

Company Registration Number: 08922754 (England & Wales)

**THE BLACK PEAR TRUST
(A COMPANY LIMITED BY GUARANTEE)**

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2017

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**THE BLACK PEAR TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

| | |
|--|--|
| Trustees | A M Burkert ^{1,3} P A Clayton, Vice Chair of Trustees ^{1,2,3} P Clayton ² P J Collins ^{1,3} J Cook ^{1,2} V D Cranton, Headteacher ^{1,2,3} D P Davies (resigned 27 September 2016) ^{1,2} P Edwards (appointed 14 March 2017) A Haciaszek-Skubinska ^{1,2} J M Harkins ^{1,2} C Hunt ² T Reed ² P D Shoesmith, Chair of Trustees ^{1,3} S E Wood (resigned 27 September 2016) ^{1,3} B Roberts (resigned 27 September 2016) ¹ ¹ Member ² Teaching & Learning Committee ³ Finance, Audit and Premises Committee |
| Company registered number | 08922754 |
| Company name | The Black Pear Trust |
| Principal and registered office | Hollymount Road Worcester Worcestershire WR4 9SG |
| Accounting Officer | V D Cranton |
| Senior management team | V D Cranton, Principal A Donnelly, Deputy Headteacher of Hollymount School S E Wood, Deputy Headteacher E Pritchard, Head of Hollymount School R Hussain, Assistant Headteacher of Hollymount School L Weston, Inclusion Manager |
| Independent auditors | Bishop Fleming LLP Chartered Accountants Statutory Auditors 16 Queen Square Bristol BS1 4NT |
| Bankers | Lloyds Bank PLC 4 The Cross Worcester WR1 3PY |
| Solicitors | Kippax Beaumont Lewis 28 Mawdsley Street Bolton BL1 1LF |

**THE BLACK PEAR TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2017**

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2017. The annual report serves the purpose of both a Trustees' report, and a Directors' report under company law.

The Trust operates 2 primary academies in Worcester. Hollymount School has a pupil capacity of 393 (calculated by pupil admission number not building capacity) and had a roll of 387 in the school census on 31 January 2017. Carnforth School joined the Trust on 1 August 2017. Carnforth is a one form entry school with a Nursery. There were 185 on roll on 1 September 2017 when the school opened which includes 11 Nursery children.

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.

The Trustees of The Black Pear Trust are also the directors of the charitable company for the purposes of company law. The Charitable Company is known as The Black Pear Trust.

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

Members' Liability

Each member of the charitable company undertakes to contribute to the assets of the Company in the event of 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 £1, for the debts and liabilities contracted before they ceased to be a member.

Trustees' Indemnities

Trustees benefit from indemnity insurance purchased at the Trust's expense to cover the liability of the Trustees which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Trust, provided that any such insurance shall not extend to any claim arising from any act or omission which the Trustees knew to be a breach of trust or breach of duty or which was committed by the Trustees in reckless disregard to whether it was a breach of trust or breach of duty or not and provided also that any such insurance shall not extend to the costs of any unsuccessful defence to a criminal prosecution brought against the Trustees in their capacity as Directors of the Trust. The limit of this indemnity is unlimited.

Method of Recruitment and Appointment or Election of Trustees

On 1 June 2014 the Trustees appointed all those Trustees that served the predecessor school to be Trustees of the newly formed Trust. These Trustees were appointed for a term of office that would end when their original term at the predecessor school would have ended, thus ensuring a staggered re-election or replacement process.

When appointing new Trustees, the Board will give consideration to the skills and experience mix of existing Trustees in order to ensure that the Board has the necessary skills to contribute fully to the Trust's development.

Policies and Procedures Adopted for the Induction and Training of Trustees

The Trust has a Trustee Recruitment, Induction and Training policy available from the Clerk to the Trustees.

The training and induction provided for new Trustees will depend upon their existing experience but would always include a tour of the Trust and a chance to meet staff and pupils. All Trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Trustees. As there are normally only two or three new Trustees a year, induction tends to be done informally and is tailored specifically to the individual. Advantage is taken of specific courses offered by the Local Authority and other bodies.

**THE BLACK PEAR TRUST
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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017**

Organisational Structure

The Board of Trustees meets at least once each term. The Board establishes an overall framework for the governance of the Trust's and determines membership, terms of reference and procedures of Committees and other groups. It receives reports including policies from its Committees for ratification. It monitors the activities of the Committees through the minutes of their meetings. The Board may from time to time establish Working Groups to perform specific tasks over a limited timescale.

There are 2 committees as follows:

- Finance, Audit and Premises Committee (including Health and Safety) - this meets at least three times a year and is responsible for monitoring, evaluating and reviewing policy and performance in relation to financial management, compliance with reporting and regulatory requirements and reporting, receiving reports from the external auditor and drafting the annual budget including setting staffing levels. It also incorporates the role of an audit committee.
- Teaching and Learning Committee - this meets once a term to monitor, evaluate and review Trust policy, practice and performance in relation to curriculum planning, communications, target setting and assessment, examinations and all pastoral issues.

The Trustees and Board of Trustees have devolved responsibility for day to day management of the Trust to the Headteacher and Senior Leadership Team (SLT). The SLT comprises the Principal, the Headteachers and Deputy Headteachers, the Inclusion manager and the Early Years Leader who are Assistant Headteachers. The SLT implement the policies laid down by the Trustees and report back to them on the trust performance.

The Principal is the Accounting Officer.

Arrangements for Setting Pay and Remuneration of Key Management Personnel

The Trustees and the SLT comprise the key management personnel of the Trust in charge of directing and controlling, running and operating the Trust on a day to day basis. All Trustees give their time freely and no Trustee received remuneration in the year.

The pay of key management personnel is reviewed annually and normally increased in accordance with average earnings.

The Trustees benchmark against pay levels in other Academies of a similar size. The benchmark is the mid-point of the range paid for similar roles.

Connected Organisations, Including Related Party Relationships

Paul Shoesmith is a Trustee of the Black Pear Trust and a Director of not for profit social enterprise Independent Education and Technology Associates Limited (IET Associates). The company is limited by guarantee and there are therefore no shareholders. Since November 1 2015, he has also been a director of Paul Shoesmith Consulting Limited, and his personal remuneration all comes through that company and not through IET Associates. IET Associates runs termly events for schools known as the Leading Leaders Network. During the financial year from 1 September 2016 to 31 August 2017 two staff from Hollymount School attended 2 Leading Leaders Network events. This represented 4 person days of CPD and included overnight accommodation, meals and facilitated visits and learning walks at a total of 4 other schools. The events were run on a breakeven basis, and charges were set purely on a cost recovery basis. One Director of IET Associates (not Paul Shoesmith) received payment for time spent on organising the events, but all three events were run at a loss, with the loss being met from income from overseas consultancy in a previous financial year. Paul Shoesmith did attend the events, and the costs of his accommodation and meals, and those of another Director who also received no payment for his time, were included in the break even calculations.

The Trust has strong collaborative links with Worcester primary schools through the Worcester City heads group and with other Worcestershire schools through the Worcestershire Primary Schools Partnership. These organisations provide support networking and CPD, are non-profit making funded through nominal subscription fees agreed by the members. The Principal and Headteacher also worked with Worcester University and a group of Kidderminster Headteachers on some leadership action research.

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

Reading help in the Trust is supported by the Rotary Club who have volunteers who give of their time freely and whose training is paid for by the Rotary Club. The Rotary Club also organise different events for the school e.g. speech contest, dictionaries for leavers etc.

OBJECTIVES AND ACTIVITIES

Objects and Aims

The principal object and activity of the Charitable Company is the operation of Hollymount School and Carnforth School to provide free education and care for pupils of different abilities. The Trust's specialism is primary education including a Nursery for children aged from two years. Hollymount School is pleased to be recognised by the local authority as being an example of effective practice for children with English as an additional language and for the inclusion of children with a range of SEND. This year the Trust has supported Carnforth School prior to the academy conversion and Dines Green Community primary from April 2017, having been brokered by the LA. Hollymount School was awarded Primary School of the Year in the Worcestershire awards sponsored by the Worcester News and Worcester University and Primary School of the Year for cricket by the Worcestershire Cricket Club. Having applied for Teaching School Status, Hollymount School was awarded National Support School Status. The school has continued to support ITT both through the Assessment only route where we support teachers both with their teaching practice, pedagogy and theory and through taking students from Worcester University.

The aims of the Trust during the year ended 31 August 2017 are summarised below:

- to continue to raise the standard of educational attainment and achievement of all pupils;
- to provide a broad and balanced curriculum, including extra curricular activities;
- to develop students as more effective learners;
- to develop the Academy sites so that they enable students to achieve their full potential;
- to ensure that every child enjoys the same high quality education in terms of resourcing, tuition and care;
- to improve the effectiveness of the Trust by keeping the curriculum and organisational structure under continual review;
- to maximise the number of students who achieve at least expected levels at SATs;
- to provide value for money for the funds expended;
- to develop greater coherence, clarity and effectiveness in school systems;
- to comply with all appropriate statutory and curriculum requirements;
- to maintain links with community groups, industry and commerce appropriate to primary education;
- to develop the Trust's capacity to manage change; and
- to conduct the Trust's business in accordance with the highest standards of integrity, probity and openness.

Objectives, Strategies and Activities

Key priorities for the year are contained in our School Development Plan which is available from the School Office. Improvement focuses identified for this year include:

- Effective communication particularly through speaking and listening across the whole curriculum throughout the Trust;
- To improve sentence construction and grammar;
- Pupils are confident and assured when communicating with peers and adults in a range of situations;
- Matched learning; ensuring individuals and groups are challenged within their learning to enable good progress;
- Ambitious targets were set for the end of KS2 SAT assessments, including minimum 70% of pupils to attain age expected standards in the core subjects with 30% of pupil attainment at greater depth. Improvement of GPAS by 10%.

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

Public Benefit

The Trustees confirm that they have complied with the duty in Section 17(5) of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit in exercising their powers or duties. They have referred to this guidance when reviewing the Academy's aims and objectives and in planning its future activities.

Hollymount School provides facilities for recreational and other leisure time occupation for the community's children during the holidays in the interests of social welfare and with the interest of improving the life of the said community. The local Scout Association often use our facilities as do the Housing Association and a local football club.

As an Academy Trust we have a duty to support other schools. Our main named school that has been supported throughout the year is The Fairfield Community Primary, who converted to academy status on 1 August 2017 and joined the Academy Trust at that point. We have supported Fairfield through our leadership skills. Hollymount also received accreditation as a lead school for Achievement for All (AfA) in July 2016. We continued to build in this area by visiting schools in Warwickshire and Gloucestershire to share thoughts on growth mindset. We also collaborated with St Andrews in Evesham whilst working on the Growth Mindset project.

STRATEGIC REPORT

Achievements and Performance

The Trust is in its fourth year of operation and has exceeded the forecast number of students. The total number of students at the end of the year ended 31 August 2017 was 409. Hollymount School has maintained this number and will continue to grow in size.

Due to the new type of assessments this year DfE recommended that comparisons of data should not be made, however we believe generally our pupils' results were at least in line with last year and were better in some areas. Nationally schools' results fell in KS2 SATs. This demonstrates the excellent teaching of the staff at Hollymount School. The table overleaf summarises the key headlines for Hollymount School for the year ended 31 August 2017:

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

| <u>Groups</u> | <u>Key Statements</u> (data sourced from School Inspection dashboard and ASP 2017) |
|--------------------------|--|
| EYFS | |
| Attainment | The percentage of pupils leaving Reception with a good level of development was 60%, 10% below national figures. This was a 4% improvement on the previous year, maintaining the upward trend established over the past three years. |
| | The percentage of children achieving expected at the end of Reception for Reading and Writing has increased by 10%. There has also been a slight increase in the % of children reaching expected in writing at the end of KS1 – 62% |
| Progress | School evidence suggests that children make at least good progress from their starting points at the beginning of Reception or Nursery |
| Phonics | |
| Attainment | The proportion of pupils that met the expected standard in phonics-84% was above the national figure in year 1 |
| Disadvantaged | 70% disadvantaged pupils met the standard compared to 84% NPP nationally |
| Attainment Year 2 | By the end of Year 2 the proportion of the children meeting expected the standard is slightly below national figures -89%. This is due to a number of new arrivals with no English during the Spring term |
| KS1 | |
| Attainment | Children's attainment at the expected (60%) and higher (7%) standard is in line with national figures in reading, writing and maths combined |
| | 100% of the prior expected group reached the KS1 standard for reading compared to 87% nationally. |
| | 95% of the prior expected group reached the KS1 standard for writing compared to 78% nationally |
| | 91% of the prior exceeding group reached the KS1 standard in maths compared to 85% nationally. |
| | 45% of all pupils in the expected group reached GDS in maths compared to 16% nationally. This is significantly above national |
| | 21% of all pupils in the expected group reached GDS in writing compared to 10% nationally. This is significantly above national |
| Progress | 100% of the prior attainment group GLD at end EYFS reached the KS1 expected standard in reading and 95% in writing and maths. This is +7%, +9%, +4% respectively above national (based on 2016 figures). |
| Disadvantaged | The attainment of the disadvantaged group in reading, reaching the expected standard was 53% compared to 79% other nationally |
| EAL | EAL children, although attained lower than all children nationally in reading and writing , they attained similar results in maths compared to national all pupils (75%). |
| Girls/Boys | A greater % of girls reached at least the expected standard in reading, writing maths compared to boys within school and nationally. Hollymount girls achieved similar standards to girls national |

| KS2 | |
|----------------------|---|
| Attainment | In 2017, reading, writing and mathematics attainment of the expected standard was at or above national for the middle prior attainment group. |
| | A significantly higher proportion of middle attainers achieved expected standard in combined R,W,M compared to the same group nationally |
| | The percentage of all pupils attaining expected levels or higher in maths (77%) and writing (77%), is slightly above national figures |
| | The % of pupils achieving greater depth in maths is well above national at 44% in maths and in line with national for writing (16%) |
| | The school has continued to improve SPAG results- 70% reached a scaled score of 70%. 30% of pupils achieved the higher standard (+10% on previous year) |
| Progress | Progress in mathematics was significantly* above average and in the highest 10%.(+3.65) |
| | KS2 progress was below for Reading (-2.3) however a higher % of middle and higher prior attainers achieved expected standards compared to national figures |
| | Progress in writing has improved from 2016 and is above national average (+1.7) |
| Disadvantaged | A higher % of matched disadvantaged middle and higher attaining pupils achieved expected or above compared to 'all' pupils nationally in RW,M |
| | Matched middle and higher attaining pupils have progress scores above national average in maths and writing.. |
| Scaled Scores | Average scaled score for 'all' pupils in maths was above national figures (10.5.8) and has increased 3 points compared to 2016 |
| | Average scaled score for 'all' pupils in reading was below national figures (99.8) and has decreased from 2016 |
| EAL | A similar % pupils reached national average for maths and reading compared to all nationally. A higher % of EAL pupils reached national average in R,W,M compared to all nationally |
| | The progress of EAL children in maths is above national average |
| Girls/Boys | The overall progress for girls and boys is above national for maths. However, in school progress shows girls made better progress than boys in reading, writing and maths . |
| | 72% of boys achieved expected in writing compared to 70% nationally. |
| | 80% of girls achieved expected in maths compared to 75% nationally |

Other notable achievements at Hollymount School are:

- ✓ Successful Ofsted Grading of Good in June 2017
- ✓ Awarded National Support School Status
- ✓ Worcester Awards - Primary school of the Year
- ✓ Worcestershire Cricket Club Primary School of the Year
- ✓ Attendance has maintained last year's rise and stands at 96%
- ✓ A non-qualified teacher trained by the school successfully achieved his qualifications with "outstanding" grades
- ✓ Behaviour continues to improve. The vast majority of children's behaviour is exemplary both in and outside school. When on visits the general public continue to remark on how smart and well behaved our children are. Over 20,000 housepoints were given out during 2015/2016
- ✓ The highest number of children took part in after school clubs with almost three quarters of over 5s taking part during the year

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

Hollymount School has managed to maintain small class sizes. All classes have a teaching assistant, which is a valuable addition to the classroom.

Our few parent volunteers have been helping in Hollymount School this year. Their commitment to the children and Trust is inspirational. They have helped with reading, writing, maths, drama, clubs, events and trips out of school.

To ensure that standards are continually assessed, the Trust operates a programme of lesson observations, which are undertaken by Middle and Senior Leaders. To support the depth of leadership in the school for next year interviews have been held and six middle leaders appointed on a TLR for next year.

Continuing professional development for staff has been very successful, and Mrs Bartlett completed her CSBM. The Trust also had two members of SLT trained as LA moderators which was extremely helpful in ensuring the school met the changed assessment criteria introduced nationally this year. The Trust continues to use RWI development days to ensure phonics teaching is the best it can be. Mrs Donnelly had led Talk for Writing CPD for new staff and as a refresher for others. Work on feedback has been enhanced by action research, phase meetings and IRIS. Since the work on Growth Mindset children have reported being able to talk about their learning confidently.

Key Performance Indicators

The main financial performance indicator is the level of reserves held at the Balance Sheet date. In particular, the management of spending against General Annual Grant (GAG) requires special attention. At the end of August 2017, £42k of GAG restricted funds were carried forward, together with £4,911k Restricted Fixed Assets Funds and £371k Unrestricted Funds. This is offset by the pension deficit of £1,467k leaving net assets at 31 August 2017 of £4,001k.

As funding is based on pupil numbers this is also a key performance indicator. Pupil numbers for 2016/17 were 409 including nursery children, an increase of 37 over 2015/16. It is anticipated that this number will continue to rise particularly in nursery with the introduction of the 30 hours childcare funding.

Total Income for the year was £271k above the forecast budget, this due to Carnforth School joining the Black Pear Trust on 1 August 2017, additional income received for moving the catering in-house, along with additional income from staff consultancy.

The following KPIs for Hollymount School were set at the start of the year:

| KPI | Budget | Actual |
|---|---------------|---------------|
| GAG carry forward % | 0.00% | 1.4% |
| Pupil to teacher ratio | 16.17 | 16.91 |
| Teaching to non-teaching staff ratio | 1 : 1 | 1 : 0.8 |
| Student attendance % | 96.10% | 95.90% |
| Total income per pupil | £5,275 | £11,831 |
| Total GAG per pupil | £4,747 | £3,809 |
| Ratio of GAG to total income | 72.62% | 32.2% |
| Staff costs per pupil | £4,235 | £4,516 |
| Ratio of staff costs to total income | 80.29% | |
| Ratio of pension cost to staff costs | 13.96% | 16.18% |
| Total learning resources costs per pupil | £311 | £90 |
| Spend per pupil for non-pay expenditure lines | £1,086 | £1,146 |
| LGPS deficit per pupil | £2,019 | £3,587 |
| LGPS deficit per non-teaching staff member | £16,326 | £24,450 |

KPIs were not set for Carnforth School due to the academy conversion taking place on 1 August 2017.

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

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 Going Concern policy.

Financial Review

Most of the Trust's income is obtained from the DfE via the ESFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the year ended 31 August 2017 and the associated expenditure are shown as Restricted Funds in the Statement of Financial Activities.

The Trust also receives grants for fixed assets from the DfE which are shown in the Statement of Financial Activities as restricted income in the Fixed Asset Fund. The Restricted Fixed Asset Fund balance is reduced by annual depreciation charges over the useful life of the assets concerned, as defined in the School's accounting policies.

During the year ended 31 August 2017, the Trust received total income of £4,838,749 and incurred total expenditure of £2,315,846. The excess of income over expenditure for the year was £2,522,903.

At 31 August 2017 the net book value of fixed assets was £4,885,582 and movements in tangible fixed assets are shown in note 14 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the School.

The Trust has taken on the deficit in the Local Government Pension Scheme in respect of its non teaching staff transferred on conversion. The deficit is incorporated within the Statement of Financial Activity with details in note 23 to the financial statements.

Key financial policies adopted or reviewed during the year include the Finance Policy which lays out the framework for financial management, including financial responsibilities of the Board, Principal, Headteacher, managers, budget holders and other staff, as well as delegated authority for spending. Other policies reviewed and updated included Charges and Lettings, Asset Management and Insurance.

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

Reserves Policy

The Trustees review the reserve levels of the 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 take into consideration the future plans of the Trust, the uncertainty over future income streams and other key risks identified during the risk review.

The Trustees have determined that the appropriate level of free reserves should be approximately equal to one month's ESFA funding. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance or a fall in pupil numbers resulting in losing a class but not wanting to lose a teacher. Total reserves of the Trust amount to £4,001k, although £3,444k of this is invested in fixed assets or represents non GAG restricted funds. The remaining £530k (representing £371k unrestricted funds, £58k unspent Academy conversion funding and £87k unspent Primary Academy Chain Development Grant and £42k of GAG) is the balance that the Trustees monitor in accordance with the Board's reserves policy.

The defined benefit pension scheme reserve has a negative balance. The effect of the deficit position of the pension scheme is that the Trust is paying higher employers' pension contributions over a period of years. The higher employers' pension contributions will be met from the Trust's budgeted annual income. Whilst the deficit will not be immediately eliminated, there should be no actual cash flow deficit on the fund, nor any direct impact on the free reserves of the Trust.

Investment Policy

All funds surplus to immediate requirements are invested in a low risk account immediate access account. Funds were needed for capital works i.e. the two new classrooms so long term investments were not sought however in future where cash flow allows, sums in excess of £100,000 may be invested on deposit for extended periods.

Trustees are committed to ensuring that all funds under their control are managed in such a way as to maximise return whilst minimising risk.

Principal Risks And Uncertainties

The Board of Trustees has reviewed the major risks to which the Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks.

The principal risks and uncertainties facing the Trust are as follows:

Financial - the Trust has considerable reliance on continued Government funding through the ESFA. In the last year 100% of the Trust's incoming resources were ultimately Government funded and whilst this level is expected to continue, there is no assurance that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms. Particularly finance has been affected by the delay in fairer funding.

Failures in governance and/or management - the risk in this area arises from potential failure to effectively manage the Trust's finances, internal controls, compliance with regulations and legislation, statutory returns, etc. The Trustees continue to review and ensure that appropriate measures are in place to mitigate these risks. Mrs Bartlett has completed the NASBM course.

Reputational - the continuing success of the Trust is dependent on continuing to attract applicants in sufficient numbers by maintaining the highest educational standards. To mitigate this risk Trustees ensure that pupil success and achievement are closely monitored and reviewed. They are mindful that the Trust may be adversely affected by 'Brexit' as the Trust has a high number of children from other European countries.

A new free school is being built at Perdiswell, as the new housing in this area has now been put on hold this could have a knock effect on the numbers of other schools in Worcester.

Safeguarding and child protection - the Trustees continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health & safety and discipline.

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

Staffing - the success of the Trust is reliant upon the quality of its staff and so the Trustees monitor and review policies and procedures to ensure continued development and training of staff as well as ensuring there is clear succession planning.

Fraud and mismanagement of funds - The Trust has appointed the external auditor to carry out checks on financial systems and records as required by the School Financial Handbook. All finance staff receive training to keep them up to date with financial practice requirements and develop their skills in this area.

The Trust has continued to strengthen its risk management process throughout the year by improving the process and ensuring staff awareness. A risk register is maintained and reviewed and updated on a regular basis.

The Trustees have assessed the major risks to which the Trust is exposed, in particular those relating to its finances, teaching, facilities and other operational areas. The Trustees have implemented a number of systems to assess and minimise those risks, including internal controls. Where significant financial risk still remains they have ensured they have adequate insurance cover.

The Trustees examine the financial health formally every term. They review performance against budgets and overall expenditure by means of regular update reports at all Finance, Audit and Premises Committee meetings. The Trustees also regularly review cash flow forecasts and ensure sufficient funds are held to cover all known and anticipated commitments.

At the year end, the Trust had no significant liabilities arising from trade creditors or debtors that would have a significant effect on liquidity.

The Board of Trustees recognises that the defined benefit pension scheme deficit (Local Government Pension Scheme), is substantial and represents a significant potential liability. However as the Trustees consider that the School is able to meet its known annual contribution commitments for the foreseeable future, this risk from this liability is minimised. The school is concerned that this increases substantially each year and is also affected by the recent volatile financial markets.

PLANS FOR FUTURE PERIODS

Our planning for future is described below in brief. Full details of our plans for the future are given in our School Development Plan, which is available on our website or from the School Office.

The Trust will continue to strive to provide outstanding education and improve the levels of performance of its pupils at all levels. The Trust will continue to aim to attract high quality teachers and support staff in order to deliver its objectives. This year we were particularly pleased by the number of talented applicants who applied for posts within the school.

The Trust will continue to work with partner schools to improve the educational opportunities for students in the wider community.

The Trust has submitted two CIF bids, on the receipt of successful capital funding bids, the Trust will commence construction a new block of Reception toilets to improve safety for Reception children and to replace the existing school boiler. The Board of Trustees plans to utilise some existing reserves towards this project. The project is due for completion in July 2019.

We plan to maintain small class sizes with a teaching assistant in each class which will reflect in academic outcomes being improved.

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

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

The Trust and its Trustees do not act as the Custodian Trustees of any other Charity.

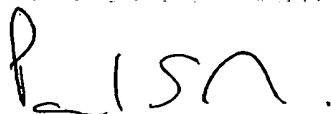
AUDITORS

In so far as the Trustees are aware:

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

The auditors, Bishop Fleming LLP, are willing to continue in office and a resolution to appoint them will be proposed at the annual general meeting.

The Trustees' Report, incorporating a strategic report, was approved by order of the Board of Trustees, as company directors, on 20/12/17..... and signed on the board's behalf by:



P D Shoesmith
Chair of Trustees

**THE BLACK PEAR TRUST
(A COMPANY LIMITED BY GUARANTEE)**

GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

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

GOVERNANCE

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has formally met 5 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

| Trustee | Meetings attended | Out of a possible |
|-------------------------------------|-------------------|-------------------|
| A M Burkert | 5 | 5 |
| P A Clayton, Vice Chair of Trustees | 5 | 5 |
| P Clayton | 5 | 5 |
| P J Collins | 0 | 0 |
| J Cook | 5 | 5 |
| V D Cranton, Headteacher | 4 | 5 |
| D P Davies | 1 | 1 |
| P Edwards | 3 | 3 |
| A Haciaszek-Skubinska | 5 | 5 |
| J M Harkins | 4 | 5 |
| C Hunt | 5 | 5 |
| T Reed | 5 | 5 |
| P D Shoesmith, Chair of Trustees | 4 | 5 |
| S E Wood | 0 | 1 |
| B Roberts | 0 | 0 |

During the year Mr P Edwards joined the Board of trustees. Mr D Davies, Mr B Roberts & Mrs S Wood tendered their resignation.

A Governance Review will be held across the Trust in the 2017-8 year as the trust expands to hold the two new schools. This will include a skills audit and recruitment of trustees to represent Carnforth School. When recruiting new Trustees the Trust will use the skills audit to support

**THE BLACK PEAR TRUST
(A COMPANY LIMITED BY GUARANTEE)**

GOVERNANCE STATEMENT (continued)

The Finance, Audit and Premises Committee is a sub-committee of the main Board of Trustees. Its purpose is to:

- To guide and assist the Governing Body and Principal in all matters relating to budgeting and finance. To prepare the annual budget for the approval of the Governing Body;
- To oversee the preparation of the 3-year budget plan and ensure it links with the School Development Plan priorities agreed by the Governing Body;
- To monitor and review day-to-day financial management of the school budget for the approval of the Governing Body;
- To make sure all resources are allocated in line with the school's strategic priorities. To ensure all assets and financial resources are efficiently used;
- To benchmark school financial performance and report it to the full Governing Body;
- To review and update the Financial Policy annually and recommended levels of delegation;
- To make decisions concerning awards of tendered contracts and take part in the tendering process where appropriate;
- To report on the Trust's finances at full Governing Body meetings and ensure accurate accounts are kept;
- To monitor monthly expenditure and ensure corrective action is taken when necessary;
- To ensure that all financial transactions are in line with best value principles;
- To receive the auditors' report and to recommend to the Board of Trustees action as appropriate in response to audit findings;
- To ensure the Trust maintains an up-to-date asset register. To annually review Trustees' allowances;
- To review financial policy statements, including consideration of long term plans and resources for the approval of the Board of Trustees;
- To ensure that non-public funds (e.g. the Trust's private funds) are audited annually and that a certificate of audit is presented to the Board of Trustees;
- To evaluate and present the annual statement of Internal Controls to the Board of Trustees;

During the year Mrs S Wood tendered her resignation from the finance committee.

**THE BLACK PEAR TRUST
(A COMPANY LIMITED BY GUARANTEE)**

GOVERNANCE STATEMENT (continued)

Attendance at meetings in the year was as follows:

| Trustee | Meetings attended | Out of a possible |
|--|-------------------|-------------------|
| P D Shoesmith (Chair of Finance Committee) | 3 | 3 |
| V D Cranton | 3 | 3 |
| S E Wood | 0 | 1 |
| P A Clayton | 3 | 3 |
| P J Collins | 0 | 3 |
| A M Burkert | 3 | 3 |

REVIEW OF VALUE FOR MONEY

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

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

Making comparisons with similar Academies using data provided by the ESFA and the Government.

- Robust financial governance and budget management;
- Value for money purchasing;
- Reviewing controls and managing risk;
- Considering allocation/targeting/use of resources;
- Not allocating time/resources to areas where few improvements can be achieved;
- Deploying staff effectively;
- Reviewing quality of curriculum provision and quality of teaching;
- Reviewing quality of children's learning to enable children to achieve nationally expected progress;
- Outlining procedures for accepting best value quotes, noting that this is not necessarily the cheapest quote.

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

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

CAPACITY TO HANDLE RISK

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

**THE BLACK PEAR TRUST
(A COMPANY LIMITED BY GUARANTEE)**

GOVERNANCE STATEMENT (continued)

THE RISK AND CONTROL FRAMEWORK

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees;
- regular reviews by the 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 not to appoint an internal auditor. However, the Trustees have appointed Bishop Fleming LLP, the external auditors, to perform additional checks.

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

- Testing of income & payroll systems
- Testing of accounting systems
- Testing of fixed assets and expenditure

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

The external auditor has delivered their schedule of work as planned, and there are no material control issues arising as a result of their work.

REVIEW OF EFFECTIVENESS

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

- the work of the external auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the Trust who have responsibility for the development and maintenance of the internal control framework.

**THE BLACK PEAR TRUST
(A COMPANY LIMITED BY GUARANTEE)**

GOVERNANCE STATEMENT (continued)

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the external auditors and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Trustees on 20/12/17 and signed on their behalf, by:

P D Shoemith

**P D Shoemith
Chair of Trustees**

V D Cranton

**V D Cranton
Accounting Officer**

**THE BLACK PEAR TRUST
(A COMPANY LIMITED BY GUARANTEE)**

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of The Black Pear 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.

We performed detailed testing based on our assessment of the risk of material irregularity, impropriety and noncompliance. This work was integrated with our audit on the financial statements where appropriate and included analytical review and detailed substantive testing of transactions.

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.



**V D Cranton
Accounting Officer**

20-12-17.

**THE BLACK PEAR TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

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

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

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

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

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

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

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



**P D Shoesmith
Chair of Trustees**

Date: 20/12/17

**THE BLACK PEAR TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
BLACK PEAR TRUST**

OPINION

We have audited the financial statements of The Black Pear Trust for the year ended 31 August 2017 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

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

In our opinion the financial statements:

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

BASIS OF OPINION

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

CONCLUSIONS RELATING TO GOING CONCERN

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

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

**THE BLACK PEAR TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
BLACK PEAR TRUST**

OTHER INFORMATION

The Trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the 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 MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

- the information given in the Trustees' Report for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Report has been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

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

RESPONSIBILITIES OF TRUSTEES

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

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

**THE BLACK PEAR TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
BLACK PEAR TRUST**

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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



Simon Morrison FCA (Senior Statutory Auditor)

for and on behalf of

Bishop Fleming LLP

Chartered Accountants

Statutory Auditors

16 Queen Square

Bristol

BS1 4NT

Date: 21/12/2017

**THE BLACK PEAR TRUST
(A COMPANY LIMITED BY GUARANTEE)**

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO THE BLACK PEAR TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter dated 18 September 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Black Pear Trust during the year 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

RESPECTIVE RESPONSIBILITIES OF THE BLACK PEAR TRUST'S ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT

The Accounting Officer is responsible, under the requirements of The Black Pear Trust's funding agreement with the Secretary of State for Education dated 29 May 2014, and the Academies Financial Handbook extant from 1 September 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

APPROACH

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

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

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

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

Our work on regularity included a review of the internal controls policies and procedures that have been implemented and an assessment of their design and effectiveness to understand how the academy complied with the framework of authorities. We also reviewed the reports commissioned by the trustees to assess the internal controls throughout the year.

We performed detailed testing based on our assessment of the risk of material irregularity, impropriety and non-compliance. This work was integrated with our audit on the financial statements where appropriate and included analytical review and detailed substantive testing of transactions.

**THE BLACK PEAR TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO THE BLACK
PEAR TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY (continued)**

CONCLUSION

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



Simon Morrison FCA (Reporting Accountant)

Bishop Fleming LLP
Chartered Accountants
Statutory Auditors
16 Queen Square
Bristol
BS1 4NT

Date: 21/12/2017

**THE BLACK PEAR TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

| | Note | Unrestricted funds 2017 £ | Restricted funds 2017 £ | Restricted fixed asset funds 2017 £ | Total funds 2017 £ | Total funds 2016 £ |
|--|------|------------------------------------|----------------------------------|---|-----------------------------|-----------------------------|
| INCOME FROM: | | | | | | |
| Donations & capital grants: | | | | | | |
| Transfer on conversion | 2 | 19,473 | (516,000) | 3,074,650 | 2,578,123 | - |
| Other donations and capital grants | 2 | 347 | 24,901 | 7,873 | 33,121 | 42,899 |
| Charitable activities | 3 | 183,051 | 1,876,322 | - | 2,059,373 | 1,970,304 |
| Other trading activities | 4 | 167,771 | - | - | 167,771 | 107,125 |
| Investments | 5 | 361 | - | - | 361 | 594 |
| TOTAL INCOME | | 371,003 | 1,385,223 | 3,082,523 | 4,838,749 | 2,120,922 |
| EXPENDITURE ON: | | | | | | |
| Charitable activities | | 176,953 | 2,049,032 | 89,861 | 2,315,846 | 1,991,027 |
| TOTAL EXPENDITURE | 6 | 176,953 | 2,049,032 | 89,861 | 2,315,846 | 1,991,027 |
| NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES | | | | | | |
| | | 194,050 | (663,809) | 2,992,662 | 2,522,903 | 129,895 |
| Actuarial losses on defined benefit pension schemes | 23 | - | (126,000) | - | (126,000) | (257,000) |
| NET MOVEMENT IN FUNDS | | 194,050 | (789,809) | 2,992,662 | 2,396,903 | (127,105) |
| RECONCILIATION OF FUNDS: | | | | | | |
| Total funds brought forward | | 176,655 | (490,628) | 1,918,141 | 1,604,168 | 1,731,273 |
| TOTAL FUNDS CARRIED FORWARD | | 370,705 | (1,280,437) | 4,910,803 | 4,001,071 | 1,604,168 |

The notes on pages 28 to 50 form part of these financial statements.

THE BLACK PEAR TRUST
(A COMPANY LIMITED BY GUARANTEE)
REGISTERED NUMBER: 08922754

BALANCE SHEET
AS AT 31 AUGUST 2017

| | Note | £ | 2017 £ | £ | 2016 £ |
|---|------|--------------------|--------------------|------------------|------------------|
| FIXED ASSETS | | | | | |
| Tangible assets | 14 | | 4,885,582 | | 1,888,981 |
| CURRENT ASSETS | | | | | |
| Stocks | 15 | 23,689 | | 19,070 | |
| Debtors | 16 | 179,919 | | 123,761 | |
| Cash at bank and in hand | | 590,009 | | 641,876 | |
| | | <u>793,617</u> | | <u>784,707</u> | |
| CREDITORS: amounts falling due within one year | 17 | <u>(211,128)</u> | | <u>(318,520)</u> | |
| NET CURRENT ASSETS | | | 582,489 | | 466,187 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | 5,468,071 | | 2,355,168 |
| Defined benefit pension scheme liability | 23 | | <u>(1,467,000)</u> | | <u>(751,000)</u> |
| NET ASSETS | | | 4,001,071 | | 1,604,168 |
| FUNDS OF THE ACADEMY TRUST | | | | | |
| Restricted funds: | | | | | |
| General funds | 18 | 186,563 | | 260,372 | |
| Fixed asset funds | 18 | 4,910,803 | | 1,918,141 | |
| | | <u>5,097,366</u> | | <u>2,178,513</u> | |
| Restricted funds excluding pension liability | | | | | |
| Pension reserve | | <u>(1,467,000)</u> | | <u>(751,000)</u> | |
| Total restricted funds | | | 3,630,366 | | 1,427,513 |
| Unrestricted funds | 18 | | 370,705 | | 176,655 |
| TOTAL FUNDS | | | 4,001,071 | | 1,604,168 |

The financial statements on pages 25 to 50 were approved by the Trustees, and authorised for issue, on 20/12/17 and are signed on their behalf, by:



P D Shoesmith
Chair of Trustees

The notes on pages 28 to 50 form part of these financial statements.

THE BLACK PEAR TRUST
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2017

| | Note | 2017 £ | 2016 £ |
|--|------|-----------------------|-----------------------|
| Cash flows from operating activities | | | |
| Net cash (used in)/provided by operating activities | 20 | <u>(53,021)</u> | <u>368,775</u> |
| Cash flows from investing activities: | | | |
| Interest received | | 361 | 594 |
| Purchase of tangible fixed assets | | (11,503) | (204,899) |
| Capital grants from DfE/ESFA | | 7,873 | 24,463 |
| Net cash used in investing activities | | <u>(3,269)</u> | <u>(179,942)</u> |
| Cash transferred on conversion | | 4,423 | - |
| | | <u>4,423</u> | <u>-</u> |
| Change in cash and cash equivalents in the year | | (51,867) | 188,833 |
| Cash and cash equivalents brought forward | | <u>641,876</u> | <u>453,043</u> |
| Cash and cash equivalents carried forward | 21 | <u>590,009</u> | <u>641,876</u> |

The notes on pages 28 to 50 form part of these financial statements.

THE BLACK PEAR TRUST
(A COMPANY LIMITED BY GUARANTEE)

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

1. ACCOUNTING POLICIES

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

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

The Black Pear Trust constitutes a public benefit entity as defined by FRS 102.

1.2 GOING CONCERN

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

1.3 INCOME

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

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance Sheet. Where income is received in advance of 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 grant 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.

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

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 and services

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

1. ACCOUNTING POLICIES (continued)

1.4 EXPENDITURE

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

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

All expenditure is inclusive of irrecoverable VAT.

1.5 TANGIBLE FIXED ASSETS AND DEPRECIATION

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

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

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

| | | |
|------------------------------|---|---------------------------------------|
| Long term leasehold property | - | Land 125 Years, Buildings 35-50 Years |
| Motor vehicles | - | 20% Straight Line |
| Fixtures and fittings | - | 50% Straight Line |
| Computer equipment | - | 33% Straight Line |

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

1.6 STOCKS

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost is based on the cost of purchases on a first in first out basis.

1.7 DEBTORS

Trade and other debtors with no stated interest rate and due within one year are recorded at the amount of the cash or other consideration expected to be received. Prepayments are valued at the amount paid.

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

1. ACCOUNTING POLICIES (continued)

1.8 CASH AT BANK AND IN HAND

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account and cash on deposit that has a notice period of less than 30 days.

1.9 LIABILITIES AND PROVISIONS

Liabilities and provisions are recognised when there is an obligation at the Balance Sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the Academy anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation.

1.10 FINANCIAL INSTRUMENTS

The Academy only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the Academy 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 16. Prepayments are not financial instruments.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in note 17. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments.

1.11 TAXATION

The Academy 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 is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

1.12 PENSIONS

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 23, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

1. ACCOUNTING POLICIES (continued)

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

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

1.13 FUND ACCOUNTING

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

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

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

Investment income, gains and losses are allocated to the appropriate fund.

1.14 OPERATING LEASES

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

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

1. ACCOUNTING POLICIES (continued)

1.15 CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGMENT

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

Critical accounting estimates and assumptions:

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

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

Critical areas of judgment:

The Academy Trust obtains use of fixed assets as a lessee. The classification of such leases as operating or finance lease requires the Academy Trust to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the Balance Sheet.

On 1 August 2017, The Fairfield Community Primary School (since renamed to Carnforth School) converted to academy status and joined The Black Pear Trust. The land and buildings are valued at that date and a value on conversion is brought into the Trust financial statements at that date. There are a number of judgements and estimates in this valuation. As at the date of signing these financial statements, Worcester County Council had not provided a formal valuation on conversion, and therefore the Trustees have used what they consider to be the most relevant and appropriate information available to them at that date and concluded that the valuation in the financial statements represents their best estimate of the valuation on conversion of The Fairfield Community Primary School based on the information available at the time.

THE BLACK PEAR TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

| | Unrestricted funds 2017 £ | Restricted funds 2017 £ | Restricted fixed asset funds 2017 £ | Total funds 2017 £ | Total funds 2016 £ |
|------------------------|------------------------------------|----------------------------------|---|-----------------------------|-----------------------------|
| Transfer on conversion | 19,473 | (516,000) | 3,074,650 | 2,578,123 | - |
| | <u>19,473</u> | <u>(516,000)</u> | <u>3,074,650</u> | <u>2,578,123</u> | <u>-</u> |
| Donations | 347 | 24,901 | - | 25,248 | 33,731 |
| Capital Grants | - | - | 7,873 | 7,873 | 9,168 |
| | <u>347</u> | <u>24,901</u> | <u>7,873</u> | <u>33,121</u> | <u>42,899</u> |
| | <u>19,820</u> | <u>(491,099)</u> | <u>3,082,523</u> | <u>2,611,244</u> | <u>42,899</u> |
| <i>Total 2016</i> | <u>1,835</u> | <u>16,601</u> | <u>24,463</u> | <u>42,899</u> | |

3. INCOME FROM CHARITABLE ACTIVITIES

| | Unrestricted funds 2017 £ | Restricted funds 2017 £ | Total funds 2017 £ | Total funds 2016 £ |
|-------------------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| Education | 11,819 | 1,876,322 | 1,888,141 | 1,813,811 |
| Nursery | 171,232 | - | 171,232 | 156,493 |
| | <u>183,051</u> | <u>1,876,322</u> | <u>2,059,373</u> | <u>1,970,304</u> |
| <i>Total 2016</i> | <u>168,546</u> | <u>1,801,758</u> | <u>1,970,304</u> | |

THE BLACK PEAR TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

| | Unrestricted funds 2017 £ | Restricted funds 2017 £ | Total funds 2017 £ | Total funds 2016 £ |
|-------------------------------------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| DfE/ESFA grants | | | | |
| General Annual Grant | - | 1,557,915 | 1,557,915 | 1,438,634 |
| Start up Grants | - | - | - | 70,000 |
| Other DfE/ESFA grants | - | 262,908 | 262,908 | 242,744 |
| | - | 1,820,823 | 1,820,823 | 1,751,378 |
| Other Government grants | | | | |
| High Needs | - | 47,233 | 47,233 | 50,380 |
| Other government grants non capital | - | 8,266 | 8,266 | - |
| | - | 55,499 | 55,499 | 50,380 |
| Other funding | | | | |
| Sales to students | 11,819 | - | 11,819 | 12,053 |
| | 11,819 | - | 11,819 | 12,053 |
| | 11,819 | 1,876,322 | 1,888,141 | 1,813,811 |
| Total 2016 | 12,053 | 1,801,758 | 1,813,811 | |

4. OTHER TRADING ACTIVITIES

| | Unrestricted funds 2017 £ | Restricted funds 2017 £ | Total funds 2017 £ | Total funds 2016 £ |
|-------------------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| Lettings | 2,084 | - | 2,084 | 2,501 |
| External Catering | 51,587 | - | 51,587 | 2,720 |
| Consultancy | 60,675 | - | 60,675 | 86,850 |
| Fees received | 3,000 | - | 3,000 | 3,200 |
| Other | 50,425 | - | 50,425 | 11,854 |
| | 167,771 | - | 167,771 | 107,125 |
| Total 2016 | 107,125 | - | 107,125 | |

THE BLACK PEAR TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

5. INVESTMENT INCOME

| | Unrestricted funds 2017 £ | Restricted funds 2017 £ | Total funds 2017 £ | Total funds 2016 £ |
|-------------------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| Bank interest | 361 | - | 361 | 594 |
| <i>Total 2016</i> | 594 | - | 594 | |

6. EXPENDITURE

| | Staff costs 2017 £ | Premises 2017 £ | Other costs 2017 £ | Total 2017 £ | Total 2016 £ |
|-------------------|--------------------------|-----------------------|--------------------------|--------------------|--------------------|
| Education | | | | | |
| Direct costs | 1,544,244 | 61,187 | 92,027 | 1,697,458 | 1,453,414 |
| Support costs | 302,720 | 132,935 | 182,733 | 618,388 | 537,613 |
| | 1,846,964 | 194,122 | 274,760 | 2,315,846 | 1,991,027 |
| <i>Total 2016</i> | 1,474,648 | 95,052 | 421,327 | 1,991,027 | |

7. DIRECT COSTS

| | Total 2017 £ | Total 2016 £ |
|--------------------------|--------------------|--------------------|
| Pension finance costs | 6,500 | 9,300 |
| Educational supplies | 35,800 | 39,750 |
| Staff development | 18,240 | 20,779 |
| Other costs | 23,055 | 20,180 |
| Supply teachers | - | 4,458 |
| Technology costs | 8,432 | 1,826 |
| Wages and salaries | 1,224,664 | 1,036,231 |
| National insurance | 106,393 | 76,553 |
| Pension cost | 213,187 | 161,364 |
| Depreciation | 61,187 | 82,973 |
| | 1,697,458 | 1,453,414 |
| <i>At 31 August 2016</i> | 1,453,414 | |

THE BLACK PEAR TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

8. SUPPORT COSTS

| | Total 2017 £ | Total 2016 £ |
|---------------------------------------|--------------------|--------------------|
| Pension finance costs | 9,500 | 9,700 |
| Educational supplies | 960 | 3,685 |
| Other costs | 15,056 | 19,263 |
| Maintenance of premises and equipment | 49,771 | 28,117 |
| Cleaning | 2,921 | 2,699 |
| Rent and rates | 7,066 | 8,520 |
| Energy costs | 15,159 | 21,259 |
| Insurance | 9,706 | 17,876 |
| Security and transport | 16,211 | 19,283 |
| Catering | 57,310 | 78,031 |
| Technology costs | 14,037 | 6,092 |
| Office overheads | 17,617 | 20,142 |
| Legal and professional | 59,282 | 66,902 |
| Bank interest and charges | 158 | 30 |
| Governance | 12,240 | 14,550 |
| Wages and salaries | 209,326 | 150,501 |
| National insurance | 7,800 | 2,650 |
| Pension cost | 85,594 | 42,891 |
| Depreciation | 28,674 | 25,422 |
| | <u>618,388</u> | <u>537,613</u> |
| <i>At 31 August 2016</i> | <u>537,613</u> | |

9. NET INCOME/(EXPENDITURE)

This is stated after charging:

| | 2017 £ | 2016 £ |
|---|----------------|----------------|
| Depreciation of tangible fixed assets: | | |
| - owned by the charity | 89,861 | 108,395 |
| Auditors' remuneration - audit | 8,200 | 6,475 |
| Auditors' remuneration - other services | 4,040 | 8,600 |
| Operating lease rentals | 2,288 | 2,860 |
| | <u>104,389</u> | <u>126,330</u> |

THE BLACK PEAR TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

10. STAFF COSTS

Staff costs were as follows:

| | 2017 £ | 2016 £ |
|--|------------------|------------------|
| Wages and salaries | 1,433,990 | 1,186,732 |
| Social security costs | 114,193 | 79,203 |
| Operating costs of defined benefit pension schemes | 298,781 | 204,255 |
| | <u>1,846,964</u> | <u>1,470,190</u> |
| Supply teacher costs | - | 4,458 |
| | <u>1,846,964</u> | <u>1,474,648</u> |

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

| | 2017 No. | 2016 No. |
|---|-------------|-------------|
| Teachers | 23 | 19 |
| Educational Support | 26 | 27 |
| Administration & Clerical | 4 | 5 |
| Premises Staff, Lunchtime Supervisors and Pastoral Assistants | 24 | 24 |
| Management | 6 | 6 |
| | <u>83</u> | <u>81</u> |

Average headcount expressed as a full time equivalent:

| | 2017 No. | 2016 No. |
|---|-------------|-------------|
| Teachers | 21 | 19 |
| Educational Support | 14 | 17 |
| Administration & Clerical | 2 | 2 |
| Premises Staff, Lunchtime Supervisors and Pastoral Assistants | 9 | 7 |
| Management | 6 | 5 |
| | <u>52</u> | <u>50</u> |

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

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

The key management personnel of the Academy Trust comprise the Trustees (who do not receive remuneration for their role as Trustees) and the Senior Management Team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust was £331,210(2016 - £297,405).

As staff trustees are not remunerated in respect of their role as a trustee, where staff trustees do not form part of the key management personnel other than in their role as trustee, their remuneration as set out in note 12 has not been included in the total benefits received by key management personnel above.

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

11. CENTRAL SERVICES

The Trust has not allocated any central services recharge during the year. This was due to Canforth School joining the MAT on the 1 August 2017. Prior to this conversion date, there was only one other school within the MAT.

12. TRUSTEES' REMUNERATION AND EXPENSES

The Headteacher and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Headteacher and staff, and not in respect of their services as Trustees. Other Trustees did not receive any payments from the Academy in respect of their role as Trustees. The value of Trustees' remuneration including pension contributions in respect of defined benefit schemes in the 15 month period was as follows; V Cranton: remuneration £70,000 - £75,000 (2016: £70,000 - £75,000), employer's pension contributions £10,000 - £15,000 (2016: £10,000 - £15,000); S Wood: remuneration £15,000 - £20,000 (2016: £5,000 - £10,000), employer's pension contributions £NIL - £5,000 (2016: £NIL - £5,000); D Davies: remuneration £NIL (2016: £15,000 - £20,000), employer's pension contributions £NIL (2016: £NIL - £5,000); A Maciaszek-Skubinska: remuneration £5,000 - £10,000 (2016: £NIL - £5,000), employer's pension contributions £NIL - £5,000 (2016: £NIL - £5,000).

Other related party transactions involving the trustees are set out in note 27.

During the year, no Trustees received any benefits in kind (2016: £NIL).

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

13. TRUSTEES' AND OFFICERS' INSURANCE

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

THE BLACK PEAR TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

14. TANGIBLE FIXED ASSETS

| | Long term leasehold property £ | Motor vehicles £ | Fixtures and fittings £ | Computer equipment £ | Total £ |
|------------------------|---|------------------------|-------------------------------|----------------------------|------------|
| COST | | | | | |
| At 1 September 2016 | 1,869,695 | 43,545 | 104,371 | 86,217 | 2,103,828 |
| Additions | - | - | 8,107 | 3,705 | 11,812 |
| Transfer on conversion | 3,074,650 | - | - | - | 3,074,650 |
| At 31 August 2017 | 4,944,345 | 43,545 | 112,478 | 89,922 | 5,190,290 |
| DEPRECIATION | | | | | |
| At 1 September 2016 | 74,545 | 5,444 | 94,755 | 40,103 | 214,847 |
| Charge for the year | 38,810 | 8,709 | 13,668 | 28,674 | 89,861 |
| At 31 August 2017 | 113,355 | 14,153 | 108,423 | 68,777 | 304,708 |
| NET BOOK VALUE | | | | | |
| At 31 August 2017 | 4,830,990 | 29,392 | 4,055 | 21,145 | 4,885,582 |
| At 31 August 2016 | 1,795,150 | 38,101 | 9,616 | 46,114 | 1,888,981 |

15. STOCKS

| | 2017 £ | 2016 £ |
|------------------|-----------|-----------|
| Goods for resale | 23,689 | 19,070 |

16. DEBTORS

| | 2017 £ | 2016 £ |
|--------------------------------|-----------|-----------|
| Trade debtors | 52,891 | 1,273 |
| Other debtors | 1,510 | - |
| Prepayments and accrued income | 115,313 | 47,679 |
| Tax recoverable | 10,205 | 74,809 |
| | 179,919 | 123,761 |

THE BLACK PEAR TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2017 | 2016 |
|------------------------------------|----------------|----------------|
| | £ | £ |
| Trade creditors | 80,275 | 234,804 |
| Other taxation and social security | 41,895 | 24,140 |
| Other creditors | 40,871 | 22,766 |
| Accruals and deferred income | 48,087 | 36,810 |
| | 211,128 | 318,520 |

| | 2017 | 2016 |
|--------------------------------------|-----------------|-----------------|
| | £ | £ |
| DEFERRED INCOME | | |
| Deferred income at 1 September 2016 | 22,688 | 20,266 |
| Resources deferred during the year | 20,776 | 22,688 |
| Amounts released from previous years | (22,688) | (20,266) |
| Deferred income at 31 August 2017 | 20,776 | 22,688 |

At the balance sheet date the Academy was holding funds received in advance for income from the ESFA in respect of Free School Meals.

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

18. STATEMENT OF FUNDS

| | Brought forward £ | Income £ | Expenditure £ | Gains/ (Losses) £ | Carried forward £ |
|---|-------------------------|------------------|--------------------|-------------------------|-------------------------|
| UNRESTRICTED FUNDS | | | | | |
| General Funds - all funds | 176,655 | 371,003 | (176,953) | - | 370,705 |
| RESTRICTED FUNDS | | | | | |
| General Annual Grant (GAG) | 95,122 | 1,557,915 | (1,810,880) | - | 42,157 |
| Higher Needs funding | - | 47,233 | (47,233) | - | - |
| Pupil premium | - | 223,443 | (223,443) | - | - |
| Universal Infant Free School Meals | - | 35,616 | (35,616) | - | - |
| Primary Academy Development Chain Grant | 95,250 | - | (8,344) | - | 86,906 |
| Educational trip Income | - | 24,901 | (24,901) | - | - |
| Other Grants | - | 12,115 | (12,115) | - | - |
| Academy sponsorship funding | 70,000 | - | (12,500) | - | 57,500 |
| Pension reserve | (751,000) | (516,000) | (74,000) | (126,000) | (1,467,000) |
| | <u>(490,628)</u> | <u>1,385,223</u> | <u>(2,049,032)</u> | <u>(126,000)</u> | <u>(1,280,437)</u> |
| RESTRICTED FIXED ASSET FUNDS | | | | | |
| Fixed assets transferred on conversion | 1,625,649 | 3,074,650 | (48,752) | - | 4,651,547 |
| Fixed assets purchased from GAG and other restrict | 61,193 | - | (32,805) | - | 28,388 |
| DfE/ESFA Capital grants | 29,159 | 7,873 | (6,741) | - | 30,291 |
| Nursery Grant | 677 | - | - | - | 677 |
| Other Capital Grants | 26,409 | - | (1,563) | - | 24,846 |
| Unrestricted fixed assets | 175,054 | - | - | - | 175,054 |
| | <u>1,918,141</u> | <u>3,082,523</u> | <u>(89,861)</u> | <u>-</u> | <u>4,910,803</u> |
| Total restricted funds | <u>1,427,513</u> | <u>4,467,746</u> | <u>(2,138,893)</u> | <u>(126,000)</u> | <u>3,630,366</u> |
| Total of funds | <u>1,604,168</u> | <u>4,838,749</u> | <u>(2,315,846)</u> | <u>(126,000)</u> | <u>4,001,071</u> |

STATEMENT OF FUNDS - PRIOR YEAR

| | Brought forward £ | Income £ | Expenditure £ | Transfers in/out £ | Gains/ (Losses) £ | Balance at 31 August 2016 £ |
|---------------------------|-------------------------|----------------|------------------|--------------------------|-------------------------|--------------------------------------|
| UNRESTRICTED FUNDS | | | | | | |
| General Funds - all funds | 287,254 | 278,100 | (200,645) | (188,054) | - | 176,655 |
| | <u>287,254</u> | <u>278,100</u> | <u>(200,645)</u> | <u>(188,054)</u> | <u>-</u> | <u>176,655</u> |

THE BLACK PEAR TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

18. STATEMENT OF FUNDS (continued)

RESTRICTED FUNDS

| | | | | | | |
|---|------------------|------------------|--------------------|----------|------------------|------------------|
| General Annual Grant (GAG) | - | 1,435,080 | (1,339,958) | - | - | 95,122 |
| Higher Needs funding | - | 50,380 | (50,380) | - | - | - |
| Pupil premium | - | 198,185 | (198,185) | - | - | - |
| Primary Academy Development Chain Grant | 100,000 | - | (4,750) | - | - | 95,250 |
| Educational trip income | - | 16,601 | (16,601) | - | - | - |
| Other Grants | - | 9,220 | (9,220) | - | - | - |
| Academy sponsorship funding | - | 70,000 | - | - | - | 70,000 |
| Pension reserve | (470,000) | - | (24,000) | - | (257,000) | (751,000) |
| | <u>(370,000)</u> | <u>1,779,466</u> | <u>(1,643,094)</u> | <u>-</u> | <u>(257,000)</u> | <u>(490,628)</u> |

RESTRICTED FIXED ASSET FUNDS

| | | | | | | |
|--|------------------|------------------|--------------------|----------------|------------------|------------------|
| Fixed assets transferred on conversion | 1,684,456 | - | (58,807) | - | - | 1,625,649 |
| Fixed assets purchased from GAG and other restrict | 100,764 | - | (39,571) | - | - | 61,193 |
| DfE/ESFA Capital grants | 21,642 | 7,517 | - | - | - | 29,159 |
| Nursery Grant | 7,157 | 1,651 | (8,131) | - | - | 677 |
| Other Capital Grants | - | 15,295 | (1,886) | 13,000 | - | 26,409 |
| Unrestricted fixed assets | - | - | - | 175,054 | - | 175,054 |
| | <u>1,814,019</u> | <u>24,463</u> | <u>(108,395)</u> | <u>188,054</u> | <u>-</u> | <u>1,918,141</u> |
| Total restricted funds | <u>1,444,019</u> | <u>1,803,929</u> | <u>(1,751,489)</u> | <u>188,054</u> | <u>(257,000)</u> | <u>1,427,513</u> |
| Total of funds | <u>1,731,273</u> | <u>2,082,029</u> | <u>(1,952,134)</u> | <u>-</u> | <u>(257,000)</u> | <u>1,604,168</u> |

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

Restricted:

General Annual Grant - income from the ESFA which is to be used for the normal running costs of the Academy, including education and support costs.

Higher Needs funding - funding received by the Local Authority to fund further support for students with additional needs.

Pupil Premium - income from the ESFA which is to be used to address the current inequalities by ensuring that funding to tackle disadvantage reaches the pupils who need it most.

Universal Infant Free School Meals - represents income for the provision of free school meals to pupils.

Primary Academy Development Chain Grant - represents income to support the academy conversion of primary schools into the Multi Academy Trust.

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

Educational trip income - represents contributions made by parents to cover the cost of educational school trips.

Other Grants - represents income which has been received for other specific purposes.

Academy sponsorship funding - represents income which has been received for the benefit of improving the Trust.

Pension Reserve - represents the Academy's share of the assets and liabilities in the Local Government Pension Scheme.

Fixed assets funds:

Fixed assets transferred on conversion - this represents the buildings and equipment donated to the school from the Local Authority on conversion to an academy.

Fixed assets purchased from GAG - this represents capital assets that have been purchased out of restricted GAG funding.

DfE/ESFA capital grants - this represents funding from the ESFA to cover the maintenance and purchase of the schools assets.

Nursery Grant - this represents funding for capital expenditure on the nursery.

Other capital grants - this represents funding received from non-government bodies to fund the purchase of a minibus for the Academy Trust.

Unrestricted fixed assets - this represents fixed assets funded by unrestricted income.

Transfers between funds:

The transfers between the restricted, unrestricted and restricted fixed asset fund represents the transfer of capital expenditure from the General Annual Grant (GAG) during the year.

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

ANALYSIS OF ACADEMIES BY FUND BALANCE

Fund balances at 31 August 2017 were allocated as follows:

| | Total 2017 £ | Total 2016 £ |
|---|-----------------------------|-----------------------------|
| Hollymount School | 528,117 | 437,027 |
| Carnforth School | 29,151 | - |
| Total before fixed asset fund and pension reserve | 557,268 | 437,027 |
| Restricted fixed asset fund | 4,910,803 | 1,918,141 |
| Pension reserve | (1,467,000) | (751,000) |
| Total | 4,001,071 | 1,604,168 |

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18. STATEMENT OF FUNDS (continued)

ANALYSIS OF ACADEMIES BY COST

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

| | Teaching and educational support staff costs £ | Other support staff costs £ | Educational supplies £ | Other costs excluding depreciation £ | Total 2017 £ | Total 2016 £ |
|-------------------|---|--------------------------------------|------------------------------|---|--------------------|--------------------|
| Hollymount School | 1,515,614 | 244,199 | 44,232 | 284,533 | 2,088,578 | 1,882,632 |
| Carnforth School | 56,224 | 7,183 | - | - | 63,407 | - |
| | <u>1,571,838</u> | <u>251,382</u> | <u>44,232</u> | <u>284,533</u> | <u>2,151,985</u> | <u>1,882,632</u> |

19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

| | Unrestricted funds 2017 £ | Restricted funds 2017 £ | Restricted fixed asset funds 2017 £ | Total funds 2017 £ |
|-------------------------------|------------------------------------|----------------------------------|---|-----------------------------|
| Tangible fixed assets | - | - | 4,885,582 | 4,885,582 |
| Current assets | 371,969 | 396,427 | 25,221 | 793,617 |
| Creditors due within one year | (1,264) | (209,864) | - | (211,128) |
| Pension scheme liability | - | (1,467,000) | - | (1,467,000) |
| | <u>370,705</u> | <u>(1,280,437)</u> | <u>4,910,803</u> | <u>4,001,071</u> |

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

| | Unrestricted funds 2016 £ | Restricted funds 2016 £ | Restricted fixed asset funds 2016 £ | Total funds 2016 £ |
|-------------------------------|------------------------------------|----------------------------------|---|-----------------------------|
| Tangible fixed assets | - | - | 1,888,981 | 1,888,981 |
| Current assets | 176,655 | 578,892 | 29,160 | 784,707 |
| Creditors due within one year | - | (318,520) | - | (318,520) |
| Pension scheme liability | - | (751,000) | - | (751,000) |
| | <u>176,655</u> | <u>(490,628)</u> | <u>1,918,141</u> | <u>1,604,168</u> |

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

| | 2017 £ | 2016 £ |
|---|-----------------|----------------|
| Net income for the year (as per Statement of Financial Activities) | 2,522,903 | 129,895 |
| Adjustment for: | | |
| Depreciation charges | 89,861 | 108,395 |
| Interest received | (361) | (594) |
| Increase in stocks | (4,619) | (3,957) |
| (Increase)/decrease in debtors | (41,108) | 3,221 |
| (Decrease)/increase in creditors | (107,392) | 132,278 |
| Capital grants from DfE and other capital income | (7,873) | (24,463) |
| Defined benefit pension scheme obligation inherited | 516,000 | - |
| Defined benefit pension scheme cost less contributions payable | 58,000 | 5,000 |
| Defined benefit pension scheme finance cost | 16,000 | 19,000 |
| Net (loss) on assets and liabilities from local authority on conversion | (3,094,432) | - |
| Net cash (used in)/provided by operating activities | (53,021) | 368,775 |

21. ANALYSIS OF CASH AND CASH EQUIVALENTS

| | 2017 £ | 2016 £ |
|--------------------------|----------------|----------------|
| Cash at bank and in hand | 590,009 | 641,876 |
| | 590,009 | 641,876 |

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22. CONVERSION TO AN ACADEMY TRUST

On 1 August 2017 The Fairfield Community Primary School converted to Academy Trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to The Black Pear Trust from Worcestershire County Council for £NIL consideration.

The transfer has been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the Balance Sheet under the appropriate headings with a corresponding net amount recognised as net incoming resources in the Statement of Financial Activities as voluntary income.

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

| | Unrestricted funds | Restricted funds | Restricted fixed asset funds | Total funds |
|--------------------------------------|--------------------|------------------|------------------------------|-------------|
| | £ | £ | £ | £ |
| Leasehold land and buildings | - | - | 3,074,650 | 3,074,650 |
| Budget surplus/(deficit) on LA funds | 19,473 | - | - | 19,473 |
| LGPS pension surplus/(deficit) | - | (516,000) | - | (516,000) |
| Net assets/(liabilities) | 19,473 | (516,000) | 3,074,650 | 2,578,123 |

The above net assets include £15,050 that is to be transferred as cash and currently shown as accrued income. A balance of £4,423 was transferred as cash on the date of conversion.

The school has since been renamed as Carnforth School.

23. PENSION COMMITMENTS

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

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

Contributions amounting to £38,673 were payable to the schemes at 31 August 2017 (2016: £22,114) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

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

23. PENSION COMMITMENTS (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
- 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 employer's pension costs paid to TPS in the period amounted to £149,996 (2016: £121,280).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx).

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £110,000 (2016: £96,000), of which employer's contributions totalled £84,000 (2016: £77,000) and employees' contributions totalled £26,000 (2016: £19,000). The agreed contribution rates for future years are 13.8% 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 liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

Principal actuarial assumptions:

| | 2017 | 2016 |
|--|--------|--------|
| Discount rate for scheme liabilities | 2.40 % | 2.10 % |
| Rate of increase in salaries | 3.70 % | 3.30 % |
| Rate of increase for pensions in payment / inflation | 2.20 % | 1.90 % |
| Inflation assumption (CPI) | 2.20 % | 1.80 % |

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

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

| | 2017 | 2016 |
|----------------------|------|------|
| Retiring today | | |
| Males | 22.6 | 23.5 |
| Females | 25.6 | 25.9 |
| Retiring in 20 years | | |
| Males | 24.8 | 25.8 |
| Females | 27.9 | 28.2 |

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

| | Fair value at 31 August 2017 £ | Fair value at 31 August 2016 £ |
|------------------------------|---|---|
| Equities | 457,000 | 293,000 |
| Other bonds | 28,000 | 22,000 |
| Property | 21,000 | 16,000 |
| Cash and other liquid assets | 7,000 | 8,000 |
| Other | 19,000 | 12,000 |
| Total market value of assets | <u>532,000</u> | <u>351,000</u> |

The actual return on scheme assets was £65,000 (2016: £51,000).

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

| | 2017 £ | 2016 £ |
|----------------------|------------------|------------------|
| Current service cost | (142,000) | (82,000) |
| Interest income | 7,000 | 9,000 |
| Interest cost | (23,000) | (28,000) |
| Total | <u>(158,000)</u> | <u>(101,000)</u> |

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23. PENSION COMMITMENTS (continued)

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

| | 2017 £ | 2016 £ |
|------------------------------------|------------------|------------------|
| Opening defined benefit obligation | 1,102,000 | 676,000 |
| Upon conversion | 649,000 | - |
| Current service cost | 142,000 | 82,000 |
| Interest cost | 23,000 | 28,000 |
| Employee contributions | 26,000 | 19,000 |
| Actuarial losses | 57,000 | 297,000 |
| | <u>1,999,000</u> | <u>1,102,000</u> |
| Closing defined benefit obligation | <u>1,999,000</u> | <u>1,102,000</u> |

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

| | 2017 £ | 2016 £ |
|-------------------------------------|----------------|----------------|
| Opening fair value of scheme assets | 351,000 | 206,000 |
| Upon conversion | 133,000 | - |
| Interest income | 8,000 | 10,000 |
| Actuarial gains/(losses) | (69,000) | 40,000 |
| Employer contributions | 84,000 | 77,000 |
| Employee contributions | 26,000 | 19,000 |
| Administration expenses | (1,000) | (1,000) |
| | <u>532,000</u> | <u>351,000</u> |
| Closing fair value of scheme assets | <u>532,000</u> | <u>351,000</u> |

24. OPERATING LEASE COMMITMENTS

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

| | 2017 £ | 2016 £ |
|-------------------------|--------------|--------------|
| AMOUNTS PAYABLE: | | |
| Within 1 year | 2,288 | 2,288 |
| Between 1 and 5 years | 3,432 | - |
| | <u>5,720</u> | <u>2,288</u> |
| Total | <u>5,720</u> | <u>2,288</u> |

25. MEMBERS' LIABILITY

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

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26. GENERAL INFORMATION

The Black Pear Trust is a company limited by guarantee, incorporated in England and Wales. The registered office is Hollymount Road, Worcester, Worcestershire, WR4 9SG.

27. RELATED PARTY TRANSACTIONS

Owing to the nature of the Academy Trust's operations and the composition of the Board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which a 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:

The Black Pear Trust purchased £1,240 (2016: £2,556) worth of services from Independent Education & Technology Associates Ltd, a company limited by guarantee and not for profit, of which Mr P D Shoesmith is a director. The amount outstanding at the year-end was £NIL (2016: £NIL).