

Company Registration Number: 08401607 (England & Wales)

RAYLEIGH SCHOOLS TRUST (formerly The Sweyne Park School)
(A Company Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017



RAYLEIGH SCHOOLS TRUST
(A Company Limited by Guarantee)

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**REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2017**

Members

Lynda Walker	resigned 8.6.17
Phil Bridgen	resigned 8.6.17
Tina Carter	resigned 8.6.17
Ian Smith	resigned 8.6.17
Jacqui Clements	resigned 8.6.17

Appointed 8th June 2017

Debbie Stokes
Mike Davis
Darren Digby
Daniel Hatfield

Trustees / Governors

Lynda Walker, Chairman	resigned 1.10.17
Phil Bridgen	resigned 1.10.17
Tina Carter	resigned 1.10.17
Ian Smith	resigned 1.10.17
Jacqui Clements, Vice Chairman	resigned 1.10.17
Julie Hunt	term finished 20.07.2016
Mary Roper	resigned 03.04.17
John Staines	resigned 20.07.2016
Michaela Tosh	resigned 1.10.17
Andy Hodgkinson, Head Teacher and Accounting Officer	
Chris Hogg, Staff Trustee	resigned 1.10.17
Wendy Williamson, Staff Trustee	term finished 21.11.16
Sue Shirley, Staff Trustee	resigned 1.10.17
Jackie Chawner	resigned 1.10.17
Mike Culley	resigned 1.10.17
Kay Burke	term finished 20.07.2016
Lorraine Needham	resigned 28.11.16
Laurie Feather	term started 25.01.17 resigned 1.10.17

For Rayleigh School Trust

Debbie Stokes, Chairman	appointed 1.10.17
Peter Hennessy	appointed 1.10.17
Keith Hudson	appointed 1.10.17
Ceri Jones	appointed 1.10.17
Clare Laidler	appointed 1.10.17
June Morgan	appointed 1.10.17

Company Secretary

Simon Smith

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**REFERENCE AND ADMINISTRATIVE DETAILS
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Senior Management Team

Andy Hodgkinson, Head Teacher
Katharine Dines, Deputy Head Teacher
Sally Pemberton, Deputy Head Teacher
Sue Donovan, Assistant Head Teacher
Ed Hawkings, Assistant Head Teacher
Nicola Welch, Assistant Head Teacher
Alick Robertson, Assistant Head Teacher
Simon Smith, Finance Manager

Company Name

Rayleigh Schools Trust formerly The Sweyne Park School

Principal and registered office

Sir Walter Raleigh Drive
Rayleigh
Essex
SS6 9BZ

Company registered number

08401607 (England and Wales)

Independent Auditor

MHA MacIntyre Hudson, Boundary House, 4 County Place, Chelmsford, Essex. CM2 0RE

Bankers

Lloyds Bank, 78 High Street, Rayleigh, Essex. SS6 7EB

Solicitors

Essex Legal Services c/o Essex County Council, County Hall, Chelmsford, Essex

Solicitors for MAT Conversion

Michelmores, Woodwater House, Pynes Hill, Exeter. EX2 5WR

RAYLEIGH SCHOOLS TRUST
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TRUSTEES' REPORT (continued...)
FOR THE YEAR ENDED 31 AUGUST 2017

The Trustees present their annual report together with the financial statements and auditors' reports of the charitable company for the period 1 September 2016 to 31 August 2017. The annual report serves the purposes of both a Trustees' report, and a directors' report under company law.

The trust operates an Academy Trust for pupils aged 11 to 18 serving a catchment area in Rayleigh. It has a capacity of 1520 and a roll of 1452 on 29th September 2017.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Academy Trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Academy Trust.

The Trustees of the Rayleigh Schools Trust are also the Directors of the charitable company for the purposes of company law. The Charitable Company is known as Rayleigh Schools Trust. From 1st October 2017 it became known as Rayleigh Schools Trust operating 2 schools, Sweyne Park School and Glebe Primary School. Each school will have a local governing body with delegated powers as set out in the scheme of delegation.

Details of the Trustees who served throughout the year are included in the Reference and Administrative Details on page 1.

Members Liability

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

Trustees' Indemnities

Trustees benefit from indemnity insurance to cover the liability of the Trustees which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Academy Trust. This cover is provided within the Risk Protection Arrangement (RPA) with the Department for Education.

Method of Recruitment and Appointment or Election of Trustees

Upon conversion to a Multi Academy Trust (MAT) the Trustees were appointed. Trustees are selected on a skill, knowledge and experience basis with all initial appointments being reviewed by the Regional Schools Commissioner. From that point, the Members may appoint by ordinary resolution up to 6 Trustees to satisfy the objectives of the Trust.

The Trustees will appoint a Local Governing Body (LGB) for each school within the MAT. Staff representatives will sit on the LGB of each school. Parent governors sit on the Local Governing body of the respective school within the MAT and are appointed in accordance with the terms of reference determined by the Trustees. The method of appointment is set out with the MAT Articles.

Policies and Procedures Adopted for the Induction and Training of Trustees

At the commencement of each academic year a skills audit is completed or reviewed. This informs training requirements during the year. The Governing Body subscribes to a training package from Essex Governor services. Trustees attend internal and external sessions. Attendance at training sessions is recorded. Formal Child protection training is given to Trustees at the start of their term and is refreshed annually.

An Induction Pack is given to all new Trustees on appointment and is discussed with them.

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

Organisational Structure

During the year 16/17, the Governing Body meetings were held once a term. Whole school issues were discussed and decisions and policies agreed as appropriate.

There were sub-Committees which covered specific areas of school management with certain powers delegated to them. These meetings were held each half term. The Committees were:

- Curriculum Committee (now renamed as Standards and Curriculum Committee)
- Finance Committee
- Personnel Committee
- Premises Committee
- Pay Committee

From 1st October 2017, the MAT executive board, comprising the Trustees, is the strategic decision making body of the school. Each school within the MAT shall have a Local Governing Body.

The school's Head Teacher is responsible for the day-to-day running of the school and the Governing Body works closely with the Head Teacher and the staff.

The Scheme of Delegation sets out the Trustees role, summarised by:

- Setting suitable aims and objectives;
- Agreeing policies, targets and priorities;
- Monitoring and reviewing aims and objectives and whether the policies, targets and priorities are being achieved in order to hold the school to account;
- Setting and monitoring a balanced financial budget and;
- Ensuring the school is a welcoming and safe place and provides a positive learning environment.

Arrangements for setting pay and remuneration of key management personnel

The Governing Body has established the following Pay Committees which have fully delegated powers to make decisions on pay, and (except in relation to the Head Teacher's pay) will be advised by the Head Teacher as appropriate.

- Pay Committee
- Head Teacher's Pay Committee (now a MAT responsibility)
- Pay Appeals Committee

The School has a pay policy that specifically details Head Teacher and leadership pay scale arrangements. All pay decisions are a reflection of a Performance Review.

The School's Key Management Personnel comprise the Trustees and the members of the Senior Management Team listed on page 1. Trustees are not remunerated for their role as Trustee.

A reviewed policy will be in place to reflect the different organization structure of the MAT from 1st October 2017.

Related parties and other connected charities and organisations.

The Rayleigh Schools Trust is a member of, or subscribes to, wider networks of schools that include close links with the Specialist Schools and Academies Trust, The Rayleigh Teaching School Alliance, The Benfleet Teaching School Alliance, Rochford District Schools Partnership Trust (LDG) and Castle Point & Rochford Association of Secondary Heads' Essex (ASHE), EnPro (an informal Trust of Essex Schools with a RBHIP). Trustees have all completed a declaration of interest form along with senior staff.

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

Lynda Walker is a Director of Rochford District Schools Partnership Trust. Tina Carter is a Director of Prospects Learning Foundation. Andy Hodgkinson's spouse has provided staff development training since 2005.

OBJECTIVES AND ACTIVITIES

Objects and Aims

The Academy Trust's object is specifically restricted to the advancement, for the public benefit, of education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum to ensure the highest possible educational standards.

The principal aim of the Academy Trust is to provide high quality learning that helps all students to fulfil their intellectual potential and become good citizens and emotionally well-balanced young people.

Objectives, Strategies and Activities

Key influences on the School's Development Plan for the period under review were the significant challenges and opportunities arising from national changes in education policy and funding. The school now has an established 6th form and is building on its initial achievements. This is in addition to the Achievements in Teaching and Learning, Leadership, Spiritual, Moral, Social and Cultural, Behaviour, Safety and Child Protection priorities as identified via the school's Self-Evaluation Form and legislation.

Key activities and targets are set out in our school Development Plan, which is available on request, and the key priorities are set out on our website, www.sweynepark.com.

Public Benefit

The Trustees have complied with their duty under section 4 of the Charities Act 2011 to have due regard to public benefit guidance published by the Charity Commission and the Trustees have paid due regard to this guidance in deciding what activities the charitable company should undertake.

The Trustees have given consideration to the Charity Commission's general guidance on public benefit and in particular to its supplementary public benefit guidance on advancing education.

The Academy Trust provides education to children and young people that is:

- 1) balanced and broadly based;
- 2) promotes the spiritual, moral, cultural, mental and physical development of students at the school and society;
- 3) prepares students at the school for the opportunities, responsibilities and experiences of later life and;
- 4) promotes, sustains and increases individual and collective knowledge and understanding of specific areas of study, skills and expertise.

The Academy Trust is a Comprehensive school for Rayleigh and its surroundings. It is subject to the current statutory arrangements as laid down in the national Admissions Code. Current arrangements for entry to the school are available in the section of the school website dealing with admission arrangements.

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

STRATEGIC REPORT

Achievements and Performance

- The school was successfully approved to be a MAT, sponsoring Glebe Primary School from 1st October 2017.
- The school was re-accredited with the International Schools Award.
- A-Level results improved significantly after below expected results in 2015/16.
- University and apprenticeship destinations were very positive.
- AS results were also improved and evidence sustained improvement in terms of attainment.
- GCSE attainment results were the school's best (against 2016). The school's EBacc entry was double the national average.
- The school set a balanced budget/continued to invest in staff and infrastructure despite austerity.
- The school has remained fully staffed and remains oversubscribed in Year 7.
- Pupils in the school won numerous competitions, including the UK National Rocket Building Competition.

Key Financial Performance Indicators

Key data about the school and its performance can be found on the school website:

www.sweynepark.com

Staff turnover remains well below 10% and staff attendance is 98%. The school maintains a live Self-Evaluation form which provides the basis of self reflection and monitoring of standards against Ofsted criteria. Key evidenced statements include; Leadership and management are highly effective, Governors are increasingly effective and set challenging targets/hold leaders to account. The quality of Teaching Learning and Assessment is highly effective. The difference between progress and attainment of disadvantaged pupils are diminishing.

Going Concern

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

FINANCIAL REVIEW

The Rayleigh Schools Trust is operating in a period of considerable financial uncertainty with regard to public funding. Financial planning is focused on maintaining the breadth and quality of future work in the context of diminishing budgets. The Governing Body has taken a closer monitoring role with the budget in the period covered by this report with monthly management reports being presented for examination.

Trustees have also given due consideration to the risk associated with financial mismanagement and / or compliance failures.

The principal funding for the operation of the school is provided by the Education and Skills Funding Agency. A formal funding agreement is in place for this. Other funding is provided by Essex County Council and other local authorities who receive invoices for education provided for pupils who live in their administrative area. The School's governance arrangements ensure that financial performance is reviewed on a half termly basis.

Monthly accounts are produced and a financial review is carried out with results circulated to the Finance Committee. Budget planning is started in detail by October each year to ensure continuity. All sources of income, especially those around pupils' numbers are examined for robustness and sustainability. Support is provided by our auditors at key points. The day to day management of financial matters is handled on-site by a skilled team.

During the period covered by the report, decisions made resulted in an operating surplus on unrestricted funds. The school was able to undertake all of its planned activities during the year.

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

The financial results are shown in the Statement of Financial Activities. Total income for the year ended 31 August 2017 was £8,296,087 (2016: £8,380,110). Total expenditure was £8,648,892 (2016: £8,601,382) so net expenditure was £352,805 (2016: £221,272). This includes a surplus on unrestricted funds of £167,168 (2016: £156,591). Actuarial losses of the LGPS scheme through the Statement of Financial Activities totalled £136,000 (2016: £1,401,000) resulting in a net movement in funds of £488,805 loss (2016: £1,622,272 loss). Funds carried forward are as shown in note 17. Up dated figure for 16/17 to be added and check note reference

Reserves Policy

The School aims to hold 1 month's expenditure in unrestricted reserves. Unrestricted funds are for use on the general purposes of the Academy, at the discretion of the Trustees. £600,000 is the longer term reserves target although this may rise as the Academy's turnover increases. The bank balance is carefully monitored and has remained at acceptable levels during the year. The Academy holds a good cash-flow position however; it has not as yet moved any surpluses into a specific reserves account. The unrestricted funds of £167,168 are currently below target. However, the school has set a budget for 2017/18 that is balanced. It will only be possible to increase reserves by generating an operating surplus during 2017/18.

At 31 August 2017 the total funds comprised:

Unrestricted		£167,168
Restricted:	Fixed asset funds	£8,590,921
	Pension reserve	£(3,488,000)
		<u>£5,270,089</u>

The deficit on the pension reserve relates to the non-teaching staff pension scheme (LGPS) where, unlike the teachers' scheme, separate assets are held to fund future liabilities as discussed in note 21. The deficit should be met in the longer term from the increased employer contributions that are being made. This scheme is wholly managed for us by the LGPS and Essex County Council. The restricted funds represent the Academy's funds which are tied up in fixed assets, or those which have to be spent only in accordance with the terms of the particular funds.

Investment Policy

The Academy will invest reserves only within a low risk environment of a commercial high street bank. There were no investments during the period covered by this document. As the Academy evolves, a more detailed policy on investment will be developed.

Principal Risks and Uncertainties

The principal risks facing the Academy are set out in the Academy's Risk Management policy and Risk Register which is reviewed annually by the Finance Committee.

In the intervening period, any major risks highlighted at any sub-Committee are brought to the full Governing Body with proposed mitigating actions and they continue to be reported until the risk is adequately mitigated.

The Governing Body accepts managed risk as an inevitable part of its operations but maintains an objective not to run unacceptable levels of risk in any area. The subjective nature of this process requires major risks to be resolved by the Governing Body collectively, whilst more minor risks are dealt with by senior staff.

Trustees have identified the following principal risks and uncertainties facing Rayleigh Schools Trust:

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

Financial Risk

Rayleigh Schools Trust is operating in a period of considerable financial uncertainty with regard to public funding. Financial planning is focused on maintaining the breadth and quality of future work in the context of diminishing budgets. Trustees have given due consideration to the risk associated with financial mismanagement and / or compliance failures. The MAT that formed on 1 October 2017 with its new Trustees will allow further and more detailed financial scrutiny.

Failures in Governance and / or Management

Trustees continue to review and ensure that appropriate measures are in place to mitigate these risks.

Reputational Risk

The continuing success of Rayleigh Schools Trust depends on maintaining the highest educational standards in order to continue to attract applicants in sufficient numbers. Trustees are clearly focused on monitoring and reviewing the achievement and success of students.

Trustees continue to give due consideration to other aspects of the school's activities where there could be a reputational risk, including discipline, safeguarding, Health and Safety etc., with policies reviewed regularly.

Safeguarding and Child Protection Risks

Trustees continue to ensure that the highest standards are maintained in the selection and monitoring of staff and volunteers. Governors also independently scrutinise the school Single Central Record, the operation of child protection policies of the school, the training and support, to protect the young people in its care. There are staff specifically appointed with Child protection responsibilities. All staff receive refresher training annually. The vice Chair of Governors on is also the safeguarding Governor.

Significant Changes in Staff

Trustees have put in place a clear succession planning policy, and continue to review and monitor arrangements for recruitment and the development of existing staff to minimise the risk resulting from major changes in key staff.

PLANS FOR FUTURE PERIODS

The school would like to create a permanent 6th Form base. A fully funded bid to the ESFA will enable this. Plans are being made for such a bid. The Local Authority have asked the school to take on greater numbers in Yr7. It is possible that this will happen for a number of years due to the popularity of the school.

In times of national recruitment and retention issues, staff training and the provision of places for teacher in training will remain a key feature of Rayleigh Schools Trust. The Academy will also contribute to provide peer support to a number of local schools.

Any financial investment undertaken by Rayleigh Schools Trust will be within a low risk environment. Any investment must not compromise any cash flow or short term financial demands. Any investments will be reported to the Finance Committee of the Governing Body prior to being undertaken.

On 1st October 2017 the school converted to a Multi Academy Trust with Swayne Park being the lead school and Glebe Primary school becoming a member. The principle aim is to develop the quality of teaching and learning at Glebe. There will be other benefits on offer as the MAT becomes established.

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

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

There are none.

AUDITOR

In so far as the Trustees are aware:

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

Trustees' report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 8th December 2017 and signed on the board's behalf by:



Debbie Stokes
Chair of Trustees

RAYLEIGH SCHOOLS TRUST
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GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2017

SCOPE OF RESPONSIBILITY

As Trustees we acknowledge we have overall responsibility for ensuring that The Swayne Park School from 1st October 2017 Rayleigh Schools Trust has an effective and appropriate system of control, financial and otherwise. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Board of Trustees has delegated the day-to-day responsibility to the Headteacher/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 The Swayne Park School from 1st October 2017 Rayleigh Schools Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

GOVERNANCE

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees, as the Governing Body, has formally met 7 times during the year. Attendance during the year at meetings of the Board of Trustees in 2016/17 was as follows:

Trustee	Meetings attended	Out of a possible
Lynda Walker, Chairman	6	7
Phil Bridgen	7	7
Tina Carter	7	7
Ian Smith	7	7
Jacqui Clements, Vice Chairman	7	7
Mary Roper	2	3
Michaela Tosh	6	7
Andy Hodgkinson, Head Teacher and Accounting Officer	5	7
Chris Hogg, Staff Trustee	7	7
Wendy Williamson, Staff Trustee	0	1
Sue Shirley, Staff Trustee	5	7
Jackie Chawner	5	7
Mike Culley	6	7
Lorraine Needham	1	1
Laurie Feather	3	4

NB: There were a higher number of meetings than normal due to setting up the MAT.

Governors have continued to take an active part in the development of the school and the formation of the MAT. Governor visits to the school take place on a regular basis. They inform the decision making process. Attendance is good and skill levels have been increasing with a greater ability to scrutinise and analyse information and statistics that are presented covering all aspects of the school operation. External training packages are subscribed to and training has taken place.

The Finance Committee is a sub-committee of the main Board of Trustees. The Finance Committee meets six times a year. Its purpose is to: monitor, evaluate and review school policy and practice in relation to financial planning and monitoring; to decide how to spend the General Annual Grant and other funds under the control of Trustees for the purposes of the Academy Trust; to monitor and ensure compliance with DfE, EFA, Charity Commission and other relevant bodies and all relevant legal requirements in relation to the proper financial management of Academy Trust; to agree limits of financial delegation; to ensure that full accounts are kept; to arrange appropriate insurance cover; to receive the termly report of the Responsible Officer, to report the Academy Trust's financial position to the Governing Body at least once a term. The Finance Committee assumes the role of an Audit Committee. This is further supported by regularity visits from the school's auditors.

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GOVERNANCE STATEMENT (continued...)
FOR THE YEAR ENDED 31 AUGUST 2017

Attendance at Finance Committee meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Lynda Walker	6	6
Phil Bridgen	5	6
Tina Carter	5	6
Mary Roper	3	3
Ian Smith (Chairman)	5	6
Andy Hodgkinson (Headteacher and Accounting Officer)	6	6
Chris Hogg, Staff Trustee	5	6
Laurie Feather	3	3

REVIEW OF VALUE FOR MONEY

The Accounting Officer considers how the Trust's use of its resources has provided good value for money during each academic year, and has reported to the Board of Trustees where value for money can be improved, including the use of benchmarking data where available. The Accounting Officer, considers that the Academy Trust has delivered improved value for money during the year, with evidence presented to the Trustees and by an independent school improvement partner. Parents and the wider community also receive a weekly newsletter highlighting key achievements. During the year the Governing Body completed an Academy Trust's internal self-evaluation exercise with satisfactory results.

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 on-going process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Rayleigh Schools Trust for the period 1st September 2016 to 31st August 2017 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

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

THE RISK AND CONTROL FRAMEWORK

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees
- regular reviews by the finance and general purposes committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes

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GOVERNANCE STATEMENT (continued...)
FOR THE YEAR ENDED 31 AUGUST 2017

- setting targets to measure financial and other performance
- clearly defined purchasing (asset purchase or capital investment) guidelines
- delegation of authority and segregation of duties
- identification and management of risks

The Governing Body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor, however the Trustees engage MHA MacIntyre Hudson, the external auditor, to perform focused checks on specific areas according to the Academies financial handbook.

The auditor's role includes performing a range of checks on the financial systems. In particular, the checks carried out in 2016/17 included:

- Budget setting;
- Parentpay income trips, visits and other sources;
- Coding of money within the finance system.

On a termly basis the auditor's comments are reported to the Board of Trustees, through the Finance Committee on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities. Attendance from MacIntyre Hudson at Partner level is twice a year at budget setting and accounts presentation.

REVIEW OF EFFECTIVENESS

As Accounting Officer, the Head Teacher 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 external auditor;
- the financial management and governance self-assessment process;
- the work of the executive managers within Rayleigh Schools 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 reviews of the system of internal control by Finance Committee and a plan to address any weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Trustees on 8th December 2017 and signed on its behalf by:



Debbie Stokes
Chair of Trustees



Andy Hodgkinson
Accounting Officer

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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Rayleigh Schools Trust I have considered my responsibility to notify the Academy Trust Board of Trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2016.

I confirm that I and the Academy Trust Board of Trustees are able to identify any material irregular or improper use of funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's funding agreement and the Academies Financial Handbook 2016.

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



Andy Hodgkinson
Accounting Officer

Date: 8 December 2017

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

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

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

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

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

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

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

Approved by order of the Members of the Board of Trustees on 8 December 2017 and signed on its behalf by:



Debbie Stokes
Chair of Trustees

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**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
RAYLEIGH SCHOOLS TRUST**

OPINION

We have audited the financial statements of Rayleigh Schools Trust for the year ended 31 August 2017 which comprise the Statement of Financial Activities incorporating the Income and Expenditure accounts, 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 FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

This report is made solely to the Academy Trust's Members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Academy Trust's Members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Academy Trust and its Members, as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

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

BASIS OF OPINION

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

CONCLUSIONS RELATING TO GOING CONCERN

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

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Academy Trust 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.

RAYLEIGH SCHOOLS TRUST
(A Company Limited by Guarantee)

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
RAYLEIGH SCHOOLS TRUST**

OTHER INFORMATION

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

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

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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' remunerations specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

RAYLEIGH SCHOOLS TRUST
(A Company Limited by Guarantee)

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
RAYLEIGH SCHOOLS TRUST**

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the Statement of Trustees' Responsibilities, the Trustees (who are also the Directors of the Academy Trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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



Cara Miller ACCA (Senior Statutory Auditor)

for and on behalf of

MHA MacIntyre Hudson

Chartered Accountants
Statutory Auditors

Boundary House
4 County Place
Chelmsford
Essex

CM2 0RE

Date: 18 December 2017

RAYLEIGH SCHOOLS TRUST
(A Company Limited by Guarantee)

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO RAYLEIGH SCHOOLS TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter dated 3 August 2015 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Rayleigh Schools Trust during the year 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Rayleigh Schools Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Rayleigh Schools Trust and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Rayleigh Schools Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

RESPECTIVE RESPONSIBILITIES OF RAYLEIGH SCHOOLS TRUST'S ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT

The Accounting Officer is responsible, under the requirements of Rayleigh Schools Trust's funding agreement with the Secretary of State for Education dated 27 March 2013, and the Academies Financial Handbook extant from 1 September 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

APPROACH

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

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

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

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

RAYLEIGH SCHOOLS TRUST
(A Company Limited by Guarantee)

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO RAYLEIGH SCHOOLS TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY (continued)

The work undertaken to draw our conclusions includes:

- reviewing the minutes of meetings of the Governing Body and other evidence made available to us, relevant to our consideration of regularity;
- a review of the objectives and activities of the Academy Trust, with reference to the income streams and other information available to us as auditors of the Academy Trust;
- testing of a sample of payroll payments to staff;
- testing of a sample of payments to suppliers and other third parties;
- testing of a sample of grants received and other income streams; and
- evaluating the internal control procedures and reporting lines, and testing as appropriate and making appropriate enquiries of the Internal Reviewer.

CONCLUSION

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

MHA MacIntyre Hudson

Reporting Accountant

MHA MacIntyre Hudson

Chartered Accountants
Statutory Auditors

Boundary House
4 County Place
Chelmsford
Essex
CM2 0RE

Date: *18 December 2017*

RAYLEIGH SCHOOLS TRUST
(A Company Limited by Guarantee)

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

	Note	Unrestricted funds 2017 £	Restricted general funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
INCOME FROM:						
Donations and capital grants	2	73,515	-	65,359	138,874	51,884
Charitable activities	3	10,103	8,007,524	-	8,017,627	8,178,134
Other trading activities	4	139,156	-	-	139,156	149,456
Investments	5	430	-	-	430	636
TOTAL INCOME		223,204	8,007,524	65,359	8,296,087	8,380,110
EXPENDITURE ON:						
Charitable activities	7	212,627	8,160,524	275,741	8,648,892	8,601,382
TOTAL EXPENDITURE	6	212,627	8,160,524	275,741	8,648,892	8,601,382
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES						
		10,577	(153,000)	(210,382)	(352,805)	(221,272)
Actuarial losses on defined benefit pension schemes	21	-	(136,000)	-	(136,000)	(1,401,000)
NET MOVEMENT IN FUNDS		10,577	(289,000)	(210,382)	(488,805)	(1,622,272)
RECONCILIATION OF FUNDS:						
Total funds brought forward		156,591	(3,199,000)	8,801,303	5,758,894	7,381,166
TOTAL FUNDS CARRIED FORWARD		167,168	(3,488,000)	8,590,921	5,270,089	5,758,894

The notes on pages 23 to 46 form part of these financial statements.

RAYLEIGH SCHOOLS TRUST
(A Company Limited by Guarantee)
REGISTERED NUMBER: 08401607

BALANCE SHEET
AS AT 31 AUGUST 2017

	Note	£	2017 £	£	2016 £
FIXED ASSETS					
Tangible assets	14		8,590,921		8,773,430
CURRENT ASSETS					
Debtors	15	118,644		118,527	
Cash at bank and in hand		487,981		463,214	
		<u>606,625</u>		<u>581,741</u>	
CREDITORS: amounts falling due within one year	16	(439,457)		(397,277)	
NET CURRENT ASSETS			167,168		184,464
TOTAL ASSETS LESS CURRENT LIABILITIES			8,758,089		8,957,894
Defined benefit pension scheme liability	21	(3,488,000)		(3,199,000)	
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u>5,270,089</u>		<u>5,758,894</u>
FUNDS OF THE ACADEMY					
Restricted funds:					
Restricted fixed asset funds		8,590,921		8,801,303	
Restricted general funds - pension reserve		<u>(3,488,000)</u>		<u>(3,199,000)</u>	
Total restricted funds			5,102,921		5,602,303
Unrestricted funds	17		<u>167,168</u>		<u>156,591</u>
TOTAL FUNDS			<u>5,270,089</u>		<u>5,758,894</u>

The financial statements on pages 20 to 46 were approved by the Trustees, and authorised for issue, on 8 December 2017 and are signed on their behalf, by:



Debbie Stokes
Chair of Trustees

The notes on pages 23 to 46 form part of these financial statements.

RAYLEIGH SCHOOLS TRUST
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2017

	Note	2017 £	2016 £
Cash flows from operating activities			
Net cash (used in)/provided by operating activities	19	(6,022)	110,752
Cash flows from investing activities:			
Investment income		430	636
Purchase of tangible fixed assets		(35,000)	-
Capital grants from DfE/ESFA		30,359	27,873
Capital funding received from sponsors and others		35,000	-
Net cash provided by investing activities		30,789	28,509
Change in cash and cash equivalents in the year		24,767	139,261
Cash and cash equivalents brought forward		463,214	323,953
Cash and cash equivalents carried forward	20	487,981	463,214

The notes on pages 23 to 46 form part of these financial statements.

RAYLEIGH SCHOOLS TRUST
(A Company Limited by Guarantee)

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

1. ACCOUNTING POLICIES

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

1.1 Basis of preparation of financial statements

The financial statements of the Academy Trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Rayleigh Schools Trust constitutes a public benefit entity as defined by FRS 102. The financial statements are prepared in sterling which is the functional currency of the Academy Trust and rounded to the nearest pound.

Rayleigh Schools Trust is a company limited by guarantee, incorporated in England and Wales. The address of the registered office and principal place of operation are detailed on page 2. The nature of the Academy Trust's operations and principal activity are detailed in the Trustees Report.

1.2 Fund accounting

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

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

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

RAYLEIGH SCHOOLS TRUST
(A Company Limited by Guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.3 Income

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

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

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

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

Sponsorship income provided to the Academy Trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable, where receipt is probable and it is measurable.

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

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

RAYLEIGH SCHOOLS TRUST
(A Company Limited by Guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.4 Expenditure

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

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

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

All expenditure is inclusive of irrecoverable VAT.

1.5 Going concern

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

1.6 Tangible fixed assets and depreciation

All assets costing more than £1,500 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 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. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

RAYLEIGH SCHOOLS TRUST
(A Company Limited by Guarantee)

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

1. ACCOUNTING POLICIES (continued)

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

Long-term leasehold property	-	50 years straight line
Short-term leasehold property	-	14 years straight line
Motor vehicles	-	5-10 years straight line
Fixtures and fittings	-	5-125 years straight line
Computer equipment	-	5 years straight line

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

1.7 Operating leases

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

1.8 Taxation

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

RAYLEIGH SCHOOLS TRUST
(A Company Limited by Guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.9 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.

1.10 Liabilities and provisions

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

1.11 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 15. Prepayments are not financial instruments. 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.

RAYLEIGH SCHOOLS TRUST
(A Company Limited by Guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.12 Pensions

Retirement benefits to employees of the Academy Trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Governments Pension Scheme ("LGPS"). These are defined benefit schemes.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 21, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

1.13 Agency Arrangements

The Academy Trust acts as an agent in distributing 16-19 Bursary Funds from the ESFA. Payments received from the ESFA and subsequent disbursements to students are excluded from the Statement of Financial Activities as the Academy Trust does not have control over the charitable application of the funds. The Academy Trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the Statement of Financial Activities. Where funds have not been fully applied in the accounting period then an amount will be included as amounts due to the ESFA.

RAYLEIGH SCHOOLS TRUST
(A Company Limited by Guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.14 Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 21, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Any change in the valuation of Leasehold Property (see Note 14) would impact the total net assets of the Academy Trust.

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2017 £	Restricted general funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
Donations	73,515	-	35,000	108,515	24,011
Capital grants	-	-	30,359	30,359	27,873
Total 2017	73,515	-	65,359	138,874	51,884
Total 2016	24,011	-	27,873	51,884	

RAYLEIGH SCHOOLS TRUST
(A Company Limited by Guarantee)

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

3. CHARITABLE ACTIVITIES - FUNDING FOR EDUCATIONAL OPERATIONS

	Unrestricted funds 2017 £	Restricted general funds 2017 £	Total funds 2017 £	Total funds 2016 £
DfE/ESFA grants				
General Annual Grant (GAG)	-	7,040,580	7,040,580	7,185,779
Pupil Premium	-	257,629	257,629	247,366
	-	7,298,209	7,298,209	7,433,145
Other government grants				
Local Authority Revenue Grants	-	475,536	475,536	400,472
Other Government Revenue Grants	-	26,343	26,343	56,497
	-	501,879	501,879	456,969
Other funding				
Other Income	10,103	207,436	217,539	288,020
	10,103	207,436	217,539	288,020
Total 2017	10,103	8,007,524	8,017,627	8,178,134
Total 2016	17,396	8,160,738	8,178,134	

There are no unfulfilled conditions of contingencies attached to the government grants above.

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2017 £	Restricted general funds 2017 £	Total funds 2017 £	Total funds 2016 £
Rental income	108,092	-	108,092	106,672
Other self generated income	31,064	-	31,064	42,784
Total 2017	139,156	-	139,156	149,456
Total 2016	149,456	-	149,456	

RAYLEIGH SCHOOLS TRUST
(A Company Limited by Guarantee)

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

5. INVESTMENT INCOME

	Unrestricted funds 2017 £	Restricted general funds 2017 £	Total funds 2017 £	Total funds 2016 £
Bank interest receivable	430	-	430	636
<i>Total 2016</i>	636	-	636	

6. TOTAL EXPENDITURE

	Staff costs 2017 £	Premises costs 2017 £	Other costs 2017 £	Total 2017 £	Total 2016 £
Charitable activities:					
Direct costs	6,182,293	-	948,638	7,130,931	7,214,114
Support costs	723,726	651,142	143,093	1,517,961	1,387,268
<i>Total 2017</i>	6,906,019	651,142	1,091,731	8,648,892	8,601,382
<i>Total 2016</i>	6,763,294	607,420	1,230,668	8,601,382	

In 2016, of the total expenditure £73,743 was from unrestricted funds, £8,310,417 was from restricted general funds and £217,222 was from restricted fixed asset funds.

7. ANALYSIS OF EXPENDITURE BY CHARITABLE ACTIVITIES

	Activities undertaken directly 2017 £	Support costs 2017 £	Total 2017 £	Total 2016 £
Educational Operations	7,130,931	1,517,961	8,648,892	8,601,382
<i>Total 2016</i>	7,214,114	1,387,268	8,601,382	

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

8. TOTAL SUPPORT COSTS

	Educational Operations £	Total 2017 £	Total 2016 £
Defined benefit pension scheme finance cost	69,000	69,000	68,000
Premises costs	449,248	449,248	414,719
Governance costs	14,450	14,450	14,340
Other costs	113,028	113,028	98,265
Support staff costs	654,726	654,726	574,722
Depreciation	217,509	217,509	217,222
At 31 August 2017	<u>1,517,961</u>	<u>1,517,961</u>	<u>1,387,268</u>
At 31 August 2016	<u>1,387,268</u>	<u>1,387,268</u>	

9. GOVERNANCE COSTS

	2017 £	2016 £
Auditors' remuneration - Audit of the financial statements	10,200	9,950
Auditors' remuneration - Other services	4,250	4,390
Total	<u>14,450</u>	<u>14,340</u>

10. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets: - owned by the Academy Trust	217,509	217,222
Auditors' remuneration - Audit of the financial statements	10,200	9,950
Auditors' remuneration - Other services	4,250	4,390
Operating lease rentals	<u>27,084</u>	<u>10,584</u>

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11. STAFF COSTS

Staff costs were as follows:

	2017 £	2016 £
Wages and salaries	5,360,238	5,382,569
Social security costs	519,222	453,216
Operating costs of defined benefit pension schemes	952,663	859,509
	<u>6,832,123</u>	<u>6,695,294</u>
Apprenticeship levy	4,896	-
Defined benefit pension scheme finance cost	69,000	68,000
	<u>6,906,019</u>	<u>6,763,294</u>

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

	2017 No.	2016 No.
Teachers	140	120
Administration and support	98	86
Management	8	8
	<u>246</u>	<u>214</u>

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

	2017 No.	2016 No.
In the band £60,001 - £70,000	2	1
In the band £70,001 - £80,000	2	1
In the band £90,001 - £100,000	0	1
In the band £100,001 - £110,000	1	0

The above employees participated in both the Teachers' Pension Scheme and Local Government Pension Scheme. During the year ended 31 August 2017 pension contributions for these staff members amounted to £61,692 (2016 - £40,740).

The Key Management Personnel of the Academy Trust comprise the Trustees' and the Senior Leadership Team. The total amount of employee benefits (including employer pension contributions) received by Key Management Personnel for their services to the Academy Trust was £620,880 (2016 - £778,479).

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

12. TRUSTEES' REMUNERATION AND EXPENSES

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

		2017 £	2016 £
C Hogg, (Staff Trustee)	Remuneration	35,000-40,000	35,000-40,000
	Pension contributions paid	5,000-10,000	5,000-10,000
S Shirley, (Staff Trustee)	Remuneration	15,000-20,000	40,000-45,000
	Pension contributions paid	0-5,000	5,000-10,000
A Hodgkinson (Head Teacher and Accounting Officer)	Remuneration	100,000-105,000	95,000-100,000
	Pension contributions paid	15,000-20,000	15,000-20,000

During the year ended 31 August 2017, no Trustees received any reimbursement of expenses (2016 - £Nil).

Remuneration disclosures for Trustees who resigned prior to 1 September 2016 are not reflected in the table above.

13. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the Academy Trust has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2017 was £29,780 (2016 - £37,525).

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

14. TANGIBLE FIXED ASSETS

	Long-term Leasehold property £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
Cost					
At 1 September 2016	9,361,100	10,400	54,459	95,951	9,521,910
Additions	-	-	35,000	-	35,000
At 31 August 2017	9,361,100	10,400	89,459	95,951	9,556,910
Depreciation					
At 1 September 2016	677,818	4,878	20,781	45,003	748,480
Charge for the year	189,536	1,240	7,563	19,170	217,509
At 31 August 2017	867,354	6,118	28,344	64,173	965,989
Net book value					
At 31 August 2017	8,493,746	4,282	61,115	31,778	8,590,921
At 31 August 2016	8,683,282	5,522	33,678	50,948	8,773,430

The Freehold of the land and buildings is owned by Essex County Council. The Academy holds a 125 year lease on a peppercorn rent from 1 April 2013.

The Leasehold property was valued as at 31 March 2014 at £9,261,000 by Mouchel, a RICS Registered Valuer using the Depreciated Replacement Cost method. No value has been attributed to the land in these financial statements. The Trustees consider that the valuation of the property remains appropriate for the purposes of these financial statements.

15. DEBTORS

	2017 £	2016 £
Trade debtors	8,263	-
VAT recoverable	9,264	6,348
Other debtors	16,492	4,697
Prepayments and accrued income	84,625	107,482
	<u>118,644</u>	<u>118,527</u>

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FOR THE YEAR ENDED 31 AUGUST 2017

16. CREDITORS: Amounts falling due within one year

	2017 £	2016 £
Trade creditors	72,930	88,661
Other taxation and social security	129,345	132,272
Bursary fund held on behalf of ESFA	38,249	39,960
Pension contributions payable	113,735	105,089
Other creditors	-	(259)
Accruals and deferred income	85,198	31,554
	<u>439,457</u>	<u>397,277</u>
	2017 £	2016 £
Deferred income		
Deferred income at 1 September 2016	17,214	14,667
Resources deferred during the year	37,371	17,214
Amounts released from previous years	(17,214)	(14,667)
Deferred income at 31 August 2017	<u>37,371</u>	<u>17,214</u>

At the Balance Sheet date the Academy Trust was holding funds received in advance for:

- Funds received in advance from the ESFA for the 2017-18 academic year.
- Funds received in advance in regards to school trips that will take place in the 2017-18 academic year.
- Funds received in advance in regards to music lessons that will take place in the 2017-18 academic year.

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NOTES TO THE FINANCIAL STATEMENTS
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17. STATEMENT OF FUNDS

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
Unrestricted funds						
General Funds	156,591	223,204	(212,627)	-	-	167,168
Restricted general funds						
General Annual Grant (GAG)	-	7,040,580	(7,040,580)	-	-	-
Pupil Premium	-	257,629	(257,629)	-	-	-
Local Authority Grants	-	475,536	(475,536)	-	-	-
Other Government Grants	-	26,343	(26,343)	-	-	-
Other activities	-	207,436	(207,436)	-	-	-
Pension reserve	(3,199,000)	-	(153,000)	-	(136,000)	(3,488,000)
	<u>(3,199,000)</u>	<u>8,007,524</u>	<u>(8,160,524)</u>	<u>-</u>	<u>(136,000)</u>	<u>(3,488,000)</u>
Restricted fixed asset funds						
NBV of fixed assets	8,773,430	-	(217,509)	35,000	-	8,590,921
DfE/ESFA Capital Grants	27,873	30,359	(58,232)	-	-	-
Other activities	-	35,000	-	(35,000)	-	-
	<u>8,801,303</u>	<u>65,359</u>	<u>(275,741)</u>	<u>-</u>	<u>-</u>	<u>8,590,921</u>
Total restricted funds	<u>5,602,303</u>	<u>8,072,883</u>	<u>(8,436,265)</u>	<u>-</u>	<u>(136,000)</u>	<u>5,102,921</u>
Total of funds	<u>5,758,894</u>	<u>8,296,087</u>	<u>(8,648,892)</u>	<u>-</u>	<u>(136,000)</u>	<u>5,270,089</u>

STATEMENT OF FUNDS - PRIOR YEAR

	Balance at 1 September 2015 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2016 £
Unrestricted funds						
General Funds	38,835	191,499	(73,743)	-	-	156,591
	<u>38,835</u>	<u>191,499</u>	<u>(73,743)</u>	<u>-</u>	<u>-</u>	<u>156,591</u>

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

Restricted general funds

General Annual Grant (GAG)	-	7,185,779	(7,185,779)	-	-	-
Pupil Premium	-	247,366	(247,366)	-	-	-
Local Authority Grants	-	400,472	(400,472)	-	-	-
Other Government Grants	-	56,497	(56,497)	-	-	-
Other activities	89,679	270,624	(360,303)	-	-	-
Pension reserve	(1,738,000)	-	(60,000)	-	(1,401,000)	(3,199,000)
	<u>(1,648,321)</u>	<u>8,160,738</u>	<u>(8,310,417)</u>	<u>-</u>	<u>(1,401,000)</u>	<u>(3,199,000)</u>

Restricted fixed asset funds

NBV of fixed assets	8,990,652	-	(217,222)	-	-	8,773,430
DfE/ESFA Capital Grants	-	27,873	-	-	-	27,873
	<u>8,990,652</u>	<u>27,873</u>	<u>(217,222)</u>	<u>-</u>	<u>-</u>	<u>8,801,303</u>
Total restricted funds	<u>7,342,331</u>	<u>8,188,611</u>	<u>(8,527,639)</u>	<u>-</u>	<u>(1,401,000)</u>	<u>5,602,303</u>
Total of funds	<u>7,381,166</u>	<u>8,380,110</u>	<u>(8,601,382)</u>	<u>-</u>	<u>(1,401,000)</u>	<u>5,758,894</u>

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

The General Fund has been created to recognise the incoming and outgoing resources in respect of activities undertaken by the Academy Trust which fall outside the scope of its core activities.

The General Annual Grant (GAG) represents the core funding for the educational activities of the school that has been provided to the Academy Trust via the Education and Skills Funding Agency by the Department for Education. The GAG fund has been set up because the GAG must be used for the normal running costs of the Academy Trust.

The Pupil Premium fund has been established to recognise the restricted funding from the Education and Skills Funding Agency to raise the attainment of disadvantaged pupils and close the gap between them and their peers.

The Local Authority revenue grants fund has been set up to recognise the income received from Essex County Council as a contribution towards the cost of the Academy Trust's revenue expenditure.

The Other Government Grants fund has been established to recognise grants from Government bodies other than the DfE/ESFA and Local Authorities that fall outside the scope of core funding.

The Other activities fund has been established to recognise all other restricted funding that cannot be classified above but fall outside the scope of its core activities.

The LGPS deficit (pension reserve) fund has been created to separately identify the pension deficit inherited from the Local Authority upon conversion to Academy Trust status, and through which all the pension scheme movements are recognised.

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17. STATEMENT OF FUNDS (continued)

The NBV of Fixed Assets fund has been set up to recognise the tangible assets held by the Academy Trust and is equivalent to the net book value of tangible fixed assets. Depreciation of tangible fixed assets is allocated to this fund.

The DfE/ESFA Capital grants fund has been created to recognise capital grants received for the purpose of the acquisition of tangible fixed assets. As tangible fixed assets are purchased, a transfer is made to the NBV of Fixed Assets fund.

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

18. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2017 £	Restricted general funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	8,590,921	8,590,921
Current assets	606,625	-	-	606,625
Creditors due within one year	(439,457)	-	-	(439,457)
Provisions for liabilities and charges	-	(3,488,000)	-	(3,488,000)
	<u>167,168</u>	<u>(3,488,000)</u>	<u>8,590,921</u>	<u>5,270,089</u>

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Unrestricted funds 2016 £	Restricted general funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £
Tangible fixed assets	-	-	8,773,430	8,773,430
Current assets	553,868	-	27,873	581,741
Creditors due within one year	(397,277)	-	-	(397,277)
Provisions for liabilities and charges	-	(3,199,000)	-	(3,199,000)
	<u>156,591</u>	<u>(3,199,000)</u>	<u>8,801,303</u>	<u>5,758,894</u>

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NOTES TO THE FINANCIAL STATEMENTS
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19. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2017 £	2016 £
Net expenditure for the year (as per Statement of Financial Activities)	(352,805)	(221,272)
Adjustment for:		
Depreciation charges	217,509	217,222
Investment income	(430)	(636)
(Increase)/decrease in debtors	(117)	34,158
Increase in creditors	42,180	49,153
Capital grants from DfE and other capital income	(65,359)	(27,873)
Defined benefit pension scheme cost less contributions payable	84,000	(8,000)
Defined benefit pension scheme finance cost	69,000	68,000
Net cash (used in)/provided by operating activities	(6,022)	110,752

20. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2017 £	2016 £
Cash in hand	487,981	463,214
Total	487,981	463,214

21. PENSION COMMITMENTS

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

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

Contributions amounting to £113,735 were payable to the schemes at 31 August 2017 (2016 - £105,089) and are included within creditors.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, unfunded, defined benefit scheme, governed by the Teachers' Pensions Regulations 2010, and the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools and other educational establishments, including Academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

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**NOTES TO THE FINANCIAL STATEMENTS
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21. PENSION COMMITMENTS (continued)

The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and Public Service Pensions Act (2013) and are paid by public funds provided by Parliament. 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 under arrangements governed by the above Act.

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Valuation of the Teachers' Pension Scheme

The latest actuarial review 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 on 9 June 2014. The key results of the valuation are:

- employer contribution rates were set at 16.4% of pensionable pay; in line with current regulations, not including the additional 0.08% employers pay for the cost of Scheme administration;
- total scheme liabilities for service to the effective date of £191.5 billion, and notional assets of £176.6 billion, giving a notional past service deficit of £15.0 billion;
- an employer cost cap of 10.9% of pensionable pay;
- Actuarial assessments are undertaken in intervening years between formal valuations for financial reporting purposes, using updated membership data.

The new employer contribution rate and administration levy for the TPS were implemented in September 2015.

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website at the following location:

www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx

The employer's pension costs paid to TPS in the period amounted to £699,270 (2016 - £705,293).

Scheme Changes

Lord Hutton, who chaired the Independent Public Service Pensions Commission, published his final report in March 2011 and made recommendations about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation and Ministers engaged in extensive discussions with trade unions and other representative bodies on reform of the TPS. Those discussions concluded on 9 March 2012, and the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

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

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Importantly, pension benefits built up before 1 April 2015 will be fully protected.

In addition, the Proposed Final Agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall up to three and a half years outside of the 10 year protection.

In his interim report of October 2010, Lord Hutton recommended that short-term savings were also required, and that the only realistic way of achieving these was to increase member contributions. At the Spending Review 2010 the Government announced an average increase of 3.2 percentage points on the contribution rates by 2014-15. The increases have been phased in since April 2012.

The arrangements for a reformed Teachers' Pension Scheme, in line with the remainder of the recommendations made by Lord Hutton, have now been implemented. The Career Average Revalued Earnings (CARE) scheme was implemented from 1 April 2015, whereby benefits will accrue on a career average basis and there is a normal pension age aligned to the state pension age.

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate Trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £213,000 (2016 - £208,216), of which employer's contributions totalled £166,000 (2016 - £162,216) and employees' contributions totalled £47,000 (2016 - £46,000). The agreed contribution rates for future years are 22.5% for employers and 5.5 to 12.5% for employees.

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

Principal actuarial assumptions:

	2017	2016
Discount rate for scheme liabilities	2.60 %	2.20 %
Rate of increase in salaries	4.20 %	4.00 %
Rate of increase for pensions in payment / inflation	2.70 %	2.30 %
Inflation assumption (CPI)	2.70 %	2.30 %
Commutation of pensions to lump sums	- %	60.00 %

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21. PENSION COMMITMENTS (continued)

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

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

	At 31 August 2017 £'000	At 31 August 2016 £'000
Sensitivity analysis		
Discount rate +0.1%	(108)	-
Discount rate -0.1%	111	-
Mortality assumption - 1 year increase	160	-
Mortality assumption - 1 year decrease	(154)	-

In 2016 the sensitivity analysis on the pension was not available.

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

	Fair value at 31 August 2017 £	Fair value at 31 August 2016 £
Equities	929,000	1,126,000
Gilts	89,000	59,000
Other bonds	56,000	74,000
Property	138,000	182,000
Cash	44,000	50,000
Alternative assets	109,000	73,000
Other managed funds	60,000	79,000
Total market value of assets	1,425,000	1,643,000

The actual return on scheme assets was £255,000 (2016 - £203,000).

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

The amounts recognised in the Statement of Financial Activities are as follows:

	2017 £	2016 £
Current service cost	(250,000)	(154,000)
Interest income	38,000	53,000
Interest cost	(107,000)	(121,000)
Total	<u>(319,000)</u>	<u>(222,000)</u>

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

	2017 £	2016 £
Opening defined benefit obligation	4,842,000	3,010,000
Current service cost	250,000	154,000
Interest cost	107,000	121,000
Employee contributions	47,000	46,000
Actuarial (gains)/losses	(320,000)	1,550,000
Benefits paid	(13,000)	(39,000)
Closing defined benefit obligation	<u>4,913,000</u>	<u>4,842,000</u>

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

	2017 £	2016 £
Opening fair value of scheme assets	1,643,000	1,272,000
Interest income	38,000	53,000
Actuarial gains/(losses)	(456,000)	149,000
Employer contributions	166,000	162,000
Employee contributions	47,000	46,000
Benefits paid	(13,000)	(39,000)
Closing fair value of scheme assets	<u>1,425,000</u>	<u>1,643,000</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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22. OPERATING LEASE COMMITMENTS

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

	2017 £	2016 £
Amounts payable:		
Within 1 year	163,073	125,372
Between 1 and 5 years	77,658	128,257
Total	<u>240,731</u>	<u>253,629</u>

23. RELATED PARTY TRANSACTIONS

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

During the year ended 31 August 2017 the Academy Trust was invoiced £17,617 (2016 - £47,703) by Rochford District Schools Partnership Trust, a charitable Trust which provides support for children in local schools through the provision of support services which are provided at cost. The services are in accordance with the Academy Trust's financial regulations and standard procurement procedures. There was a balance of £Nil (2016 - £Nil) outstanding at 31 August 2017 in respect of these transactions.

Lynda Walker, Chair of Sweyne Park Local Governing Body (LGB), is a Trustee of Rochford District Schools Partnership Trust, being the representative for this Academy Trust. All transactions undertaken with the charity are at arms length and Lynda Walker derives no personal benefit from this arrangement.

The spouse of the Head Teacher provides staff development training for the school. None of the commissioning of these services or matters to do with payment are handled by Andy Hodgkinson. Fees for the provision of training by his spouse amounted to £6,500 in the financial year 2016/17 (2015/16: £6,431). This arrangement was put in place by the previous Head Teacher.

24. CONTROLLING PARTY

There is no ultimate controlling party.

25. MEMBERS' LIABILITY

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

RAYLEIGH SCHOOLS TRUST
(A Company Limited by Guarantee)

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

26. COMPANY LIMITED BY GUARANTEE

The Academy Trust is a company limited by guarantee and does not have share capital.

27. AGENCY ARRANGEMENTS

The Academy Trust administers the distributions of the discretionary support for learners, 16-19 Bursary Funds, on behalf of the ESFA. During the year the Academy Trust received funds of £24,889 (2016 - £26,820) and disbursed £26,600 (2016 - £4,300). £Nil (2016 - £Nil) was retained to cover administration expenses and therefore a balance of £38,249 (2016 - £39,960) relating to undistributed funds is repayable to the ESFA as at the Balance Sheet date and is included within creditors.