

CHANGE SCHOOLS PARTNERSHIP
(A Company Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2018



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 2018**

Members	Mr Mike Baker Mrs Alison Fiala Mr Philip Heady Mr Allan John (appointed 1 September 2018) Mr Bruce Hanley
Trustees	Mr Stuart Ellis Mr Bruce Hanley Mrs Cris Edwards (resigned 19 September 2018) Mrs Sarah Garner Mrs Elizabeth Gask (resigned 19 September 2018) Mr Allan John (resigned 23 February 2018) Mr Robin Whitworth Mr James Saunders Mr Steven Vanderheide Mr Paul Heavers (appointed 2 March 2018) Mr Jonathan Dancy (appointed 19 September 2018)
Company registered number	08182064
Company name	CHANGE Schools Partnership ~
Principal and registered office	CHANGE Schools Partnership Blickling Road Great Notley Braintree Essex CM77 7ZJ
Executive Leadership Team	Mr Stuart Ellis, CEO Mrs Sarah Crookes, Director of Teaching, Learning and Assessment Miss Claire Russell, Headteacher (Notley Green) Miss Karen Harrison, Head of School (John Ray Juniors) Miss Sarah Fletcher, Head of School (Shalford) (resigned 31 December 2017) Mrs Louise Venables, Head of School (Shalford) - (appointed 1 January 2018) Mr Justin Wrench, Headteacher (Cann Hall) Mrs Cris Edwards, COO (resigned 31 October 2018)
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 2018

The Trustees present their Annual Report together with the financial statements and Auditor's Report of CHANGE Schools Partnership (the Charitable Company of the Trust) for the year ended 31 August 2018. The Annual Report serves the purposes of both a Trustees' Report, and a Directors' Report under company law.

The Trust operates three primary school academies and one junior school academy (the Schools or the Academies) serving a catchment area in Essex. The Academies have a combined capacity of 1425 and had a roll of 1343 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 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 in the Reference and Administrative Details section. 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

In accordance with normal commercial practice the Trust has purchased insurance to protect Trustees, Governors and Officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust business. The insurance provides unlimited cover on any one claim and details of the costs are disclosed in Note 12 to the accounts.

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) is an ex officio member of the Board. The Chief Operating Officer (COO) was also an ex officio member of the Board until 1 September 2018. Other Trustees are elected to office or appointed if there are insufficient candidates offering themselves for election. The Articles of Association make provision for up to 9 Trustees with no more than one third being executive employees.

The Trust's CEO is the Accounting Officer.

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

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.

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 and sub committees: Finance and Audit; and Standards being two, at least 3 times per year. 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 within the LGBs are responsible for implementing strategic policy, reviewing and monitoring pupil outcomes.

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

The Trust Leadership Team (TLT) provides continuity, consistency and direction across the teaching, learning and assessment of pupil outcomes across all academies within the Trust.

The Senior Leadership Teams (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 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 the 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.

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

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

- Compass Partnership.
- Notley Family of Schools.
- South Tendring Primary Partnership.
- Professional Learning Network (Teaching School Alliance).
- Edison Learning.

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.

Objectives and Activities

Objectives, Strategies and Activities for 2016 – 2019

The principal objective and activity of the Trust is to:

Advance for the public benefit, education in the United Kingdom, in particular by establishing, maintaining, carrying on, managing and developing schools offering a broad range of curriculum for pupils of different abilities.

The Trust sums up its mission and objective through its strapline of 'Aiming High; Changing Lives'.

Objectives, Strategies and Activities

Trust Objectives 2017-18

Our journey to deliver against the 3 year corporate objectives in 2017-18 focused on the following:

1. Corporate Governance

- Build the capacity of the Board and LGB's 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, LGB and 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.

3. Growth

Developing the growth of the Trust through the Board's proactive engagement with:

- o The Regional School Commissioner (DfE).
- o The Local Authority.
- o Primary schools within the Braintree and Tendring/Colchester areas.
- To recruit at least one further school into the Trust (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.

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

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.

Public Benefit

The Trustees confirm that they have complied with the duty in Section 4 of the Charities Act 2011 to have due regard to the Charity Commissioner's general guidance on public benefit (Pb1) in exercising their powers or duties. They have referred to this guidance when reviewing the Trust's aims and objectives and in planning its future activities.

The Trust aims to advance for the public benefit, education in Braintree, Tendring and the surrounding areas. In particular, but without prejudice to the generality of the foregoing by estimating, maintaining, managing and developing schools and offering a broad curriculum.

Beyond this, the Academies aim to offer an education for the whole individual providing exceptional opportunities for personal as well as academic success. With this in mind, each Academy seeks to provide for the cultural, physical, spiritual as well as academic development of pupils. The wide range of extra-curricular activities, educational trips and visits offered to, and taken up by our pupils contribute to Schools which are happy and in which pupils thrive.

We support other Schools through the delivery of professional development and the sharing of practice and knowledge to ultimately benefit the wider community.

Strategic Report

Achievements and Performance

- We have continued to build capacity in governance through recruiting additional Trustees and Governors.
- Risk management processes have been strengthened, particularly at Academy level.
- A three year budget plan has been determined to plan for financial stability.
- The Trust Teaching for Learning Team has supported the delivery of a consistent teaching and learning handbook.
- Peer review has aided quality assurance processes and overall School improvement.
- An ICT strategy has been launched to develop a consistent level of provision in our Academies during the next academic year.
- Further development of a centralised business structure has taken place for Schools which latterly joined the Trust, i.e. John Ray Junior School and Shalford Primary School.
- The Trust has consolidated its position with regards to growth but retains the vision of developing a growing organisation across the Braintree and Tendring/Colchester areas.

Key Academic Performance Indicators:

- Progress from Key Stage 1 to Key Stage 2
- % of pupils achieving expected standard in Reading, Writing and Mathematics
- % of pupils achieving the higher (greater depth) standard in Reading Writing and Mathematics

Progress

National = 0

	Reading	Writing	Maths
Notley Green Primary School	0.2	0.1	-1.3
Cann Hall Primary School	-0.1	-1.1	-1.4
Shalford Primary School	-3.4	0.2	-1.3
John Ray Junior School	-1.1	-5.3	-2.5

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

Attainment

Academy	Combined Reading, Writing & Maths	
	Expected Standard 2018 (National)	Higher Standard (National)
Notley Green Primary School	69 (64)	10 (10)
Cann Hall Primary School	46 (64)	5 (10)
Shalford Primary School	38 (64)	13 (10)
John Ray Junior School	54 (64)	10 (10)

Our Commitment to Excellence

- 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.

Other Financial Key Performance Indicators

As funding is based on pupil numbers this is a key performance indicator. Total pupil numbers for 2017/18 were 1343 against a combined capacity of 1425.

The Trustees are confident that staffing levels are closely monitored to agree full time equivalents and staffing structures are all approved by the Board, and monitor staffing costs as a percentage of GAG income and total income.

- Teachers & staffing costs as % of core funding (GAG).
- Core funding per pupil.
- Staffing cost % of total income.
- Net usable reserves % of core funding (GAG).
- Total pay % of core funding (GAG).
- Total pay % of total income.
- Average teachers pay cost

The Finance & Audit Committee also monitor premises costs to GAG income, capitation spend for curriculum provision and other income generation to ensure that the budget is set and managed appropriately.

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.

Whilst the Government have stated that funding settlements to schools and academies are protected, they do not currently allow for 'cost pressure' influences outside of schools control, such as increases in pension employer cost, employers NIC and energy inflation. Therefore education funding in real terms has reduced relatively over the past few years which has put pressure on the Trust's level of reserve funds.

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

Whilst uncertainties clearly exist, the Trustees have been able to gain confidence in the Trust's basis as a going concern. This is based on the continued positive intake of pupils within EYFS year, and particularly strong numbers at Cann Hall and Notley Green. The continued development of Central Services means that we are making efficiency and cost savings year on year. The Executive Leadership team and the Trustees have a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future.

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

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 Funding Agency (EFA). For the year ended 31 August 2018 the Trust received £6,677,476 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 £6,537,223 on general running costs and transferred £820,000 to support capital new build and improvement projects on the various Academy sites. The Trust brought forward from 16/17, £960,238 restricted funds and £501,628 unrestricted funding. The carry forward for 17/18 is £830,500 restricted funding and £387,171 unrestricted funding.

The Trust secured Capital Improvement Funding (CIF) of £845,548 to support capital improvement projects across the Academies.

Due to the accounting rules for the Local Government Pension Scheme under FRS102, the Trust is recognising a significant pension fund deficit of £3,120,000. 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 Head of Finance 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 £387,171.

The Trust's balance on restricted general funds (excluding pension reserve) plus the balance on unrestricted funds at 31 August 2017 was £1,217,671

The cash balance of the Trust has been healthy all year, ending the year with a balance of £1,661,987. 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 Lead Finance and HR Manager's reports.

Investment Policy

An Investment Policy was approved by the Board 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.

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

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.

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 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 2018/19

1 Corporate Governance

- Recruit additional Trustees and succession plan for Chair of Board.
- Review Scheme of Delegation.
- Develop Standards Committee.
- Embed risk management processes so that risk is identified generically at Board level and contextually at School level.

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

2 School Improvement

- Ensure all current Schools deliver the highest quality curriculum across all subject areas that meets the standards of the Trust Curriculum Statement. The development of Subject Leadership will be integral to this.
- Deliver the ICT Strategy across the Trust via Google Education so that children have a technology rich enabled learning experience.
- Improve the outside provision for EYFS pupils.
- Ensure that teacher's work/life balance is well supported.
- Deliver the Nursery Project at Cann Hall, the Trust's first Nursery provision.

3 Pupil Outcomes

- To strive to improve pupil outcomes at KS2 for Schools where progress and/or attainment is below the national averages so that all Schools meet this benchmark.
- To utilise researched strategies to support the achievement of vulnerable groups, making the most of targeted funding.
- Produce a Quality Assurance Framework that identifies clear processes for quality assurance and criteria for intervention that embeds existing processes within a coherent model.

4 Growth

- Produce and utilise a comprehensive marketing plan.
- Actively engage with suitable schools in the Braintree/Tendring/Colchester Districts to seek formalised collaboration where a period of due diligence can be undertaken.
- To seek out opportunity for free school application in Tendring and other areas as suitable opportunities arise.

5 Integrated Business & Financial Services

Increase capacity within current team by:


- Upskilling local business teams.
- Recruiting Director of Finance & Operations (following retirement of COO).
- Appointing a part time HR manager and Governance Manager.

Auditor

Insofar as the Trustees are aware that:

- 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, and signed on its behalf by:


.....
Mr Bruce Hanley
Chair of Trustees

19/12/18

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	0	6
Mrs Alison Fiala	2	6
Mr Philip Heady	3	6
Mr Stuart Ellis	6	6
Mr Bruce Hanley	6	6
Mrs Cris Edwards	4	6
Mrs Sarah Garner	6	6
Mrs Elizabeth Gask	3	6
Mr Allan John	2	2
Mr Robin Whitworth	6	6
Mr James Saunders	6	6
Mr Steven Vanderheide	3	6
Mr Paul Heavers	3	4
Mr Jonathan Dancy	0	6

The Board of Trustees for CHANGE School Partnership has diversity, experience in a number of key areas such as finance, human resources, procurement and education. The trustees have a clear and strategic input into the Trust's vision and corporate business planning. Its committees provide robust scrutiny to the financial and academic progress of the Trust. There have been a number of changes to the Board composition this year as detailed to increase in particular the strength of skill in relation to finance and business operations. The Director of Teaching, Learning & Assessment also attends.

To ensure its own effective the Board ensures that it has designated leads on the Board to cover key aspects of the Board's work – i.e. Safeguarding; Standards; Health & Safety; Finance & HR. The Board has also been observed by representatives from the DfE. The Board regularly self-evaluates the effectiveness of its work via a MAT Self-Evaluation Framework.

The Board has established agreed Key Performance Indicators (KPIs), whether these be in relation to academic performance or the underpinning financial management of the Trust. These KPIs are regularly reviewed to ensure their efficacy.

The Finance & Audit Committee is a sub-committee of the Board. It is responsible for matters of funding; budgeting and monitoring income and expenditure; financial procedures; health and safety; asset management and the scrutiny of operational procedure through internal and external audit.

This year key challenges have been:

1. developing a sustainable three year budgetary model in the light of reduced funding and increased costs;
2. recruiting a Director of Finance & Operations;
3. management of risk - ensuring a robust process of risk at school level that informs the overall risk management identification and mitigation process at a Trust level.

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GOVERNANCE STATEMENT
CHANGE Schools Partnership (continued)

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mrs Cris Edwards	5	5
Mr Stuart Ellis	2	5
Mrs Sarah Garner	4	5
Mr Steven Vanderheide	2	5
Mr Robin Whitworth	3	5
Mr Paul Heavers	3	3
Mr James Saunders	3	4

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	2	2
Stuart Ellis	2	2
Alison Fiala	1	2
Bruce Hanley	1	2
Philip Heady	1	2

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 has delivered improved value for money during the year by:

- Developing our Trust Teaching for Learning team further to take a strategic lead for English, Maths, Science and inclusion, reducing local management costs and maximising consistent best practice delivery.
- Utilising the premises staff across schools as a team to carry out maintenance project work.
- Securing a best value tender for a trust wide project to improve EYFS outdoor learning areas in three schools.
- Strong Asset Management Planning to support premises and grounds improvements to aid income generative activities and functions.

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 2017 to 31 August 2018 and up to the date of approval of the Annual Report and financial statements.

CAPACITY TO HANDLE RISK

The Board of Trustees has reviewed the key risks to which the Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Trust's significant risks, that has been in place for the year 1 September 2017 to 31 August 2018 and up to the date of approval of the Annual Report and financial statements. This process is regularly reviewed by the Board of Trustees.

CHANGE SCHOOLS PARTNERSHIP
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT
CHANGE Schools Partnership (continued)

THE RISK AND CONTROL FRAMEWORK

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees;
- regular reviews by the 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 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 Auditor reports to the Board of Trustees through the Finance and Audit Committee on the operation of the systems of internal 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; and
- 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 Finance and Audit committee and a plan to ensure continuous improvement of the system is in place.

Approved by the Board of Trustees on 19/12/18 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 & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Trust, under the funding agreement in place between the Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

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

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



.....
Mr Stuart Ellis
Accounting Officer

19.12.2018

CHANGE SCHOOLS PARTNERSHIP
(A Company Limited by Guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2018

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 19 / 12 / 18 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 2018 which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

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

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 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 the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Report and the Strategic Report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

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

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the Statement of Trustees' Responsibilities, the Trustees (who are also the Directors of the 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.

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.

CHANGE SCHOOLS PARTNERSHIP
(A Company Limited by Guarantee)

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

USE OF OUR REPORT

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.

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

Causeway House
1 Dane Street
Bishop's Stortford
Hertfordshire
CM23 3BT
19 December 2018

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 19 September 2018 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by CHANGE Schools Partnership during the year 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This Report is made solely to 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 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2017 to 2018. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

APPROACH

We conducted our engagement in accordance with the Academies Accounts Direction 2017 to 2018 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

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 2017 to 31 August 2018 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Reporting Accountant

Price Bailey LLP

19 December 2018

CHANGE SCHOOLS PARTNERSHIP
(A Company Limited by Guarantee)

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

	Note	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Unrestricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
INCOME FROM:						
Donations and capital grants	2	40,819	845,548	5,345	891,712	6,876,825
Charitable activities	3	5,556,871	-	87,372	5,644,243	4,941,071
Other trading activities	4	17,234	-	123,278	140,512	55,660
Investments	5	-	-	1,009	1,009	1,809
TOTAL INCOME		<u>5,614,924</u>	<u>845,548</u>	<u>217,004</u>	<u>6,677,476</u>	<u>11,875,365</u>
EXPENDITURE ON:						
Charitable activities		5,891,657	394,834	593,561	6,880,052	5,415,272
TOTAL EXPENDITURE	6	<u>5,891,657</u>	<u>394,834</u>	<u>593,561</u>	<u>6,880,052</u>	<u>5,415,272</u>
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS		(276,733)	450,714	(376,557)	(202,576)	6,460,093
Transfers between funds	17	(274,002)	11,902	262,100	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES		<u>(550,735)</u>	<u>462,616</u>	<u>(114,457)</u>	<u>(202,576)</u>	<u>6,460,093</u>
Actuarial gains on defined benefit pension schemes	23	820,000	-	-	820,000	323,000
NET MOVEMENT IN FUNDS		<u>269,265</u>	<u>462,616</u>	<u>(114,457)</u>	<u>617,424</u>	<u>6,783,093</u>
RECONCILIATION OF FUNDS:						
Total funds brought forward		(2,558,762)	14,266,553	501,628	12,209,419	5,426,326
TOTAL FUNDS CARRIED FORWARD		<u>(2,289,497)</u>	<u>14,729,169</u>	<u>387,171</u>	<u>12,826,843</u>	<u>12,209,419</u>

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

BALANCE SHEET
AS AT 31 AUGUST 2018

	Note	£	2018 £	£	2017 £
FIXED ASSETS					
Tangible assets	13		14,102,446		13,428,771
CURRENT ASSETS					
Stocks	14	6,477		3,464	
Debtors	15	350,456		1,135,624	
Cash at bank and in hand		1,661,987		1,920,241	
		<u>2,018,920</u>		<u>3,059,329</u>	
CREDITORS: amounts falling due within one year	16	(174,523)		(759,681)	
NET CURRENT ASSETS			<u>1,844,397</u>		<u>2,299,648</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>15,946,843</u>		<u>15,728,419</u>
Defined benefit pension scheme liability	23		(3,120,000)		(3,519,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u><u>12,826,843</u></u>		<u><u>12,209,419</u></u>
FUNDS OF THE TRUST					
Restricted income funds:					
Restricted income funds	17	830,503		960,238	
Restricted fixed asset funds	17	14,729,169		14,266,553	
		<u>15,559,672</u>		<u>15,226,791</u>	
Restricted income funds excluding pension liability					
Pension reserve		(3,120,000)		(3,519,000)	
		<u>12,439,672</u>		<u>11,707,791</u>	
Total restricted income funds			12,439,672		11,707,791
Unrestricted funds	17		387,171		501,628
TOTAL FUNDS			<u><u>12,826,843</u></u>		<u><u>12,209,419</u></u>

The financial statements on pages 20 to 41 were approved by the Trustees, and authorised for issue, on 19.12.2018 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 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Net cash provided by operating activities	19	757,241	1,618,558
Cash flows from investing activities:			
Interest received		1,009	1,809
Purchase of tangible fixed assets		(1,016,504)	(901,226)
Net cash used in investing activities		(1,015,495)	(899,417)
Change in cash and cash equivalents in the Year		(258,254)	719,141
Cash and cash equivalents brought forward		1,920,241	1,201,100
Cash and cash equivalents carried forward	20	1,661,987	1,920,241

CHANGE SCHOOLS PARTNERSHIP
(A Company Limited by Guarantee)

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

1. ACCOUNTING POLICIES

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

1.1 Basis of preparation of financial statements

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

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

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

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

1.4 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 2018

1. ACCOUNTING POLICIES (continued)

1.5 Expenditure

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

Expenditure on charitable activities are costs incurred on the 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:

Leasehold property	-	30-60 years straight line
Furniture and fixtures	-	10% straight line
Plant and 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 2018

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 2018

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

The LGPS is a funded scheme and the assets are held separately from those of the 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 make estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 23, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

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2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Unrestricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Donations	40,819	-	5,345	46,164	4,818,166
Capital grants	-	845,548	-	845,548	2,058,659
	<u>40,819</u>	<u>845,548</u>	<u>5,345</u>	<u>891,712</u>	<u>6,876,825</u>
Total 2017	<u>(921,834)</u>	<u>7,798,659</u>	<u>-</u>	<u>6,876,825</u>	

3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Restricted funds 2018 £	Unrestricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
DfE/ESFA grants				
General Annual Grant (GAG)	4,859,909	-	4,859,909	4,002,039
Other DfE/EFSA grants	240,120	-	240,120	480,895
Pupil Premium	354,991	-	354,991	333,100
	<u>5,455,020</u>	<u>-</u>	<u>5,455,020</u>	<u>4,816,034</u>
Other government grants				
SEN funding	101,851	-	101,851	51,884
	<u>101,851</u>	<u>-</u>	<u>101,851</u>	<u>51,884</u>
Other funding				
Catering income	-	87,372	87,372	73,154
	<u>-</u>	<u>87,372</u>	<u>87,372</u>	<u>73,154</u>
	<u>5,556,871</u>	<u>87,372</u>	<u>5,644,243</u>	<u>4,941,072</u>
Total 2017	<u>4,867,918</u>	<u>73,153</u>	<u>4,941,071</u>	

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

4. OTHER TRADING ACTIVITIES

	Restricted funds 2018 £	Unrestricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Lettings income	-	1,950	1,950	1,789
Other income	17,234	121,328	138,562	53,871
	<u>17,234</u>	<u>123,278</u>	<u>140,512</u>	<u>55,660</u>
Total 2017	<u>11,171</u>	<u>44,489</u>	<u>55,660</u>	

5. INVESTMENT INCOME

	Restricted funds 2018 £	Unrestricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Bank interest	-	1,009	1,009	1,809
Total 2017	<u>-</u>	<u>1,809</u>	<u>1,809</u>	

6. EXPENDITURE

	Staff costs 2018 £	Premises 2018 £	Other costs 2018 £	Total 2018 £	Total 2017 £
Provision of education:					
Direct costs	3,874,734	-	477,367	4,352,101	3,364,216
Support costs	1,229,009	425,533	873,409	2,527,951	2,051,056
	<u>5,103,743</u>	<u>425,533</u>	<u>1,350,776</u>	<u>6,880,052</u>	<u>5,415,272</u>
Total 2017	<u>3,962,294</u>	<u>287,767</u>	<u>1,165,211</u>	<u>5,415,272</u>	

In 2017 unrestricted expenditure was £137,038, restricted expenditure was £4,644,972 and restricted fixed asset expenditure was £633,262.

CHANGE SCHOOLS PARTNERSHIP
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

7. CHARITABLE ACTIVITIES

	2018 £	2017 £
Direct costs	4,352,101	3,364,216
Support costs	2,527,951	2,051,056
	<u>6,880,052</u>	<u>5,415,272</u>
Total	<u>6,880,052</u>	<u>5,415,272</u>

	2018 £	2017 £
Analysis of support costs		
Support staff costs	1,229,009	837,519
Premises costs	425,533	316,468
Technology costs	23,163	20,581
Governance costs	102,400	48,029
Other support costs	405,017	529,003
Depreciation	342,829	299,456
	<u>2,527,951</u>	<u>2,051,056</u>
Total	<u>2,527,951</u>	<u>2,051,056</u>

8. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets:		
- owned or leased by the Trust	342,829	299,455
Operating lease rentals	26,470	13,112
Auditors' remuneration - audit	9,000	9,000
Auditors' remuneration - other services	6,100	5,350
	<u>384,400</u>	<u>326,917</u>

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

9. STAFF COSTS

a. Staff costs

Staff costs were as follows:

	2018 £	2017 £
Wages and salaries	3,799,336	3,051,365
Social security costs	288,670	232,473
Pension costs	982,328	659,032
	<u>5,070,334</u>	<u>3,942,870</u>
Staff restructuring costs	30,908	17,344
Apprenticeship levy	2,501	2,080
	<u><u>5,103,743</u></u>	<u><u>3,962,294</u></u>

Staff restructuring costs comprise:

	2018 £	2017 £
Redundancy payments	<u>30,908</u>	<u>17,344</u>

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

Staff severance payments:

Included within staff restructuring costs are non-statutory/non-contractual severance payments totalling £30,908 (2017 - £17,344). Individually the payments were £17,680, £1,272, £11,956 to three separate employees paid in May 2018.

c. Staff numbers

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

	2018 No.	2017 No.
Teaching	58	47
Administration and support	157	139
Management	12	12
	<u>227</u>	<u>198</u>

d. Higher paid staff

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

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

e. Key management personnel

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 Trust was £514,937 (2017: £416,386).

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

10. CENTRAL SERVICES

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

- Trust leadership
- Audit and accountancy services including Trust finance function
- Other professional services

The Trust charges for these services based upon a mixture of directly apportioned costs or on pupil numbers.

The actual amounts charged during the year were as follows:

	2018 £	2017 £
Cann Hall Primary School	177,792	28,370
Notley Green Primary School	149,893	28,370
Shalford Primary School	37,577	12,969
John Ray Junior School	146,189	8,106
	<u>511,451</u>	<u>77,815</u>
Total		

11. TRUSTEES' REMUNERATION AND EXPENSES

One or more Trustees have been paid remuneration or have received other benefits from an employment with the Trust. The Principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and other staff members under their contracts of employment, and not in respect of their role as Trustees. The value of Trustees' remuneration and other benefits was as follows:

		2018 £	2017 £
S Ellis	Remuneration	80,000-85,000	70,000-75,000
	Pension contributions paid	10,000-15,000	10,000-15,000
C Edwards	Remuneration	55,000-60,000	45,000-50,000
	Pension contributions paid	10,000-15,000	5,000-10,000

During the Year ended 31 August 2018, travel subsistence expenses totalling £1,741 (2017 - £4,419) 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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13. TANGIBLE FIXED ASSETS

	L/term leasehold property £	Furniture and fixtures £	Plant and equipment £	Total £
Cost				
At 1 September 2017	13,946,515	190,367	363,884	14,500,766
Additions	969,187	7,074	40,243	1,016,504
At 31 August 2018	14,915,702	197,441	404,127	15,517,270
Depreciation				
At 1 September 2017	745,236	134,472	192,287	1,071,995
Charge for the Year	267,022	19,390	56,417	342,829
At 31 August 2018	1,012,258	153,862	248,704	1,414,824
Net book value				
At 31 August 2018	13,903,444	43,579	155,423	14,102,446
At 31 August 2017	13,201,279	55,895	171,597	13,428,771

14. STOCKS

	2018 £	2017 £
Uniform and catering stock	6,477	3,464

15. DEBTORS

	2018 £	2017 £
Trade debtors	-	288
VAT recoverable	117,978	140,755
Other debtors	78,810	847,222
Prepayments and accrued income	153,668	147,359
	350,456	1,135,624

16. CREDITORS: Amounts falling due within one year

	2018 £	2017 £
Trade creditors	24,002	-
Other taxation and social security	72,006	88,173
Other creditors	-	4,176
Accruals and deferred income	78,515	667,332
	174,523	759,681

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

	2018 £	2017 £
Deferred income		
Deferred income at 1 September 2017	84,525	86,104
Resources deferred during the year	78,515	84,525
Amounts released from previous years	(84,525)	(86,104)
	<u>78,515</u>	<u>84,525</u>
Deferred income at 31 August 2018	<u>78,515</u>	<u>84,525</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 2018 £
Unrestricted funds						
Unrestricted funds	501,628	217,004	(593,561)	262,100	-	387,171
Restricted funds						
General Annual Grant (GAG)	960,238	4,859,909	(4,694,974)	(294,670)	-	830,503
Pupil Premium	-	354,991	(354,991)	-	-	-
SEN funding	-	101,851	(101,851)	-	-	-
Other DfE / ESFA grants	-	240,120	(260,788)	20,668	-	-
Trip donations	-	40,819	(40,819)	-	-	-
Other restricted income	-	17,234	(17,234)	-	-	-
Pension reserve	(3,519,000)	-	(421,000)	-	820,000	(3,120,000)
	<u>(2,558,762)</u>	<u>5,614,924</u>	<u>(5,891,657)</u>	<u>(274,002)</u>	<u>820,000</u>	<u>(2,289,497)</u>
Restricted fixed asset funds						
Restricted fixed asset fund	13,428,773	-	(342,829)	1,016,502	-	14,102,446
Condition Improvement Fund (CIF)	832,734	810,210	-	(1,016,221)	-	626,723
Devolved Formula Capital (DFC)	5,046	35,338	(52,005)	11,621	-	-
	<u>14,266,553</u>	<u>845,548</u>	<u>(394,834)</u>	<u>11,902</u>	<u>-</u>	<u>14,729,169</u>
Total restricted funds	<u>11,707,791</u>	<u>6,460,472</u>	<u>(6,286,491)</u>	<u>(262,100)</u>	<u>820,000</u>	<u>12,439,672</u>
Total of funds	<u>12,209,419</u>	<u>6,677,476</u>	<u>(6,880,052)</u>	<u>-</u>	<u>820,000</u>	<u>12,826,843</u>

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.

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

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 2018.

ANALYSIS OF ACADEMIES BY FUND BALANCE

Fund balances at 31 August 2018 were allocated as follows:

	Total 2018 £	Total 2017 £
Cann Hall Primary School	1,170,836	999,352
Notley Green Primary School	(1,819)	80,895
Shalford Primary School	(39,627)	21,350
John Ray Junior School	83,252	227,703
Central Fund	5,032	132,566
Total before fixed asset fund and pension reserve	1,217,674	1,461,866
Restricted fixed asset fund	14,729,169	14,266,553
Pension reserve	(3,120,000)	(3,519,000)
Total	12,826,843	12,209,419

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

The following Academies are carrying net deficits on their portion of the funds as follows:

Name of academy	Amount of deficit £
Notley Green Primary School	(1,819)
Shalford Primary School	(39,627)

The Trust is taking the following action to return the academies to surplus:

Expenditure reduction in individual budgets through increased centralisation of services.

ANALYSIS OF ACADEMIES BY COST

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2018 £	Total 2017 £
Cann Hall Primary School	1,072,827	382,433	84,844	374,631	1,914,735	2,130,522
Notley Green Primary School	1,016,298	372,316	144,319	369,470	1,902,403	1,990,255
Shalford Primary School	313,292	75,485	46,222	190,681	625,680	479,825
John Ray Junior School	1,261,381	202,547	127,093	372,696	1,963,717	696,860
Central Fund	-	-	-	130,688	130,688	94,688
	<u>3,663,798</u>	<u>1,032,781</u>	<u>402,478</u>	<u>1,438,166</u>	<u>6,537,223</u>	<u>5,392,150</u>

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17. STATEMENT OF FUNDS (continued)

STATEMENT OF FUNDS - PRIOR YEAR

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (losses) £	Balance at 31 August 2017 £
Unrestricted funds	519,215	119,451	(137,038)	-	-	501,628
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>

18. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Unrestricted funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	14,102,446	-	14,102,446
Current assets	998,549	626,723	393,648	2,018,920
Creditors due within one year	(168,046)	-	(6,477)	(174,523)
Provisions for liabilities and charges	(3,120,000)	-	-	(3,120,000)
	<u>(2,289,497)</u>	<u>14,729,169</u>	<u>387,171</u>	<u>12,826,843</u>

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18. ANALYSIS OF NET ASSETS BETWEEN FUNDS (continued)

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Restricted funds	Restricted fixed asset funds	Unrestricted funds	Total funds
	2017 £	2017 £	2017 £	2017 £
Tangible fixed assets	-	13,428,771	-	13,428,773
Current assets	1,719,919	837,782	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>

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

	2018 £	2017 £
Net (expenditure)/income for the year (as per Statement of Financial Activities)	(202,576)	6,460,093
Adjustment for:		
Depreciation charges	342,829	299,456
Interest received	(1,009)	(1,809)
Increase in stocks	(3,013)	(496)
Increase/(decrease) in creditors	(585,158)	220,815
(Increase)/decrease in debtors	785,168	(1,012,958)
Defined benefit pension scheme obligation inherited	-	1,191,000
Pension adjustment	421,000	273,000
Donated assets on conversion	-	(5,810,543)
Net cash provided by operating activities	<u>757,241</u>	<u>1,618,558</u>

20. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2018 £	2017 £
Cash in hand	1,661,987	1,920,241
Total	<u>1,661,987</u>	<u>1,920,241</u>

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.

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

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. 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.

There were no outstanding or prepaid contributions at either the beginning or the end of the financial Year.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

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

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 £302,000 (2017 - £282,851).

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).

CHANGE SCHOOLS PARTNERSHIP
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23. PENSION COMMITMENTS (continued)

Under the definitions set out in FRS 102, the TPS is an unfunded multi-employer pension scheme. The Trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Trust has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the Year ended 31 August 2018 was £385,000 (2017 - £264,000), of which employer's contributions totalled £302,000 (2017 - £203,000) and employees' contributions totalled £83,000 (2017 - £61,000). 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:

	2018	2017
Discount rate for scheme liabilities	2.70 %	2.60 %
Rate of increase in salaries	3.80 %	4.20 %
Rate of increase for pensions in payment / inflation	2.30 %	2.70 %

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

	2018	2017
Retiring today		
Males	22.3	22.2
Females	24.8	24.7
Retiring in 20 years		
Males	24.5	24.3
Females	27.1	27.0

As at the 31 August 2018 the Trust had a pension liability of £3,120,000 (2017 - £3,519,000). The sensitivity analysis detailed below would increase/ (decrease) the closing defined benefit obligation in the following way;

Sensitivity analysis	At 31 August 2018 £	At 31 August 2017 £
Discount rate +0.1%	(5,398,000)	(5,290,000)
Discount rate -0.1%	5,697,000	5,583,000
Mortality assumption - 1 year increase	5,723,000	5,608,000
Mortality assumption - 1 year decrease	(5,373,000)	(5,264,000)
CPI rate +0.1%	5,566,000	5,553,000
CPI rate -0.1%	(5,525,000)	(5,318,000)

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NOTES TO THE FINANCIAL STATEMENTS
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23. PENSION COMMITMENTS (continued)

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

	Fair value at 31 August 2018 £	Fair value at 31 August 2017 £
Equities	1,545,000	1,252,000
Gilts	129,000	119,000
Other bonds	142,000	74,000
Property	216,000	185,000
Cash and other liquid assets	82,000	58,000
Alternative assets	218,000	146,000
Other managed funds	93,000	81,000
Total market value of assets	<u>2,425,000</u>	<u>1,915,000</u>

The actual return on scheme assets was £130,000 (2017 - £194,000).

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

	2018 £	2017 £
Current service cost	(634,000)	(407,000)
Interest income	54,000	31,000
Interest cost	(143,000)	(100,000)
Total	<u>(723,000)</u>	<u>(476,000)</u>

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

	2018 £	2017 £
Opening defined benefit obligation	5,434,000	3,240,000
Upon conversion	-	1,816,000
Current service cost	634,000	407,000
Interest cost	143,000	100,000
Employee contributions	83,000	61,000
Actuarial gains	(744,000)	(180,000)
Benefits paid	(5,000)	(10,000)
Closing defined benefit obligation	<u>5,545,000</u>	<u>5,434,000</u>

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23. PENSION COMMITMENTS (continued)

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

	2018 £	2017 £
Opening fair value of scheme assets	1,915,000	862,000
Upon conversion	-	625,000
Interest income	54,000	31,000
Actuarial losses	76,000	143,000
Employer contributions	302,000	203,000
Employee contributions	83,000	61,000
Benefits paid	(5,000)	(10,000)
	<u>2,425,000</u>	<u>1,915,000</u>
Closing fair value of scheme assets	<u>2,425,000</u>	<u>1,915,000</u>

24. OPERATING LEASE COMMITMENTS

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

	2018 £	2017 £
Amounts payable:		
Within 1 year	25,304	26,470
Between 1 and 5 years	33,303	51,650
	<u>58,607</u>	<u>78,120</u>
Total	<u>58,607</u>	<u>78,120</u>

25. RELATED PARTY TRANSACTIONS

Owing to the nature of the Trust and the composition of the Board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which a Trustee have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the Academies Financial Handbook and with the Trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

No related party transactions took place in the period of account, other than certain Trustees' remuneration and expenses already disclosed in note 11.

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.