

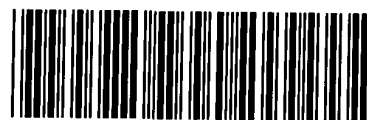
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CHANGE SCHOOLS PARTNERSHIP
(A Company Limited by Guarantee)

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FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

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CHANGE SCHOOLS PARTNERSHIP
(A Company Limited by Guarantee)

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CHANGE SCHOOLS PARTNERSHIP
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS MEMBERS, TRUSTEES AND
ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2017**

Members	Mr Mike Baker Mrs Alison Fiala Mr Philip Heady
Trustees	Mr Mike Baker Mrs Alison Fiala Mr Philip Heady Mr Stuart Ellis Mr Bruce Hanley Mrs Cris Edwards Mrs Sarah Garner Mrs Elizabeth Gask Mr Allan John Mr Robin Whitworth Mr Neil Trevains Mr James Saunders (appointed 19 July 2017) Mr Steven Vanderheide (appointed 29 March 2017)
Company registered number	08182064
Company name	CHANGE Schools Partnership
Principal and registered office	CHANGE School Partnership Blickling Road Great Notley Braintree Essex CM77 7ZJ
Executive Leadership Team	Mr Stuart Ellis, Executive Headteacher (Notley Green) and CEO Mrs Sarah Crookes, Director of Teaching, Learning and Assessment Miss Claire Russell, Head of School (Notley Green) Mrs Karen Harrison, Head of School (John Ray Juniors) Miss Sarah Fletcher, Head of School (Shalford) Mr Justin Wrench, Headteacher (Cann Hall) Mrs Cris Edwards, COO
Independent Auditors	Price Bailey LLP Causeway House 1 Dane Street Bishop's Stortford Hertfordshire CM23 3BT
Bankers	LLoyds Bank Plc 2/4 Bank Street Braintree Essex CM7 1UN Barclays Bank PLC 27 Station Road Clacton on Sea CO15 1TD

CHANGE SCHOOLS PARTNERSHIP (A Company Limited by Guarantee)

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2017

The Trustees of the Charitable Company present their Annual Report together with the financial statements and Auditor's Report of CHANGE Schools Partnership for the year ended 31 August 2017. The Annual Report serves the purposes of both a Trustees' Report, and a Directors' Report under company law.

The Trust operates three primary school academies and one junior school academy serving a catchment area in Essex. The Academies have a combined capacity of 1410 and had a roll of 1356 in the 2017 census.

Structure, Governance and Management

The Charitable Company, is a company limited by guarantee and an exempt charity. The Trust's Memorandum and Articles of Association are its primary governing documents and the Board of Trustees has governance arrangements that demonstrate: legitimate and visionary leadership; clarity of governing and managerial relationships; effective oversight; risk and financial management and support structures for sustainability to achieve the greatest possible economies. The Trustees are also the Directors for the purposes of company law. The terms Trustee and Director are interchangeable. The Trust includes the following Academies:

- | | |
|-------------------------------|---|
| • Notley Green Primary School | converted on 1st November 2012 |
| • Cann Hall Primary School | converted and joined the Trust on 1st November 2012 |
| • Shalford Primary School | converted and joined the Trust on 1st December 2016 |
| • John Ray Junior School | converted and joined the Trust on 1st April 2017 |

The operation of the Academies and employment of staff are the responsibility of the Trustees. The Trust retains control of Academy budgets and finances, and monitors these through its Finance and Audit Committee. Throughout this report the Board of Trustees is referred to as the Board. Each academy has appointed Local Governing Bodies (LGB) who have delegated authority to administer their Academy within agreed budgets.

Details of the Trustees who served throughout the period are included on the first section of this report. Within this Report the term Trustee refers to a member of the Board and the term Governor to a member of an LGB. Details of the Trustees who served during the year are included in the Reference and Administrative Details section.

Members' Liability

Each Member of the Trust undertakes to contribute to the assets of the Trust 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 and Officers' Indemnities

The Trust has opted into the Department for Education's risk protection arrangement (RPA), an alternative to insurance where UK Government funds cover losses that arise. This scheme protects Trustees and Officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business, and provides cover up to £5,000,000. It is not possible to quantify the Trustees and Officers indemnity element from the overall cost of the RPA scheme.

Method of Recruitment and Appointment or Election of Trustees

The arrangements for recruitment and election of Trustees are as set out in the Articles of Association and Funding Agreement.

Trustees are elected for a fixed term. The Chief Executive Officer (CEO) and the Chief Operating Officer (COO) are ex officio members of the Board. Other Trustees are elected to office or appointed if there are insufficient candidates offering themselves for election.

The Trust's CEO is the Accounting Officer.

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

The Trust is committed to providing adequate opportunities for Trustees and Governors to undertake and receive suitable training so as to enable them to perform their role effectively. To this end The Trust links with a number of local training providers. New Trustees and Governors are required to undergo an induction and training programme. The induction programme involves a tour of the relevant Academy, meeting with pupils and staff and provision of policy and procedures documents that are appropriate to the role they undertake with particular emphasis on the committee work that they will undertake. Training of newly appointed Trustees and Governors is carried out by a recognised professional body, usually the Local Authority - Essex.

CHANGE SCHOOLS PARTNERSHIP
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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

Organisational Structure

The governance of the Trust is defined in the Memorandum and Articles of Association together with the Funding Agreement with the Department of Education.

The Board meets on at least 4 occasions per year (6 times during the year ended 31 August 2017) and sub committees, Finance and Audit being one, at least 3 times per year. The Board also has a Pay Committee. The Board is responsible for the strategic direction of the Trust. The Trustees are responsible for setting strategic policy, adopting an annual plan and budget, monitoring The Trust by the use of those budgets and making key decisions about the direction of the Trust and senior staff appointments. The Governors are responsible for implementing strategic policy, reviewing and monitoring pupil outcomes within their Academies.

The Executive Leadership Team (ELT) looks across the Trust and aligns local Senior Leadership Teams (SLT) activity with the strategic aims of The Trust as a whole.

The Trust Teaching for Learning Team (TLT) provides continuity, consistency and direction across the teaching, learning and assessment of pupil outcomes across all academies within the Trust. The same principle applies to the Trust Inclusion Team.

The SLTs, including the Head Teacher/Head of School, are responsible for the leadership and direction of their Academy implementing policies, procedures and reporting to their LGB. Each SLT is responsible for the day to day operation of their Academy, in particular organising staff, resources and pupils. The Headteacher of each Academy has authorisation of spending within agreed local budgets and for the appointment of staff following vetting and safeguarding recruitment processes undertaken by the central business services team.

The Trust operate a central Finance and Business Services structure. This team, led by the COO, provides a streamline approach to all finance, HR, catering, administration and premises management. Operating in this way, ensures consistency of procedures, compliant finance and HR processes and economies of scale.

Arrangements for setting pay and remuneration of key management personnel

Key management personnel include Trustees and those staff to whom the Trustees have delegated significant authority and responsibility in the day-to-day running of the Trust.

Pay and remuneration of key management personnel is decided by a variety of contributory factors, such as the academy group size, ISR, the pay scales for each role and the level of experience of each staff member. In addition, pay levels may be affected by nationally agreed pay awards, the ability to recruit and retain in post, all of which are in accordance with the Trust's appointment and pay policies.

All amendments to key management's pay and remuneration is approved by the appropriate sub-committee and ratified by the Board.

Related Parties and other Connected Charities and Organisations

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, it is inevitable that from time to time transactions will take place with organisations in which Trustees may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Trust's financial regulations and normal procedures. Any transaction where the Trustee may have a pecuniary interest is only undertaken in accordance with the 'at cost' principle described in the Academies Financial Handbook. The Trustees and Governors complete a Declaration of Business Interests form and there is a requirement at every meeting for all Trustees/Governors to declare any interest they may have in any item on the agenda.

The Trust cooperated with the following organisations during the academic year in pursuit of its charitable activities:

- Compass Partnership of Schools
- John Camp, National Leader of Education
- Notley Family of Schools local cluster
- South Tendring Primary Partnership local cluster
- PLN Teaching School Alliance
- Regional Schools Office of the DfE

The Trust does not have a formal sponsor although the Trust was originally set up as a sponsor led Trust, with the sponsor being Notley Green Primary School.

CHANGE SCHOOLS PARTNERSHIP
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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

Objectives and Activities

Objectives, Strategies and Activities for 2016 - 2019

A Strong Focus on Continued Professional Development (CPD) and Life-Long Learning

Outstanding schools and academies achieve outstanding outcomes due to outstanding leadership. The Trust is committed to ensuring that all pupils in our Academies, particularly the least advantaged, receive excellent teaching and make the best possible progress from their starting points. High quality professional development, coaching, career development and life-long learning for teachers and Academy leaders lie at the heart of our approach. We therefore encourage staff and pupils to take pride in aspiration and success, whilst developing effective emotional intelligence, resilience and interdependence.

A Lasting Legacy

A school-led system ensures that Academies have strong networks both within and beyond the Trust and a strong voice in their future. We ensure that we are research-informed and engage with local networks and national partners to ensure that we keep with the best, through a philosophy of continual improvement. Using a variety of partners and in particular a National Leader of Education, we seek external validation and challenge to our strategic actions to safeguard against 'blind spots' and engage in robust professional debate.

One Learning Community

As a small Multi-Academy Trust we work collaboratively as one learning community to ensure the best outcomes for all our pupils. Team structures are designed within the Trust and within Schools to facilitate this, maximise economies of scale and effectiveness. Our Academies show a strong commitment to each other so that they can grow and improve through working together.

The Executive Leadership team ensures that there is robust and accurate self-evaluation that is evidenced by data and other relevant information. This is one of the key drivers for both individual Academy Development Plans as well as Trust-based development planning, where common improvement priorities are determined. For future schools joining the Trust that are not yet judged (through internal or external evaluation) to be 'good' or 'outstanding', bespoke packages of support will be determined and provided. Academies have access to our central services so that Headteachers (or Heads of School) can focus primarily on raising standards in teaching and learning.

Key Performance Indicators of Success

- All Academies will be evaluated as 'good' or 'outstanding' by Ofsted criteria within 2-3 years of joining the Trust.
- All Academies will be intentional and aspirational in working towards being 'outstanding' so that pupils achieve excellent outcomes.
- All teaching within our Academies will be judged good or outstanding. All teachers will be expected to aspire to teaching that is outstanding.
- For good and outstanding Academies, progress and attainment will exceed floor standards and will compare favourably with national data including that for vulnerable groups, including those entitled to the Pupil Premium, Looked After Children and those with SEND
- For Academies not yet good, a sharply rising trajectory of improvement will be evident through progress and attainment measures.
- Our Academies will display and effect inspirational leadership at all levels (including governance), which will reflect the One Learning Community culture.
- Our Academies will be able to accurately self-evaluate and will have a high culture of continued improvement and high aspiration.
- High quality bespoke professional development, coaching and career development (based upon the Trust's CPD Curriculum Policy) will mean that the Trust attracts and retains the very best teachers and leaders.

Public Benefit

The Trustees believe that by working towards the objectives and aims of the Trust as detailed above, they have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission.

**CHANGE SCHOOLS PARTNERSHIP
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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017**

Strategic Report

Achievements and Performance

The Trust was pleased to be able to make good progress against its corporate objectives and priorities for the year including:

Corporate Governance

Governing Bodies are established in each School and effective in holding School leaders to account because of their skills and commitment to the role. John Ray Junior School has a new Governing Body but has recruited on the basis of skills so this LGB has the potential to perform well in the next academic year once initial training and induction has been completed.

We have successfully recruited two additional Trustees this year to complement the skill-set of the Board overall. The overall effectiveness of the Board in holding Senior Leaders to account has increased and a separate Members meeting has been established to approve the overarching strategy of the Trust and to hold the Chair to account for the performance of the Board.

School Improvement – Teaching & Learning; Quality Assurance; Pupil Outcomes

Trust-based leadership structures are fully in place now with the teams working effectively together. The ELT meets monthly to determine the strategic direction of the Trust, build and develop best practice/policy – particularly around leadership and culture. It also receives proposals and recommendations from the Teaching for Learning Team, who, as strategic guardians of best practice, have been developing and improving a range of key tools and processes to improve the consistency and quality of teaching and learning and therefore pupil outcomes. The Trust Inclusion Team is also developing well.

For children entitled to Pupil Premium there has been a constant focus to ensure personalised provision and actions that diminish the difference of opportunity and outcome for disadvantaged. Best practice and latest research is carefully interrogated to inform our approaches. Data outcomes differ by School but in Schools evaluated as 'good' pupil premium children make good progress from their starting points. This will be an ongoing focus for us to ensure that all children have the best opportunities to meet their potential.

Growth

Conversations were held with the DfE Regional Schools Commission which led to the securing of Shalford Primary and John Ray Junior schools. This brings the Trust's capacity to 1455 pupils, very close to the original target, and certainly a number which gives us sustainability as a MAT.

Integrated Finance & Business Services

Significant progress has been made towards this objective including the establishment and appointment to key roles: Lead Officer for Finance & Human Resources; Trust Facilities Manager; Lead Catering Chef Manager. Two Schools have undergone restructures to centralised business functions and the remaining Schools will be aligned to this model in the next academic year.

Key Performance Indicators

The Trustees and Governors receive regular information at each Board meeting to enable them to monitor the performance of the Trust compared to aims, strategies and financial budgets.

CHANGE SCHOOLS PARTNERSHIP
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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

Key Performance Indicators of Success

Academy	Latest Ofsted Grade (Date)	% Teaching Good or Better
Notley Green Primary School	Good (June 2015)	100%
Cann Hall Primary School	Good (June 2016)	100%
Shalford Primary School	Awaiting Inspection	100%
John Ray Junior School	Awaiting Inspection	75%

Academy Attainment	Combined Reading, Writing, Maths at KS2 - 2015-16 (National)	Combined Reading, Writing and Maths at KS2 2016 – 17 (National)
Notley Green Primary School	61 (53)	58 (61)
Cann Hall Primary School	38 (53)	45 (61)
Shalford Primary School	81 (53)	56 (61)
John Ray Junior School	44 (53)	57 (61)

Academy Progress	Reading 2017 (2016)	Writing 2017 (2016)	Maths 2017 (2016)
Notley Green Primary	+1.4 (+0.57)	+0.1 (-1.09)	+1.1 (+0.61)
Cann Hall Primary	-3.9 (-2.43)	+1.3 (+2.22)	-0.8 (-0.16)
Shalford Primary	-5.0 (+0.60)	-3.0 (-0.19)	-3.1 (+1.64)
John Ray Junior	-0.4 (-1.8)	-2.2 (-4.1)	-1.3 (-2.1)

National Progress is set at zero (0)

Other Financial Key Performance Indicators

As funding is based on pupil numbers this is a key performance indicator. Total pupil numbers for 2016/17 were 1356 against a combined capacity of 1410.

The Trustees are confident that staffing levels are closely monitored to agreed Full Time Equivalents and staffing structures all approved by the Board, and monitor staffing costs as a percentage of total time.

The Finance and Audit Committee also monitor premises costs to General Annual Grant (GAG) income, capitation spend for curriculum departments to GAG income, total income less grants on a regular basis to ensure that the budget is set and managed appropriately.

The above KPI's were within the parameters set by the Trust.

Going Concern

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

Financial Review

The principal source of funding for the Trust is the General Annual Grant (GAG) and other grants that it receives from the Education and Skills Funding Agency (ESFA). For the year ended 31 August 2017 the Trust received £4,867,918 of GAG and other funding. A high percentage of this income is spent on wages and salaries and support costs to deliver the Trust's primary objective of the provision of education. During the year the Trust spent £5,374,602 on general running costs and transferred £971,711 to support capital new build and improvement projects on the various Academy sites. The Trust brought forward from 15/16, £268,653 restricted funds and £519,215 unrestricted funding. The carry forward for 16/17 is £960,238 restricted funding and £501,629 unrestricted funding.

The Trust secured Capital Improvement Funding (CIF) of £2,027,674 to support capital improvement projects across the Academies.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

Due to the accounting rules for the Local Government Pension Scheme under FRS102, the Trust is recognising a significant pension fund deficit of £3,519,000. This does not mean that an immediate liability for this amount crystallises and such a deficit generally results in a cash flow effect in the form of increased employer contributions over a number of years.

Reserves Policy

The Trustees are aware of the requirement to balance current and future needs and always aim to set a balanced budget with annual income balancing annual expenditure. The Trustees monitor estimated year-end carry forward figures via the monthly reports from the COO and HR. The budget plan identifies how any carry forward will be allocated in the plan for the following academic year, including the identification of any funds earmarked for a specific project or purpose.

The Trust's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) is £501,629. This has been built up from a mixture of locally raised income and balances transferred from the predecessor schools.

The Trustees have agreed to hold a total of one months expenditure in reserves which equated to approximately £400,000 at the year ended 31 August 2017.

The Trust's balance on restricted general funds (excluding pension reserve) plus the balance on unrestricted funds at 31 August 2017 was £1,461,867.

The cash balance of the Trust has been healthy all year, ending the year with a balance of £1,920,241. A significant proportion of this cash is held against specific projects and is not available to meet normal recurring expenditure. The Trustees monitor cash flow as part of the committee meeting reports.

Investment Policy

An Investment Policy was approved by the Board in Autumn 2016.

The aim of the policy is to ensure funds that the Trust does not immediately need to cover anticipated expenditure are invested to maximise its income but with minimal risk. The aim is to research where funds may be deposited applying prudence in ensuring there is minimum risk. The Trustees do not consider the investment of surplus funds as a primary activity, rather as good stewardship and as and when circumstances allow.

Principal Risks and Uncertainties

The Trust maintains, and regularly reviews, a central risk register identifying the major risks, to which the Trust and each Academy is exposed, together with identifying actions and procedures to mitigate those risks. This register is approved and monitored by the Trust via the Finance and Audit Committee with a formal review of the process undertaken on an annual basis. The internal control systems are audited by an external provider - SBM Services, which is reported to the Finance and Audit Committee and the exposure to identified risks are monitored on behalf of the Trustees at each Finance and Audit Committee meeting. The principal risks facing the Trust are outlined below; those facing the Academies at an operational level are addressed by its systems and by internal financial and other controls.

The Trustees report that the Trust's financial and internal controls conform to guidelines issued by the EFA, and that improvements to the wider framework of systems dealing with business risk and risk management strategy continue to be made and formally documented.

It is recognised that systems can only provide reasonable but not absolute assurance that major risks have been adequately managed.

As a group of academy schools, the level of financial risk is low. Cash flows can be forecast, monitored and reported. Staff costs make up the majority of expenditure and are relatively stable with contingencies in place to cover such items as sickness and maternity.

CHANGE SCHOOLS PARTNERSHIP
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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

The Trustees assess the other principal risks and uncertainties facing the Trust as follows:

- each Academy has considerable reliance on continued Government funding through the EFA and 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 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 that appropriate measures are in place to mitigate these risks;
- reputational - the continuing success of the Academies is dependent on continuing to attract applicants in sufficient numbers by maintaining the highest educational standards. To mitigate this risk Trustees ensure that pupil progress and outcomes are closely monitored and reviewed;
- 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 Academies is reliant on the quality of its staff and the Trustees monitor and review policies and procedures and recruitment 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 appointed SBM Services Limited and Price Bailey Chartered Accountants to carry out independent and external checks on financial systems and records as required by the Academy Financial Handbook. All finance staff receive training to keep up to date with financial practice requirements and develop their skills in this area;
- financial instruments – the Trust only deals with bank balances, cash and trade creditors, with limited trade (and other) debtors. The risk in this area is considered to be low; and
- defined benefit pension liability – as the Government has agreed to meet the defined benefit pension liability of any Academy ceasing to exist the main risk to the Trust is an annual cash flow funding of part of the deficit. Trustees take these payments into account when setting the annual budget plan.

The Trust and each Academy have continued to strengthen its risk management process throughout the year by improving the process and ensuring staff awareness.

Plans for Future Periods

Aims and Future Objectives 2017/2018

1. Corporate Governance

- Build the capacity of the Board and Governing Bodies further through skills-based recruitment and strategic development of governance.
- To quality assure a robust financial model based on the National Funding Formula and other income to ensure a sustainable future for the Trust.
- A risk management approach is embedded at team, Academy, Board levels.

2. School Improvement – Teaching & Learning; Quality Assurance; Pupil Outcomes

- To develop the highest standards of distributed leadership that provides the bedrock of organisational excellence
- To develop and effect a robust recruitment and succession planning strategy through initial teacher training, talent management and tailored professional development opportunities.
- Ensure that all children are well-equipped to achieve age-related expectations or above each year and especially at the end of each Key Stage.
- Ensure that the funding for pupils who are disadvantaged or have SEND is well spent and has a positive impact on diminishing progress and attainment gaps.
- To develop a Trust-based ICT strategy and underpinning financial model to support children's engagement, digital literacy and learning outcomes.
- Increase the level of inter-Academy scrutiny and moderation, facilitated externally, to quality assure standards of teaching, learning and pupil outcomes

CHANGE SCHOOLS PARTNERSHIP
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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

3. Growth

- Developing the growth of the multi-academy trust through the Board's proactive engagement with:
 - The Regional School Commissioner (DfE)
 - The Local Authority
 - Primary schools within the Braintree and Tendring/Colchester areas
- To recruit at least one further school into the Trust to achieve a target pupil capacity of at least 1500 (with Tendring/Colchester being a priority area)
- To continue to develop effective marketing, communication and PR strategies making our Academies the place of choice for parents; and our Trust is seen as an attractive partnership to join for maintained schools seeking to become academies.

4. Integrated Finance & Business Services

- Create and effect leadership structures that promote optimum efficiency and effectiveness through Trust-wide responsibilities and economies of scale in relation to finance; human resources; marketing; business administration; premises & infrastructure (including IT), health & safety; and catering.

Anticipated Outcomes to Secure Success

Corporate Governance

- There will be no duplication between Board membership and Governing Body membership.
- Skills of Trustees will be optimised to support the aims and objectives of the Trust.
- Skills gap analysis will identify further recruitment needs.
- Effective communication mechanisms exist between Governing Bodies and the Board.
- Trust and Governing Bodies effectively fulfil their duties as given in the Scheme of Delegation
- A culture and practice of risk identification and mitigation planning is evident at Board, Governing Body and Academy levels.
- A 3 year rolling budget plan is produced and QA'd with variation models that take into account likely variances/key risks.
- A clear strategy of income generation is determined resulting in increased revenue. Income generation targets are met.
- Finance & Audit Committee and Board minutes demonstrate that key risks are identified, effective mitigating actions planned.
- Academies & Governing Bodies identify key risks in relation to their delegated responsibilities and plan mitigating actions.
- Qualitative evidence demonstrates a culture of effective risk management across the organisation.

Auditor

Insofar 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, was approved by the Board of Trustees on 20 December 2017 and signed on the Board's behalf by:


Mr Bruce Hanley
Chair of Trustees

CHANGE SCHOOLS PARTNERSHIP
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GOVERNANCE STATEMENT
CHANGE Schools Partnership

SCOPE OF RESPONSIBILITY

As Trustees, we acknowledge we have overall responsibility for ensuring that CHANGE Schools Partnership 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 CEO, 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 CHANGE Schools Partnership and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

GOVERNANCE

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has formally met 6 times during the year. Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
Mr Mike Baker	2	6
Mrs Alison Fiala	0	6
Mr Philip Heady	3	6
Mr Stuart Ellis	6	6
Mr Bruce Hanley	6	6
Mrs Cris Edwards	6	6
Mrs Sarah Garner	6	6
Mrs Elizabeth Gask	4	6
Mr Allan John	4	6
Mr Robin Whitworth	6	6
Mr Neil Trevains	0	2
Mr James Saunders	1	1

The Board of Trustees for CHANGE School Partnership has diversity, experience in a number of key areas such as finance, a depth of knowledge and understanding in the primary education sector and a balanced and strategic approach to the Trust's vision.

The current Board have been in post for some time with quite a few in office since conversion.

The Finance & Audit Committee is a sub-committee of the main Board of Trustees. Its purpose is to address financial matters.

Key challenges for the year have been:

1. Financial and operational due diligence for new schools converting to CHANGE Schools Partnership, where different systems, policies and procedures require adoption and adaptation.
2. Strategic development of a central finance operating system and the complexities of detailed reporting.
3. Risk Management – ensuring that the process suitably reflects the needs of the Trust and the Risk Register identifies all risks and demonstrates appropriate tools and techniques to manage risk, whilst displaying good value for money.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Cris Edwards	4	4
Stuart Ellis	1	1
Sarah Garner	4	4
Neil Trevains	0	1
Steven Vanderheide	1	2
Robin Whitworth	4	4

CHANGE SCHOOLS PARTNERSHIP
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GOVERNANCE STATEMENT
CHANGE Schools Partnership (continued)

The Members Committee is also a sub-committee of the main Board of Trustees. Its purpose is to address operational matters.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mike Baker	1	1
Stuart Ellis	1	1
Alison Fiala	1	1
Bruce Hanley	1	1
Philip Heady	1	1

REVIEW OF VALUE FOR MONEY

As Accounting Officer, the CEO 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:

- centralising procurement across key suppliers and negotiating better rates. For example; Tucasi (income collection system), A – Z Curriculum resource supplier and Capita IT and systems support;
- improving the tender process for capital projects; and
- centralising the Finance and Business Services structure and thus achieving a reduction of duplication and working practices.

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 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 CHANGE Schools Partnership for the year 1 September 2016 to 31 August 2017 and up to the date of approval of the Annual Report and financial statements.

CAPACITY TO HANDLE RISK

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

THE RISK AND CONTROL FRAMEWORK

The 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 SBM Services Limited of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties; and
- identification and management of risks.

The Board of Trustees has considered the need for a specific internal audit function and has decided to appoint SBM

CHANGE SCHOOLS PARTNERSHIP
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT
CHANGE Schools Partnership (continued)

Services Limited as Internal Auditor.

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

- Review of governance and financial management
- Review of banking
- Review of payroll and expenses
- Review of fixed assets
- Review of income and expenditure

On a termly basis, the Internal Auditor reports to the Board of Trustees through the Finance and Audit Committee on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

The Internal Auditor delivered their schedule of work as planned and no material control issues were identified.

REVIEW OF EFFECTIVENESS

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

- the work of the Internal Auditor;
- the work of the external Auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the 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 ensure continuous improvement of the system is in place.

Approved by the Board of Trustees on 20 December 2017 and signed by:



Mr Bruce Hanley
Chair of Trustees



Mr Stuart Ellis
Accounting Officer

CHANGE SCHOOLS PARTNERSHIP
(A Company Limited by Guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of CHANGE Schools Partnership I have considered my responsibility to notify the Board of Trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the 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 2016.

I confirm that I and the 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 2016.

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



Mr Stuart Ellis
Accounting Officer

Date: 20 December 2017

CHANGE SCHOOLS PARTNERSHIP
(A Company Limited by Guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2017

The Trustees (who are also the Directors of the Charitable company for the purposes of company law) are responsible for preparing the Strategic Report, the Trustees' Report and the financial statements in accordance with the Annual Accounts Direction issued by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Charitable Company and of 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:

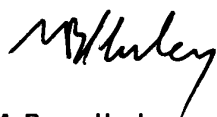
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in business.

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

The Trustees are responsible for ensuring that in its conduct and operation the Charitable Company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from 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 the Board of Trustees on 20 December 2017 and signed on its behalf by:



Mr Bruce Hanley
Chair of Trustees

CHANGE SCHOOLS PARTNERSHIP
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
CHANGE SCHOOLS PARTNERSHIP**

OPINION

We have audited the financial statements of CHANGE Schools Partnership (the 'Trust') for the year ended 31 August 2017 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 2016 to 2017 issued by the Education and Skills Funding Agency.

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

In our opinion the financial statements:

- give a true and fair view of the state of the Trust's affairs as at 31 August 2017 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our Report. We are independent of the 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 Auditors' Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our Report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

**CHANGE SCHOOLS PARTNERSHIP
(A Company Limited by Guarantee)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
CHANGE SCHOOLS PARTNERSHIP**

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 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 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 Charitable Company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the 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.

CHANGE SCHOOLS PARTNERSHIP
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
CHANGE SCHOOLS PARTNERSHIP**

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

Gary Miller (Senior Statutory Auditor)
for and on behalf of
Price Bailey LLP (Chartered Accountants and Statutory Auditors)

1 Dane Street
Bishop's Stortford
CM23 3BT

Date: 21 December 2017

CHANGE SCHOOLS PARTNERSHIP
(A Company Limited by Guarantee)

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO CHANGE SCHOOLS PARTNERSHIP AND THE EDUCATION AND SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter dated 20 October 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by CHANGE Schools Partnership during the year 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This Report is made solely to CHANGE Schools Partnership and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to CHANGE Schools Partnership 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 CHANGE Schools Partnership and the ESFA, for our work, for this Report, or for the conclusion we have formed.

RESPECTIVE RESPONSIBILITIES OF CHANGE SCHOOLS PARTNERSHIP'S ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT

The Accounting Officer is responsible, under the requirements of CHANGE Schools Partnership's funding agreement with the Secretary of State for Education dated 2 February 2012, and the Academies Financial Handbook extant from 1 September 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2016 to 2017. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

APPROACH

We conducted our engagement in accordance with the Academies Accounts Direction 2016 to 2017 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes:

- Consideration and corroboration of the evidence supporting the Accounting Officers statement on regularity, propriety and compliance.
- Evaluation of the general control environment of the Trust, extending the procedures required for financial statements to include regularity.
- Discussions with and representations from the Accounting Officer and other key management personnel.
- An extension of substantive testing from our audit of the financial statements to cover matters pertaining to regularity, propriety and compliance in particular checking that selected items were appropriately authorised, and appropriate.

CHANGE SCHOOLS PARTNERSHIP
(A Company Limited by Guarantee)

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO CHANGE
SCHOOLS PARTNERSHIP AND THE EDUCATION AND 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 2016 to 31 August 2017 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Reporting Accountant

Price Bailey LLP

21 December 2017

CHANGE SCHOOLS PARTNERSHIP
(A Company Limited by Guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2017**

	Note	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Unrestricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
INCOME FROM:						
Donations and capital grants	2	(921,834)	7,798,659	-	6,876,825	407,493
Charitable activities	3	4,867,918	-	73,153	4,941,071	3,692,059
Other trading activities	4	11,171	-	44,489	55,660	77,494
Investments	5	-	-	1,809	1,809	3,405
TOTAL INCOME		<u>3,957,255</u>	<u>7,798,659</u>	<u>119,451</u>	<u>11,875,365</u>	<u>4,180,451</u>
EXPENDITURE ON:						
Charitable activities		<u>4,644,972</u>	<u>633,262</u>	<u>137,038</u>	<u>5,415,272</u>	<u>4,073,970</u>
TOTAL EXPENDITURE	6	<u>4,644,972</u>	<u>633,262</u>	<u>137,038</u>	<u>5,415,272</u>	<u>4,073,970</u>
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS		<u>(687,717)</u>	<u>7,165,397</u>	<u>(17,587)</u>	<u>6,460,093</u>	<u>106,481</u>
Transfers between funds	17	<u>(84,698)</u>	<u>84,698</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES		<u>(772,415)</u>	<u>7,250,095</u>	<u>(17,587)</u>	<u>6,460,093</u>	<u>106,481</u>
Actuarial gains/(losses) on defined benefit pension schemes	24	<u>323,000</u>	<u>-</u>	<u>-</u>	<u>323,000</u>	<u>(933,000)</u>
NET MOVEMENT IN FUNDS		<u>(449,415)</u>	<u>7,250,095</u>	<u>(17,587)</u>	<u>6,783,093</u>	<u>(826,519)</u>
RECONCILIATION OF FUNDS:						
Total funds brought forward		<u>(2,109,347)</u>	<u>7,016,458</u>	<u>519,215</u>	<u>5,426,326</u>	<u>6,252,845</u>
TOTAL FUNDS CARRIED FORWARD		<u><u>(2,558,762)</u></u>	<u><u>14,266,553</u></u>	<u><u>501,628</u></u>	<u><u>12,209,419</u></u>	<u><u>5,426,326</u></u>

CHANGE SCHOOLS PARTNERSHIP
(A Company Limited by Guarantee)
REGISTERED NUMBER: 08182064

BALANCE SHEET
AS AT 31 AUGUST 2017

	Note	£	2017 £	£	2016 £
FIXED ASSETS					
Tangible assets	13		13,428,771		7,016,458
CURRENT ASSETS					
Stocks	14	3,464		2,968	
Debtors	15	1,135,624		122,666	
Cash at bank and in hand		1,920,241		1,201,100	
		<u>3,059,329</u>		<u>1,326,734</u>	
CREDITORS: amounts falling due within one year	16	(759,681)		(538,866)	
NET CURRENT ASSETS			2,299,648		787,868
TOTAL ASSETS LESS CURRENT LIABILITIES			15,728,419		7,804,326
Defined benefit pension scheme liability	24	(3,519,000)		(2,378,000)	
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u>12,209,419</u>		<u>5,426,326</u>
FUNDS OF THE ACADEMY					
Restricted income funds:					
Restricted income funds	17	960,238		268,653	
Restricted fixed asset funds	17	14,266,553		7,016,458	
Restricted income funds excluding pension liability		15,226,791		7,285,111	
Pension reserve		(3,519,000)		(2,378,000)	
Total restricted income funds			11,707,791		4,907,111
Unrestricted funds	17		501,628		519,215
TOTAL FUNDS			<u>12,209,419</u>		<u>5,426,326</u>

The financial statements on pages 20 to 42 were approved by the Trustees, and authorised for issue, on 20 December 2017 and are signed on their behalf, by:


Mr Bruce Hanley
Chair of Trustees

CHANGE SCHOOLS PARTNERSHIP
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2017

	Note	2017 £	2016 £
Cash flows from operating activities			
Net cash provided by operating activities	19	1,618,558	669,659
Cash flows from investing activities:			
Interest received		1,809	3,405
Purchase of tangible fixed assets		(901,226)	(358,026)
Net cash used in investing activities		(899,417)	(354,621)
Change in cash and cash equivalents in the Year		719,141	315,038
Cash and cash equivalents brought forward		1,201,100	886,062
Cash and cash equivalents carried forward	20	1,920,241	1,201,100

CHANGE SCHOOLS PARTNERSHIP
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

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 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 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

CHANGE Schools Partnership constitutes a public benefit entity as defined by FRS 102.

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

1.2 Company status

The Trust is a company limited by guarantee. The Members of the Company named on page 1. In the event of the Trust being wound up, the liability in respect of the guarantee is limited to £10 per Member. The registered office of the Trust is Blickling Road, Great Notley, Braintree, Essex, CM77 7ZJ.

1.3 Fund accounting

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

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

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

1.4 Income

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

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

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

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

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

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

CHANGE SCHOOLS PARTNERSHIP
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.5 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Expenditure on charitable activities are costs incurred on the Trusts educational operations, including support costs and those costs relating to the governance of the Trust apportioned to charitable activities.

1.6 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 Trust to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the 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.

1.7 Tangible fixed assets and depreciation

All assets costing more than £2,500 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

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

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

L/Term Leasehold Property	-	30-60 years straight line
Fixtures and fittings	-	10% straight line
Computer equipment	-	20% straight line

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

1.8 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.

CHANGE SCHOOLS PARTNERSHIP
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.9 Taxation

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

1.10 Stocks

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

1.11 Debtors

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

1.12 Cash at Bank and in hand

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

1.13 Liabilities and provisions

Liabilities and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the Trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.14 Financial instruments

The 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 costs 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

CHANGE SCHOOLS PARTNERSHIP
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.15 Pensions

Retirement benefits to employees of the 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 Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 24, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the 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.

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 24, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Unrestricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Donations	(921,834)	5,740,000	-	4,818,166	60,494
Capital grants	-	2,058,659	-	2,058,659	346,999
	<u>(921,834)</u>	<u>7,798,659</u>	<u>-</u>	<u>6,876,825</u>	<u>407,493</u>
Total 2016	<u>60,494</u>	<u>346,999</u>	<u>-</u>	<u>407,493</u>	

3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Restricted funds 2017 £	Unrestricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
DfE/ESFA grants				
General Annual Grant (GAG)	4,002,039	-	4,002,039	3,023,868
Other DfE/EFA grants	480,895	-	480,895	262,017
Pupil premium	333,100	-	333,100	255,052
	<u>4,816,034</u>	<u>-</u>	<u>4,816,034</u>	<u>3,540,937</u>
Other government grants				
SEN funding	51,884	-	51,884	48,897
Other Government grants	-	-	-	41,712
	<u>51,884</u>	<u>-</u>	<u>51,884</u>	<u>90,609</u>
Other funding				
Catering income	-	73,154	73,154	60,513
	<u>-</u>	<u>73,154</u>	<u>73,154</u>	<u>60,513</u>
	<u>4,867,918</u>	<u>73,154</u>	<u>4,941,072</u>	<u>3,692,059</u>
Total 2016	<u>3,631,546</u>	<u>60,513</u>	<u>3,692,059</u>	

CHANGE SCHOOLS PARTNERSHIP
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

4. OTHER TRADING ACTIVITIES

	Restricted funds 2017 £	Unrestricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Other income	11,171	42,700	53,871	75,107
Lettings income	-	1,789	1,789	2,387
	<u>11,171</u>	<u>44,489</u>	<u>55,660</u>	<u>77,494</u>
<i>Total 2016</i>	<u>25,783</u>	<u>51,711</u>	<u>77,494</u>	

5. INVESTMENT INCOME

	Restricted funds 2017 £	Unrestricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Bank interest	-	1,809	1,809	3,405
	<u>-</u>	<u>1,809</u>	<u>1,809</u>	<u>3,405</u>
<i>Total 2016</i>	<u>-</u>	<u>3,405</u>	<u>3,405</u>	

6. EXPENDITURE

	Staff costs 2017 £	Premises 2017 £	Other costs 2017 £	Total 2017 £	Total 2016 £
Provision of education:					
Direct costs	3,124,775	-	239,441	3,364,216	2,535,440
Support costs	837,519	287,767	925,770	2,051,056	1,538,530
	<u>3,962,294</u>	<u>287,767</u>	<u>1,165,211</u>	<u>5,415,272</u>	<u>4,073,970</u>
<i>Total 2016</i>	<u>2,924,691</u>	<u>257,124</u>	<u>892,155</u>	<u>4,073,970</u>	

CHANGE SCHOOLS PARTNERSHIP
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

7. CHARITABLE ACTIVITIES

	2017 £	2016 £
Direct costs	3,364,216	2,535,440
Support costs	2,051,056	1,538,530
Total	5,415,272	4,073,970

	2017 £	2016 £
Analysis of support costs		
Support staff costs	837,519	826,264
Premises costs	316,468	257,124
Technology costs	20,581	17,318
Governance costs	48,029	14,592
Other support costs	828,459	423,232
Total	2,051,056	1,538,530

8. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets: - owned or leased by the Trust	299,455	196,034
Operating lease rentals	13,112	13,112
Auditors' remuneration - audit	9,000	7,250
Auditors' remuneration - other services	5,350	4,750

CHANGE SCHOOLS PARTNERSHIP
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

9. STAFF COSTS

Staff costs were as follows:

	2017 £	2016 £
Wages and salaries	3,051,365	2,260,483
Social security costs	232,473	207,849
Pension costs	659,032	433,523
	<u>3,942,870</u>	<u>2,901,855</u>
Supply teacher costs	-	8,486
Staff restructuring costs	17,344	14,350
Apprenticeship levy	2,080	-
	<u><u>3,962,294</u></u>	<u><u>2,924,691</u></u>

Staff severance payments:

Included within staff restructuring costs are non-statutory/non-contractual severance payments totalling £17,344 (2016 - £14,350). Individually, the payments were: £294, £440, £875, £3,914, £5,000, £996, £746 and £5,079.

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

	2017 No.	2016 No.
Teaching	47	36
Administration and support	139	107
Management	12	10
	<u>198</u>	<u>153</u>

Average headcount expressed as a full time equivalent:

	2017 No.	2016 No.
Teaching	47	31
Administration and support	91	50
Management	11	8
	<u>149</u>	<u>89</u>

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

	2017 No.	2016 No.
In the band £ 70,001 - £ 80,000	1	1

The key management personnel of the Trust comprise the Trustees and the Senior Executive Team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust was £416,386 (2016: £230,553).

The prior year did not include Shalford Primary School and John Ray Junior Schools Senior Executive Team.

CHANGE SCHOOLS PARTNERSHIP
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

10. CENTRAL SERVICES

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

- A proportion of the CEO's salary.
- A proportion of the COO's salary.
- A proportion of the Lead Finance and HR officers salary.
- A proportion of the Facilities Managers salary.
- A proportion of the Catering Managers salary.
- Audit and accountancy fees.
- Hire of meeting rooms for Trustees and Governors meetings.
- Clerking services for Trustees and Governors meetings.
- Cross academy training.

The Trust charges for these services on the following basis:

2% of total GAG funding.

The actual amounts charged during the year were as follows:

	2017 £	2016 £
Cann Hall Primary School	28,370	26,849
Notley Green Primary School	28,370	26,848
Shalford Primary School	12,969	-
John Ray Junior School	8,106	-
	<u>77,815</u>	<u>53,697</u>
Total		

11. TRUSTEES' REMUNERATION AND EXPENSES

One or more Trustees has been paid remuneration or has received other benefits from an employment with the trust. The CEO and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of CEO 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:

		2017 £	2016 £
S Ellis	Remuneration	70,000-75,000	70,000-75,000
	Pension contributions paid	10,000-15,000	10,000-15,000
C Edwards	Remuneration	45,000-50,000	40,000-45,000
	Pension contributions paid	5,000-10,000	5,000-10,000

During the Year ended 31 August 2017, travel subsistence expenses totalling £4,149 (2016 - £4,702) were reimbursed or paid directly to 2 Trustees (2 Trustees) in relation to their role as employees.

12. TRUSTEES' AND OFFICERS' INSURANCE

The Trust has opted into the Department for Education's risk protection arrangement (RPA), an alternative to insurance where UK Government funds cover losses that arise. This scheme protects Trustees, Governors and Officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust business, and provides cover up to £10,000,000. It is not possible to quantify the Trustees, Governors and Officers indemnity element from the overall cost of the RPA scheme.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

13. TANGIBLE FIXED ASSETS

	L/term leasehold property £	Fixtures and fittings £	Computer equipment £	Total £
Cost				
At 1 September 2016	7,431,791	174,373	182,833	7,788,997
Additions	774,724	-	126,502	901,226
Transfers on conversion	5,740,000	15,994	54,549	5,810,543
At 31 August 2017	13,946,515	190,367	363,884	14,500,766
Depreciation				
At 1 September 2016	517,402	116,249	138,888	772,539
Charge for the year	227,834	18,223	53,399	299,456
At 31 August 2017	745,236	134,472	192,287	1,071,995
Net book value				
At 31 August 2017	13,201,279	55,895	171,597	13,428,771
At 31 August 2016	6,914,389	58,124	43,945	7,016,458

14. STOCKS

	2017 £	2016 £
Uniform and catering stock	3,464	2,968

15. DEBTORS

	2017 £	2016 £
Trade debtors	288	-
VAT recoverable	140,755	-
Other debtors	847,222	15,754
Prepayments and accrued income	147,359	106,912
	1,135,624	122,666

16. CREDITORS: Amounts falling due within one year

	2017 £	2016 £
Trade creditors	-	3,269
Other taxation and social security	88,173	49,199
Other creditors	4,176	-
Accruals and deferred income	667,332	486,398
	759,681	538,866

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FOR THE YEAR ENDED 31 AUGUST 2017**

16. CREDITORS: Amounts falling due within one year (continued)

	2017 £	2016 £
Deferred income		
Deferred income at 1 September 2016	86,104	-
Resources deferred during the year	-	86,104
Amounts released from previous years	-	(116,101)
	<u>86,104</u>	<u>(116,101)</u>

Deferred income relates to Universal Free School Meals and school trips.

17. STATEMENT OF FUNDS

	Brought forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (losses) £	Balance at 31 August 2017 £
Unrestricted funds						
Unrestricted funds	519,215	119,451	(137,038)	-	-	501,628
	<u>519,215</u>	<u>119,451</u>	<u>(137,038)</u>	<u>-</u>	<u>-</u>	<u>501,628</u>
Restricted funds						
General Annual Grant (GAG)	268,653	4,002,039	(3,225,756)	(84,698)	-	960,238
Other DfE / ESFA grants	-	580,694	(580,694)	-	-	-
Other government grants	-	285,099	(285,099)	-	-	-
Other restricted income	-	242,263	(242,263)	-	-	-
Trip donations	-	38,160	(38,160)	-	-	-
Pension reserve	(2,378,000)	(1,191,000)	(273,000)	-	323,000	(3,519,000)
	<u>(2,109,347)</u>	<u>3,957,255</u>	<u>(4,644,972)</u>	<u>(84,698)</u>	<u>323,000</u>	<u>(2,558,762)</u>
Restricted fixed asset funds						
Restricted fixed asset fund	7,016,458	5,740,000	(299,456)	971,771	-	13,428,773
Condition Improvement Fund (CIF)	-	2,027,674	(333,806)	(861,134)	-	832,734
Devolved Formula Capital (DFC)	-	30,985	-	(25,939)	-	5,046
	<u>7,016,458</u>	<u>7,798,659</u>	<u>(633,262)</u>	<u>84,698</u>	<u>-</u>	<u>14,266,553</u>
Total restricted funds	<u>4,907,111</u>	<u>11,755,914</u>	<u>(5,278,234)</u>	<u>-</u>	<u>323,000</u>	<u>11,707,791</u>
Total of funds	<u>5,426,326</u>	<u>11,875,365</u>	<u>(5,415,272)</u>	<u>-</u>	<u>323,000</u>	<u>12,209,419</u>

CHANGE SCHOOLS PARTNERSHIP
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

17. STATEMENT OF FUNDS (continued)

STATEMENT OF FUNDS - PRIOR YEAR

	Brought forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (losses) £	Balance at 31 August 2016 £
Unrestricted funds						
Unrestricted funds	526,817	5,792	(2,367)	(11,027)	-	519,215
	<u>526,817</u>	<u>5,792</u>	<u>(2,367)</u>	<u>(11,027)</u>	<u>-</u>	<u>519,215</u>
Restricted funds						
General Annual Grant (GAG)	201,562	3,023,868	(2,956,777)	-	-	268,653
Pupil Premium	-	255,052	(255,052)	-	-	-
Other DfE/ ESFA	-	303,729	(303,729)	-	-	-
Catering income	-	60,513	(60,513)	-	-	-
Trip income	-	49,696	(49,696)	-	-	-
Restricted donations	-	10,798	(10,798)	-	-	-
Other restricted income	-	75,107	(75,107)	-	-	-
SEN funding	-	48,897	(48,897)	-	-	-
Pension reserve	(1,330,000)	-	(115,000)	-	(933,000)	(2,378,000)
	<u>(1,128,438)</u>	<u>3,827,660</u>	<u>(3,875,569)</u>	<u>-</u>	<u>(933,000)</u>	<u>(2,109,347)</u>
Restricted fixed asset funds						
Restricted fixed asset fund	6,854,466	-	(196,034)	358,026	-	7,016,458
Condition Improvement Fund (CIF)	-	346,999	-	(346,999)	-	-
	<u>6,854,466</u>	<u>346,999</u>	<u>(196,034)</u>	<u>11,027</u>	<u>-</u>	<u>7,016,458</u>
Total restricted funds	<u>5,726,028</u>	<u>4,174,659</u>	<u>(4,071,603)</u>	<u>11,027</u>	<u>(933,000)</u>	<u>4,907,111</u>
Total of funds	<u>6,252,845</u>	<u>4,180,451</u>	<u>(4,073,970)</u>	<u>-</u>	<u>(933,000)</u>	<u>5,426,326</u>

CHANGE SCHOOLS PARTNERSHIP
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

17. STATEMENT OF FUNDS (continued)

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

Unrestricted funds

This represents income received which holds no restrictions.

Pupil Premium

This represents funding received to help raise attainment of disadvantaged pupils of all abilities.

Other DfE/EFA grants

This represents funding received from the DfE/EFA which is restricted in nature.

Trip income

This represents contributions made by parents towards the running costs of trips for the pupils of the Schools and the associated costs.

Restricted donations

This represents small donations received in the year for specific purposes.

Other restricted income

This represents other income received which is restricted in nature.

SEN funding

This represents funding received to support individuals with special educational needs.

Pension reserve

This reserve represents the Trust's share of the deficit on the Local Government Pension Scheme (LGPS).

Restricted fixed asset fund

The restricted fixed asset fund represents the value of fixed assets held in line with the charitable objectives of the Trust.

General Annual Grant (GAG)

This represents funding from the EFA to cover the costs of recurrent expenditure.

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

CHANGE SCHOOLS PARTNERSHIP
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

17. STATEMENT OF FUNDS (continued)

ANALYSIS OF ACADEMIES BY FUND BALANCE

Fund balances at 31 August 2017 were allocated as follows:

	Total 2017 £	Total 2016 £
Cann Hall Primary School	999,352	568,024
Notley Green Primary School	80,895	219,782
Shalford Primary School	21,350	-
John Ray Junior School	227,704	-
Central Fund	132,566	62
	<hr/>	<hr/>
Total before fixed asset fund and pension reserve	1,461,867	787,868
Restricted fixed asset fund	14,266,553	7,016,458
Pension reserve	(3,519,000)	(2,378,000)
	<hr/>	<hr/>
Total	12,209,420	5,426,326
	<hr/> <hr/>	<hr/> <hr/>

ANALYSIS OF ACADEMIES BY COST

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2017 £	Total 2016 £
Cann Hall Primary School	1,062,744	414,623	96,733	556,422	2,130,522	1,996,825
Notley Green Primary School	1,080,780	280,540	213,177	415,758	1,990,255	1,827,226
Shalford Primary School	293,125	68,251	30,777	87,672	479,825	-
John Ray Junior School	475,702	57,390	30,777	132,991	696,860	-
Central Fund	-	-	6,601	88,087	94,688	53,697
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	2,912,351	820,804	378,065	1,280,930	5,392,150	3,877,748
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CHANGE SCHOOLS PARTNERSHIP
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

18. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Unrestricted funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	13,428,773	-	13,428,773
Current assets	1,719,919	837,780	501,628	3,059,327
Creditors due within one year	(759,681)	-	-	(759,681)
Provisions for liabilities and charges	(3,519,000)	-	-	(3,519,000)
	<u>(2,558,762)</u>	<u>14,266,553</u>	<u>501,628</u>	<u>12,209,419</u>

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Unrestricted funds 2016 £	Total funds 2016 £
Tangible fixed assets	-	7,016,458	-	7,016,458
Current assets	807,518	-	519,215	1,326,733
Creditors due within one year	(538,865)	-	-	(538,865)
Provisions for liabilities and charges	(2,378,000)	-	-	(2,378,000)
	<u>(2,109,347)</u>	<u>7,016,458</u>	<u>519,215</u>	<u>5,426,326</u>

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

	2017 £	2016 £
Net income for the year (as per Statement of Financial Activities)	6,460,093	106,481
Adjustment for:		
Depreciation charges	299,456	196,034
Losses on investments	(1,809)	(3,405)
Increase in stocks	(496)	(208)
Increase/(decrease) in creditors	220,815	281,840
Decrease in creditors	(1,012,958)	(26,083)
Defined benefit pension scheme obligation inherited	1,191,000	-
Pension adjustment	273,000	115,000
Donated assets on conversion	(5,810,543)	-
Net cash provided by operating activities	<u>1,618,558</u>	<u>669,659</u>

20. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2017 £	2016 £
Cash in hand	1,920,241	1,201,100
Total	<u>1,920,241</u>	<u>1,201,100</u>

CHANGE SCHOOLS PARTNERSHIP
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

21. 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.

22. CONTINGENT LIABILITIES

During the period of the funding agreement, should any asset for which a capital grant was received be sold or otherwise disposed of, in the event of the Trust not reinvesting the proceeds, it will be required to pay the grant related proportion of the proceeds to the ESFA.

Should the funding agreement be terminated for any reason, the Trust shall repay to the ESFA the current value of the Trust's land, buildings and other assets, to the extent that such assets were funded by sums received from the ESFA.

23. CAPITAL COMMITMENTS

At 31 August 2017 the Trust had capital commitments as follows:

	2017 £	2016 £
Contracted for but not provided in these financial statements	-	34,448

CHANGE SCHOOLS PARTNERSHIP
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

24. 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 Essex County Council. Both are Multi-Employer Defined Benefit Pension Schemes.

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

Contributions amounting to £Nil were payable to the schemes at 31 August 2017 (2016 - £Nil) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

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

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £282,851 (2016 - £248,476).

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.

CHANGE SCHOOLS PARTNERSHIP
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24. PENSION COMMITMENTS (continued)

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the Year ended 31 August 2017 was £264,000 (2016 - £195,000), of which employer's contributions totalled £203,000 (2016 - £146,000) and employees' contributions totalled £61,000 (2016 - £49,000). The agreed contribution rates for future years are 12.3% for employers and 5.5-6.5% for employees.

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

Principal actuarial assumptions:

	2017	2016
Discount rate for scheme liabilities	2.60 %	2.20 %
Rate of increase in salaries	4.20 %	4.10 %
Rate of increase for pensions in payment / inflation	2.70 %	2.30 %

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

	2017	2016
Retiring today		
Males	22.2	22.9
Females	24.7	25.3
Retiring in 20 years		
Males	24.3	25.2
Females	27.0	27.7

	At 31 August 2017 £	At 31 August 2016 £
Sensitivity analysis		
Discount rate +0.1%	5,290,000	3,161,000
Discount rate -0.1%	5,583,000	3,322,000
Mortality assumption - 1 year increase	5,608,000	3,323,000
Mortality assumption - 1 year decrease	5,264,000	3,159,000
CPI rate +0.1%	5,553,000	3,307,000
CPI rate -0.1%	5,318,000	3,173,000

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24. PENSION COMMITMENTS (continued)

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

	Fair value at 31 August 2017 £	Fair value at 31 August 2016 £
Equities	1,252,000	595,000
Gilts	119,000	34,000
Other bonds	74,000	34,000
Property	185,000	95,000
Cash and other liquid assets	58,000	27,000
Alternative assets	146,000	77,000
Other managed funds	81,000	-
Total market value of assets	1,915,000	862,000

The actual return on scheme assets was £194,000 (2016 - £99,000).

The amounts recognised in the Statement of Financial Activities incorporating Income and Expenditure Account are as follows:

	2017 £	2016 £
Current service cost	(407,000)	(211,000)
Interest income	31,000	27,000
Interest cost	(100,000)	(77,000)
Total	(476,000)	(261,000)

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

	2017 £	2016 £
Opening defined benefit obligation	3,240,000	1,907,000
Upon conversion	1,816,000	-
Current service cost	407,000	211,000
Interest cost	100,000	77,000
Employee contributions	61,000	49,000
Actuarial (gains)/losses	(180,000)	1,005,000
Benefits paid	(10,000)	(9,000)
Closing defined benefit obligation	5,434,000	3,240,000

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

24. PENSION COMMITMENTS (continued)

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

	2017 £	2016 £
Opening fair value of scheme assets	862,000	577,000
Upon conversion	625,000	-
Interest income	31,000	27,000
Actuarial losses	143,000	72,000
Employer contributions	203,000	146,000
Employee contributions	61,000	49,000
Benefits paid	(10,000)	(9,000)
	<u>1,915,000</u>	<u>862,000</u>
Closing fair value of scheme assets		

25. OPERATING LEASE COMMITMENTS

At 31 August 2017 the total of the Trust's future minimum lease payments under non-cancellable operating leases was:

	2017 £	2016 £
Amounts payable:		
Within 1 year	26,470	21,600
Between 1 and 5 years	51,650	81,400
	<u>78,120</u>	<u>103,000</u>
Total		

26. 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.

Any transactions where the Trustee has a pecuniary interest is only undertaken in accordance with the 'at cost' principle stated in the Academies Financial Handbook.

No related party transactions took place in the year.