

Company Registration No. 08922806 (England and Wales)

THE SANDON TRUST
(A COMPANY LIMITED BY GUARANTEE)
TRUSTEES' REPORT AND AUDITED ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2018

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



THE SANDON TRUST

CONTENTS

	Page
Reference and administrative details	1
Trustees' report	2 – 6
Governance statement	7 – 8
Statement on regularity, propriety and compliance	9
Statement of trustees' responsibilities	10
Independent auditor's report on the accounts	11 – 13
Independent reporting accountant's report on regularity	14 – 15
Statement of financial activities including income and expenditure account	16
Balance sheet	17
Statement of cash flows	18
Notes to the accounts including accounting policies	19 – 38

THE SANDON TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Trustees

Mr I Bagnall (Chair of trustees)
Mrs R Beckett (Accounting officer)
Miss K Dailey
Mr D Blundred (appointed September 2017)
Miss N Hart (resigned March 2017/reappointed March 2018)
Mr P Harbron
Mrs A Gill
Mrs J Dale (resigned November 2017)
Mrs E Mason (nee Hart)
Ms C Fallows
Mr S Cooper
Mrs K Reynolds
Miss J Brian
Mrs A Carey (appointed September 2017)

Members

Mrs N McIntyre
Mrs R Beckett
Mr I Bagnall
Mr R Ford

Senior management team

- Principal	Mrs R Beckett
- Deputy Principal	Mrs G Beckett
- Deputy Principal	Mrs E Kiddle
- Special Educational Needs Co-Ordinator	Mrs K Procter

Company registration number

08922806 (England and Wales)

Registered office

c/o Sandon Primary Academy
Normacot Grange Road
Meir
Stoke-on-Trent
ST3 7AW

Independent auditor

Haines Watts, Bridge House, Ashley Road, Hale, Altrincham, WA14 2UT

Bankers

Lloyds Bank, PO Box 3, Queens Square, Wolverhampton, WV1 1RF

Solicitors

Cook Lawyers, Barons Court, Manchester Road, Wilmslow, Cheshire, SK9 1BQ

THE SANDON TRUST

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2018

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year 1 September 2017 to 31 August 2018. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The trust operates a primary academy for pupils aged 4 -11 serving a catchment area in Meir, Stoke on Trent. It has a pupil capacity of 420 and had a roll of 401 on the school census in May 2018.

Structure, governance and management

Constitution

The academy trust is a company limited by guarantee with no share capital at its registered address, Normacot Grange Road, Meir, Stoke-on-Trent, ST3 7AW, incorporated in England and Wales with registration number 08922806. It is also an exempt charity. The company commenced operation as an academy on 1 May 2014. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The trustees of The Sandon Trust are also the directors of the charitable company for the purposes of company law. The charitable company is known as The Sandon Trust.

Details of the trustees who served during the year are included in the reference and administrative details on page 1.

Members' liability

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

Trustees' indemnities

In accordance with normal commercial practice the academy has purchased professional indemnity and directors' and officers' insurance to protect the trustees and officers from claims arising from negligence, errors or omissions occurring whilst on academy business. The insurance cover provided for trustees and officers is up to £1,000,000 on any one claim. Further details are given in note 10.

Method of recruitment and appointment or election of trustees

The academy trust should have the following trustees as set out in its articles of association and funding agreement:

- A minimum of 2 parent trustees (governors) who are elected by the trust.
- A minimum of 2 trustees (governors) elected by the trust who are representatives of the community.

Any new trustee (governor) would be appointed based on an assessment of the member's skill set.

Policies and procedures adopted for the induction and training of trustees

Trustees have access to a comprehensive training package and receive a full induction in accordance with the academy's trustees' induction document.

Organisational structure

The governance of the academy trust is defined in the memorandum and articles of association together with the funding agreement with the Department for Education. The trustees are responsible for setting general policy, adopting an annual plan and budget, approving the statutory accounts, monitoring the academy by the use of budgets and other data, and making major decisions about the direction of the academy, capital expenditure and senior staff appointments.

The board of trustees has devolved responsibility for day to day management of the academy to the principal and senior leadership team (SLT). The SLT comprises the principal, vice principals, assistant principal and SENCO. The SLT implement the policies ratified. The principal is the accounting officer.

Arrangements for setting pay and remuneration of key management personnel

Arrangements for setting the pay of the academy's key management personnel is based upon clear performance management targets and pupil outcomes. Pay is benchmarked against other academies of a similar size and socio-demographics.

THE SANDON TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Trade union facility time

The academy currently employs 28 full time equivalent staff; therefore there is no requirement for union facility time analysis.

Related parties and other connected charities and organisations

The Sandon Trust is connected to Townsend and Renaudon Chartered Surveyors as defined by the relevant Charities SORP with which it has transacted. The members, trustees, senior staff and their families are regarded as related parties in accordance with the definitions in the Charities SORP.

Objectives and activities

Objects and aims

Objects and aims of the academy as laid down in its articles of association are to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing schools offering a broad and balanced curriculum.

Objectives, strategies and activities

At The Sandon Trust we teach '*Respect for Self, Respect for Others and Responsibility for Actions*' and this ethos is threaded throughout all of the key objectives and strategies. To this end the academy aims to provide:

- Positive teaching and learning activities for all children to ensure they reach their full potential.
- A unique, enriched learning environment which supports an engaging, bespoke curriculum.
- Accurate assessment and tracking of pupil progress, in particular vulnerable groups.

A continuing strategy utilised by the trust to ensure that the academy's objectives are met is the employment of additional qualified teaching staff to reduce class sizes. This strategy has had a significant impact on progress and attainment levels across all year groups as teaching is precisely targeted to meet the needs of all learners. Measurable outcomes at the end of Key Stage 2 demonstrate the impact of small classes as the percentage of pupils who achieved the expected standard in reading, writing and mathematics is above or broadly in line with national averages and progress measures are significantly above floor standards for 2018.

The learning environment provides pupils with enriched experiences which brings their learning to life in practical and creative lessons.

Public benefit

The trustees confirm that they have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission in exercising their powers or duties.

Examples of activities in which the academy trust has ensured charitable purposes for the public benefit include the following:

- Providing free school uniform vouchers for all pupils.
- Holding a wide range of events for the benefit of the local community - Summer Carnival, Christmas and other seasonal experiences.
- Subsidising school trips, visits and residential visits for all pupils.

THE SANDON TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Strategic report

Achievements and performance

Assessment point		2018 % Achieved	2017 % Achieved
End of Foundation Stage - Good Level of Development		72%	68%
Year 1 Phonics Check		80%	70%
End of Key Stage 1	Reading	72%	75%
	Writing	67%	68%
	Mathematics	74%	76%
End of Key Stage 2	Reading	64%	71%
	Writing	90%	76%
	Mathematics	70%	75%
	GPS	78%	77%

The assessment data for GLD at the end of Reception is in line with national averages and above last year's performance figures. The number of pupils passing the Year 1 phonics check has also increased when compared to last year's measures and is now in line with national statistics. Phonics in particular has been an action on the School Development Plan, this increase demonstrates that the academy has utilised its resources effectively to improve outcomes. The percentage of pupils achieving the expected standard in Reading, Writing and Mathematics at the end of Key Stage 1 is broadly in line with last year's performance and national figures. Demonstrating sustained performance across Key Stage One.

Key Stage Two Progress measures 2018 (Provisional)		
	National Floor Standards	School
Progress Reading	-5	+0.25
Progress Writing	-7	+0.8
Progress Mathematics	-5	+0.5

The table above shows the average progress that the 2018, Year 6 cohort made from the end of Key Stage 1 to the end of Key Stage 2 in Reading, Writing and Mathematics. These are compared to national floor standards. This demonstrates that the academy is sustaining good rates of progress across the school in all subjects.

Key performance indicators

Analysis of pupil progress data and attainment demonstrate that the board of trustees has utilised its financial resources including the Pupil Premium Grant to ensure that all pupils achieve well and make at least good progress from starting points.

Whole school attendance is 96.1% which is above both national and local averages. The academy has utilised its resources to provide additional Education Welfare Officers to support attendance.

Going concern

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

THE SANDON TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Financial review

Most of the academy's income is obtained from the ESFA in the form of recurrent grants, some of which are restricted to particular purposes.

Total income for the year is £2,361,000 over total expenditure of £2,114,000.

Reserves policy

The trustees review the reserve levels of the academy annually. This review encompasses the nature of income and expenditure stream, the need to match income with commitments and the nature of reserves. The trustees have determined that the usual appropriate level of free reserves should be equivalent to 1 month of the GAG, approximately £144,500. 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.

Restricted general funds excluding the pension reserve carried forward are £498k being £214k unspent ESFA grants and £284k designated swimming pool fund. Unrestricted funds carried forward are £96k. Total free funds carried forward for the academy are £310k excluding the £284k designated swimming pool monies.

Investment policy

The academy will look to invest any surplus funds it has in short term deposits which, whilst not generating substantial returns, do ensure that the academy can gain easy access to its funds and minimise its exposure to any losses.

Principal risks and uncertainties

The financial risks to which The Sandon Trust is exposed relate primarily to:

- Changes in government legislation.
- Potential of reduced funding and cash flow.
- Reduction in pupil numbers.

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

At the year end, the academy had no significant liabilities arising from trade creditors or debtors where there would be a significant effect on liquidity.

The board of trustees recognises that the defined benefit scheme deficit (Local Government Pension Scheme) represents a significant potential liability. However, as the trustees consider that the academy is able to meet its known annual contribution commitments for the foreseeable future, the risk from this liability is minimised. The academy trust has recognised its share of the Local Government Pension Scheme assets and liabilities in accordance with Financial Reporting Standard 102. A deficit has been recognised at 31 August 2018.

Fundraising

The academy does not partake in charity fundraising at this present time.

Plans for future periods

The board of trustees has the following priorities set for further development:

- Design and build nursery extension approximately £100,000 (completion November 2018).
- Pool car park (approximate completion July 2019).

THE SANDON TRUST

TRUSTEES' REPORT (CONTINUED)

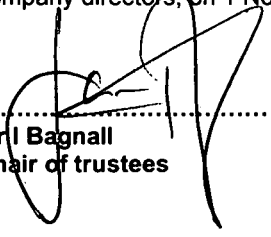
FOR THE YEAR ENDED 31 AUGUST 2018

Auditor

Insofar as the trustees are aware:

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

This trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 1 November 2018 and signed on the board's behalf by:



.....
Mr I Bagnall
Chair of trustees

THE SANDON TRUST

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2018

Scope of responsibility

As trustees we acknowledge we have overall responsibility for ensuring that The Sandon 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 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 Sandon 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 4 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
Mr I Bagnall (Chair of trustees)	4	4
Mrs R Beckett (Accounting officer)	4	4
Mrs M Clarey (appointed September 2017)	1	4
Mr D Blundred (appointed September 2017)	1	4
Miss N Hart (resigned 1 March 2017/ reappointed 7 March 2018)	1	2
Mr P Harbron	4	4
Mrs A Gill	3	4
Mrs J Dale (resigned November 2017)	1	2

Governor	Meetings attended	Out of a possible
Miss K Dailey	2	2
Mrs E Mason (nee Hart)	2	2
Ms C Fallows	0	2
Mr S Cooper	1	2
Mrs K Reynolds	2	2
Miss J Brian	1	2

As a result of a review of the trustees' skills audit in November 2017, the trust has stayed stable.

Review of value for money

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

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

- Continuing to review the cost and quality of wholesale catering/ cleaning suppliers to ensure best value.

THE SANDON TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Sandon Trust for the period 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The board of trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

The risk and control framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- regular reviews by the finance and general purposes committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties; and
- 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 trust does receive financial support and a responsible officer is appointed to give advice on financial matters and performing a range of checks on the academy trust's financial systems. In particular the checks carried out in the current period included:

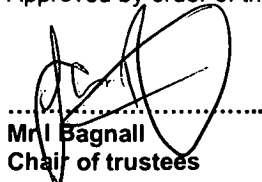
- testing and reviewing of payroll systems;
- reviewing expenditure and monitoring income;
- testing and reviewing of purchase systems; and
- refining procedures through termly internal assurance reports which are acted upon accordingly.

Review of effectiveness

As accounting officer the 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 reviewer;
- the work of the external auditor;
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

Approved by order of the members of the board of trustees on 1 November 2018 and signed on its behalf by:


.....
Mr I Bagnall
Chair of trustees


.....
Mrs R Beckett
Accounting officer

THE SANDON TRUST

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

FOR THE YEAR ENDED 31 AUGUST 2018

As accounting officer of The Sandon Trust I have considered my responsibility to notify the academy trust board of trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, 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 2017.

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

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



Mrs R Beckett
Accounting officer

Date: 1/11/18

THE SANDON TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2018

The trustees (who are also the directors of The Sandon Trust for the purposes of company law) are responsible for preparing the trustees' report and the accounts in accordance with the Annual Accounts Direction issued by the Education & 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 accounts for each financial year. Under company law the trustees must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period.

In preparing these accounts, the trustees are required to:

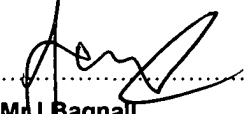
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

The trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring that grants received from 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 accounts may differ from legislation in other jurisdictions.

Approved by order of the members of the board of trustees on 1 November 2018 and signed on its behalf by:


.....
Mr I Bagnall
Chair of trustees

THE SANDON TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE SANDON TRUST

FOR THE YEAR ENDED 31 AUGUST 2018

Opinion

We have audited the accounts of The Sandon Trust for the year ended 31 August 2018 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

In our opinion the accounts:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The other information comprises the information included in the annual report, other than the accounts and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the accounts 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 accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts 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 accounts 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.

THE SANDON TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE SANDON TRUST (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report including the incorporated strategic report for the financial year for which the accounts are prepared is consistent with the accounts; and
- the trustees' report including the incorporated strategic report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the academy trust and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report, including the incorporated strategic report.

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

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

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities, the trustees are responsible for the preparation of the accounts 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 accounts that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the accounts

Our objectives are to obtain reasonable assurance about whether the accounts 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 accounts.

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

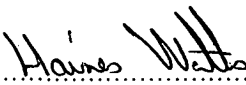
THE SANDON TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE SANDON TRUST (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Use of our report

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


.....

John Whittick BSc FCA (Senior Statutory Auditor)

for and on behalf of Haines Watts

Chartered Accountants

Statutory Auditor


Bridge House

Ashley Road

Hale

Altrincham

Cheshire WA14 2UT

Date: 
.....

THE SANDON TRUST

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

FOR THE YEAR ENDED 31 AUGUST 2018

In accordance with the terms of our engagement letter dated 20 September 2016 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Sandon Trust during the period 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to The Sandon Trust and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to The Sandon Trust and 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 Sandon Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of The Sandon Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of The Sandon Trust's funding agreement with the Secretary of State for Education dated 30 April 2014 and the Academies Financial Handbook, extant from 1 September 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

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

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

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

THE SANDON TRUST

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE SANDON TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY (CONTINUED)

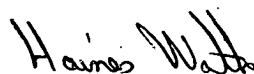
FOR THE YEAR ENDED 31 AUGUST 2018

The work undertaken to draw to our conclusion includes:

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

Conclusion

In the course of our work nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2017 to 31 August 2018 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Haines Watts
Reporting Accountant

Dated: 1/1/18

THE SANDON TRUST

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

FOR THE YEAR ENDED 31 AUGUST 2018

	Notes	Unrestricted Funds £000	Restricted funds: General £000	Fixed asset £000	Total 2018 £000	Total 2017 £000
Income and endowments from:						
Donations and capital grants	2	-	6	9	15	24
Charitable activities:						
- Funding for educational operations	3	-	2,260	-	2,260	2,139
Other trading activities	4	77	8	-	85	52
Investments	5	1	-	-	1	1
Total		<u>78</u>	<u>2,274</u>	<u>9</u>	<u>2,361</u>	<u>2,216</u>
Expenditure on:						
Raising funds	6	3	-	-	3	8
Charitable activities:						
- Educational operations	7	-	2,014	97	2,111	1,942
Total	6	<u>3</u>	<u>2,014</u>	<u>97</u>	<u>2,114</u>	<u>1,950</u>
Net income/(expenditure)		75	260	(88)	247	266
Transfers between funds	15	-	(12)	12	-	-
Other recognised gains/(losses)						
Actuarial gains on defined benefit pension schemes	16	-	134	-	134	37
Net movement in funds		75	382	(76)	381	303
Reconciliation of funds						
Total funds brought forward		<u>21</u>	<u>336</u>	<u>1,435</u>	<u>1,792</u>	<u>1,489</u>
Total funds carried forward		<u>96</u>	<u>718</u>	<u>1,359</u>	<u>2,173</u>	<u>1,792</u>

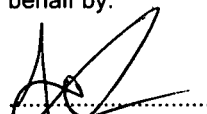
THE SANDON TRUST

BALANCE SHEET

AS AT 31 AUGUST 2018

	Notes	2018 £000	2017 £000
Fixed assets			
Tangible assets	11	2,109	1,461
Current assets			
Debtors	12	126	74
Cash at bank and in hand		571	953
		697	1,027
Current liabilities			
Creditors: amounts falling due within one year	13	(103)	(106)
Net current assets		594	921
Net assets excluding pension liability		2,703	2,382
Defined benefit pension scheme liability	16	(530)	(590)
Net assets		2,173	1,792
Funds of the academy trust:			
Restricted funds	15		
- Fixed asset funds		1,359	1,461
- Restricted income funds		1,248	900
- Pension reserve		(530)	(590)
Total restricted funds		2,077	1,771
Unrestricted income funds	15	96	21
Total funds		2,173	1,792

The accounts were approved by the trustees and authorised for issue on 1 November 2018 and are signed on their behalf by:


 Mr Bagnall
 Chair of trustees

Company Number 08922806

THE SANDON TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2018

	Notes	2018 £000	2017 £000
Cash flows from operating activities			
Net cash provided by operating activities	18	353	447
Cash flows from investing activities			
Dividends, interest and rents from investments		1	1
Capital grants from DfE Group		9	8
Capital funding received from sponsors and others		-	8
Purchase of tangible fixed assets		(745)	(70)
Net cash used in investing activities		(735)	(53)
Net (decrease)/increase in cash and cash equivalents in the reporting period		(382)	394
Cash and cash equivalents at beginning of the year		953	559
Cash and cash equivalents at end of the year		571	953

THE SANDON TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

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

1.1 Basis of preparation

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

The Sandon Trust meets the definition of a public benefit entity under FRS 102.

1.2 Going concern

The trustees assess whether the use of going concern is appropriate, ie whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charitable company to continue as a going concern. The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the accounts 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 accounts.

1.3 Income

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

Grants receivable

Grants are included in the statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of meeting any performance-related conditions 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 period for which it is receivable, and any abatement in respect of the period is deducted from income and recognised as a liability.

Donations

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

Other income

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

THE SANDON TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

Donated goods, facilities and services

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

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

1.4 Expenditure

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

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

This includes all expenditure incurred by the academy trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

Charitable activities

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

1.5 Tangible fixed assets and depreciation

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the statement of financial activities and carried forward in the balance sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the statement of financial activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the academy trust's depreciation policy. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

THE SANDON TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

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

Long leasehold property	50 years straight line
Long leasehold land	nil
Leasehold improvements	50 years straight line
Computer equipment	3 years straight line
Fixtures, fittings & equipment	5 years straight line
Motor vehicles	4 years reducing balance

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

1.6 Liabilities

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

1.7 Leasing and hire purchase commitments

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

1.8 Taxation

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

1.9 Pensions benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a projected unit method. The TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions are recognised in the period to which they relate...

THE SANDON TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

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

1.10 Fund accounting

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

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

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

1.11 PFI arrangements

The academy has a PFI arrangement in place which covers maintenance and facility management arrangements. Payments are accounted for in the period to which they relate.

1.12 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 16, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

THE SANDON TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

2 Donations and capital grants

	Unrestricted funds £000	Restricted funds £000	Total 2018 £000	Total 2017 £000
Capital grants	-	9	9	8
Other donations	-	6	6	16
	<u>-</u>	<u>15</u>	<u>15</u>	<u>24</u>

The income from donations and capital grants was £15,000 (2017: £24,000) of which £6,000 was restricted (2017: £16,000) and £9,000 was restricted fixed assets (2017: £8,000).

3 Funding for the academy trust's educational operations

	Unrestricted funds £000	Restricted funds £000	Total 2018 £000	Total 2017 £000
DfE / ESFA grants				
General annual grant (GAG)	-	1,738	1,738	1,698
Other DfE / ESFA grants	-	372	372	368
	<u>-</u>	<u>2,110</u>	<u>2,110</u>	<u>2,066</u>
Other government grants				
Local authority grants	-	150	150	73
	<u>-</u>	<u>150</u>	<u>150</u>	<u>73</u>
Total funding	<u>-</u>	<u>2,260</u>	<u>2,260</u>	<u>2,139</u>

The income from funding for educational operations was £2,260,000 (2017: £2,139,000) of which £2,260,000 was restricted (2017: £2,139,000).

The academy trust received £150,000 from the local authority in the year, being £50,000 for the management of Grange Nursery School, £9,000 pupil premium funding, £9,000 Little Sandon Fees, £11,000 Essential Lifeskills Funding, £12,000 Early Years Funding, £6,000 of other income and £53,000 High Needs funding. There were no unfulfilled conditions or other contingencies relating to the grants in the year.

THE SANDON TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

4 Other trading activities

	Unrestricted funds £000	Restricted funds £000	Total 2018 £000	Total 2017 £000
Catering income	18	-	18	18
School trips income	-	8	8	9
Other income	59	-	59	25
	<u>77</u>	<u>8</u>	<u>85</u>	<u>52</u>

The income from other trading activities was £85,000 (2017: £52,000) of which £77,000 was unrestricted (2017: £43,000) and £8,000 was restricted (2017: £9,000).

5 Investment income

	Unrestricted funds £000	Restricted funds £000	Total 2018 £000	Total 2017 £000
Short term deposits	<u>1</u>	<u>-</u>	<u>1</u>	<u>1</u>

The income from funding for investment income was £1,000 (2017: £1,000) of which £1,000 was unrestricted (2017: £1,000).

6 Expenditure

	Staff costs £000	Premises & equipment £000	Other costs £000	Total 2018 £000	Total 2017 £000
Academy's educational operations					
- Direct costs	1,261	87	129	1,477	1,449
- Allocated support costs	335	142	157	634	493
	<u>1,596</u>	<u>229</u>	<u>286</u>	<u>2,111</u>	<u>1,942</u>
Other expenditure					
Raising funds	<u>-</u>	<u>-</u>	<u>3</u>	<u>3</u>	<u>8</u>
Total expenditure	<u>1,596</u>	<u>229</u>	<u>289</u>	<u>2,114</u>	<u>1,950</u>

The expenditure on raising funds was £3,000 (2017: £8,000) of which £3,000 was unrestricted (2017: £8,000).

THE SANDON TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

6 Expenditure

Net income/(expenditure) for the year includes:	2018 £000	2017 £000
Fees payable to auditor for:		
- Audit	5	6
- Other services	6	3
Operating lease rentals	3	3
Depreciation of tangible fixed assets	97	113

7 Charitable activities

	2018 £000	2017 £000
All from restricted funds:		
Direct costs - educational operations	1,477	1,449
Support costs - educational operations	634	493
	<u>2,111</u>	<u>1,942</u>

Analysis of costs	2018 £000	2017 £000
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Direct costs

Teaching and educational support staff costs	1,242	1,221
Staff development	19	1
Depreciation and amortisation	87	102
Technology costs	6	9
Educational supplies and services	92	94
Other direct costs	31	22
	<u>1,477</u>	<u>1,449</u>

Support costs

Support staff costs	335	229
Depreciation and amortisation	10	11
Technology costs	14	6
Maintenance of premises and equipment	132	121
Cleaning	2	17
Rent and rates	3	3
Insurance	12	12
Catering	29	28
Interest on pension deficit	15	12
Other support costs	62	40
Governance costs	20	14
	<u>634</u>	<u>493</u>

THE SANDON TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

7 Charitable activities

The expenditure on educational operations was £2,111,000 (2017: £1,942,000) of which £nil was unrestricted (2017: £nil), £2,014,000 was restricted (2017: £1,829,000) and £97,000 was restricted fixed assets (2017: £113,000).

Maintenance of premises includes PFI charges totalling £99,000 (2017: £75,000). These amounts are paid to the local authority, are index linked and the academy is committed to these payments until 2020.

8 Staff

Staff costs

Staff costs during the year were:

	2018 £000	2017 £000
Wages and salaries	1,196	1,108
Social security costs	108	100
Pension costs	269	235
Staff costs	1,573	1,443
Staff restructuring costs	2	3
Staff development and other staff costs	21	5
Total staff expenditure	1,596	1,451
Staff restructuring costs comprise:		
Redundancy payments	2	3

Staff numbers

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

	2018 Number	2017 Number
Teachers	17	19
Administration and support	30	29
Management	4	5
	51	53

THE SANDON TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

8 Staff

Higher paid staff

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

	2018 Number	2017 Number
£70,001 - £80,000	1	1

Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £259,000 (2017: £280,000).

9 Trustees' remuneration and expenses

The principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment, and not in respect of their services as trustees. Other trustees did not receive any payments, other than expenses, from the academy trust in respect of their role as trustees.

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

R Beckett (Principal and trustee)

Remuneration £75,001 - £80,000 (2017: £70,001 - £75,000)

Employer's pension contributions £10,001 - £15,000 (2017: £10,001 - £15,000)

During the period ended 31 August 2018, no travel and subsistence expenses (2017: £nil) were reimbursed or paid directly to trustees (2017: 0 trustees).

Other related party transactions involving the trustees are set out in note 21.

10 Trustees and officers insurance

In accordance with normal commercial practice, the academy trust has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy trust business. The insurance provides cover up to £1,000,000 on any one claim. The cost for this is included in the total insurance costs, but forms part of a combined premium for which there are no further details.

THE SANDON TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

11 Tangible fixed assets

	Long leasehold property	Leasehold improvements	Computer equipment	Fixtures, fittings & equipment	Motor vehicles	Assets under construction	Total
	£000	£000	£000	£000	£000	£000	£000
Cost							
At 1 September	1,278	55	144	241	21	18	1,757
Additions	-	-	7	14	-	724	745
At 31 August 2018	1,278	55	151	255	21	742	2,502
Depreciation							
At 1 September	80	3	107	98	8	-	296
Charge for the year	24	1	20	49	3	-	97
At 31 August 2018	104	4	127	147	11	-	393
Net book value							
At 31 August 2018	1,174	51	24	108	10	742	2,109
At 31 August 2017	1,198	52	37	143	13	18	1,461

The net book value of land and buildings comprises:

	2018 £000	2017 £000
Long leaseholds (over 50 years)	1,174	1,198
12 Debtors	2018 £000	2017 £000
VAT recoverable	62	4
Prepayments and accrued income	64	70
	126	74
13 Creditors: amounts falling due within one year	2018 £000	2017 £000
Other taxation and social security	33	28
Other creditors	26	25
Accruals and deferred income	44	53
	103	106

THE SANDON TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

14	Deferred income	2018 £000	2017 £000
	Deferred income is included within:		
	Creditors due within one year	21	25
		<u>21</u>	<u>25</u>
	Deferred income at 1 September 2017	25	27
	Released from previous years	(25)	(27)
	Amounts deferred in the year	21	25
		<u>21</u>	<u>25</u>
	Deferred income at 31 August 2018	21	25

At the balance sheet date, the academy trust was holding £21,159 (2017: £25,110) received in advance for Universal Infant Free School Meals grant.

15	Funds	Balance at 1 September 2017 £000	Income £000	Expenditure £000	Gains, losses and transfers £000	Balance at 31 August 2018 £000
	Restricted general funds					
	General Annual Grant (GAG)	24	1,738	(1,678)	(84)	-
	Other DfE / ESFA grants	51	372	(96)	(113)	214
	Other government grants	4	150	(157)	3	-
	Designated swimming pool fund	821	-	-	(537)	284
	Other restricted funds	-	14	(9)	(5)	-
	Pension reserve	(590)	-	(74)	134	(530)
		<u>310</u>	<u>2,274</u>	<u>(2,014)</u>	<u>(602)</u>	<u>(32)</u>
	Restricted fixed asset funds					
	Transfer on conversion	1,217	-	(34)	-	1,183
	DfE group capital grants	60	9	(16)	-	53
	Capital expenditure from GAG	158	-	(47)	12	123
	Sensory garden sponsored by Tesco	8	-	-	-	8
	Swimming pool	18	-	-	724	742
		<u>1,461</u>	<u>9</u>	<u>(97)</u>	<u>736</u>	<u>2,109</u>
	Total restricted funds	1,771	2,283	(2,111)	134	2,077
	Unrestricted funds					
	General funds	21	78	(3)	-	96
		<u>21</u>	<u>78</u>	<u>(3)</u>	<u>-</u>	<u>96</u>
	Total funds	1,792	2,361	(2,114)	134	2,173

THE SANDON TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

15 Funds

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

Restricted general funds are those resources that have been designated restricted by the grant provider in meeting the objects of the academy and are restricted to both the day to day running of the academy and capital expenditure.

Designated funds are those resources which have been designated restricted by the trustees for the purpose of building a new swimming pool on the academy's premises.

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

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

The transfer from General Annual Grant restricted general fund to restricted fixed asset funds is to meet the cost of fixed asset additions for which there was no specific capital funding in the year.

£537,000 was transferred from the designated swimming pool fund to the swimming pool restricted fixed assets fund for the build costs taken place in 2017/18.

£187,000 was transferred from GAG funds to the swimming restricted fixed assets fund for the build costs taken place in 2017/18.

£12,000 was transferred from GAG funds to the restricted fixed asset fund for the purchase of capital additions through GAG expenditure.

Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2018.

THE SANDON TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

15 Funds

Comparative information in respect of the preceding period is as follows:

	Balance at 1 September 2016 £000	Income £000	Expenditure £000	Gains, losses and transfers £000	Balance at 31 August 2017 £000
Restricted general funds					
General Annual Grant (GAG)	176	1,698	(1,587)	(263)	24
Other DfE / ESFA grants	18	368	(65)	(270)	51
Other government grants	44	73	(113)	-	4
Designated swimming pool fund	300	-	-	521	821
Other restricted funds	-	17	(17)	-	-
Pension reserve	(580)	-	(47)	37	(590)
	<u>(42)</u>	<u>2,156</u>	<u>(1,829)</u>	<u>25</u>	<u>310</u>
Restricted fixed asset funds					
Transfer on conversion	1,251	-	(34)	-	1,217
DfE group capital grants	68	8	(16)	-	60
Capital expenditure from GAG	184	-	(63)	37	158
Sensory garden sponsored by Tesco	-	8	-	-	8
Swimming pool	-	-	-	18	18
	<u>1,503</u>	<u>16</u>	<u>(113)</u>	<u>55</u>	<u>1,461</u>
Total restricted funds	<u>1,461</u>	<u>2,172</u>	<u>(1,942)</u>	<u>80</u>	<u>1,771</u>
Unrestricted funds					
General funds	<u>28</u>	<u>44</u>	<u>(8)</u>	<u>(43)</u>	<u>21</u>
Total funds	<u>1,489</u>	<u>2,216</u>	<u>(1,950)</u>	<u>37</u>	<u>1,792</u>

THE SANDON TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

15 Funds

A current year 12 months and prior year 12 months combined position is as follows:

	Balance at 1 September 2016 £000	Income £000	Expenditure £000	Gains, losses and transfers £000	Balance at 31 August 2018 £000
Restricted general funds					
General Annual Grant (GAG)	176	3,436	(3,265)	(347)	-
Other DfE / ESFA grants	18	740	(161)	(383)	214
Other government grants	44	223	(270)	3	-
Designated swimming pool fund	300	-	-	(16)	284
Other restricted funds	-	31	(26)	(5)	-
Pension reserve	(580)	-	(121)	171	(530)
	<u>(42)</u>	<u>4,430</u>	<u>(3,843)</u>	<u>(577)</u>	<u>(32)</u>
Restricted fixed asset funds					
Transfer on conversion	1,251	-	(68)	-	1,183
DfE group capital grants	68	17	(32)	-	53
Capital expenditure from GAG	184	-	(110)	49	123
Sensory garden sponsored by Tesco	-	8	-	-	8
Swimming pool	-	-	-	742	742
	<u>1,503</u>	<u>25</u>	<u>(210)</u>	<u>791</u>	<u>2,109</u>
Total restricted funds	<u>1,461</u>	<u>4,455</u>	<u>(4,053)</u>	<u>214</u>	<u>2,077</u>
Unrestricted funds					
General funds	<u>28</u>	<u>122</u>	<u>(11)</u>	<u>(43)</u>	<u>96</u>
Total funds	<u>1,489</u>	<u>4,577</u>	<u>(4,064)</u>	<u>171</u>	<u>2,173</u>

THE SANDON TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

16 Pensions and similar obligations

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and that of the LGPS related to the period ended 31 March 2016.

Contributions amounting to £25,684 were payable to the schemes at 31 August 2018 (2017: £25,095) 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' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

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

Valuation of the Teachers' Pension Scheme

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

The key elements of the valuation and subsequent consultation are:

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

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

The pension costs paid to the TPS in the period amounted to £130,000 (2017: £123,000).

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

THE SANDON TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

16 Pensions and similar obligations

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

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 21.2 per cent for employers and between 5 and 12 per cent for employees. The estimated value of employer contributions for the forthcoming year is £82,000.

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.

Total contributions made	2018 £000	2017 £000
Employer's contributions	84	77
Employees' contributions	20	21
Total contributions	104	98
Principal actuarial assumptions	2018 %	2017 %
Rate of increases in salaries	2.8	2.8
Rate of increase for pensions in payment	2.4	2.4
Discount rate	2.8	2.5

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

Sensitivity analysis

Changes in assumptions at 31 August 2018	Approximate % increase to employer liability	Approximate monetary amount (£000)
0.5% decrease in Real Discount Rate	13%	177
0.5% increase in the Salary Increase Rate	2%	29
0.5% increase in the Pension Increase Rate	11%	146

THE SANDON TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

16 Pensions and similar obligations

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

	2018 Years	2017 Years
Retiring today		
- Males	22.1	22.1
- Females	24.4	24.4
Retiring in 20 years		
- Males	24.1	24.1
- Females	26.4	26.4

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

	2018 Fair value £000	2017 Fair value £000
Equities	565	505
Bonds	153	80
Property	65	53
Other assets	24	27
Total market value of assets	807	665

Actual return on scheme assets - gain/(loss)	48	61
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Amounts recognised in the statement of financial activities

	2018 £000	2017 £000
Current service cost (net of employee contributions)	143	112
Net interest cost	15	12

Changes in the present value of defined benefit obligations

	2018 £000	2017 £000
Obligations at 1 September 2017	1,255	1,095
Current service cost	143	112
Interest cost	33	23
Employee contributions	20	21
Actuarial loss	(104)	13
Benefits paid	(10)	(9)
At 31 August 2018	1,337	1,255

THE SANDON TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

16 Pensions and similar obligations

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

	2018 £000	2017 £000
Assets at 1 September 2017	665	515
Interest income	18	11
Return on plan assets (excluding amounts included in net interest): Actuarial gain	30	50
Employer contributions	84	77
Employee contributions	20	21
Benefits paid	(10)	(9)
At 31 August 2018	807	665

17 Analysis of net assets between funds

	Unrestricted Funds £000	Restricted funds: General £000	Fixed asset £000	Total 2018 £000
Fund balances at 31 August 2018 are represented by:				
Tangible fixed assets	(21)	21	2,109	2,109
Current assets	(733)	1,430	-	697
Creditors falling due within one year	850	(203)	(750)	(103)
Defined benefit pension liability	-	(530)	-	(530)
	96	718	1,359	2,173
	Unrestricted Funds £000	Restricted funds: General £000	Fixed asset £000	Total 2017 £000
Fund balances at 31 August 2017 are represented by:				
Tangible fixed assets	-	-	1,461	1,461
Current assets	21	1,006	-	1,027
Creditors falling due within one year	-	(106)	-	(106)
Defined benefit pension liability	-	(590)	-	(590)
	21	310	1,461	1,792

THE SANDON TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

18 Reconciliation of net income to net cash flow from operating activities

	2018 £000	2017 £000
Net income for the reporting period (as per the Statement of Financial Activities)	247	266
Adjusted for:		
Capital grants from DfE/ESFA and other capital income	(9)	(16)
Investment income receivable	(1)	(1)
Defined benefit pension costs less contributions payable	59	35
Defined benefit pension net finance cost	15	12
Depreciation of tangible fixed assets	97	112
(Increase)/decrease in debtors	(52)	10
(Decrease)/increase in creditors	(3)	29
Net cash provided by operating activities	353	447

19 Commitments under operating leases

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

	2018 £000	2017 £000
Amounts due within one year	2	3
Amounts due in two and five years	-	4
	2	7

The academy buildings are provided on a PFI contract which at 31 August 2018 had a further 2 years to run. No financial commitment has been included for this contract in the above note because of a shortfall in available information to calculate the cost over the life of the contract. The basic annual payment and affordability gap paid for the 12 months to 31 August 2018 was £99,000 (2017: £75,000) and the cost for the year to 31 August 2018 is expected to be £99,000.

20 Capital commitments

	2018 £000	2017 £000
Expenditure contracted for but not provided in the accounts	124	9

THE SANDON TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

21 Related party transactions

Owing to the nature of the academy trust's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the academy trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the academy trust's financial regulations and normal procurement procedures. The following related party transactions took place in the period of account.

During the period, services were procured from S&S Gardening Specialists totalling £600. The brother-in-law of Mrs R Beckett (principal) and brother of Mrs G Beckett (deputy principal) is a director of S&S Gardening Specialists. No amounts were owed by the academy trust at the period end. In entering into the transaction, the academy has complied with the requirements of the Academies Financial Handbook 2017. These transactions are considered to be at cost and are considered to be value for money for the academy trust.

During the period, professional services were procured from Townsend and Renaudon Chartered Surveyors totalling £7,095. Mr I Bagnall is a director of both Townsend and Renaudon Chartered Surveyors and The Sandon Trust. No amounts were owed by the academy trust at the period end. In entering into the transaction, the academy has complied with the requirements of the Academies Financial Handbook 2017. The element above £2,500 has been provided 'at no more than cost' and Townsend and Renaudon has provided a statement of assurance confirming this.

During the period, crèche services were provided by The Sandon Trust to Mrs R Beckett, trustee and accounting officer, totalling £2,100. No amounts were owing to the academy trust at the period end. In entering into the transaction, the academy has complied with the requirements of the Academies Financial Handbook 2017.

During the period, clerking services were procured from Mrs K Reynolds totalling £380. Mrs K Reynolds is a trustee of The Sandon Trust. No amounts were owed by the academy trust at the period end. In entering into the transaction, the academy has complied with the requirements of the Academies Financial Handbook 2017. These transactions are considered to be at cost and are considered to be value for money for the academy trust.

Due to the nature of the academy, some of its employees are close family members of the trustees. During the period, remuneration paid to 5 close family members of the trustees totalled £140,708. All 5 employees are employed under normal employment conditions and no favourable terms were given.

22 Members' liability

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