,570	381,596	455,465	5,569,727	6,000,649
Finstock C.E Primary School	322,483	59,045	28,856	59,693	470,077	432,878
Queen Emma's Primary School	745,313	118,710	42,334	142,557	1,048,914	1,091,979
Central Costs	25,493	342,195	6,878	182,102	556,668	596,524
LGPS pension finance cost	131,316	172,684	-	97,000	401,000	355,000
	<u>5,402,701</u>	<u>1,247,204</u>	<u>459,664</u>	<u>936,817</u>	<u>8,046,386</u>	<u>8,477,030</u>

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
STATEMENT OF FUNDS - PRIOR YEAR						
General Funds	878,474	339,665	(133,894)	(364,923)	-	719,322
Restricted funds						
General Annual Grant (GAG)	79,501	7,500,098	(7,795,233)	215,634	-	-
Local Authority	-	152,177	(152,177)	-	-	-
Donations	18,062	23,896	(40,726)	-	-	1,232
Pension reserve	(4,254,000)	-	(355,000)	-	1,057,000	(3,552,000)
	<u>(4,156,437)</u>	<u>7,676,171</u>	<u>(8,343,136)</u>	<u>215,634</u>	<u>1,057,000</u>	<u>(3,550,768)</u>

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17. STATEMENT OF FUNDS (continued)

Restricted fixed asset funds

Other capital grants fund	39,179	246,377	(4,008)	-	-	281,548
DfE/ESFA capital grants	1,264,823	57,438	(239,865)	110,526	-	1,192,922
Capital from GAG and other funds	141,148	-	(5,903)	38,763	-	174,008
Assets transferred on conversion	21,539,475	-	(380,565)	-	-	21,158,910
	<u>22,984,625</u>	<u>303,815</u>	<u>(630,341)</u>	<u>149,289</u>	<u>-</u>	<u>22,807,388</u>
Total restricted funds	<u>18,828,188</u>	<u>7,979,986</u>	<u>(8,973,477)</u>	<u>364,923</u>	<u>1,057,000</u>	<u>19,256,620</u>
Total of funds	<u>19,706,662</u>	<u>8,319,651</u>	<u>(9,107,371)</u>	<u>-</u>	<u>1,057,000</u>	<u>19,975,942</u>

A CURRENT YEAR 12 MONTHS AND PRIOR YEAR 12 MONTHS COMBINED POSITION IS AS FOLLOWS:

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Unrestricted funds						
General Funds	878,474	339,665	(133,894)	(364,923)	-	719,322
	-	316,061	(229,967)	-	-	86,094
Restricted funds						
Restricted general funds	-	34,762	(33,499)	-	-	1,263
General Annual Grant (GAG)	79,501	14,954,437	(15,020,622)	115,960	-	129,276
Local Authority	-	308,707	(308,707)	-	-	-
Donations	18,062	23,896	(40,726)	-	-	1,232
Pension reserve	(4,254,000)	-	(756,000)	-	1,967,000	(3,043,000)
	<u>(4,156,437)</u>	<u>15,321,802</u>	<u>(16,159,554)</u>	<u>115,960</u>	<u>1,967,000</u>	<u>(2,911,229)</u>

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17. STATEMENT OF FUNDS (continued)

Restricted fixed asset funds

Other capital grants fund	39,179	657,337	(33,217)	-	-	663,299
DfE/ESFA capital grants	1,264,823	94,858	(326,119)	110,526	-	1,144,088
Capital from GAG and other funds	141,148	-	(140,543)	138,437	-	139,042
Assets transferred on conversion	21,539,475	-	(764,366)	-	-	20,775,109
	<u>22,984,625</u>	<u>752,195</u>	<u>(1,264,245)</u>	<u>248,963</u>	<u>-</u>	<u>22,721,538</u>
	<u>18,828,188</u>	<u>16,073,997</u>	<u>(17,423,799)</u>	<u>364,923</u>	<u>1,967,000</u>	<u>19,810,309</u>
Total of funds	<u>19,706,662</u>	<u>16,729,723</u>	<u>(17,787,660)</u>	<u>-</u>	<u>1,967,000</u>	<u>20,615,725</u>

18. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	22,493,059	22,493,059
Current assets	929,203	595,479	235,661	1,760,343
Creditors due within one year	(123,787)	(463,708)	(7,182)	(594,677)
Pension scheme liability	-	(3,043,000)	-	(3,043,000)
	<u>805,416</u>	<u>(2,911,229)</u>	<u>22,721,538</u>	<u>20,615,725</u>

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	22,846,168	22,846,168
Current assets	1,400,802	1,232	37,814	1,439,848
Creditors due within one year	(681,480)	-	(76,594)	(758,074)
Provisions for liabilities and charges	-	(3,552,000)	-	(3,552,000)
	<u>719,322</u>	<u>(3,550,768)</u>	<u>22,807,388</u>	<u>19,975,942</u>

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19. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2018 £	2017 £
Net expenditure for the year (as per Statement of Financial Activities)	(270,217)	(787,720)
Adjustment for:		
Depreciation charges	633,904	630,341
Dividends, interest and rents from investments	(9,329)	(6,418)
Decrease in debtors	690	144,093
(Decrease)/increase in creditors	(163,397)	231,236
Defined benefit pension scheme cost less contributions payable	401,000	355,000
Net cash provided by operating activities	592,651	566,532

20. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2018 £	2017 £
Cash in hand	1,537,446	1,216,261
Total	1,537,446	1,216,261

21. CAPITAL COMMITMENTS

At 31 August 2018 the Trust had capital commitments as follows:

	2018 £	2017 £
Contracted for but not provided in these financial statements	93,832	-

22. PENSION COMMITMENTS

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

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

Contributions amounting to £95,961 were payable to the schemes at 31 August 2018 (2017 - £105,658) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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22. PENSION COMMITMENTS (continued)

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

Valuation of the Teachers' Pension Scheme

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 September 2019.

The employer's pension costs paid to TPS in the period amounted to £514,601 (2017 - £565,492).

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 a multi-employer pension scheme. The trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The trust has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £320,833 (2017 - £311,621), of which employer's contributions totalled £293,000 (2017 - £275,630) and employees' contributions totalled £27,833 (2017 - £35,991). The agreed contribution rates for future years are 17.4% for employers and 5.5-12.5% 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.

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22. PENSION COMMITMENTS (continued)

Principal actuarial assumptions:

	2018	2017
Discount rate for scheme liabilities	2.80 %	2.60 %
Rate of increase in salaries	3.50 %	4.20 %
Rate of increase for pensions in payment / inflation	2.40 %	2.70 %
Inflation assumption (CPI)	2.30 %	2.70 %
Inflation assumption (RPI)	3.30 %	3.60 %

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	23.4	23.4
Females	25.5	25.5
Retiring in 20 years		
Males	25.7	25.7
Females	27.9	27.9

	At 31 August 2018 £	At 31 August 2017 £
Sensitivity analysis		
Discount rate +0.1%	6,870	6,538
Discount rate -0.1%	6,566	6,829
Mortality assumption - 1 year increase	6,425	6,901
Mortality assumption - 1 year decrease	5,931	6,470

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

	Fair value at 31 August 2018 £	Fair value at 31 August 2017 £
Equities	2,572,500	1,930,000
Gilts	624,750	466,000
Corporate bonds	-	151,000
Property	294,000	203,000
Cash and other liquid assets	183,750	121,000
Other	-	259,000
Total market value of assets	3,675,000	3,130,000

The actual return on scheme assets was £231,000 (2017 - £349,000).

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22. PENSION COMMITMENTS (continued)

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

	2018 £	2017 £
Current service cost	(597,000)	(536,000)
Interest income	(182,000)	(149,000)
Interest cost	85,000	59,000
	<u>(694,000)</u>	<u>(626,000)</u>
Total	<u>(694,000)</u>	<u>(626,000)</u>
Actual return on scheme assets	<u>(231,000)</u>	<u>(349,000)</u>

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

	2018 £	2017 £
Opening defined benefit obligation	6,682,000	6,796,000
Current service cost	597,000	536,000
Interest cost	182,000	149,000
Employee contributions	82,000	80,000
Actuarial gains	(764,000)	(767,000)
Benefits paid	(61,000)	(97,000)
Other actuarial (gains) / losses	-	(15,000)
	<u>6,718,000</u>	<u>6,682,000</u>
Closing defined benefit obligation	<u>6,718,000</u>	<u>6,682,000</u>

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

	2018 £	2017 £
Opening fair value of scheme assets	3,130,000	2,542,000
Other actuarial gains/ (losses)	-	(15,000)
Interest income	85,000	59,000
Actuarial gains	146,000	290,000
Employer contributions	293,000	271,000
Employee contributions	82,000	80,000
Benefits paid	(61,000)	(97,000)
	<u>3,675,000</u>	<u>3,130,000</u>
Closing fair value of scheme assets	<u>3,675,000</u>	<u>3,130,000</u>

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23. OPERATING LEASE COMMITMENTS

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

	2018 £	2017 £
Amounts payable:		
Within 1 year	11,212	6,822
Between 1 and 5 years	10,785	9,384
Total	<u>21,997</u>	<u>16,206</u>

24. RELATED PARTY TRANSACTIONS

Owing to the nature of the 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 Trust's financial regulations and normal procurement procedures.

A member of teaching staff is the son of one of the Trustees. The teacher is remunerated according to the standard Teacher Pay Grades as contained within the Trust's Pay Policy and the School Teachers' Pay and Conditions Document.

25. CONTINGENT LIABILITIES

There are no contingent liabilities that require disclosure in the financial statements.

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.