

**Aim High Academy Trust**  
**(A Company Limited by Guarantee)**

**Annual Report and Financial Statements**

**Year ended 31 August 2017**



Company Registration Number:  
08842629 (England and Wales)

# **Aim High Academy Trust**

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# Aim High Academy Trust

## Reference and Administrative Details

<b>Members</b>	P Dutton J Westwater C Gill I Green S Edgar
<b>Trustees / Governors</b>	P Dutton (Chair of Governors) J Westwater (Chair of Finance & Premises) G Stephenson (CEO and Accounting Officer) J Moran (Executive Business Manager) S Morgan (resigned 15.5.17) J Thompson J Walvin S Alsop J Milner (Vice Chair) D Shearsmith (appointed 15.5.17)
<b>Senior Leadership Team</b>	
<ul style="list-style-type: none"> <li>• CEO</li> <li>• Headteacher</li> <li>• Headteacher</li> <li>• Headteacher</li> <li>• Improvement Lead</li> <li>• Assistant Headteacher</li> <li>• Assistant Headteacher</li> <li>• Assistant Headteacher</li> <li>• Assistant Headteacher</li> <li>• Executive Business Manager</li> </ul>	G Stephenson C Shield S Alsop D Shovlin (Acting) N Burn K Erskine K Heath P Bennett S Richardson J Moran
<b>Company Name</b>	Aim High Academy Trust
<b>Principal and Registered Office</b>	Houghton Road Newbottle Houghton le Spring DH4 4EE
<b>Company Registration Number</b>	08842629 (England and Wales)
<b>Independent Auditor</b>	RSM UK Audit LLP 1 St James' Gate Newcastle upon Tyne NE1 4AD
<b>Bankers</b>	Lloyds Banking Group 102 Grey Street Newcastle upon Tyne Tyne and Wear NE1 6AG
<b>Solicitors</b>	Samuel-Phillips-Law-Firm Gibb Chambers 52 Westgate Road Newcastle upon Tyne NE1 5XU

# **Aim High Academy Trust**

## **Trustees' Report**

### **REPORT OF THE GOVERNING BODY 31<sup>st</sup> August 2017**

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 1<sup>st</sup> September 2016 to 31<sup>st</sup> August 2017. The annual report serves the purposes of both a trustees' report and a directors' report under company law.

During the year to 31<sup>st</sup> August the trust agreed to support a local primary school, Dubmire Primary, and also welcomed Gillas Lane Primary into the trust – both schools joined the trust on 1<sup>st</sup> October 2016.

The trust operates 3 primary academies in Houghton le Spring. Its academies have a combined pupil capacity of 990 primary aged children and had a roll of 943 in the school census May 2017.

## **STRUCTURE, GOVERNANCE AND MANAGEMENT**

### **Constitution**

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The trustees of Aim High Academy Trust are also the directors of the charitable company for the purposes of company law. The charitable company is known as Aim High Academy Trust.

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

### **Members' Liability**

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

### **Trustees' Indemnities**

Every trustee of the academy trust shall be indemnified out of the assets of the academy trust against any liability incurred by him/her in that capacity in defending any proceedings, whether civil or criminal, in which judgement is given in favour or in which he is acquitted or in connection with any application in which relief is granted by the court from liability for negligence default, breach of duty or breach of trust in relation to the affairs of the academy trust.

### **Method of Recruitment and Appointment or Election of Trustees**

Membership is determined in accordance with the composition set out in Articles 45-56 of the Articles of Association and shall comprise of:

- Up to 12 trustees, appointed under Article 50
- Any staff trustees, if appointed under Article 50AA and subject to Article 50B
- The Chief Executive Office, if appointed under Article 57; and
- A minimum of 2 parent trustees appointed or elected under Articles 53-5D unless there are local governing bodies each of which includes at least 2 parent members.
- The academy trust may also have any co-opted trustee appointed under Article 58.

The term of office for any trustee shall be 4 years. Trustees are permitted to stand for re-election at the meeting at which they retire, should they remain eligible to do so. New trustees are recruited in accordance with the Trust's Article of Association and the relevant funding agreement.

# **Aim High Academy Trust**

## **Trustees' Report (continued)**

### **Policies and Procedures Adopted for the Induction and Training of Trustees**

The Chair of the academy trust is a National Leader of Governance and carries out a comprehensive induction programme with new appointments which includes face to face meetings with key members of the board of trustees and the relevant senior leadership team. A programme of CPD runs throughout the year – trustees and governors are encouraged to participate in relevant training arranged by external training providers. During the period trustees attended various external training including safeguarding.

### **Organisational Structure**

The structure consists of two levels: Trustees/Governors (including separate committees) and Senior Leadership Team (SLT).

The Trustees are responsible for determining strategic policy, adopting an annual Improvement Plan following a self-evaluation review, monitoring the practices adopted by the academy trust, determining the strategic direction of the academy trust, capital expenditure and senior staff appointment.

The Senior Leadership Team consists of the Chief Executive, Headteachers, Assistant Headteachers, Improvement Lead and the Executive Business Manager. The SLT controls the academy trust at an executive level, implementing the policies laid down by the Trustees and reporting back to them.

The Headteachers and Trustees are responsible for the authorisation of spending within agreed budgets and the appointment of staff as stated in the scheme of delegation and the academy trust's financial regulations manual. The Executive Business Manager is responsible for the management of the financial systems, sourcing additional funds and ensuring efficient and effective use of resources. The Executive Business Manager is responsible for the authorisation of spending up to agreed limits as stated in the scheme of delegation and the financial regulations manual, alongside the management of some support staff, facilities staff and the efficient operation of the school office. The Chief Executive is the Accounting Officer for the Academy Trust.

### **Arrangements for Setting Pay and Remuneration of Key Management Personnel**

During the period, the arrangements for setting the pay and remuneration of the academy trust's key personnel have followed recognised procedures – the Chief Executive and Headteachers' salaries were paid in accordance with national guidelines in respect of the size of school and number of pupils. All other personnel are paid in line with nationally recognised pay scales and agreed by trade unions. Performance Management has been rigorous and personnel have only been awarded an increase if targets have been met. The academy trust's personnel committee meet to discuss and agree any pay policies and remuneration awarded to individuals.

### **Related Parties and other Connected Charities and Organisations**

All members/trustees/governors are required to declare all business interests that may impact on the academy trust. During the financial period 1 September 2016 – 31 August 2017 two trustees declared an interest and the academy trust employed its recognised procedures to address this. The adopted policy is that if any interests are declared then the trustee will remove themselves from relevant decision making processes. All such declarations and decisions are detailed in the minutes of Governing Body meetings. Related parties to Aim High Academy Trust for the period 1 September 2016 to 31 August 2017 are Focus on Learning (Sue Morgan) and Pat Dutton (self-employed assessor).

A register of declared business interests is published on the trust's website and further information is held on file at the relevant academy.

## **Objectives and Activities**

### **Objects and Aims**

The principal objective and activity of the charitable company is the operation of Newbottle Primary, Dubmire Primary and Gillas Lane Primary to provide education for pupils of different abilities between the ages of 3-11 years old. We aim for a thirst for, and enjoyment of, learning for everyone.

# Aim High Academy Trust

## Trustees' Report (continued)

### Objectives, Strategies and Activities

When setting the objectives, the Trustees have given careful consideration to how strategy is formed in relation to the Charity Commission's general guidance.

The academy trust aims to provide a curriculum which is:

- Relevant to the children's interests and locality
- Exciting, fun and enjoyable which in turn stimulates learning
- Flexible to allow the needs of all learners to be met.

Although sharing some commonalities, each individual academy has a bespoke curriculum.

We want our curriculum to:

- Raise standards and achievement
- Build confidence
- Allow experiential learning
- Enhance basic skills throughout
- Raise self-esteem and aspirations of learners
- Give children control of their own learning and to explore their own interests
- Promote investigation and problem solving skills for learners to become independent
- Use assessment to develop learning.

### Public Benefit

The charitable purpose of the trust relates to the provision of early years and primary education to children within our local community. All material decisions made during the period have been consistent with the purposes of the trust and, where necessary, have been made to minimise risks of detriment to our beneficiaries and the public in general. The trustees confirm they have referred to the guidance contained in the Charity Commission's general guidance on Public Benefit when reviewing the charity's aim and objectives in planning future activities.

## Strategic Report

### Achievements and Performance

The academy trust has directed school funding to secure the best possible outcomes for all pupils, particularly those accessing pupil premium funding and all group learners. This has been done by targeting the expertise of staff to children's educational needs. Targeted intervention measures are established at the earliest opportunity and progress of all children is tracked rigorously. The staffing structure is regularly reviewed to ensure children receive a high-quality education.

#### Key Performance Indicators: Newbottle

KS1	At expected standard	At greater depth
Reading	80%	29%
Writing	78%	25%
Mathematics	81%	24%
KS2		
Reading	83%	30%
Writing	78%	7%
Mathematics	85%	20%

#### Key Performance Indicators: Dubmire

KS1	At expected standard	At greater depth
Reading	57%	9%
Writing	56%	0%
Mathematics	72%	6%
KS2		
Reading	72%	19%
Writing	81%	19%
Mathematics	86%	25%

# Aim High Academy Trust

## Trustees' Report (continued)

### Key Performance Indicators: Gillas Lane

KS1	At expected standard	At greater depth
Reading	57%	13%
Writing	44%	4%
Mathematics	48%	13%
KS2		
Reading	74%	16%
Writing	68%	11%
Mathematics	53%	10%

Provisional end of KS2 results for 2017 show that on the whole pupils leave KS2 at or above the expected standard nationally in reading, writing and mathematics. At Gillas Lane writing and mathematics achievement is low, however, progress across these subjects for this cohort is at the expected level.

Achievement at the higher levels in writing is weaker at Dubmire and Gillas Lane with cohorts reaching below national averages at greater depth.

### Key Financial Performance Indicators

The main financial performance indicators of the trust relate to the management of spending against General Annual Grant (GAG) and the use of these funds for the benefit of the pupils in our academies. It is the trust's policy that, in general terms, the income received in any one year is spent for the benefit of those children attending school during that academic year.

Staff costs (excluding defined benefit pension costs) as a percentage of GAG for current year are 89%, which has increased from 82% (2016) as a result of Dubmire and Gillas Lane joining the Trust.

Budgets are closely monitored, and spending is linked to school improvement plans and trust objectives. Due to the increase in academies within the trust, the trustees aim to achieve economies of scale through the streamlining of processes to enable savings to be made and thereby providing more funding to improve the outcomes for our pupils. Funding is based on pupil numbers and these are closely monitored. Newbottle Primary has consistently high pupil numbers (99.5% of capacity), Dubmire Primary has seen an overall drop in numbers following their previous poor performance (currently 88%) but as the reputation of the academy is improving the trustees believe numbers will rise. Gillas Lane is currently at 78% capacity. There are a large number of new housing developments within the Houghton le Spring area and trustees are keen to signpost new families to our academies with pupil spaces.

Financial performance indicators include:

- All spending is appropriate and supports the common goal of improving educational outcomes
- No director/governor/employee has benefitted personally from the use of these funds
- Payroll services fully meet tax obligations
- There is probity in the use of public funds
- Competitive tendering is in place
- Regular reviews of projected and actual pupil numbers and staffing requirements take place

Funds received by the trust follow the accepted principles of regularity and best practice. Internal control is rigorous with internal audit reviews undertaken each term and a full external audit of the main financial statements carried out on an annual basis. During the period ending 31 August 2017, all action points relating to internal audit were classified as low risk and have been addressed/implemented within recommended timescales.

During the period ending 31 August 2017 staffing costs represented 75% of restricted income. Staffing levels are regularly reviewed in line with need.

# **Aim High Academy Trust**

## **Trustees' Report (continued)**

### **Going Concern**

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

### **Financial Review**

Most of the trust's income is obtained from the Education and Skills Funding Agency in the form of recurrent grants, most of which is restricted to particular purposes. The grants received from the ESFA for the period ended 31 August 2017 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The academy trust also receives Early Years grant funding and Special Educational Needs funding for high needs pupils, the use of which is also restricted to particular purposes.

During the year ended 31 August 2017, total income was £11,080k (2016: £2,166k) of which £5,887k (2016: £nil) related to exceptional balances on conversion of Dubmire and Gillas Lane into the Trust. Total expenditure totalled £5,509k (£2,130k). The excess of income over expenditure for the year (before transfers and actuarial gains, and excluding restricted fixed asset funds) was £5,571k (2016: £36k).

At 31 August 2017, the net book value of tangible fixed assets was £9,913k, and movements in tangible fixed assets are shown in note 12 to the financial statements. The assets were used exclusively in providing education and associated support services to the students of the Academy.

The provisions of FRS 102 "Retirement benefits" have been applied in full resulting in a deficit of £1,281k (2016: £722k) recognised in the balance sheet.

The Trust held fund balances at 31 August 2017 of £9,116k (2016: £2,610k), comprising £9,971k of restricted fixed asset funds (2016: £3,032k), £280k unrestricted income funds (2016: £183k) and a deficit of £1,135k (2016: £605k) on restricted funds.

The trustees have adopted the following policies relating to finance and governance during 2016-2017:

- Scheme of Delegation
- Financial Regulations Manual
- Articles of Association
- Funding Agreement
- Treasury Management and Investment

Policies have been revised to reflect the 2 new academies taken into the trust, the new electronic finance software and the establishment of a central team.

The Academy reserves are presently being held to fund building improvements, facilities and services and an element to provide sufficient working capital to cover delays between spending and receipt of grants including a contingency to deal with unexpected emergencies such as urgent maintenance.

### **Reserves Policy**

The trustees review the level of financial reserves of the academy trust annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Trustees will ensure that the level of reserves that can be carried forward at the end of the financial period will be in line with the guidance received from the DfE on the treatment of the General Annual Grant (GAG) income and other grants.

# **Aim High Academy Trust**

## **Trustees' Report (continued)**

Reserves are held as follows:

- To cover working capital requirements (forming part of restricted and unrestricted general funds)
- As a contingency to meet unforeseeable expenditure (forming part of restricted and unrestricted general funds)
- To fund planned and specific future capital expenditure (forming part of the restricted fixed asset fund)

The level of reserves is regularly reviewed by the trustees and they assess it in relation to these 3 purposes; however the level of actual reserves will vary from one academy to another from time to time. The trustees consider that the level of reserves held at 31 August 2017 is consistent with the reserves policy outlined above. For the current year trustees had agreed a reserves value of £350,000 which is in line with reserves held, however, with the addition of new schools into the trust, this policy will be reviewed in line with future needs.

During the period to 31 August 2017 reserves have been used to fund toilet refurbishments, new flooring and the replacement of water heaters at Newbottle Primary. A Forest School has been established at Dubmire Primary. The ICT infrastructure across the whole trust has also been improved to provide better and more secure access for curriculum and office use.

For the 2017/18 financial year there are some alterations planned to office space at Dubmire Primary to provide a base for the central team.

Free reserves are represented by the unrestricted funds balance as at 31 August 2017.

As at 31<sup>st</sup> August 2017 the level of Trust reserves held in restricted funds but available for general education purposes is £145,945 plus a balance of unrestricted general funds £280,403 giving a net surplus of £426,348. The Trustees will continue to regularly monitor these reserve levels to ensure they provide sufficient working capital to cover the aims and objectives of the larger multi academy trust.

### **Investment Policy**

Under the Memorandum and Articles of Association, the academy trust has the power to invest funds not immediately required for its own purposes, in any way the trustees see fit. The academy trust operates an interest bearing current account with a bank approved by the board of trustees and has a positive cash balance to cover eventualities and unforeseen expenses. The trustees have adopted a Treasury Management and Investment policy - the banking facilities are reviewed on a regular basis. The academy trust has no funds invested as at 31<sup>st</sup> August 2017.

### **Principal Risks and Uncertainties**

The Executive Business Manager has worked closely with accountants, internal audit providers and the School Finance Team to ensure that financial systems are secure.

The principal risk to the trust is changes to funding formulae and falling pupil rolls as funding is based on pupil numbers. Pupil numbers may also be affected by the reputation of the trust; however, our pupil numbers are consistently high with few spaces available. Trustees do not consider this to be a high risk. The three academies within the trust are new academies with only one, Newbottle Primary, being inspected since conversion. Newbottle Primary is currently rated Good.

Strategies to develop middle and senior leaders have been implemented across the trust. All academies have a full complement of senior leaders. Staffing is stable and allows academies to focus on improving outcomes for pupils and school improvement.

In addition, the Trust is a member of the Local government Pension Scheme (LGPS), which results in the recognition of a significant liability on the Trusts' balance sheet. There is a risk the future contribution levels will increase, which is outside the academy's control.

# **Aim High Academy Trust**

## **Trustees' Report (continued)**

### **Plans for Future Periods**

In order to improve performance against key performance indicators, we propose: -

- Improve consistency in the teaching of writing
- Improve opportunities for pupils to work and demonstrate understanding at greater depth
- Firmly embrace a maths mastery approach to teaching mathematics
- Improve inter-school moderation so that expectations are clearly shared
- Facilitate outdoor learning so that the curriculum benefits from outdoor classroom experiences.

### **Auditor**

Insofar as the trustees are aware:

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

The Trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 18 December 2017 and signed on the board's behalf by:



P Dutton  
Trustee (Chair)

# Aim High Academy Trust

## Governance Statement

### Scope of Responsibility

As Trustees we acknowledge we have overall responsibility for ensuring that Aim High Academy 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 Chief Executive, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Aim High Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

### Governance

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

Trustee	Meetings Attended	Out of a possible
P Dutton (Chair)	9	9
J Milner (Vice Chair)	9	9
G Stephenson (CEO and Accounting Officer)	9	9
D Shearsmith (appointed 15.05.17)	1	2
S Alsop (staff trustee)	8	9
J Walvin	5	9
J Moran (staff trustee)	8	9
J Thompson	9	9
S Morgan (resigned 15.5.17)	1	6
J Westwater	8	9

Sue Morgan resigned from the Board of Trustees due to personal work pressures. Dawn Shearsmith joined the Board of Trustees. She brings her expertise and experience in the areas of education performance, safeguarding and support of LAC pupils to challenge the Trust.

This has been the first year as a multi academy trust with three academies from a previous stand-alone academy trust. Much of the work has concerned forming structures, systems and processes that work effectively as well as appointing staff. The trustees have met regularly to review the work, performance, curriculum, finances and personnel of the academies within the trust.

The committees of the Board of Trustees have received reports relevant to their remit. The local governors have completed skills audits. The Trustees have also completed skills audits based on the new 'Competency Framework for Governance'.

The Board of Trustees has worked with each academy to ensure there are the right people around the table of local governance as well as staff position improvements across all the academies. Personnel changes, both in leadership, teaching and administration structures have impacted on finance. The Board has backed a significant change of structure in daycare and early years at Dubmire. New structure and finance arrangements come into effect for September 2017 so impact cannot be measured yet.

The academies feed pupil performance data to an outside provider who processes and presents data ready for interpretation and presentation to local governors of individual academies and the Board of Trustees. Governors have been involved in training on using the data and more training is planned for 2017. Financial data and auditing is shared with the Finance and General Purposes Committee of the Board of Trustees. External audit reports are shared with trustees.

# Aim High Academy Trust

## Governance Statement (continued)

There has not yet been an external formal review of Board of Trustees' governance in 2016/17 year. As this year has been all about forming a new structure of governance, the review is yet to come.

The Chair of Board of Trustees is a qualified National Leader of Governance (NLG) and carries out ERGs with other schools, therefore is aware of areas of challenge for governors and governance. This year has seen the introduction of the 'Competency Framework for Governance' (DfE January 2017). NLGs in the north east are busy preparing 'Health Check for Boards of Trustees' based on the new framework. The Chair of Aim High is working on the Health Check development with other NLGs and it is anticipated that when it is complete another NLG will be invited to carry out a Health Check on Aim High Board of Trustees likely to be in Spring 2018.

Dubmire Primary Academy has a Local Advisory Committee as opposed to a Local Governance Committee. It has reduced delegation. The local governance of this academy has had an internal review of its effectiveness. The academy's performance has been much improved this year and governance has been strengthened. The challenge is for governors to be more strategic and a further review of Dubmire's level of delegation is planned for the end of 2017.

**The finance and general purposes committee** is a sub-committee of the main board of trustees. Its purpose is to ensure efficient and effective use of resources whilst seeking ways to ensure the fabric of the buildings remain fit for purpose and provide a productive learning environment. The last review of governance revealed that there is good participation in decision making by members of the committee. Attendance at meetings in the period was as follows:

Trustee	Meetings Attended	Out of a possible
J Westwater	5	5
S Alsop	4	5
P Dutton	3	5
G Stephenson	5	5
J Thompson	3	4
J Walvin	4	5
J Moran	5	5

### Review of Value for Money

As accounting officer the chief executive has responsibility for ensuring that the academy trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The accounting officer considers how the trust's use of its resources has provided good value for money during each academic year and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where appropriate. The accounting officer for the academy trust has delivered improved value for money during the year by:

- Sharing staff and resources across the trust wherever possible to enable efficiencies to be made
- Ensuring consumables and services are purchased using best value procurement processes
- Tracking and monitoring systems recording all aspects of pupil data including progress through school and to ensure that interventions and support are targeted to achieve value for money.

Specific examples of improved value for money are:

- the establishment of a central Finance/Admin/ICT team to streamline processes and reduce duplicated duties across the trust
- a restructure of the daycare facility at Dubmire Primary to make the service more cost effective and
- the provision of a central leadership team to lead on specific areas e.g. school improvement, pupil welfare and attendance.

# **Aim High Academy Trust**

## **Governance Statement (continued)**

### **The Purpose of the System of Internal Control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place at Aim High Academy Trust for the period 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements.

### **Capacity to Handle Risk**

The board of trustees has reviewed the key risks to which the 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 managed the academy trust's significant risks that has been in place for the period 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

### **The Risk and Control Framework**

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

- Comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees
- Regular reviews by the finance and general purposes committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes
- Setting targets to measure financial and other performance
- Clearly defined purchasing (asset purchase or capital investment) guidelines
- Delegation of authority and segregation of duties
- Identification and management of risks.

The board of trustees has considered the need for a specific internal audit function and has decided to appoint Sunderland City Council's audit team to carry out a programme of internal checks. The internal auditor's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. In particular the checks carried out in the current period included:

- Testing of expenditure including reconciliation to bank accounts
- Testing of income recording and processing
- Review of governance structure of the new multi academy trust
- Testing of scheme of delegation and minutes of board and committee meetings.

On a timetabled basis the auditor provides a report to the board of trustees 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. During the period 1 September 2016 to 31 August 2017 three internal audit reviews were carried out in addition to the year-end annual external audit. There were no areas of high risk identified in these audits; however, the trust will aim to implement recommendations of best practice over the forthcoming financial period. These recommendations related to current practice within the two new academies taken into the trust on 1 October 2016.

## **Aim High Academy Trust**

### **Governance Statement (continued)**

#### **Review of Effectiveness**

As accounting officer, the chief executive has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- The work of the internal auditor
- The work of the external auditor
- 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 has been advised of the implications of the result of their review of the system of internal control by the finance and general purposes committee and a plan to ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on 18 December 2017 and signed on its behalf by:



P Dutton  
Trustee (Chair)



G Stephenson  
Accounting Officer

## **Aim High Academy Trust**

### **Statement on Regularity, Propriety and Compliance**

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

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

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



G Stephenson  
Accounting Officer

18 December 2017

# **Aim High Academy Trust**

## **Statement of Trustees' Responsibilities**

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

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

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017.
- 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 financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the Board of Trustees on 18 December 2017 and signed on its behalf by:



P Dutton  
Trustee (Chair)

# **Aim High Academy Trust**

## **Independent Auditor's Report on the Financial Statements to the Board of Trustees of Aim High Academy Trust**

### **Opinion on financial statements**

We have audited the financial statements of Aim High Academy Trust (the "academy trust") for the year ended 31 August 2017 which comprise Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice), and the Academies: Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

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

### **Basis for opinion**

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

### **Conclusions relating to going concern**

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

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **Other information**

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

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

We have nothing to report in this regard.

### **Opinion on other matter prescribed by the Companies Act 2006**

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

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

# **Aim High Academy Trust**

## **Independent Auditor's Report on the Financial Statements to the Board of Trustees of Aim High Academy Trust (continued)**

### **Matters on which we are required to report by exception**

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

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

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

### **Responsibilities of Trustees**

As explained more fully in the Statement of Trustees' responsibilities set out on page 14, the trustees (who act as trustees for the charitable activities of the charitable company are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### **Auditor's responsibilities for the audit of the financial statements**

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

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

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 the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

*RSM UK Audit LLP*

Lucy Robson (Senior Statutory Auditor)  
For and on behalf of RSM UK AUDIT LLP, Statutory Auditor  
Chartered Accountants  
1 St James' Gate  
Newcastle upon Tyne  
NE1 4AD  
Date 21/12/17

# Aim High Academy Trust

## Statement of Financial Activities for the Year Ended 31 August 2017 (including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2017 £000	Total 2016 £000
<b>Income and endowments from:</b>						
Donations and capital grants	2	6	-	34	40	9
Transfer from Local Authority on conversion	26	102	(1,322)	7,107	5,887	-
Transfer on acquisition		-	-	-	-	-
Charitable activities:						
Funding for the academy trust's educational operations	3	79	4,633	-	4,712	2,045
Other trading activities	4	435	6	-	441	112
Investments		-	-	-	-	-
<b>Total</b>		<b>622</b>	<b>3,317</b>	<b>7,141</b>	<b>11,080</b>	<b>2,166</b>
<b>Expenditure on:</b>						
Raising funds	5	411	2	-	413	89
Charitable activities:						
Academy trust educational operations	6	114	4,718	264	5,096	2,041
<b>Total Resources Expended</b>		<b>525</b>	<b>4,720</b>	<b>264</b>	<b>5,509</b>	<b>2,130</b>
<b>Net income / (Expenditure)</b>		<b>97</b>	<b>(1,403)</b>	<b>6,877</b>	<b>5,571</b>	<b>36</b>
<b>Transfer between funds</b>	16	-	(62)	62	-	-
<b>Other recognised gains / (losses):</b>						
Actuarial gains / (losses) on defined benefit pension schemes	16,24	-	935	-	935	(469)
<b>Net movement in funds</b>		<b>97</b>	<b>(530)</b>	<b>6,939</b>	<b>6,506</b>	<b>(433)</b>
<b>Reconciliation of funds</b>						
Total funds brought forward		183	(605)	3,032	2,610	3,043
<b>Total funds carried forward</b>		<b>280</b>	<b>(1,135)</b>	<b>9,971</b>	<b>9,116</b>	<b>2,610</b>

# Aim High Academy Trust

## Balance Sheet as at 31 August 2017

Company Number 08842629

	Notes	2017 £000	2017 £000	2016 £000	2016 £000
<b>Fixed Assets</b>					
Intangible assets	11		37		-
Tangible assets	12		9,913		3,002
<b>Current Assets</b>					
Stock		-		-	
Debtors	13	194		80	
Cash at bank and in hand		500		455	
		<u>694</u>		<u>525</u>	
<b>Liabilities</b>					
Creditors: Amounts falling due within one year	14	<u>(247)</u>		<u>(195)</u>	
<b>Net current assets</b>			<u>447</u>		<u>330</u>
<b>Total assets less current liabilities</b>			<u>10,397</u>		<u>3,332</u>
Creditors: Amounts falling due after more than one year			-		-
<b>Net assets excluding pension liability</b>			<u>10,397</u>		<u>3,332</u>
Defined Benefit Pension Scheme Liability	24		<u>(1,281)</u>		<u>(722)</u>
<b>Total net assets</b>			<u>9,116</u>		<u>2,610</u>
<b>Funds of the academy trust:</b>					
<b>Restricted funds</b>					
- Fixed asset fund	16	9,971		3,032	
- Restricted income fund	16	146		117	
- Pension reserve	16	<u>(1,281)</u>		<u>(722)</u>	
<b>Total restricted funds</b>			<u>8,836</u>		<u>2,427</u>
<b>Unrestricted income funds</b>	16		<u>280</u>		<u>183</u>
<b>Total funds</b>			<u>9,116</u>		<u>2,610</u>

The financial statements on pages 17 to 38 were approved by the trustees, and authorised for issue on 18 December 2017 and are signed on their behalf by:



P Dutton  
Chair

# Aim High Academy Trust

## Statement of Cash Flows for the Year Ended 31 August 2017

	Notes	2017 £000	2016 £000
<b>Cash flows from operating activities</b>			
Net cash provided by operating activities	19	60	154
Cash Transferred on Conversion to an Academy Trust		123	-
<b>Cash flows from investing activities</b>	21	(128)	(51)
<b>Cash flows from financing activities</b>	20	-	-
<b>Change in cash and cash equivalents in the reporting period</b>		<u>55</u>	<u>103</u>
<b>Cash and cash equivalents at 1 September 2016</b>		445	342
<b>Cash and cash equivalents at 31 August 2017</b>	22	<u>500</u>	<u>445</u>

# **Aim High Academy Trust**

## **Notes to the Financial Statements for the Year Ended 31 August 2017**

### **1. Statement of 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.

#### **Basis of Preparation**

The financial statements of the academy trust, which is a public 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 account in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (charities SORP (FRS 102)), the Academies Accounts Direction 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Aim High Academy Trust meets the definition of a public benefit entity under FRS 102.

Monetary amounts in these financial statements are rounded to the nearest whole £1,000, except where otherwise indicated.

#### **Going Concern**

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

#### **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**

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 there is not unconditional entitlement to the income and 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 year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

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

- **Sponsorship Income**

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

- **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.

# **Aim High Academy Trust**

## **Notes to the Financial Statements for the Year Ended 31 August 2017**

### **(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'.
- **Transfer on conversion**  
Where assets and liabilities are received by the trust on conversion to an academy, the transferred assets and liabilities are measured at fair value and recognised in the balance sheet at the point when the risks and rewards of ownership pass to the trust. An equal amount of income is recognised as an exceptional Transfer on conversion within Donations.
- **Donated fixed assets (excluding Transfers on conversion/into trust)**  
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.

#### **Expenditure**

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

- **Expenditure on Raising Funds**  
This includes all expenditure incurred by the academy trust to raise funds for its charitable purposes and includes costs of all fund raising 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.

All resources expended are inclusive of irrecoverable VAT.

#### **Intangible Fixed Assets**

Intangible assets costing £1,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment. Amortisation is provided on intangible fixed assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life.

# **Aim High Academy Trust**

## **Notes to the Financial Statements for the Year Ended 31 August 2017**

### **(continued)**

#### **Tangible Fixed Assets**

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 economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet.

Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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

- Long leasehold buildings 50 Years  
(Integral fixtures to external fabric of buildings 25 years)
- Furniture and equipment 7 Years
- Computer equipment 3 Years
- Motor vehicles 7 Years

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

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

The land and building valuations for the two schools which joined the trust on 1 October 2016 have been included at the Local Authority's value on conversion.

#### **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.

#### **Provisions**

Provisions are recognised when the academy trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

#### **Lease Assets**

Rentals under operating leases are charged on a straight line basis over the lease term.

#### **Investments**

None held.

# **Aim High Academy Trust**

## **Notes to the Financial Statements for the Year Ended 31 August 2017**

### **(continued)**

#### **Financial Instruments**

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

*Financial assets* – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 13. Prepayments are not financial instruments. Amounts due to the charity's wholly owned subsidiary are held as face value less any impairment.

Cash at bank – is classified as a basic financial instrument and is measured at face value.

*Financial liabilities* – trade creditor, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in note 14. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to charity's wholly owned subsidiary are held at face value less any impairment.

#### **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 part 11, chapter 3 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.

#### **Pension 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.

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 24, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

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 as other comprehensive income.

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

#### **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.

# **Aim High Academy Trust**

## **Notes to the Financial Statements for the Year Ended 31 August 2017**

### **(continued)**

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

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

#### **Critical accounting estimates and areas of judgement**

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 (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 24, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

**Aim High Academy Trust**  
**Notes to the Financial Statements for the Year Ended 31 August 2017**  
**(continued)**

**2 Donations and capital grants**

	Unrestricted Funds £000	Restricted Funds £000	Total 2017 £000	Total 2016 £000
Capital grants	-	24	24	9
Donated fixed assets	-	-	-	-
Other donations	6	10	16	-
	6	34	40	9
<b>2016 Total</b>	-	9	9	

**3 Funding for the Academy Trust's Educational Operations**

	Unrestricted Funds £000	Restricted Funds £000	Total 2017 £000	Total 2016 £000
<b>DfE / ESFA revenue grants</b>				
- General Annual Grant (GAG)	-	3,495	3,495	1,499
- Start Up Grants	-	-	-	70
- Other DfE/ESFA grants	-	589	589	216
	-	4,084	4,084	1,785
<b>Other Government Grants</b>				
Local Authority Grants	-	458	458	163
Other government grants	-	-	-	-
	-	458	458	163
<b>Non Grant Income</b>				
Other income from the academy trust's educational operations	79	91	170	97
	79	4,633	4,712	2,045
<b>2016 Total</b>	51	1,994	2,045	

**4 Other trading activities**

	Unrestricted Funds £000	Restricted Funds £000	Total 2017 £000	Total 2016 £000
Hire of Facilities	35	-	35	-
Catering income	2	-	2	1
Music Tuition Income	8	5	13	10
Uniform Income	1	-	1	-
Commission	1	-	1	1
University Placements	2	-	2	1
Pupil Contributions to Charities	4	-	4	2
Educational Visits	67	-	67	32
Moderation Fees	-	-	-	-
Fees – Out of School Club	119	-	119	54
Day Care Fees	174	-	174	-
Basic Skills Quality Mark	2	-	2	2
Income for School Activities	20	1	21	9
	435	6	441	112
<b>2016 Total</b>	107	5	112	

# Aim High Academy Trust

## Notes to the Financial Statements for the Year Ended 31 August 2017

### (continued)

#### 5 Expenditure

	Non Pay Expenditure			Total	Total
	Staff	Premises	Other	2017	2016
	Costs				
	£000	£000	£000	£000	£000
Expenditure on raising funds	304	3	106	413	89
Academy's educational operations:					
- Direct costs	3,027	192	419	3,638	1,474
- Allocated support costs	674	233	551	1,458	567
	<u>4,005</u>	<u>428</u>	<u>1,076</u>	<u>5,509</u>	<u>2,130</u>
<b>2016 Total</b>	<u>1,502</u>	<u>109</u>	<u>519</u>	<u>2,130</u>	

Net income/(expenditure) for the period includes:

	2017	2016
	£000	£000
Operating leases rentals	19	6
Depreciation	259	75
(Gain)/loss on disposal of fixed assets	-	-
Amortisation of intangible fixed assets (included within Charitable Activities – Academy trust educational operations)	5	-
Fees payable to external auditor for:		
- Audit	11	6
- Other Services	-	1
	<u>294</u>	<u>88</u>

There are no individual transactions exceeding £5,000 included in resources expended in relation to ex-gratia/compensation payments, gifts made by the trust, fixed asset losses, stock losses, unrecoverable debts and cash losses.

Expenditure was £5,508,795 (2016: £2,130,000) of which £524,824 was unrestricted (2016: £140,000), £4,720,436 restricted (2016: £1,915,000) and £263,535 restricted fixed assets (2016: £75,000).

#### 6 Charitable Activities

	Total	Total
	2017	2016
	£000	£000
<b>Direct costs – educational operations</b>	<b>3,638</b>	<b>1,473</b>
<b>Support costs – educational operations</b>	<b>1,458</b>	<b>568</b>
<b>2016 Total</b>	<u><b>5,096</b></u>	<u><b>2,041</b></u>
<b>Analysis of support costs</b>		
Support staff costs	674	194
Depreciation	2	1
Technology costs	17	6
Premises costs	233	109
Other support costs	412	206
Pension Finance Charge	36	9
Governance costs	84	43
<b>Total support costs</b>	<u><b>1,458</b></u>	<u><b>568</b></u>

# Aim High Academy Trust

## Notes to the Financial Statements for the Year Ended 31 August 2017

### (continued)

The expenditure from charitable activities was £5,095,809 (2016: £2,041,000) of which £113,789 was unrestricted (2016: £51,000), £4,718,485 restricted (2016: £1,915,000) and £263,535 restricted fixed assets (2016: £75,000).

#### 7 Staff

##### a. Staff costs

Staff costs during the period were:

	2017 £000	2016 £000
Wages and salaries	2,866	1,140
Social security costs	241	85
Operating costs of defined benefit pension schemes	660	195
	<u>3,767</u>	<u>1,420</u>
Supply staff costs	212	82
Staff restructuring costs	26	0
	<u>4,005</u>	<u>1,502</u>
Staff restructuring costs comprise:		
Redundancy payments	9	-
Severance payments	17	-
	<u>26</u>	<u>-</u>

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

Included in staff restructuring costs is one non-contractual severance payments of £7,205.

##### c. Staff numbers

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

	2017 No.	2016 No.
Teachers	42	21
Administration and support	121	33
Management	9	4
	<u>172</u>	<u>58</u>

##### d. Higher paid staff

The number of employees whose emoluments (including national insurance but excluding employer pension costs) exceeded £60,000 was:

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

The above employees participated in the Teachers' Pension Scheme.

# **Aim High Academy Trust**

## **Notes to the Financial Statements for the Year Ended 31 August 2017**

### **(continued)**

#### **e. Key management personnel**

The key management personnel of the academy trust comprise the trustees and the senior leadership team as listed on page 1. The total amount of employee benefits (including employer pension contributions and national insurance) received by key management personnel for their services to the academy trust was £639,916 (2016: £381,722).

#### **8 Related Party Transactions – Trustees' Remuneration & Expenses**

One or more trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment.

The value of trustees' remuneration and other benefits was as follows:

Mr G Stephenson (CEO):

Remuneration	£81,478 (2016: £72,419)
Employer's pension contributions	£13,428 (2016: £11,935)

Mrs J Moran (Business Manager):

Remuneration	£40,000 - £45,000 (2016: £35,000 - £40,000)
Employer's pension contributions	£10,000 - £15,000 (2016: £5,000 - £10,000)

Mrs S Alsop (Headteacher- joined trust 1/10/16):

Remuneration	£50,000 - £55,000 (2016: £0)
Employer's pension contributions	£5,000 - £10,000 (2016: £0)

During the period ended 31 August 2017, £157 of travel and subsistence expenses (2016: £0) were reimbursed to trustees.

Other related party transactions involving the trustees are set out in note 25.

#### **9 Trustees' and Officers' Insurance**

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £1,000,000 on any one claim and the cost for the period ended 31 August 2017 was £770 (2016: £1,837). The cost of this insurance is included in the total insurance cost.

#### **10 Central Services**

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

- Financial Services
- Strategic Direction
- School Improvement
- Educational Support Services
- Human Resources

The trust charges for these services on the following basis:

5% of income

Other costs not able to be met from the 5% contribution are apportioned to each school according to the size / need of that school.

# Aim High Academy Trust

## Notes to the Financial Statements for the Year Ended 31 August 2017

### (continued)

The actual amounts charged during the year were as follows:

	2017 £000
Newbottle Primary Academy	88
Dubmire Primary Academy	84
Gillas Lane Primary Academy	36

#### 11 Intangible Fixed Assets

	Computer Software £000	Total £000
<b>Cost</b>		
At 1 September 2016	-	-
Additions	41	41
Additions from new Academies	1	1
Disposals	-	-
At 31 August 2017	42	42
<b>Amortisation</b>		
At 1 September 2016	-	-
Charged in year	5	5
Disposals	-	-
At 31 August 2017	5	5
<b>Net book values</b>		
At 31 August 2016	-	-
At 31 August 2017	37	37

#### 12 Tangible Fixed Assets

	Freehold Land and Buildings £000	Leasehold Land and Buildings £000	Furniture and Equipment £000	Computer Equipment £000	Motor Vehicles £000	Total £000
<b>Cost</b>						
At 1 September 2016	-	3,121	27	38	7	3,193
Additions	-	6	40	39	-	85
Additions from new Academies	-	7,013	20	52	-	7,085
Disposals	-	-	-	-	-	-
At 31 August 2017	-	10,140	87	129	7	10,363
<b>Depreciation</b>						
At 1 September 2016	-	155	7	24	5	191
Charged in year	-	192	8	57	2	259
Disposals	-	-	-	-	-	-
At 31 August 2017	-	347	15	81	7	450
<b>Net book values</b>						
At 31 August 2016	-	2,966	20	14	2	3,002
At 31 August 2017	-	9,793	72	48	-	9,913

**Aim High Academy Trust**  
**Notes to the Financial Statements for the Year Ended 31 August 2017**  
**(continued)**

**13 Debtors**

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Trade debtors	8	-
VAT recoverable	69	26
Other debtors	-	-
Prepayments and accrued income	117	54
	<u>194</u>	<u>80</u>

**14 Creditors: amounts falling due within one year**

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Trade creditors	45	36
Other taxation and social security	2	27
Accruals and deferred income	200	132
	<u>247</u>	<u>195</u>

**Deferred income**

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Deferred Income at 1 September 2016	45	39
Resources deferred in the year	76	45
Amounts released from previous years	(45)	(39)
Deferred Income at 31 August 2017	<u>76</u>	<u>45</u>

At the balance sheet date the academy trust was holding funds received in advance for Dinner Monies £52 (2016 £0), Out of School £156 (2016 £0) and Academy Infant free School Meals £75,967 (2016 £37,856).

**15 Financial Instruments**

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
<b>Carrying amount of financial assets</b>		
Debt instruments measured at amortised cost	94	18
<b>Carrying amount of financial Liabilities</b>		
Financial liabilities measured at amortised cost	169	123

# Aim High Academy Trust

## Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

### 16 Funds

	Balance at 31 August 2016	Incoming Resources	Resources Expended	Gains, Losses and Transfers	Balance at 31 August 2017
	£000	£000	£000	£000	£000
<b>Restricted general funds</b>					
General Annual Grant (GAG)	2	3,495	(3,377)	(51)	69
Pre-opening Start Up Funding	59	-	(48)	(11)	-
Pupil Premium	-	341	(341)	-	-
Pension reserve	(722)	(1,322)	(172)	935	(1,281)
Other grants	27	706	(685)	-	48
Other income	29	97	(97)	-	29
	(605)	3,317	(4,720)	873	(1,135)
<b>Restricted fixed asset funds</b>					
Transfer on conversion	2,782	7,107	(233)	-	9,656
DfE/ESFA capital grants	27	24	(8)	-	43
Other Capital Grants	-	10	-	-	10
Capital expenditure from GAG	39	-	(12)	51	78
Private sector capital	-	-	-	-	-
Other income	184	-	(11)	11	184
	3,032	7,141	(264)	62	9,971
<b>Total restricted funds</b>	<b>2,427</b>	<b>10,458</b>	<b>(4,984)</b>	<b>935</b>	<b>8,836</b>
<b>Total unrestricted funds</b>	<b>183</b>	<b>622</b>	<b>(525)</b>	<b>-</b>	<b>280</b>
<b>Total funds</b>	<b>2,610</b>	<b>11,080</b>	<b>(5,509)</b>	<b>935</b>	<b>9,116</b>

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

General Annual Grant must be used for the normal running costs of the Academy.

Pupil Premium, other grants and other income which includes PE Grant, Special Needs and Early Years Funding with the income being restricted to the terms of each funding stream.

The gross transfer from the restricted general fund to the restricted fixed asset fund of £61,775 represents the capital expenditure from restricted funds.

Capital Grant has been received for capital and related expenditure. Depreciation has been charged against assets within the Restricted Fixed Asset Fund. The transfer from Local Authority reflects fixed assets transferred on conversion along with surpluses on capital and revenue budgets at conversion.

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

The academy's restricted general (excluding pension reserve) and unrestricted funds total £426,348 at 31 August 2017.

# Aim High Academy Trust

## Notes to the Financial Statements for the Year Ended 31 August 2017

### (continued)

#### Analysis of academies by fund balance

Fund balances at 31 August 2017 were allocated as follows:

	Total £000
Newbottle Academy	326
Gillas Lane Academy	17
Dubmire Academy	101
Central Services	(18)
Total before fixed assets and pension reserve	426
Restricted fixed asset fund	9,971
Pension reserve	(1,281)
<b>Total</b>	<b>9,116</b>

Gillas Lane Academy and Dubmire Academy joined Aim High Academy Trust on 1st October 2016.

#### Total cost analysis by academy

	Teaching and Educational Support Staff Costs £000	Other Support Staff Costs £000	Educational Supplies £000	Other Costs (excluding Depreciation and Amortisation) £000	Total 2017 £000
Newbottle Academy	1,152	188	46	514	1,900
Gillas Lane Academy	475	87	26	150	738
Dubmire Academy	1,219	538	56	369	2,182
Central Services	181	165	13	66	425
<b>Academy Trust</b>	<b>3,027</b>	<b>978</b>	<b>141</b>	<b>1,099</b>	<b>5,245</b>

Comparative figures in relation to the period ended 31 August 2016 are set out below:

	Balance at 31 August 2015 £000	Incoming Resources £000	Resources Expended £000	Gains, Losses and Transfers £000	Balance at 31 August 2016 £000
<b>Restricted general funds</b>					
General Annual Grant (GAG)	1	1,499	(1,471)	(27)	2
Pre-opening Start Up Funding	-	70	(10)	(1)	59
Pupil Premium	-	113	(113)	-	-
Pension reserve	(249)	-	(4)	(469)	(722)
Other grants	54	266	(266)	(27)	27
Other income	29	51	(51)	-	29
	(165)	1,999	(1,915)	(524)	(605)
<b>Restricted fixed asset funds</b>					
Transfer on conversion	2,845	-	(63)	-	2,782
DfE/ESFA capital grants	18	9	-	-	27
Capital expenditure from GAG	19	-	(7)	27	39
Private sector capital	-	-	-	-	-
Other income	96	-	(5)	93	184
	2,978	9	(75)	120	3,032
<b>Total restricted funds</b>	<b>2,813</b>	<b>2,008</b>	<b>(1,990)</b>	<b>(404)</b>	<b>2,427</b>
<b>Total unrestricted funds</b>	<b>230</b>	<b>158</b>	<b>(140)</b>	<b>(65)</b>	<b>183</b>
<b>Total funds</b>	<b>3,043</b>	<b>2,166</b>	<b>(2,130)</b>	<b>(469)</b>	<b>2,610</b>

The academy's restricted general and unrestricted funds total £300,000 at 31 August 2016.

# Aim High Academy Trust

## Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

### 17 Analysis of net assets between funds

Fund balances at 31 August 2017 are represented by:

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Funds £000
Intangible fixed assets	-	-	37	37
Tangible fixed assets	-	-	9,913	9,913
Current assets	298	343	53	694
Current liabilities	(18)	(197)	(32)	(247)
Non-current liabilities	-	-	-	-
Pension scheme liability	-	(1,281)	-	(1,281)
<b>Total net assets</b>	<b>280</b>	<b>(1,135)</b>	<b>9,971</b>	<b>9,116</b>
<b>2016 Total</b>	<b>183</b>	<b>(605)</b>	<b>3,032</b>	<b>2,610</b>

### 18 Commitments under operating leases

#### Operating Leases

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

	2017 £000	2016 £000
Amounts due within one year	16	10
Amounts due between one and five years	18	9
Amounts due after five years	-	-
	<b>34</b>	<b>19</b>

### 19 Reconciliation of Net Income / (expenditure) to net cash flow from operating activities

	2017 £000	2016 £000
Net income for the reporting period (as per the statement of financial activities)	5,571	36
Adjusted for:		
Amortisation (note 11)	5	-
Depreciation (note 12)	259	75
Capital grants from DfE and other capital income	(34)	(9)
Transfer from Local Authority	(7,209)	-
Defined benefit pension scheme obligation inherited (note 24)	1,322	-
Defined benefit pension scheme cost less contributions payable (note 24)	136	(5)
Defined benefit pension scheme finance cost (note 24)	36	9
(Increase) in debtors	(114)	(23)
Increase in creditors	88	71
<b>Net cash provided by Operating Activities</b>	<b>60</b>	<b>154</b>

### 20 Cash flows from financing activities

	2017 £000	2016 £000
Repayments of borrowing	-	-
Cash inflows from new borrowing	-	-
<b>Net cash provided by / (used in) financing activities</b>	<b>-</b>	<b>-</b>

# Aim High Academy Trust

## Notes to the Financial Statements for the Year Ended 31 August 2017

### (continued)

#### 21 Cash flows from investing activities

	2017 £000	2016 £000
Dividends, interest and rents from investments	-	-
Proceeds from sale of tangible fixed assets	-	-
Purchase of intangible fixed assets	(26)	-
Purchase of tangible fixed assets	(136)	(60)
Capital grants from DfE/ESFA	24	9
Capital funding received from sponsors and others	10	-
<b>Net cash outflow from capital expenditure and financial investment</b>	<b>(128)</b>	<b>(51)</b>

#### 22 Analysis of cash and cash equivalents

	At 31 August 2017 £000	At 31 August 2016 £000
Cash in hand and at bank	500	445
Notice deposits (less than 3 months)	-	-
<b>Total cash and cash equivalents</b>	<b>500</b>	<b>445</b>

#### 23 Members' Liability

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

#### 24 Pension and Similar Obligations

The academy'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 South Tyneside Council. Both are defined-benefit schemes.

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

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

##### Teachers' Pension Scheme

##### Introduction

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

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

# Aim High Academy Trust

## Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

### Valuation of the Teachers' Pension Scheme

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

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

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

The pension costs paid to TPS in the period amounted to £269,300 (2016: £132,006).

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

Under the definitions set out in Financial Reporting Standard (FRS 102) Retirement Benefits, the TPS is a multi-employer pension scheme. The trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The trust has set out above the information available on the scheme.

### Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the period ended 31 August 2017 was £315,304 (2016: £85,911), of which employer's contributions totalled £254,611 (2016: £68,946) and employees' contributions totalled £60,693 (2016: £16,965). The agreed contribution rates for future years are 25.2% for employers and 5.5%-12.5% for employees.

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

### Principal Actuarial Assumptions (% per annum)

The following information is based upon a full actuarial valuation of the fund as 31 March 2013, updated to 31 August 2017 by a qualified independent actuary.

	At 31 August 2017	At 31 August 2016
Rate of increase in salaries	3.4%	3.4%
Rate of increase for pensions in payment/inflation	1.9%	1.9%
Discount rate for scheme liabilities	2.5%	2.0%
Inflation assumption (CPI)	1.9%	1.9%
Commutation of pensions to lump sums	75.0%	75.0%

# Aim High Academy Trust

## Notes to the Financial Statements for the Year Ended 31 August 2017

### (continued)

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

	At 31 August 2017	At 31 August 2016
<i>Retiring today</i>		
Males	22.8	23.2
Females	26.3	24.8
<i>Retiring in 20 years</i>		
Males	25.0	25.3
Females	28.6	27.1

Sensitivity analysis	At 31 August 2017 £'000	At 31 August 2016 £'000
Discount rate +0.1%	3,806	1,485
Discount rate -0.1%	4,021	1,570
Mortality assumption – 1 year increase	3,799	1,478
Mortality assumption – 1 year decrease	4,026	1,577
CPI rate +0.1%	3,962	1,548
CPI rate -0.1%	3,862	1,506

The academy trust's share of the assets in the scheme were:

	Fair Value at 31 August 2017 £000	Fair Value at 31 August 2016 £000
Equities	1,739	534
Corporate bonds	302	93
Property	237	80
Government bonds	103	31
Cash	103	24
Other	147	43
<b>Total market value of assets</b>	<b>2,631</b>	<b>805</b>

The actual return on scheme assets was £314,000 (2016: £118,000).

#### Amount recognised in the Statement of Financial Activities

	2017 £000	2016 £000
Current service cost	(390)	(64)
Past service cost	-	-
Interest income	41	24
Interest cost	(77)	(33)
Benefit changes, gain/(loss) on curtailment and gain/(loss) on settlement	-	-
Admin expenses	-	-
<b>Total amount recognised in the SOFA</b>	<b>(426)</b>	<b>(73)</b>

# Aim High Academy Trust

## Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

Changes in the present value of defined benefit obligations were as follows:

	2017 £000	2016 £000
<b>At 1 September</b>	<b>1,527</b>	<b>851</b>
Conversion of academy trusts	-	-
Transferred in on existing academies joining the trust	-	-
Transferred out on existing academies leaving the trust	-	-
Current service cost	390	64
Interest cost	77	33
Employee contributions	60	17
Actuarial (gain) / loss	(662)	563
Benefits paid	(29)	(1)
Losses or gains on curtailments	-	-
Net increase in liabilities from academy conversions	2,549	-
Past service cost	-	-
Unfunded pension payments	-	-
Effect of non-routine settlements	-	-
<b>At 31 August</b>	<b>3,912</b>	<b>1,527</b>

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

	2017 £000	2016 £000
<b>At 1 September</b>	<b>805</b>	<b>602</b>
Conversion of academy trusts	-	-
Transferred in on existing academies joining the trust	-	-
Transferred out on existing academies leaving the trust	-	-
Interest income	41	24
Actuarial gain/(loss)	273	94
Employer contributions	254	69
Employee contributions	60	17
Benefits paid	(29)	(1)
Net increase in assets from academy conversions	1,227	-
<b>At 31 August</b>	<b>2,631</b>	<b>805</b>

### 25 Related Party Transactions

Owing to the nature of the academy trust and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trustee 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 transactions took place in the period of account.

Pat Dutton – a self-employed Basic Skills Assessor (Mrs Dutton is a member of the trust). Aim High Academy Trust operates the Quality Mark for Basic Skills on behalf of Sunderland Local Authority. Mrs Dutton carried out assessments at schools in the Sunderland area and received remuneration totalling £750. These services were provided by Mrs Dutton at cost and in accordance with the trust's financial regulations. There were no amounts outstanding as at 31.08.2017.

The academy trust received £1,500 in relation to the role of Pat Dutton as a national leader of Governance. From this, the academy trust has spent £157 in relation to Pat Dutton's accommodation and administrative expenses incurred in the role.

# Aim High Academy Trust

## Notes to the Financial Statements for the Year Ended 31 August 2017

### (continued)

Focus on Learning – a company in which Mrs S Morgan (a trustee of the trust up until April 2017) has a majority interest:

Transactions totalling £495 relating to training services provided for staff. There were no amounts outstanding as at 31.08.2017.

In entering into these transactions the trust has complied with the requirements of the ESFA's Academies Financial Handbook.

## 26 Conversion to an Academy Trust

On 1 October 2016 Dubmire Primary and Gillas Lane Primary converted to academy status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Aim High Academy Trust Ltd from Sunderland Council Local Authority for £nil consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with corresponding amounts recognised in the Statement of Financial Activities

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the SOFA.

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2017 £000
Intangible Fixed Assets				
- Software	-		1	1
Tangible Fixed Assets				
- Freehold / Leasehold Land & Buildings	-	-	7,013	7,013
- Other Tangible Fixed Assets	-	-	72	72
Budget Surplus / (Deficit) On LA Funds	88	-	21	109
Budget Surplus / (Deficit) On Other School Funds	14	-	-	14
LGPS Pension Surplus / (Deficit)	-	(1,322)	-	(1,322)
<b>Net Assets</b>	<b>102</b>	<b>(1,322)</b>	<b>7,107</b>	<b>5,887</b>