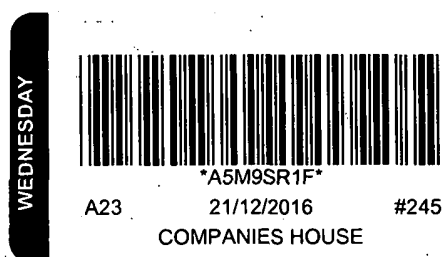


CHILDREN OF SUCCESS SCHOOLS TRUST
(A COMPANY LIMITED BY GUARANTEE)

TRUSTEES' REPORT AND AUDITED ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2016



Haines Watts
Chartered Accountants & Registered Auditors
Bridge House
157A Ashley Road
Hale
Altrincham
Cheshire
WA14 2UT

CHILDREN OF SUCCESS SCHOOLS TRUST

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CHILDREN OF SUCCESS SCHOOLS TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Trustees		Appointed	Resigned
	Professor Mel Ainscow CBE		
	Diane Bell		
	Sheila Cairns		
	Richard Dyson (Chair from 9 October 2015)		
	James Eldon		
	Mark Glynn		
	Linda Hamilton		
	Rebecca Hodgkins		
	Linda Jackson		
	Alison Jurkowski		
	Stuart Leeming		
	Sarah Murray		
	Andy Rawlins		
	Hon. Robert Rayne		31 March 2016
	Dame Benita Refson DBE		
	Sue Spiteri		
	Daniel Stalford		
	Judith Summers (Chair from 2 October 2013)		9 October 2015
	Dr. Paul Thompson		

Members			
	Professor Mel Ainscow CBE (Chair)		
	Sheila Cairns		
	Richard Dyson	9 October 2015	
	Stuart Leeming		
	Dame Benita Refson DBE		
	Hon. Robert Rayne		
	Judith Summers		9 October 2015

Senior management team

Sue Spiteri	Headteacher, The Willows Primary School
Sarah Murray	Headteacher, Haveley Hey Community School
Alison Jurkowski	Finance Director and Operations Manager and CEO

Company registration number	08438964 (England and Wales)
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Registered office	The Willows Primary School Tayfield Road Manchester M22 1BQ
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Academies operated	Location	Headteacher
The Willows	Tayfield Road, Wythenshawe	S Spiteri
Haveley Hey	Nearbrook Road, Wythenshawe	S Murray

Independent auditor	Haines Watts Chartered Accountants Statutory Auditor Bridge House Ashley Road Hale Altrincham WA14 2UT
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CHILDREN OF SUCCESS SCHOOLS TRUST

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2016

The trustees of the Children of Success Schools Trust ('the Trust'), who are also directors of the Trust for the purposes of the Companies Act, present their annual report and audited financial statements for the year ended 31 August 2016.

The Trust is an academy trust operating two academies: The Willows Primary School and Haveley Hey Community School, in Wythenshawe, Manchester. The Willows has a pupil capacity of 485, including 65 nursery places, and had 463 pupils on roll at the 2016 spring census date. Haveley Hey has a pupil capacity of 480, including 60 nursery places, and had 459 pupils on roll at the 2016 spring census date. In addition the Trust operates 'The Bridge' which is a community building also located in Wythenshawe next to Haveley Hey where we run a two year old nursery for 32 pupils, a nurture group for pupils and provide space to other organisations who share our aims.

Structure, governance and management

Constitution

The 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 Trust. Details of the trustees who served during the period 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 company in the event of its being wound up while s/he is a member, or within one year after s/he ceases to be a member, such amount as may be requested, not exceeding £10, for the debts and liabilities contracted before s/he ceases to be a member.

Trustees' indemnities

The Trust has opted into the Department for Education's Risk Protection Arrangement to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring while on trust business. As explained in note 10 to the financial statements the limit of this indemnity is £10,000,000.

Method of recruitment and appointment or election of trustees

The Board of Trustees is made up of:

- Eight trustees appointed by the members (of which one is to be nominated by Manchester Grammar School and one by Manchester Enterprise Academy).
- Two parent trustees (one from each school, chosen from elected parent representatives on the school's governing committee).
- Five trustees co-opted by the Board.
- The Headteachers of the two schools and the Trust Finance Director/ CEO ex officio.
- The Secretary of State for Education has the right to appoint one person to the Board. This right has not been exercised.

The Board conducts an annual skills audit and recruits new trustees on the basis of needs identified through this process. Prospective trustees (other than parents) are identified through partners and stakeholders or SGOSS (School Governors' One Stop Shop). They are asked to provide relevant information and referees and are advised of the Code of Conduct and the expectations of trustees. They are invited to visit the schools and are interviewed by the Chair of the Board and at least one other trustee, who will then make a recommendation on appointment.

Policies and procedures adopted for the induction and training of trustees

Newly appointed trustees are referred to relevant documents on the Trust's website as their information pack. They are briefed by the Chair of the Board and invited to visit the two schools and meet the Headteachers and the Finance Director to be briefed on the educational profiles, financial position and any key issues. They are expected to take new trustee training in their first year.

Trustees' training needs are identified through the annual skills audit and self-review, in the context of the Trust's strategic plan, and in response to government policies or requirements. Some training needs are met internally, for example by briefing trustees on educational developments, arranging school visits or inviting an outside expert to provide training. Where appropriate, needs are met externally, for example safer recruitment and chairs' training. Trustees are advised of training opportunities offered through the Manchester Schools Alliance, One Education, the National College for Teaching and Learning and online providers.

CHILDREN OF SUCCESS SCHOOLS TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Organisational structure

The Board of Trustees is responsible for the overall direction and control of the Trust and meets four times per year. The Board is responsible for setting strategy and objectives; setting policies including the admissions policy for the schools; ensuring the quality of educational provision; challenging and monitoring the schools' performance; managing the Trust's finances and property and approving the annual budget; approving capital expenditure and property purchase; acting as employer; appointing auditors to the Trust and approving the annual report and financial statements of the Trust. The structure of the Board was revised in July 2016 and the Board now has the following committees: Academic Outcomes, Finance and General Purposes; Pay and a School Community Group for each school. The School Community Group for each school, whose members are referred to as Local Governors, is responsible for monitoring the school improvement plan; monitoring performance including pupil progress; and for quality assurance. Each committee has terms of reference set by the Board, which are reviewed annually.

The Headteacher of each school, supported by a leadership team with defined areas of responsibility, is responsible for its operational management and for the curriculum and standards of the school. The Finance Director/Operations Manager is responsible for managing the financial and physical resources of the Trust and for administrative and site staff. The Headteachers and Finance Director/Operations Manager are appointed by and accountable to the Board.

Arrangements for setting pay and remuneration of key management personnel

Headteachers are paid in accordance with the School Teachers Pay and Conditions document with reference to the relevant pay range based on the school group determined from school size and age range. Annual review of Headteacher's performance is carried out by members of the Board in conjunction with an independent advisor and pay progression awarded on achievement of objectives. The pay of the Finance Director and Operations Manager is not based on a scale but is reviewed by reference to market conditions. There is an element of performance related pay which is awarded based on the achievement against objectives which is determined by a sub-committee of the board.

Related parties and other connected charities and organisations

- Of the Trust's two schools, The Willows is a converter academy, sponsoring Haveley Hey. The role of The Willows as sponsor was concerned with providing leadership and professional resources to improve the performance of Haveley Hey. Following Haveley Hey's last two inspections judging the School as 'good' in July 2012 and February 2015 the relationship remains to support performance across both schools.
- The Trust is a founder member of the Manchester Schools Alliance ('the Alliance') which comprises a network of schools within the Manchester City Council area, with the City Council as a partner. The Chair of the Board until 9 October 2015 was a director of the Alliance. Each school pays an annual subscription to the Alliance, which is non profit-making. The purpose of the Alliance is to enable school to school support to improve educational performance and to develop a common voice for Manchester schools. Membership of the Alliance has no impact on the operating policies of the Trust.
- Manchester Grammar School provides support and guidance to the Trust educationally, particularly in relationship to provision for gifted and talented pupils and also through the support of trustees who sit on the Board.
- Each school contracts with Place2Be, a national charity providing mental health support services on site for children to enable them to benefit from learning. Two members of the Board of Trustees were, and one still is, trustees of Place2Be. The Finance and Human Resources Committee has reviewed the contracts with Place2Be and determined that this is an appropriate choice for the schools. The trustees concerned played no part in this consideration.

Objectives and activities

Objects and aims

The principal activity of the Trust as set out in the Articles of Association is to:

- (a) advance for the public benefit education in the United Kingdom by establishing, maintaining, carrying on, managing and developing schools offering a broad and balanced curriculum; and
- (b) promote for the benefit of the inhabitants of Wythenshawe and the surrounding area the provision of facilities for recreation or other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, affinity or disablement, financial hardship or social and economic circumstances or for the public at large in the interests of social welfare and the object of improving the condition of life of the said inhabitants.

CHILDREN OF SUCCESS SCHOOLS TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Objectives, strategies and activities

The two schools aim to provide the highest standard of academic and creative education, based on respect for the rights of every child. This aim is delivered through:

- Engaging and supporting the most vulnerable and marginalised members of our communities
- Driving forward aspirations for every child and their family
- Providing every child with an academic education that equips them for a successful transition into the next phase of their learning
- Developing each child as a Rights Respecting citizen who will be an active and upstanding member of their local and future community

In 2015/6 our key objective has been to improve the attainment and progress of our pupils in both schools whilst adapting to the new curriculum and assessment regime and in particular working towards a 'good' Ofsted rating at The Willows, which was achieved in November 2016.

Public benefit

In setting our objectives and planning our activities the trustees have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission.

Strategic report and key performance indicators

Both schools are located in an inner city area with a high level of deprivation which brings extra challenges. Free school meal entitlement at both schools is far in excess of the national average with 76% of children at Haveley Hey and 64% of those at The Willows receiving pupil premium funding, compared to the national average of 25%. Both schools also have high levels of children with special educational needs.

Financial data

The key financial performance indicators relating to operating results are shown below and demonstrate how the schools and Trust remain within their financial plans.

£000's	Actual 2015/6	Budget 2015/16	Variance to budget	Actual 2014/15	Variance to 2014/5
Net Revenue	129	33	96	74	55

Pupil numbers

Both schools continue to have rising pupil numbers however with both schools almost full these increases are now limited by place availability.

School	Pupil Numbers (Autumn Census)				Maximum capacity
	2013	2014	2015	2016	
Haveley Hey	402	437	450	464	480
The Willows	440	458	466	473	485
The Bridge	-	-	26	32	32

CHILDREN OF SUCCESS SCHOOLS TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Pupil attainment and progress 2016

This year there have been significant changes to the curriculum and assessment for pupils at primary schools adding more complexity to analysing the results against prior years.

	The Willows	Haveley Hey	National average
Early Years Good Level of development	57%	63%	69%
Y1 Phonics	76%	78%	81%
KS1 % achieving expected standard			
Reading	75%	74%	74%
Writing	61%	71%	66%
Maths	70%	71%	72%
KS1 Combined(R,W,M)	60%	66%	60%
KS2 % reaching expected standard			
Reading	74%	44%	66%
Writing	72%	69%	74%
Maths	78%	69%	70%
KS2 Combined (R,W,M)	59%	37%	53%
KS2 Average Scaled Score	102.3	100.2	102.7
KS2 Progress scores			
Reading	1.1	0.3	0
Writing	-1.2	0.8	0
Maths	1.4	1.3	0
Pupils Attendance Data			
Percentage attendance	96.4	95.4	96.4

From data converted from the previous assessment method using levels, The Willows has seen the percentage achieving the expected standard in reading, writing and maths rising from 30% in 2014 to 59% in 2016 indicating the success of the school improvement plan. Progress at The Willows is above the national average in reading and maths with writing an area for development.

At Haveley Hey the results for early years have shown a three year improving trend with many pupils making accelerated progress. This has helped achieve the particularly strong outcomes in KS1 where all results were ahead of national averages. At KS2, although the reading results were disappointing and reduced the combined outcome, progress scores indicated that in reading pupils made similar progress over time compared to pupils with similar prior attainment nationally and in writing and maths pupils made better progress than pupils with similar prior attainment nationally. This reflects the difficult context within which the school operates.

Ofsted inspections

Haveley Hey was inspected in January 2015 and all areas were judged good, confirming the previous judgement in 2012. The Willows was inspected in February 2015. Whilst leadership and management and the behaviour and safety of pupils was judged good, we were very disappointed that the quality of teaching, achievement of pupils and early years provision were judged requiring improvement and the overall effectiveness was requiring improvement. Following this inspection we have seen upward trends in both 2015 and 2016 and our Quality Assurance assessed The Willows to be good in all areas. An Ofsted inspection carried out in November 2016 which confirmed the school was good in all areas.

Attendance

Attendance at The Willows was 96.4% and at Haveley Hey 95.5% compared to the national average of 96.4%.

CHILDREN OF SUCCESS SCHOOLS TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Other significant factors

- During the year both schools have achieved the Leading Parent Partnership award.
- Both schools have used pupil premium successfully to reduce the gap between the achievement of disadvantaged pupils and others. The gap in achievement is now narrower than the national average.
- Development of 'The Bridge' where the two year old provision has been successful with pupils rising to maximum levels in the year which we hope will drive standards in the schools' nurseries. Equally the financial performance of The Bridge has improved with it now being self-sufficient.
- Links with other schools have been maintained and developed through the work on developing the rights respecting curriculum, assertive mentoring and Singapore Maths.

Financial review

The main source of income for the Trust is revenue funding from the EFA and Manchester City Council (for nursery children), both restricted to use for particular purposes. This funding is based primarily on pupil numbers which remain high and have grown slightly in 2015/6.

The total income in the period was £5,025,000 (2015- £5,305,000). Costs for the period, excluding depreciation but after charging £107,000 (2015 - £75,000) in respect of liabilities for the Local Government Pension Scheme, totalled £4,903,000 (2015- £5,323,000), generating an operating surplus of £122,000 (2015 – £18,000).

The improved operating surplus was attributable to improvements at Haveley Hey and The Bridge. Haveley Hey received funding in 2015/6 for an extra class instigated in 2014/15, whereas costs had increased in the prior year, therefore increasing the surplus in 2015/6. The Bridge, now in its second year, also generated a surplus, as the nursery operated at almost full capacity. The Trust overall suffered from increases in pension costs and national insurance, which reduced the surplus at The Willows as there is little growth in pupil numbers and income as the school is almost full. The Willows also invested significantly in refurbishment and building improvements to address poor standards of décor and health and safety issues.

At 31 August 2016 the funds of the Trust were £4,629,000 (2014 - £5,376,000), all of which were restricted funds.

The outlook for the coming year remains positive although the surplus is likely to be significantly reduced. Beyond 2016/17 the Impact of the National Funding Formula has yet to be fully understood and this could provide significant challenges. Equally the funding of the Local Government Pension Scheme continues to be an issue that could lead to a rise in the employer contributions rates which again without compensating increases in income would result in workforce reductions.

Reserves policy

The trustees recognise that it is important to build up and maintain free reserves to meet the future working capital needs of the Trust and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. The Trust's current level of free reserves (total funds less the amount held in fixed assets and pension reserve funds) is £412,000 (2015 - £264,000) and the trustees consider that these reserves need to be maintained at a level at least equivalent to one month's GAG, currently £304,000 (2015 - £281,000).

Investment policy

The trustees have delegated authority to the Finance Director to utilise term deposit arrangements for any funds not required for the furtherance of its charitable objectives in order that interest receipts are maximised in a low risk investment. Unless authorised by the trustees, term deposits will not exceed 12 months and the current account balance will not be allowed to fall below £250,000 at any point as a result of deposits.

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 the Trust has adopted 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.

CHILDREN OF SUCCESS SCHOOLS TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Principal risks and uncertainties

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 year ended 31 August 2016 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 Trust's risk management process categorises risks under four headings Strategic, Operational, Finance, Knowledge Management and Compliance which are scored on the basis of probability and impact with an overall risk score determined. On that basis, the most significant risks identified by the trustees and the strategies and plans to mitigate the risks are shown below:

Risks identified	Strategy/plan to address risk
Teaching and learning fails to deliver the required progress for children	Clearer focus on teaching and learning by the Academic Outcomes committee Strong school improvement plans externally validated through Quality Assurance.
Changes in Government policy resulting in reduced funding levels leading to reduced staffing and resources which prevents us from maintaining standards.	Increase business efficiency including a programme of zero budgeting and contingency plans for possible reduced funding.
Government pension policy leads to unsustainable increases in pension contributions.	Five year financial planning to consider risks. Become fully aware of the financial position of pension funds and take part in discussion.
Strategic plans are not realised which limit the ability of the Board to drive the future of the trust.	Development of Governance structure to support management and ongoing development of staff through continuing professional development and succession planning.
The issues associated with the challenging school context, including high levels of deprivation, high SEN, mental health issues and low levels of attainment and knowledge on entry to school, combined with the weakening of the wider multi-agency support leading to unsustainable pressure on school resources.	Continue to invest in internal systems/support to deal with the wide range of issues and develop more effective communication with external multi-agency team.

The Trust actively seeks to manage all risks and prioritises time and resources to reducing, avoiding or mitigating these risks.

Plans for future periods

The Trust has been established for over three years and during this time there have been significant changes both in the management of the Trust and the Ofsted rating of The Willows Primary school. Consequently the Trust decided that we must focus on delivering the education in our current schools before we expand the number of academies in the Trust. Equally we need to develop our business processes so that we can offer efficiency and a service that attracts other academies to the Trust in the longer term.

Following Ofsted's confirmation of the good rating for The Willows, our objectives over the next three to five years are as follows:

- Secure improvements in educational outcomes at both schools.
- Develop business services to serve the schools effectively and efficiently.
- Focus resources on educational priorities whilst achieving savings in business processes.
- Maintain and develop links across the Trust's two schools and with other primary schools.
- Develop leadership capacity to allow expansion of the Trust in the medium term allowing us to welcome further primary schools to the Trust that share our ethos and vision.

CHILDREN OF SUCCESS SCHOOLS TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Funds held as custodian trustee on behalf of others

The Trust does not hold any funds as custodian trustee on behalf of others

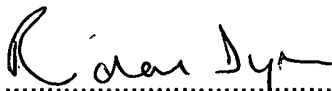
Auditor

Insofar as the trustees are aware:

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

Haines Watts have been re-appointed by the trustees as the Trust's auditors.

The trustees' report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 11 December 2016 and signed on the Board's behalf by:



Richard Dyson
Chair of Trustees

CHILDREN OF SUCCESS SCHOOLS TRUST

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2016

Scope of responsibility

As trustees we acknowledge that we have overall responsibility for ensuring that the Children of Success 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 Finance Director, 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 Trust and the Secretary of State for Education. She is 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 the statement of trustees responsibilities. During the year, the members met formally on one occasion and the Board of Trustees held 6 meetings. Attendance at meetings was as follows:

Members' meetings attendance September 2015 – August 2016

Name	Meetings attended	Out of a possible
Prof. Mel Ainscow CBE	1	1
Sheila Cairns	1	1
Richard Dyson	1	1
Stuart Leeming	1	1
Hon. Robert Rayne	0	1
Dame Benita Refson DBE	1	1

Board of Trustees' attendance September 2015 – August 2016

Name	Meetings attended	Out of a possible
Prof. Mel Ainscow CBE	2	6
Diane Bell	5	6
Sheila Cairns	6	6
Richard Dyson	5	6
James Eldon	0	2
Mark Glynn	4	6
Linda Hamilton	3	6
Becky Hodgkins	2	6
Linda Jackson	2	6
Alison Jurkowski	6	6
Stuart Leeming	4	6
Sarah Murray	6	6
Andy Rawlins	6	6
Hon. Robert Rayne	1	3
Dame Benita Refson OBE	4	6
Sue Spiteri	6	6
Dan Stalford	6	6
Judith Summers	0	1
Paul Thompson	5	6

Changes in membership of the Board of Trustees are given above under reference and administrative details on page 1.

CHILDREN OF SUCCESS SCHOOLS TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Governance review

- A self-review day was held in October 2015, where the results of the review of Governance were discussed and used to update the Governance Action Plan for 2015/6. Key challenges were identified as: maintaining the focus on school improvement and sharpening the role of governors in this; ensuring that different audiences understood the new assessment system and could evaluate pupil progress; developing KPIs for school and Trust effectiveness; sustaining support for SEND pupils; ensuring stability of staffing; ensuring that information for governance is adequate and timely; improving communications between the different 'layers' of governance and with stakeholders.
- A skills audit was carried out to inform the review. Succession planning was a priority identified by the audit.

Finance and Human Resources Committee (see note below)

The Finance and Human Resources Committee was a committee of the Board of Trustees. Its purpose was to set and monitor the annual budget; consider reports from the Finance Director and auditors; report on financial projections and plans; exercise delegated powers in accordance with the Finance Procedures Manual; monitor compliance with the funding agreement and statutory requirements; oversee the management of the Trust's property and assets; discharge the Trust's functions as employer including approving the staffing structures, annual pay budget, and human resources policies; approve and review data protection and freedom of information policies and compliance with these.

Committee attendance September 2015 – August 2016

Name	Meetings attended	Out of a possible
Sheila Cairns	2	2
Richard Dyson	4	4
James Eldon	0	2
Alison Jurkowski	4	4
Stuart Leeming	3	4
Sarah Murray	3	4
Sue Spiteri	4	4
Dan Stalford (Chair)	4	4

Audit and Risk Assurance Committee (see note below)

The Audit and Risk Assurance Committee was a committee of the Board of Trustees. Its purpose was to: assess the effectiveness of the audit process and recommend the appointment of external auditor; review management's response to the auditor's management letter; assess and report on the effectiveness of the risk management framework; maintain the risk register; review the Trust's whistleblowing procedures and procedures for detecting fraud and financial crime; review the actions and judgements of management in relation to the annual financial statements, the effectiveness of internal control systems and to make recommendations to the Board of Trustees for the approval of the annual report and financial statements.

Committee attendance September 2015 – August 2016

Name	Meetings attended	Out of a possible
Sheila Cairns	2	2
Richard Dyson (Chair)	2	2
Alison Jurkowski	2	2
Stuart Leeming	2	2
Dan Stalford	1	2

Pay Committee

The Pay Committee is a committee of the Board of Trustees. Its purpose is to review pay policies; ensure that they are statutorily compliant; determine pay ranges for staff; review staffing structures in respect to relativities and make recommendations on the annual pay budget; establish sub-committees for performance review of the Headteachers and Finance Director/Operations Manager; review the outcomes of appraisal and recommendations for performance-related pay and pay progression for staff. Particular issues dealt with in the period for this report were: establishment of the Trust's pay and appraisal policies for teachers; and the Headteachers' performance review.

CHILDREN OF SUCCESS SCHOOLS TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Committee attendance September 2015 – August 2016

Name	Meetings attended	Out of a possible
Sheila Cairns (Acting Chair)	2	2
James Eldon (Chair)	0	0
Linda Hamilton	2	2
Andy Rawlins	0	2
Daniel Stalford	2	2

School Governing Committees (see note below)

Each School has a Governing Committee which is a committee of the Board of Trustees. The committees are made up of Board members, elected parent and staff members, and co-optees from the community. The committees' purpose is to monitor and challenge the schools' performance and standards, including pupil progress, attendance, behaviour and the quality of teaching and learning; review progress on the school improvement plans; monitor the use of pupil premium; obtain feedback from pupils, parents and stakeholders; and approve school-specific policies.

The Willows Governing Committee attendance September 2015 – August 2016

Name	Meetings attended	Out of a possible
Sheila Cairns (Chair)	5	5
Mark Glynn	4	5
Becky Hodgkins	1	5
Linda Jackson	4	5
Alison Jurkowski	5	5
Donna Nield	3	3
Jenna Pugh	4	5
Sue Spiteri	5	5
Dan Stalford	4	5
Alison Whiteley	4	5

Haveley Hey Governing Committee attendance September 2015 – August 2016

Name	Meetings attended	Out of a possible
Diane Bell	4	4
Karen Jarman	4	4
Christina Jeal	0	4
Alison Jurkowski	4	4
Gary London	3	4
Mary Mallick	4	4
Sarah Murray	4	4
Andy Rawlins (Chair)	3	4
Paul Thompson	3	4
Kelly Wilson	4	4

Changes to the Board's committee structure

Until July 2016, the Board had the following five committees: Finance and Human Resources, Audit and Risk Assurance, Pay and two school Governing Committees. As a result of feedback from the review of Governance and subsequent discussions by the Board of Trustees, the following changes have been made to the committee structure with effect from 1 September 2016:

- the responsibility of the Governing Committees for pupil performance and aspects of teaching and learning has been transferred to an Academic Outcomes Committee (AOC). The AOC will hold separate sessions for each school and will report back thereon both to the Board and to the SCGs;
- the Governing Committees have been renamed as School Community Groups (SCGs) with an increased responsibility to ensure that feedback from pupils, parents and teachers is obtained systematically and acted upon and to report back on outcomes/concerns to the Board and the parties concerned. Members of the SCGs will be referred to as Local Governors;

CHILDREN OF SUCCESS SCHOOLS TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

- the Finance and Human Resources Committee has been renamed as the Finance and General Purposes Committee (FGPC) recognising that, although its principal function remains financial matters, it is also responsible for health and safety and estates as well as human resource policies; and
- the oversight over the Trust's risk management, financial control, value for money and annual reporting framework has been transferred from the Audit and Risk Assurance Committee to the FGPC as there is no longer a requirement to have an audit committee.

Following these changes the Board now has the following committees: Academic Outcomes, Finance and General Purposes; Pay and a School Community Group for each school.

Review of value for money

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

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

- we have sought to limit cost increases to below inflation by active financial management of the provision of services through service agreements and to reduce costs generally by negotiating a combined contract for both academies where this is practicable;
- by sourcing our energy through bulk buying services we have ensured we get best value; and
- by using comparatives and the ease of the internet we have started to source more goods directly saving money on items such as ICT, paper supplies etc.

The purpose of the system of financial control

The system of internal control, which has been in place in the Trust for the year ended 31 August 2016 and up to the date of approval of the annual report and financial statements, 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's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

Capacity to handle risk

Our capacity to handle risk is detailed in the Trustees' report in the section on principal risks and uncertainties.

The risk and control environment

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

CHILDREN OF SUCCESS SCHOOLS TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

The Board of Trustees appointed a finance director from another academy to carry out a peer review for the year ended 31 August 2016. One internal review was undertaken and the report received by the Audit and Risk Assurance Committee. The reviewer's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. The reviewer reports to the Board of Trustees, originally through the Audit and Risk Assurance Committee and now through the Finance and General Purposes committee, on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities

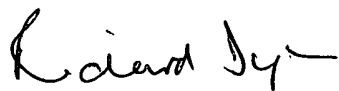
Review of effectiveness

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

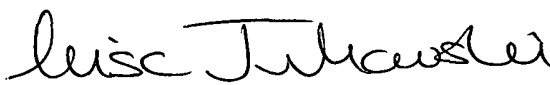
- the work carried out by peer review;
- the work of the external auditor;
- the financial management and governance self-assessment process; and
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer is advised by the Finance and General Purposes Committee of the implications of its reviews of the system of internal control and, if considered necessary, a plan to address weaknesses and ensure continuous improvement of the system will be put in place.

Approved by order of the members of the Board of Trustees on 11 December 2016 and signed on its behalf by:



.....
Richard Dyson
Chair of Trustees



.....
Alison Jurkowski
Accounting Officer

CHILDREN OF SUCCESS SCHOOLS TRUST

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

FOR THE YEAR ENDED 31 AUGUST 2016

As Accounting Officer of Children of Success Schools Trust I have considered my responsibility to notify the academy trust board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA 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 2015.

I confirm that I and the academy trust's 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 2015.

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 EFA.

Signed:



Alison Jurkowski
Accounting Officer

11 December 2016

CHILDREN OF SUCCESS SCHOOLS TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2016

The trustees (who also act as governors for Children of Success Schools Trust and are also the directors of Children of Success Schools Trust for the purposes of company law) are responsible for preparing the trustees' report and the accounts in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the trustees to prepare accounts for each financial year. Under company law the trustees must not approve the accounts 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 accounts, the trustees are required to:

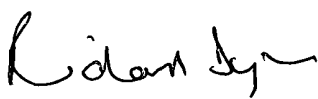
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts 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 accounts 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 that grants received from EFA/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 accounts may differ from legislation in other jurisdictions.

Approved by order of the board of trustees on 11 December 2016 and signed on its behalf by:



Richard Dyson
Chair of Trustees

CHILDREN OF SUCCESS SCHOOLS TRUST

INDEPENDENT AUDITOR'S REPORT ON THE ACCOUNTS TO THE MEMBERS OF CHILDREN OF SUCCESS SCHOOLS TRUST

FOR THE YEAR ENDED 31 AUGUST 2016

We have audited the accounts of Children of Success Schools Trust for the year ended 31 August 2016 which comprise income and expenditure account and statement of financial activities, the balance sheet, the cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2016 issued by the EFA.

This report is made solely to the charitable company'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 charitable company'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 charitable company and its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As explained more fully in the trustees' responsibilities statement set out on page 15, the trustees, who are also the directors of Children of Success Schools Trust for the purposes of company law, are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the accounts in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the accounts

An audit involves obtaining evidence about the amounts and disclosures in the accounts sufficient to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the accounts. In addition, we read all the financial and non-financial information in the trustees' report including the incorporated strategic report to identify material inconsistencies with the audited accounts and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on accounts

In our opinion the accounts:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2016 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;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the trustees' report including the incorporated strategic report for the financial year for which the accounts are prepared is consistent with the accounts.

CHILDREN OF SUCCESS SCHOOLS TRUST

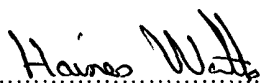
INDEPENDENT AUDITOR'S REPORT ON THE ACCOUNTS TO THE MEMBERS OF CHILDREN OF SUCCESS SCHOOLS TRUST (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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 accounts are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



John Whittick BSc FCA (Senior Statutory Auditor)

for and on behalf of Haines Watts

Chartered Accountants

Statutory Auditor

Bridge House

Ashley Road

Hale

Altrincham

WA14 2UT

Dated: 

CHILDREN OF SUCCESS SCHOOLS TRUST

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO CHILDREN OF SUCCESS SCHOOLS TRUST AND THE EDUCATION FUNDING AGENCY

FOR THE YEAR ENDED 31 AUGUST 2016

In accordance with the terms of our engagement letter dated 7 August 2014 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Children of Success Schools Trust during the period 1 September 2015 to 31 August 2016 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 Children of Success Schools Trust and EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Children of Success Schools Trust and EFA 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 Children of Success Schools Trust and EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Children of Success Schools Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Children of Success Schools Trust's funding agreement with the Secretary of State for Education dated 26 March 2013 and the Academies Financial Handbook, extant from 1 September 2015, 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 2015 to 2016. 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 period 1 September 2015 to 31 August 2016 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 2015 to 2016 issued by EFA. 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.

CHILDREN OF SUCCESS SCHOOLS TRUST

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO CHILDREN OF SUCCESS SCHOOLS TRUST AND THE EDUCATION FUNDING AGENCY (CONTINUED)

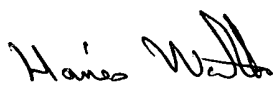
FOR THE YEAR ENDED 31 AUGUST 2016

The work undertaken to draw to our conclusion includes:

- We have confirmed that the activities conform to the academy trust's framework of authorities. As identified by review of minutes, management accounts, discussion with the accounting officer and other key management personnel.
- We have carried out an analytical review as part of the consideration of whether general activities of the academy trust are within the academy trust's framework of authorities.
- We have considered the evidence supporting the accounting officer's statement on regularity, propriety and compliance and have evaluated the general control environment of the academy trust and extended the procedures required for financial statements to include regularity.
- We have assessed and tested a sample of the specific control activities over regularity of a particular activity. In performing sample testing of expenditure, we have considered whether the activity is permissible within the academy trust's framework of authorities. We confirm that each item tested has been appropriately authorised in accordance with the academy trust's delegated authorities and that the internal delegations have been approved by the board of trustees, and conform to the limits set by the Department for Education.
- Formal representations have been obtained from the board of trustees and the accounting officer acknowledging their responsibilities including disclosing all non-compliance with laws and regulations specific to the authorising framework, access to accounting records, provision of information and explanations, and other matters where direct evidence is not available.
- In performing sample testing of expenditure, we have reviewed against specific terms of grant funding within the funding agreement. We have reviewed the list of suppliers and have considered whether supplies are from related parties and have reviewed minutes for evidence of declaration of interest, and whether or not there was involvement in the decision to order from this supplier.
- We have performed sample testing of other income and tested whether activities are permitted within the academy trust's charitable objects.

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 period 1 September 2015 to 31 August 2016 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Haines Watts
Reporting Accountant

Dated: 11/12/16

CHILDREN OF SUCCESS SCHOOLS TRUST

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT AND STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

FOR THE YEAR ENDED 31 AUGUST 2016

	Notes	Unrestricted Funds £(000)	Restricted funds: General £(000)	Fixed asset £(000)	Total 2016 £(000)	Total 2015 £(000)
Income and endowments from:						
Donations and capital grants	2	51	-	52	103	654
Charitable activities:						
- Funding for educational operations	3	-	4,851	-	4,851	4,572
Other trading activities	4	38	33	-	71	78
Investments	5	-	-	-	-	1
Total income and endowments		<u>89</u>	<u>4,884</u>	<u>52</u>	<u>5,025</u>	<u>5,305</u>
Expenditure on:						
Charitable activities:						
- Educational operations	7	-	4,903	154	5,057	5,468
Total expenditure	6	<u>-</u>	<u>4,903</u>	<u>154</u>	<u>5,057</u>	<u>5,468</u>
Net income/(expenditure)		89	(19)	(102)	(32)	(163)
Transfers between funds		(89)	60	29	-	-
Other recognised gains and losses						
Actuarial gains/(losses) on defined benefit pension schemes	17	-	(715)	-	(715)	18
Net movement in funds		-	(674)	(73)	(747)	(145)
Reconciliation of funds						
Total funds brought forward		-	(535)	5,911	5,376	5,521
Total funds carried forward		-	(1,209)	5,838	4,629	5,376

The notes on pages 23 to 40 form part of these financial statements.

CHILDREN OF SUCCESS SCHOOLS TRUST

BALANCE SHEET

AS AT 31 AUGUST 2016

		2016	2015
	Notes	£(000)	£(000)
Fixed assets			
Tangible assets	11	5,838	5,911
Current assets			
Debtors	12	210	258
Cash at bank and in hand		527	480
		737	738
Current liabilities			
Creditors: amounts falling due within one year	13	(325)	(474)
Net current assets		412	264
Net assets excluding pension liability		6,250	6,175
Defined benefit pension liability	17	(1,621)	(799)
Net assets		4,629	5,376
Funds of the academy trust:			
Restricted funds	15		
- Fixed asset funds		5,838	5,911
- Restricted income funds		412	264
- Pension reserve		(1,621)	(799)
Total restricted funds		4,629	5,376
Unrestricted income funds	15	-	-
Total funds		4,629	5,376

The accounts set out on pages 20 to 40 were approved by the board of trustees and authorised for issue on 11 December 2016 and are signed on its behalf by:



Richard Dyson
Chair of Trustees

Company Number 08438964

The notes on pages 23 to 40 form part of these financial statements.

CHILDREN OF SUCCESS SCHOOLS TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2016

	Notes	2016 £(000)	£(000)	2015 £(000)	£(000)
Cash flows from operating activities					
Net cash provided by (used in) operating activities	18		76		(742)
Cash flows from investing activities					
Dividends, interest and rents from investments		-		1	
Capital grants from DfE and EFA		52		636	
Payments to acquire tangible fixed assets		(81)		(49)	
			(29)		588
Change in cash and cash equivalents in the reporting period			47		(154)
Cash and cash equivalents at 1 September 2015			480		634
Cash and cash equivalents at 31 August 2016			527		480

The notes on pages 23 to 40 form part of these financial statements.

CHILDREN OF SUCCESS SCHOOLS TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

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

1.1 Basis of preparation

The accounts 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 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

Children of Success Schools Trust meets the definition of a public benefit entity under FRS 102.

These accounts for the year ended 31 August 2016 are the first accounts of Children of Success Schools Trust prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 September 2014. An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in note 21.

1.2 Going concern

The trustees have assessed 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 and have, at the time of approving the financial statements, concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future. They therefore continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Income

All incoming resources are recognised when the academy trust has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

Grants receivable

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 meeting any performance-related conditions and there is not unconditional entitlement to the income, its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. 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 period for which it is receivable. Any abatement in respect of the period is deducted from income and recognised as a liability.

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

Donations

Donations are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable and the amount can be reliably measured.

CHILDREN OF SUCCESS SCHOOLS TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies (continued)

Other income

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the academy trust has provided the goods or services.

Donated goods, facilities and services

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's accounting policies.

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 are allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

This 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.

Charitable activities

These are costs incurred on the academy trust's educational operations, including support costs and costs relating to the governance of the academy trust apportioned to charitable activities.

1.5 Tangible fixed assets and depreciation

Assets costing £1,000 or more are capitalised as tangible fixed assets 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 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 so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the academy trust's depreciation policy. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

CHILDREN OF SUCCESS SCHOOLS TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies (continued)

Depreciation is provided on all tangible fixed assets other than freehold and leasehold land, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

Land and buildings	50 years
Computer equipment	3 years
Fixtures, fittings & equipment	3-5 years
Building improvements	5-50 years

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.

1.6 Liabilities

Liabilities 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.

1.7 Leasing and hire purchase commitments

Rentals payable under operating leases are charged on a straight line basis over the period of the lease.

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.

1.9 Pensions benefits

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes and the assets are held separately from those of the academy trust.

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 17, 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 are recognised in the period to which they relate.

CHILDREN OF SUCCESS SCHOOLS TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies (continued)

The LGPS is a funded scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the statement of financial activities 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.

1.10 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 Education Funding Agency/Department for Education/sponsor/other funders where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received and include grants from the Education Funding Agency/Department for Education/local authority.

1.11 Critical accounting estimates and areas of judgement

Accounting estimates and judgements 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 or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 17, 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 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. 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.

CHILDREN OF SUCCESS SCHOOLS TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

2 Donations and capital grants

	Unrestricted funds £(000)	Restricted funds £(000)	Total 2016 £(000)	Total 2015 £(000)
Capital grants	-	52	52	636
Other donations	6	-	6	18
Insurance receipts	45	-	45	-
	<u>51</u>	<u>52</u>	<u>103</u>	<u>654</u>

The income from donations and capital grants was £103,000 (2015: £654,000) of which £51,000 was unrestricted (2015: £12,000), £nil was restricted (2015: £6,000) and £52,000 was restricted fixed assets (2015: £636,000).

3 Funding for the academy trust's educational operations

	Unrestricted funds £(000)	Restricted funds £(000)	Total 2016 £(000)	Total 2015 £(000)
DfE / EFA grants				
General annual grant (GAG)	-	3,647	3,647	3,377
Other DfE / EFA grants	-	816	816	799
	<u>-</u>	<u>4,463</u>	<u>4,463</u>	<u>4,176</u>
Other government grants				
Local authority grants	-	388	388	396
	<u>-</u>	<u>388</u>	<u>388</u>	<u>396</u>
Total funding	<u>-</u>	<u>4,851</u>	<u>4,851</u>	<u>4,572</u>

The income from funding for educational operations was £4,851,000 (2015: £4,572,000), of which £4,851,000 (2015: £4,572,000) was restricted.

The academy trust received £388,000 from the local authority in the year, being £50,000 high needs funding, £284,000 early years funding and £54,000 for pupil funding for children at The Bridge playgroup.

There were no unfulfilled conditions or other contingencies relating to the grants received during the year.

CHILDREN OF SUCCESS SCHOOLS TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2016

4 Other trading activities

	Unrestricted funds £(000)	Restricted funds £(000)	Total 2016 £(000)	Total 2015 £(000)
Hire of facilities	25	-	25	29
Catering income	-	33	33	31
Parental contributions	13	-	13	8
Staff insurance	-	-	-	10
	<u>38</u>	<u>33</u>	<u>71</u>	<u>78</u>

The income from other trading activities was £71,000 (2015: £78,000) of which £38,000 was unrestricted (2015: £37,000) and £33,000 was restricted (2015: £41,000).

5 Investment income

	Unrestricted funds £(000)	Restricted funds £(000)	Total 2016 £(000)	Total 2015 £(000)
Short term deposits	-	-	-	1

The income from funding for investment income was £nil (2015: £1,000) of which £- was unrestricted (2015: £1,000).

6 Expenditure

	Staff costs £(000)	Premises & equipment £(000)	Other costs £(000)	Total 2016 £(000)	Total 2015 £(000)
Academy's educational operations					
- Direct costs (note 7)	2,846	139	561	3,546	3,347
- Allocated support costs (note 7)	798	161	552	1,511	2,121
Total expenditure	<u>3,644</u>	<u>300</u>	<u>1,113</u>	<u>5,057</u>	<u>5,468</u>

Net income/(expenditure) for the year includes:

	2016 £(000)	2015 £(000)
Fees payable to auditor for:		
- Audit	10	11
- Other services	2	1
Operating lease rentals	-	3
Depreciation of tangible fixed assets:		
- Land and buildings	116	116
- Other	38	30

Central services

There were no central services charged from the trust to the academies.

CHILDREN OF SUCCESS SCHOOLS TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

7 Charitable activities

	2016 £(000)	2015 £(000)
All from restricted funds:		
Direct costs - educational operations	3,546	3,347
Support costs - educational operations	1,511	2,121
	<u>5,057</u>	<u>5,468</u>

The expenditure on educational operations was £5,057,000 (2015: £5,468,000) of which £4,903,000 was restricted (2015: £5,322,000) and £154,000 was restricted fixed assets (2015: £146,000).

Analysis of costs	2016 £(000)	2015 £(000)
Direct costs		
Teaching and educational support staff costs	2,797	2,597
Staff development	49	43
Depreciation and amortisation	139	131
Educational supplies and services	561	576
	<u>3,546</u>	<u>3,347</u>
Support costs		
Support staff costs	798	761
Depreciation and amortisation	15	15
Recruitment and support	8	5
Maintenance of premises and equipment	146	759
Cleaning	13	8
Energy costs	49	72
Rent and rates	58	51
Insurance	36	31
LGPS interest	32	29
Other support costs	343	375
Governance costs	13	15
	<u>1,511</u>	<u>2,121</u>

CHILDREN OF SUCCESS SCHOOLS TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2016

8 Staff costs

	2016	2015
	£(000)	£(000)
Wages and salaries	2,819	2,694
Social security costs	209	178
Operating costs of defined benefit pension schemes	502	484
	<u> </u>	<u> </u>
Staff costs	3,530	3,356
Supply staff costs	65	51
Staff development and other staff costs	49	44
	<u> </u>	<u> </u>
Total staff expenditure	<u>3,644</u>	<u>3,451</u>

Staff numbers

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

	2016	2015
	Number	Number
Teachers	104	101
Administration and support	63	61
Management	3	3
	<u> </u>	<u> </u>
	<u>170</u>	<u>165</u>

The average number of persons employed by the academy trust during the year expressed as full time equivalents was as follows:

	2016	2015
	Number	Number
Teachers	86	85
Administration and support	22	21
Management	3	3
	<u> </u>	<u> </u>
	<u>111</u>	<u>109</u>

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

	2016	2015
	Number	Number
£60,001 to £70,000	<u>2</u>	<u>2</u>

Non statutory/non-contractual staff severance payments

Included in staff costs are non-statutory/non-contractual severance payments totalling £500 (2015: £3,694). Individually, the payment was £500.

CHILDREN OF SUCCESS SCHOOLS TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2016

8 Staff costs (continued)

Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £219,547 (2015: £206,290).

9 Trustees' remuneration and expenses

The principal and other staff trustees only receive remuneration in respect of services they provide undertaking their staff roles, and not in respect of their services as trustees. Other trustees did not receive any payments, other than expenses, from the academy trust in respect of their role as trustees. During the year, payments totalling £1,059 (2015: £1,231) in relation to travel, subsistence and supplies were reimbursed to 5 trustees (2015: 4 trustees).

The value of trustees' remuneration was as follows:

S Spiteri (Headteacher The Willows)

Remuneration £60,000 - £65,000 (2015: £60,000 - £65,000)

Employers pension contributions £10,000 - £15,000 (2015: £5,000 - £10,000)

S Murray (Headteacher Haveley Hey)

Remuneration £60,000 - £65,000 (2015: £60,000 - £65,000)

Employers pension contributions £nil (2015: £nil)

A Jurkowski (Finance Director and Operations Manager)

Remuneration £45,000 - £50,000 (2015: £45,000 - £50,000)

Employers pension contributions £5,000 - £10,000 (2015: £5,000 - £10,000)

D Bell (Staff trustee)

Remuneration £10,000 - £15,000 (2015: £nil - £5,000)

Employers pension contributions £nil - £5,000 (2015: £nil - £5,000)

L Jackson (Staff trustee)

Remuneration £5,000 - £10,000 (2015: £10,000 - £15,000)

Employers pension contributions £nil - £5,000 (2015: £nil - £5,000)

Other related party transactions involving the trustees are set out in note 19.

10 Trustees and officers insurance

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

CHILDREN OF SUCCESS SCHOOLS TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2016

11 Tangible fixed assets

	Land and buildings	Computer equipment	Fixtures, fittings & equipment	Total
	£(000)	£(000)	£(000)	£(000)
Cost or valuation				
At 1 September 2015	6,136	81	10	6,227
Additions	47	34	-	81
	<u>6,183</u>	<u>115</u>	<u>10</u>	<u>6,308</u>
Depreciation				
At 1 September 2015	274	36	6	316
Charge for the year	116	35	3	154
	<u>390</u>	<u>71</u>	<u>9</u>	<u>470</u>
Net book value				
At 31 August 2016	<u>5,793</u>	<u>44</u>	<u>1</u>	<u>5,838</u>
At 31 August 2015	<u>5,862</u>	<u>45</u>	<u>4</u>	<u>5,911</u>

The land and buildings were valued in May 2014 by Mouchel, chartered surveyors, on a fair value basis at £5,896,000. This value attributed £378,000 to the land.

12 Debtors	2016 £(000)	2015 £(000)
Trade debtors	5	1
VAT recoverable	45	49
Other debtors	7	3
Prepayments and accrued income	153	205
	<u>210</u>	<u>258</u>
13 Creditors: amounts falling due within one year	2016 £(000)	2015 £(000)
Trade creditors	57	134
Other creditors	9	8
Accruals and deferred income	259	332
	<u>325</u>	<u>474</u>

CHILDREN OF SUCCESS SCHOOLS TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

14	Deferred income	2016 £(000)	2015 £(000)
	Deferred income is included within:		
	Creditors due within one year	99	133
	Deferred income at 1 September 2015	133	352
	Released from previous years	(133)	(352)
	Amounts deferred in the year	99	133
	Deferred income at 31 August 2016	99	133

At the balance sheet date, the academy trust was holding funds received in advance for the following purposes:

	2016 £(000)	2015 £(000)
Capital funds	-	34
Capital funds repayable	33	33
Universal Free School Meals 2015/16	34	39
Pupil Premium	19	17
SEN funding repayable to MCC	10	10
Early years funding	3	-
	99	133

15	Funds	Balance at 1 September 2015 £(000)	Incoming resources £(000)	Resources expended £(000)	Gains, losses & transfers £(000)	Balance at 31 August 2016 £(000)
	Restricted general funds					
	General Annual Grant	264	3,647	(3,765)	60	206
	Other DfE / EFA grants	-	816	(610)	-	206
	Other government grants	-	388	(388)	-	-
	Other restricted funds	-	33	(33)	-	-
	Funds excluding pensions	264	4,884	(4,796)	60	412
	Pension reserve	(799)	-	(107)	(715)	(1,621)
		(535)	4,884	(4,903)	(655)	(1,209)

CHILDREN OF SUCCESS SCHOOLS TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

15 Funds (continued)

	Balance at 1 September 2015	Incoming resources	Resources expended	Gains, losses & transfers	Balance at 31 August 2016
	£(000)	£(000)	£(000)	£(000)	£(000)
Brought forward from previous page	(535)	4,884	(4,903)	(655)	(1,209)
Restricted fixed asset funds					
DfE / EFA capital grants	8	52	(6)	1	55
Inherited funds	5,630	-	(110)	(1)	5,519
Capital expenditure from GAG	122	-	(21)	29	130
Private sector capital sponsorship	151	-	(17)	-	134
	<u>5,911</u>	<u>52</u>	<u>(154)</u>	<u>29</u>	<u>5,838</u>
Total restricted funds	5,376	4,936	(5,057)	(626)	4,629
Unrestricted funds					
General funds	-	89	-	(89)	-
Total funds	<u>5,376</u>	<u>5,025</u>	<u>(5,057)</u>	<u>(715)</u>	<u>4,629</u>

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

Restricted general funds are those resources that have been designated restricted by the grant provider in meeting the general objectives of the academy.

Restricted fixed asset funds are those funds relating to the long term assets of the academy used in delivering the objectives of the academy.

Unrestricted funds are those funds to which the board of trustees may use in the pursuance of the academy's objectives and are expendable at the discretion of the trustees.

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 2016.

A transfer between unrestricted funds restricted fixed asset funds and restricted general funds has been made to match the costs incurred.

Total funds analysis by academy

	Total £(000)
Fund balances at 31 August 2016 were allocated as follows:	
The Willows Primary School	274
Haveley Hey Community School	138
	<u>412</u>
Total before fixed assets fund and pension reserve	412
Restricted fixed asset fund	5,838
Pension reserve	(1,621)
	<u>4,629</u>
Total funds	4,629

CHILDREN OF SUCCESS SCHOOLS TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2016

15 Funds (continued)

Total cost analysis by academy

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

	Teaching and educational support staff costs	Other support staff costs	Educational supplies	Other costs excluding depreciation	Total
	£(000)	£(000)	£(000)	£(000)	£(000)
The Willows Primary School	1,443	290	269	352	2,354
Haveley Hey Community School	1,587	356	292	314	2,549
	<u>3,030</u>	<u>646</u>	<u>561</u>	<u>666</u>	<u>4,903</u>

16 Analysis of net assets between funds

	Unrestricted Funds	Restricted funds:		Total
	£(000)	General	Fixed asset	2016
	£(000)	£(000)	£(000)	£(000)
Fund balances at 31 August 2016 are represented by:				
Tangible fixed assets	-	-	5,838	5,838
Current assets	-	737	-	737
Creditors falling due within one year	-	(325)	-	(325)
Defined benefit pension liability	-	(1,621)	-	(1,621)
	<u>-</u>	<u>(1,209)</u>	<u>5,838</u>	<u>4,629</u>

17 Pensions and similar obligations

The academy trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Tameside Metropolitan Borough Council. Both are defined-benefit schemes.

The LGPS obligation relates to the employees of the academy trust, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the Scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the academy trust at the balance sheet date.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

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

CHILDREN OF SUCCESS SCHOOLS TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2016

17 Pensions and similar obligations (continued)

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

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

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

The pension costs paid to the TPS in the period amounted to £236,064 (2015: £189,836).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

CHILDREN OF SUCCESS SCHOOLS TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

17 Pensions and similar obligations (continued)

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 18.3 per cent for employers and 2.5-12.5 per cent for employees. The estimated value of employer contributions for the forthcoming year is £196,000.

Parliament has agreed, at the request of the Secretary of State for Education, to 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.

Total contributions made	2016 £(000)	2015 £(000)
Employer's contributions	191	162
Employees' contributions	60	55
	<u>251</u>	<u>217</u>

Principal actuarial assumptions	2016 %	2015 %
Rate of increases in salaries	3.4	3.9
Rate of increase for pensions in payment	2.1	2.7
Discount rate	2.1	3.8

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

	2016 Years	2015 Years
Retiring today		
- Males	21.4	21.4
- Females	24.0	24.0
Retiring in 20 years		
- Males	24.0	24.0
- Females	26.6	26.6

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Changes in assumptions at 31 August 2016	Approximate % increase to employer liability	Approximate monetary amount (£000)
0.5% decrease in Real Discount Rate	13%	578
1 year increase in member life expectancy	3%	130
0.5% increase in the Salary Increase Rate	5%	198
0.5% increase in the Pension Increase Rate	9%	361

CHILDREN OF SUCCESS SCHOOLS TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2016

17 Pensions and similar obligations (continued)

The academy trust's share of the assets in the scheme	2016 Fair value £(000)	2015 Fair value £(000)
Equities	1,956	1,464
Bonds	462	366
Property	163	122
Other assets	136	81
Total market value of assets	2,717	2,033
Present value of scheme liabilities funded (see below)	(4,338)	(2,832)
Net pension liability	(1,621)	(799)
Net pension liability at 31 August 2015		£(000) 799
Movement during the year		
Other recognised gains and losses		715
Charge through SoFA		107
		822
Net pension liability at 31 August 2016		1,621
	£(000)	£(000)
Actual return on scheme assets - gain/(loss)	433	43
Amounts recognised in the statement of financial activities	2016 £(000)	2015 £(000)
Current service cost (net of employee contributions)	266	243
Net interest cost	32	29
Changes in the present value of defined benefit obligations	2016 £(000)	2015 £(000)
Obligations at 1 September 2015	2,832	2,480
Current service cost	266	243
Interest cost	114	98
Employee contributions	60	55
Actuarial gain	1,066	(44)
At 31 August 2016	4,338	2,832

CHILDREN OF SUCCESS SCHOOLS TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2016

17 Pensions and similar obligations (continued)

Changes in the fair value of the academy trust's share of scheme assets

	2016	2015
	£(000)	£(000)
Assets at 1 September 2015	2,033	1,773
Interest income	82	69
Return on plan assets (excluding amounts included in net interest): Actuarial loss	351	(26)
Employer contributions	191	162
Employee contributions	60	55
	<u>2,717</u>	<u>2,033</u>
At 31 August 2016	<u>2,717</u>	<u>2,033</u>

18 Reconciliation of net expenditure to net cash flows from operating activities

	2016	2015
	£(000)	£(000)
Net expenditure for the reporting period	(32)	(163)
Adjusted for:		
Capital grants from DfE/EFA and other capital income	(52)	(636)
Defined benefit pension costs less contributions payable	76	81
Defined benefit pension net finance cost/(income)	32	29
Depreciation of tangible fixed assets	154	145
(Increase)/decrease in debtors	48	(17)
Increase/(decrease) in creditors	(150)	(181)
	<u>76</u>	<u>(742)</u>
Net cash provided by operating activities	<u>76</u>	<u>(742)</u>

19 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. The following related party transaction took place in the period of account:

Purchases of £69,646 (2015: £81,544) were made during the year from Place2Be, a charitable company providing mental health services to both schools. There was a balance of £nil (2015: £nil) owing to Place2Be as at 31 August 2016. Dame Benita Refson and the Hon Robert Rayne, both of whom are/were trustees of the Trust, are also directors of Place2Be.

In entering into these transactions the academy trust has complied with the requirements of the Academies Financial Handbook 2015.

CHILDREN OF SUCCESS SCHOOLS TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2016

20 Members' liability

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

21 Reconciliations on adoption of FRS 102

Reconciliation of funds for the previous financial period

		1 September 2014 £(000)	31 August 2015 £(000)
	Notes		
Funds as reported under previous UK GAAP		5,521	5,376
Adjustments arising from transition to FRS 102:			
Change in recognition of LGPS interest cost	1	-	(35)
Change in actuarial loss	1	-	35
		<u> </u>	<u> </u>
Funds reported under FRS 102		5,521	5,376
		<u> </u>	<u> </u>

Reconciliation of net loss for the previous financial period

	Notes	2015 £(000)
Net expenditure as reported under previous UK GAAP		(145)
Adjustments arising from transition to FRS 102:		
Change in recognition of LGPS interest cost	1	(35)
Change in actuarial loss	1	35
		<u> </u>
Net expenditure reported under FRS 102		(145)
		<u> </u>

Notes to reconciliations on adoption of FRS 102

1. Change in recognition of LGPS

Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in income. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in expense. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to increase the debit to expense by £35,000 and reduce the debit in other recognised gains and losses in the SoFA by an equivalent amount.