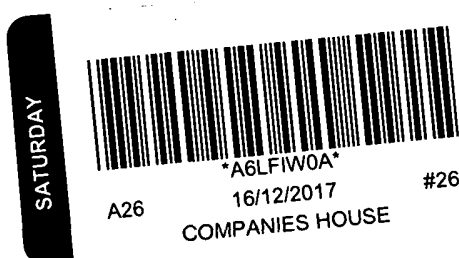


South Gloucestershire and Stroud Academy Trust
(A Company Limited by Guarantee)
Annual Report and Financial Statements
For the Year ended to 31 August 2017

**South Gloucestershire and Stroud Academy
Trust (A Company Limited by Guarantee)**

**Annual report and financial
statements**

For the year to 31 August 2017



**Company Registration Number:
9353480 (England and Wales)**

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Reference and Administrative Details

Members	South Gloucestershire and Stroud College V Bragg J Huggett I Lewis J Royall (appointed 15 May 2017)
Trustees	V Bragg (Chair) Katharine Dawson – known as Kate East (Vice Chair) R Ellicott (resigned 14 November 2016) P Eames (Trustee) N Johnson (Trustee) (appointed 1 November 2016) H Bryan (Trustee) (appointed 1 November 2016) D Potter (Trustee) (appointed 1 January 2017, resigned 5 October 2017) J Cohen Brand (Trustee) (appointed 1 September 2017) S-J Watkins (Trustee) (appointed 1 September 2017) K Hamblin (Chief Executive Officer & Accounting Officer), Ex Officio Trustee
Clerk to the Trustees *	K Lee
Senior Management team: Chief Executive Officer and Accounting Officer Chief Financial Officer Director of Human Resources	K Hamblin J Saunderson M Foster- Fitzgerald
Principal and registered office	Stratford Road, Stroud, Gloucestershire, GL5 4AH
Company registration number	9353480 (England and Wales)
Independent auditor	KPMG LLP, One Snowhill, Snow Hill Queensway, Birmingham B4 6GH
Bankers	Lloyds Bank plc, Commercial Banking, Canons House, Canons Ways, Bristol, BS1 5LL
Solicitors	Foot Anstey LLP, Senate Court, Southernhay Gardens, Exeter, EX1 1NT

* The Clerk is responsible for the Company Secretarial duties of the Trust

Trustees' Report

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year 1 September 2016 to 31 August 2017. The annual report serves the purposes of both a Trustees' report, and a directors' report under company law. The Academy Trust operates three Schools. The first is a secondary academy for pupils aged 11 to 16 serving a catchment area in the Forest of Dean in Gloucestershire which has a pupil capacity of 450 and had a roll of 323 in the school census on 5 October 2017.

The Academy Trust has a University Technical College, SGS Berkeley Green UTC which transferred to the Academy Trust under a transfer agreement on 31 May 2016. The UTC opened in September 2017 and is a 14-19 school with a curriculum specialising in Advanced Manufacturing and Digital Technologies. SGS Berkeley Green UTC will offer post-16 provision for a maximum total of 400 pupils. At full capacity, SGS Berkeley Green UTC has an agreed Published Admission Number of 130 per year and has opened with 150 students. Transitional measures are in place as the UTC builds to full capacity. As SGS Berkeley Green UTC builds to full capacity the post-16 Published Admission number is, 150 in September 2018, 260 in 2019 and 370 in 2020.

The Trust also opened a Special Free School (Pegasus) in September 2017, specialising in students within the Autistic spectrum in the Bristol catchment area. This is currently operating in temporary refurbished accommodation at Patchway College, with purpose built accommodation close to this site being developed with an expected opening in September 2019. SGS Pegasus School will provide 80 places for children of both sexes in the age range 4 to 18. The school has opened with 27 students with phased plans for growth to all age groups.

Structure, Governance and Management

Constitution

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

The Trustees of South Gloucestershire and Stroud Academy Trust ("SGSAT") are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as South Gloucestershire and Stroud Academy Trust.

Details of the Trustees who served throughout the year except as noted are included in the Reference and Administrative Details on page 3.

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

Subject to the provisions of the Companies Act 2006 (section 236) every Trustee or other officer of the Academy Trust shall be indemnified out of the assets of the Academy Trust against any liability incurred by him in that capacity in defending any proceedings, whether civil or criminal, to which Judgment is given in favour or in which he is acquitted or in connection with any application in which relief is granted to him by the court from liability for negligence, default, breach of duty or breach of trust in relation to affairs of the Academy Trust.

Trustees' Report (cont'd ...)

Method of Recruitment and Appointment or Election of Trustees

As set out in the articles the following describes the name of any Body or person entitled to nominate or apportion one or more Trustees.

- The Members may appoint Trustees through such process as they may determine. South Gloucestershire and Stroud College also has the option to directly appoint one Trustee.
- Parent Trustees and Parent Local Governors shall be elected or appointed in accordance with the terms of reference determined by the Trustees from time to time. The elected or appointed Parent Local Governors must be a parent of a registered pupil at one or more Academies at the time when he/she is elected or appointed.
- The Chief Executive Officer may, if they agree to so act and their appointment is ratified by the Members, be a Trustee.
- The Trustees may appoint Co-opted Trustees.

The total number of Trustees including the Chief Executive Officer who are employees of the Company shall not exceed one third of the total number of Trustees. An employee of the Academy Trust cannot be a member of the Academy Trust.

The Trustees each school year shall elect a Chair and Vice-Chair from among their number. A Trustee employed by SGSAT shall not be eligible for election as Chair or Vice-Chair.

Each Academy Trust must also designate a named individual as its accounting officer. The Chief Executive Officer has been designated as the accounting officer for South Gloucestershire and Stroud Academy Trust.

Trustees are also responsible for the appointment of the Chief Financial Officer, Executive Headteacher, Clerk to the Trustees and Headteachers of the Academies.

Arrangement for appointment of Staff Governors are outlined in constituent Academies Terms of Reference documents. There are two Staff Local Governors (one from Teaching and one from Support) who sit on the School's Local Governing Body (LGB) at Forest High School. These are elected by staff members of the Academy and must be a member of staff at the time of election. Due to the newness of opening of SGS Berkeley Green UTC and SGS Pegasus and growth to full capacity in student numbers and staff, requirements for staff governor roles in these academies will be reviewed in due course.

Requirement for Parent Governors are included in the Trusts Memorandum and Articles of Association which outline requirements of appointment at Local Governing Body level. Arrangements for appointment of Parent Governors are also outlined in constituent Academies Terms of Reference documents. Parent Governors have been appointed for the Local Governing Bodies of Forest High School and Berkeley Green University Technical College and at time of writing, are being progressed for SGS Pegasus School.

When searching for new Trustees, the Board of Trustees undertakes a skills/experience gap analysis, which incorporates requirements outlined in the DfE Competency Framework for Governance and National Governor Association guidance. Outcome from this provides the direction needed to search for new Trustees. The Board also has the option to use the South Gloucestershire and Stroud College Corporation Search Committee as part of this process. All prospective Trustees are required to complete an application form, equal opportunities monitoring form and skills/experience audit form and are invited to meet with the Board of Trustees, should they possess the required skills/experience being sought. Following this meeting the Trustees then decide whether appointment is to be recommended. Appointment of new Trustees can either be via a recommendation from the Trustees to the members or Trustees may appoint Co-opted Trustees.

Trustees' Report (cont'd ...)

Policies and Procedures Adopted for the Induction and Training of Trustees

The Board of Trustees has agreed a Trustee Induction and Training Policy which is reviewed annually. This policy outlines arrangements which include Trustee induction training for the purpose of introduction to the work of the Trust, understanding Trustees responsibilities and to be informed about the current development in the Trust. A mentoring system is in place to enable an experienced Trustee to be paired with a newly appointed Trustee to mentor and support through the first 6 – 9 months of appointment.

High quality training and development arrangements via the National Governors Association and other providers are made available both for individual Trustees and the Board of Trustees as a whole so that collectively the Board of Trustees has the necessary skills and understanding to fulfil its responsibilities and to enable Trustees to make an effective contribution to the work of the Board. The Board of Trustees and Local Governing Bodies undertake review of Board compilation of their skills/experience audit. This takes place annually as part of the approved calendar of business, or more frequently as required. A Trustee development event took place on 11 January 2017 and further event is planned for the 2017/18 academic year. Training and Development requirements are reviewed annually, or sooner as required.

Organisational Structure

Trust Board

The Board of Trustees has been in a period of growth and development since its establishment in March 2015. The Board currently comprises of 8 Trustees and will review Board membership and recruitment requirements during the 2017/2018 academic year.

To support the work of the Board it has established a Finance and Audit Committee which undertakes financial scrutiny. The inaugural meeting of this committee took place on 27 June 2016. The Board has approved Terms of References for this committee. Prior to the establishment of this Committee, the Board of Trustees undertook the relevant functions. Membership of this committee is 3 Trustees and the committee also benefits from the involvement of an external independent co-opted member to provide an external perspective to the work of the committee. Members of the Senior Management Team are "in attendance" at Board meetings but have no voting rights.

The Scheme of Delegation explains the ways in which the Board of Trustees fulfil their responsibilities for the leadership and governance of the Trust, the respective roles and responsibilities of the Trustees and the Local Governing Body. This covers the Structure, Roles and Responsibilities of Members, Trustees, Chief Executive Officer/Accounting Officer, School Headteacher, Local Governing Body, Central Functions, Budget Setting, Self-Evaluation, Communications and Associated Policies. The Scheme of Delegation should be read in conjunction with the Articles and is reviewed on an annual basis by the SGSAT Board of Trustees.

Terms of References

The Board of Trustees have also agreed the terms of reference for the School's Local Governing Bodies which clearly states the role of the Local Governing Body, purpose and accountability and quoracy requirements for each School. The Local Governing Body for each school reports directly through to the Board via its Chair, who is also a Trustee on the Board.

Trustees' Report (cont'd ...)

The main responsibilities of the Board are prescribed in the Funding Agreement between the Academy Trust and the Education Funding Agency and in the Academies Financial Handbook. The Chief Executive Officer is the Accounting Officer for the Trust.

Arrangements for setting pay and remuneration of key management personnel

The setting of pay and remuneration of key management personnel within the Trust such as Headteachers is undertaken with support from the Human Resources function of the Sponsor, South Gloucestershire and Stroud College (SGS). These pay ranges are currently dictated by the national agreed Teachers pay scales and decisions are made in line with affordability of the Trust. The Board of Trustees agree the pay and remuneration of key management personnel within the Trust.

Remuneration and setting of pay for the Senior Management Team with supporting roles to the Trust, namely, the Chief Executive Officer, Chief Financial Officer and Director of Human Resources is set through a defined appraisal and objective setting and review system and is overseen by the sponsor South Gloucestershire and Stroud College's Remuneration Committee, which is a committee of Corporation. This committee receives input from the Chair of Trustees to ensure a robust system of review in respect of pay and remuneration arrangements.

Related Parties and other Connected Charities and Organisations

SGS Academy Trust was established by South Gloucestershire and Stroud College. The Trust has entered into Service Level Agreements with SGS College which cover the areas of Facilities & Procurement, IT, Learning & Learner Support, Human Resources, Marketing and Finance. These are reviewed on an annual basis.

In respect of key roles between SGS and SGSAT, SGS and J Huggett, who is the Chairman of SGS Corporation, are two of the five members of the Trust. K Hamblin, Chief Executive Officer and Accounting Officer of the Trust is also the Chief Executive Officer and Accounting Officer of SGS. J Saunderson who is the Chief Financial Officer for the Trust is also the Group Chief Financial Officer for SGS. Moira Foster- Fitzgerald who is the Director of Human Resources for the Trust is also the Chief Group Services Officer for SGS.

Objectives and Activities

Objects and Aims

The Objects and Aims as set out in the Trusts Articles of Association as the Governing document, are outlined as follows:

The purpose of the Academy Trust is 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 ("the mainstream Academies") offering a broad and balanced curriculum or educational institutions which are principally concerned with providing full-time or part-time education for children of compulsory school age who, by reason of illness, exclusion from school or otherwise, may not for any period receive suitable education unless alternative provision is made for them ("the alternative provision Academies") or 16 to 19 Academies offering a curriculum appropriate to the needs of its students ("the 16 to 19 Academies") or schools specially organised to make special educational provision for pupils with Special Educational Needs ("the Special Academies").

Trustees' Report (cont'd ...)

These Objects and Aims are translated supported by the Trust Mission and Values as follows:

Our Mission

'The SGS Academy Trust will aim to focus on the development of the whole child by involving pupils, parents/carers, staff and the community in a supportive, aspirational and caring environment. We will positively promote and nurture the academic, morale, social, physical and creative growth of the children in our care.'

Our Values

'We provide an essential service for our communities and will act with honesty, respect, responsibility and care.'

Objectives, Strategies and Activities

Trust Strategic Priorities

1. To be recognised as an outstanding Trust by all stakeholders
2. To be visionary and innovative in providing high quality educational experiences by anticipating and meeting demand
3. To enhance the quality of the experience we provide for our learners and our staff
4. To develop responsive partnerships with all our learners and staff, employers, public services, the local community and with other education providers
5. To ensure we have the necessary resources to support our Plan
6. To provide an environment in our schools that equips them for the delivery of high quality learning

The Trust has developed a self-evaluation action plan designed to support the SGSAT in its goal of becoming an outstanding Trust. The plan identifies progress and the impact of actions taken towards achieving 'the 9 essential features of an effective MAT' as shared by the Regional Schools Commissioner in 2015.

Implementation of the action plan is the responsibility of the SGSAT Senior Management Team, monitored regularly by the SGSAT Board. It is a high level, Trust-wide Action Plan, designed to develop capacity, evaluate strengths and challenges, shape development plans and support future growth.

Key activities and strategies during the year to achieve these objectives include:

- Implementation and monitoring of School Evaluation Framework & School Improvement action plans at Forest High School
- Continued development, implementation and monitoring of a suite of Academy Trust policies and procedures that reflect the ethos of the Trust
- Training and development for academy managers to enable them to understand and implement Trust policies and procedures
- Support, development, enrichment, training and improvement interventions from improvement partners and Sponsor as required
- Implement programme of support, peer review, interventions and external challenge as required

Trustees' Report (cont'd ...)

- Continue to source external high performing mentors for key managers across the organisation
- Review progress towards achieving SGSAT Strategic Plan at least annually
- Implement Communications Framework to strengthen stakeholder engagement
- Annual cycle of performance management implemented by the Senior Management Team, LGBs and the Board of Trustees as required
- Implement and monitor progress on an overarching Quality Improvement Strategy
- Implement SGSAT Quality Framework and cycle across schools as they come on stream
- There is an annual skills audit to identify skill sets and gaps in the skills of all Board members and LGBs
- An ongoing programme of training, briefings and induction for Board and LGB members utilising internal and external resources ensures high standards of governance at all levels.
- Develop and improve capacity at LGB level to monitor performance and hold school leaders to account
- The SGSAT and the Trust LGBs will monitor and review the governance framework and scheme of delegation annually as part of the self-evaluation and business cycle.
- Support provided for new academies as they come on stream
- HR strategy developed for SGSAT
- Implement and monitor an overarching Trust and School risk register, incorporating academy primary risks to manage and mitigate ongoing risks
- Undertake skills audit of sponsor and academy key roles
- Develop and implement sponsor and academy succession plan matrix
- Implement induction and probationary policies and procedures to facilitate internal secondments and succession plans across the SGSAT and SGS College
- The Trust will play a proactive and prominent role in the relevant Headteacher Groups
- The Chief Executive Officer & Executive Head will visit local MATs and ensure positive relationships with the MAT Movement

Public Benefit

The Forest High School continues to work towards its educational achievement targets and school focuses as set out in the school's Improvement Plan satisfied by the Board. In exercising their powers or duties, the Board has complied with their duty to have due regard to public benefit as defined by the Charity Commission.

Trustees' Report (cont'd ...)

SGS Berkeley Green UTC has been developed to bridge the skills priority gap in Gloucestershire. The UTC is employer-led and specialises in Digital Technology and Engineering.

SGS Pegasus has been opened to provide specialist school provision for the children who are statemented as being on the Autistic Spectrum. This will provide local children to access education in their locality, which will benefit both the child and the local authority who will not have to pay to access education providers outside of the local authority.

Achievements and Performance

During the year the Academy Trust has supported with the development of a new University Technical College (UTC), the activities, assets and liability of which transferred into the Trust on 31 May 2016. The UTC has successfully opened to budget and timescales in September 2017,

The Trust has worked with the DfE and opened the SGS Pegasus Special Free School in South Gloucestershire in temporary accommodation to timescale in September 2017.

The Trust has increased its operational capacity to strengthen the school improvement of Forest High School. Three new Headteachers have been appointed across the three schools, with each school now fully staffed.

There has been significant investment across the Trust in new HR, Finance and MIS systems which will allow the Trust to work efficiently and effectively across the three schools, and develop more central services, reducing the cost to all school.

Through our partnership with our sponsor, SGS College, the Trust has renegotiated cleaning, facilities management and energy contracts on behalf of the Trust leveraging their own contracted service needs, and as such, significant savings have been made in each of the three areas.

The Trust has worked closely with other schools during the year; Pate's Grammar School, Dean Magna and the Beaufort School are supporting with the improvement plan within Forest High School and the Trust has supported St Anthony's Primary School with leadership, management and accommodation issues.

Forest High School

The priority focus on improved outcomes and educational experience for learners is a key focus for work of the Trust throughout the year.

The GCSE Headline summary for Year 11 results for 2016-17 has shown a slight drop in targeted areas when compared to 2016. The proportion of students gaining a Grade 4 or above in English and Mathematics has fallen to 42% from 48%. However, the Progress 8 score for the school has shown an improvement from -0.63 to -0.57. There was an improvement in the progress of Disadvantaged students, with a Progress 8 score of -0.53. Indications show an improved performance in 17-18, with improved Progress 8 scores which are near or at floor level.

A Section 8 inspection in July 2017 judged the school to be making progress to exit special measures.

Significant improvement following the appointment of a new Headteacher in January 2017 are being evidenced. New teaching staff have been appointed to ensure for the first time in many years, 95% of lessons will have subject specialist teachers.

Trustees' Report (cont'd ...)

Key performance indicators

The Ofsted 2 Year Action Plan and its associated core Key Performance Indicators (KPIs) set the strategic direction and focus for The Forest High School. The KPIs and school action plan are measured and evaluated termly with RAG rated judgements made by senior leaders. These evaluations are further scrutinised by the Local Governing Body and the SGS Board of Trustees. The ratings are substantiated by supporting evidence and data to support the assessment of the school's move out of Special Measures. The format of this plan has been adopted by the Local Governing Body and Board of Trustees.

The Plan is organised into the 3 priority areas for improvement.

1. Improve the quality of teaching so that students' achievement accelerates across all subjects, by making sure that:
 - all inadequate teaching is eliminated
 - teachers use information about what students can do to plan work that is at the right level of challenge for different abilities
 - teachers' assessment of students' work is accurate so that underachievement can be identified and tackled
 - teachers' questioning is used to assess students' learning and progress, to challenge and develop students' thinking and to deepen their understanding
 - teachers' marking gives students a clear understanding of what they need to do to improve, and that teachers check that students have improved their work as a result of the advice they have given
 - students practise their writing skills in different subjects
 - pupils use their mathematical skills and knowledge to solve problems across different subjects
 - students' behaviour is managed consistently well, so that poor behaviour is not tolerated and all teachers take swift action to prevent learning being disrupted.
2. Raise achievement in all subjects by making sure that:
 - all students, including those who are disabled or have special educational needs, make the progress they should
 - the achievement of disadvantaged students in the academy improves so that the gap between their achievement and the achievement of other students nationally is closed
 - boys' achievement improves so that the gap in achievement between boys and girls is closed
 - the most-able students make at least good progress and achieve well.
3. Improve leadership and management by ensuring that:
 - assessment data are accurate across all subjects
 - leaders make more effective use of additional government funding to narrow the achievement gap between disadvantaged students and others in the academy and nationally
 - leaders set out clear guidelines on the teaching of literacy and numeracy across subjects
 - subject leaders are held to account for the quality of teaching and students' achievement in their areas of responsibility
 - the curriculum more effectively reflects the different abilities of students and that it better supports students' achievement in English, mathematics and science
 - leaders at all levels insist on staff applying academy policies consistently, particularly for marking and behaviour.

Trustees' Report (cont'd ...)

Going Concern

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

Financial Review

The SGSAT reports net income of £9,165k (2016: £2,444k) for the financial year, represented as follows:-

	2016/17 £'000	2015/16 £'000
Operating surplus in year	17	44
FRS102 Pension costs	(57)	(29)
Depreciation costs	(341)	(343)
UTC Capital grant	9,789	1,663
UTC net asset transfer	-	1,045
Start up grants	191	211
Start up expenditure	(434)	(147)
	9,165	2,444

Net assets for the group at the year-end were £14,968k (2016: net assets £5,583k). However this includes the pension liabilities of £945k (2016: £1,108k). Net current assets at 31 August 2017 were £133k (2016: £351k).

As at 31 August 2017 the Trust had cash reserves of £564k (2016: £467k) and the net book value of tangible fixed assets was £15,780k (2016: £6,340k).

The majority of Trust's income is derived from grants provided by the ESFA (Education & Skills Funding Agency). In addition, income relating to special needs funding has also been received from the Local Authority (LA).

All of the grants received from the ESFA and the LA during the year ended 31 August 2017 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities (SOFA).

1. IMPROVING EDUCATIONAL OUTCOMES

The SGS Academy Trust (SGSAT) was incorporated on 12 December 2014, and its first school, The Forest High School joined as a sponsored academy on 1 March 2015.

Forest High School is in special measures. Although academic performance has improved, it is still not achieving national or local average performance when compared with other similar schools at Attainment 8 and Progress 8 measures.

A Section 8 Ofsted inspection in July 2017 judged that Leaders and managers are taking effective action towards the removal of special measures.

Trustees' Report (cont'd ...)

The school continues to experience financial constraints due to its small size. Accommodation issues are also an issue. A £613,755 School Improvement Fund (SIF) bid to replace the roofs of the Technology and Science Blocks was secured and steps are being taken to dispose of unused land belonging to the School.

A further emergency Conditional Funding Improvement Grant (CIF) bid has been resubmitted to address serious issues concerning B Block, which may have failing concrete cladding.

Systems have been developed to ensure that the school within SGSAT carefully monitors Pupil Premium expenditure and its impact on improving attainment for students on Free School Meals, Children from Service Families and Looked-After Children. Use of the grant is published annually on the school's website.

2 FINANCIAL GOVERNANCE AND OVERSIGHT

The financial governance of the pre-opening stages of construction of the University Technical College in Berkeley and the Special Free School specialising in students within the Autistic spectrum in the Bristol catchment area, was undertaken by the Project Steering Groups with progress reports to the SGSAT Board.

The Board of Trustees for SGSAT and Finance and Audit Committee review the management accounts, the external auditors' management report and the internal auditors' reports, and takes action on any recommendations made by them, ensuring that the SGS Academy Trust operates in accordance with the Financial Handbook and Funding Agreement. All financial reporting and decisions are made by the Board of Trustees for SGSAT, via recommendations from the Finance and Audit committee, where appropriate. Strategic risks to the academy are an agenda item at every Finance and Audit Committee Meeting.

Since the year end, SGSAT has appointed a Finance Director who will oversee financial management and control within the three schools within the Trust.

3 BETTER PURCHASING

a) FITNESS FOR PURPOSE

All of the Forest High School contracts have been reviewed following transfer into SGSAT and compared against other providers, in order to achieve the best price. New contracts within the Trust are procured where possible using the frameworks accessed by its Sponsor SGS College.

b) BENCHMARKING

This is an area we are developing at the academy. Whilst some benchmarking is done with our sponsor who we are presently collaborating with, further work is needed to ensure we achieve best value in all areas.

c) ECONOMIES OF SCALE

SGSAT has worked closely with its sponsor to reduce procurement costs. Catering provision has been re-tendered and the catering at Forest High School is now contributing a small income annually, rather than previously being subsidised.

Trustees' Report (cont'd ...)

The Berkeley Green UTC will benefit from a site wide facilities management contract procured through SGS College's subsidiary company.

Reserves Policy

The principal policy on reserves is that accumulation of unspent GAG balances should not breach any limits thereon set out in the Funding agreement. The level of reserves should never be in deficit, excluding the deficit on the pension scheme.

Investment Policy

Officers regularly monitor cash flow and current account balances to ensure immediate financial commitments can be met and that the current account has adequate balances to meet forthcoming commitments.

If any funds were identified which were surplus to requirement, these would be transferred to a high interest deposit account rate. However this will not be the position for the next twelve months.

Principal risks and uncertainties

The Board of Trustees is responsible for the management of risks faced by the SGSAT.

The Trustees have assessed the major risks to which the Trust is exposed, in particular those relating to academic performance/finances/child welfare. The Board of Trustees have implemented a number of systems to assess risks that the Academy Trust faces, and have developed policies and procedures to mitigate those risks. Where significant financial risk still remains they have ensured they have adequate insurance cover. The Trust has an effective system of internal financial controls and this is explained in more detail in the Governance Statement.

The risk management process has been codified in a risk register implemented by the Senior Management Team and overseen by Trustees.

The main risks to the SGS Academy Trust which have been identified are:

- Forest High School has a poor and deteriorating estate
- Forest High School has an Ofsted grading inadequate

Both these risks were inherited when the Forest High School transferred into the SGS Academy Trust in 2015.

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.

Plans for Future Periods

SGSAT will continue to work towards its educational targets and the focus as defined in the school's post Ofsted action plan to further the educational achievement of its students at Forest High School. FHS is expected to exit Special Measures in 2018.

The UTC and Pegasus School will focus on establishing their curriculum offer and meeting planned growth targets.

The Trust will look to deliver the new build for SGS Pegasus and actively seek potential partners to grow the number of schools in the Trust.

Trustees' Report (cont'd ...)

Auditor

In so far 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.

Trustees' report, incorporating a strategic report, approved by order of the Board of Trustees, as the company directors, on 7 December 2017 and signed on the Board's behalf by:



V Bragg
Chair of Trustees

7 December 2017

Governance Statement

Scope of Responsibility

As Trustees, we acknowledge we have overall responsibility for ensuring that South Gloucestershire and Stroud Academy Trust has an effective and appropriate system of control, financial and otherwise. However such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Board of Trustees has delegated the day-to-day responsibility to the Chief Executive Officer, 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 South Gloucestershire and Stroud Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

Governance

The information as governance included here supplements that described the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has formally met 6 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
V Bragg (Chair reappointed 12 July 2017)	6	6
Katharine Dawson – known as Kate East (Vice-Chair reappointed 12 July 2017)	4	6
R Ellicott (Resignation 14 November 2016)	0	1
K Hamblin (Chief Executive Officer and Accounting Officer)	6	6
P Eames	6	6
N Johnson (appointed 1 Nov 2016)	5	5
H Bryan (appointed 1 Nov 2016)	3	5
D Potter (appointed 1 Jan 2017, resigned 5 Oct 2017)	1	4
J Cohen-Brand (appointed 1 Sept 2017)		NA
S-J Watkins (appointed 1 Sept 2017)		NA

As a newly developing and growing Board, a priority over the year has been the appointment of additional Trustees with skills and experience to assist in the current growth of the Trust. D Potter resigned on 5 October 2017 to become a Local Governor at Forest High School to provide practical support to the School and FHS Local Governing Body. Further recruitment requirements will be considered during the 2017/2018 academic year.

The Finance and Audit Committee is a committee of the Board of Trustees and its purpose is to provide assurance over the suitability of, and compliance with, its financial systems and controls.

Governance Statement (cont'd ...)

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
P Eames (Chair)	3	3
R Ellicott (resignation 14 November 2016)	0	0
N Johnson (appointed 1 Nov 2016)	2	3
H Bryan (appointed 1 Nov 2016)	0	2

R Elliott resigned 14 November 2016 prior to the first meeting at the Finance and Audit Committee for the academic year 16/17.

The Finance & Audit Committee benefits from the involvement of an external independent co-opted member, R Milford who was appointed on 16 November 2016, who provides financial skills and experience, an external perspective to the work of the committee and has attended all Finance & Audit Committee meetings in the academic year 2016/2017.

A self-evaluation and effectiveness review against "The 9 Characteristics of successful Multi-Academy Trusts" has been completed and the SGS Academy Trust Board reviewed for progress in March 2016. This review has led to the development of a RAG rated action plan to allow Trustees to track progress against the key characteristics. This will be further reviewed by the SGS Academy Trust Board in December 2017. This continuing review will support the development and growth of the Academy Trust in order to maximise its impact in supporting leaders and managers within the Trust in improving the educational experience of learners and the working environment of staff.

A Governance self-assessment process was reviewed by the Trust and put in place for review of Governance at Local Governing Body level in June 2016. This self-assessment focusses on review of the board in terms of skills, effectiveness, leadership and impact. It is framed around the areas of evaluation examined by the Inspectors of Ofsted when an Academy is inspected, guidance by the National Governors Association, the All Party Parliamentary Group on Education Governance and Leadership '21 questions every governing body should ask itself' and aligns to the six key features of effective governance set out in the DfE Governance Handbook. Outcomes and resulting actions have been reviewed for progress by Local Governing Bodies during the academic year 2016/2017 with reporting of outcomes to SGS Academy Trust Board. A further self-assessment process was undertaken in June 2017. Outcomes and progress against actions will be reviewed by Local Governing Bodies during the year and reported to SGS Academy Trust Board.

This self-assessment process was implemented for use by the SGS Academy Trust Board in June 2017 and results were presented to SGS Academy Trust Board at their July 2017 meeting. A resulting action plan was presented for approval at the meeting of the Board on 4 October 2017 and will be reviewed during the academic year 2017/2018.

The SGSAT Senior Management Team meets once a month with Finance being a standard agenda item. The Strategic Risk Register is an agenda item at all Finance and Audit Committee meetings and nominates a Lead Senior Management Team member for each risk. SGSAT has introduced comprehensive financial regulations applicable to all schools.

Review of Value for Money

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

Governance Statement (cont'd ...)

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 ensuring all renewed contracts are reviewed and tendered where appropriate by the SGS College Procurement team and implementing sound Financial Regulations which ensure value for money is obtained for any financial transaction.

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 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 was in place in South Gloucestershire and Stroud Academy Trust at the year end and up to the date of approval of the annual report and financial statements.

The Chief Financial Officer has responsibility to ensure that the system of internal control is embedded within the Trust.

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 Risk Management Policy was reviewed at the Finance and Audit Committee meeting on 22 June 2017 and approved by the Board of Trustees on 12 July 2017. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place from the approval date of the risk management policy to 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of trustees
- regular reviews by the Finance and Audit Committee of reports which indicate financial performance against the forecasts
- clearly defined purchasing
- 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 appointed RSM as Internal Auditor.

Governance Statement (cont'd ...)

The role of the Internal Auditor includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. In line with the Financial Handbook issued with effect from 1 September 2016, the internal auditors undertook a review of core controls in respect of financial areas (such as delegated financial authorities, budgeting processes and financial management), and operational areas (such as governance, business planning and risk management arrangements).

Three times a year, the auditor reports to the Board of Trustees, through the Finance and Audit Committee on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

The Internal Auditor has delivered their schedule of works as planned.

Some control weaknesses were identified and the report gave reasonable assurance that controls are suitably designed and consistently applied.

The Trustees monitor recommendations through an audit action plan which it reviews at each Finance and Audit Committee.

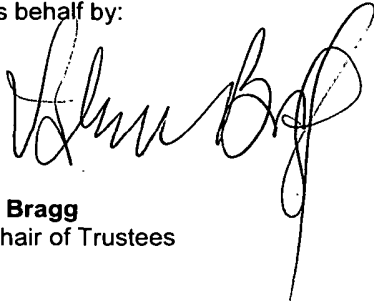
Review of Effectiveness

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

- the work of the internal auditor;
- the work of the external auditor;
- the work of the Chief Financial Officer within the Academy Trust who has responsibility for the development and maintenance of the internal control framework.

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the Finance and Audit Committee 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 7 December 2017 and signed on its behalf by:



V Bragg
Chair of Trustees



K Hamblin
Accounting Officer

Statement on Regularity, Propriety and Compliance

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

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

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



K Hamblin
Accounting Officer
7 December 2017

Statement of Trustees' Responsibilities in Respect of the Trustees' Annual Report and the Financial Statements

The trustees (who are the Directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations, including the Annual Accounts Direction published by the Education and Skills Funding Agency (ESFA).

Company law requires the trustees to prepare financial statements for each financial year. Under that law they are required to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*. The Academies Accounts Direction further requires the financial statements to be prepared in accordance with the Charities SORP (FRS 102).

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 the charitable company's incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP (FRS 102) and the Academies Accounts Direction 2016 to 2017;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the parent charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the parent charitable company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charitable company and to prevent and detect 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 the ESFA/Department for Education 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 UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



V Bragg
Chair of Trustees

Independent Auditor's Report to the Members of South Gloucestershire and Stroud Academy Trust

Opinion

We have audited the financial statements of South Gloucestershire and Stroud Academy Trust ("the charitable company") for the year ended 31 August 2017 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2017, and of the charitable company's incoming resources and application of resources, including the charitable company's income and expenditure, for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP (FRS 102) and the *Academies Accounts Direction 2016 to 2017* issued by the Education and Skills Funding Agency.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the charitable company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Other information

The trustees are responsible for the other information, which comprises the Reference and Administrative Details, the Trustees' Report and Governance Statement. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information;
- in our opinion the information given in the Trustees' Report, which constitutes the Directors' Report for the financial year, is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

Independent Auditor's Report to the Members of South Gloucestershire and Stroud Academy Trust (cont'd ...)

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the charitable company's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Trustees' responsibilities

As explained more fully in their statement set out on page 21, the Trustees (who are the Directors of the charitable company for the purposes of company law) are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

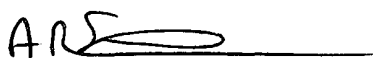
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

Independent Auditor's Report to the Members of South Gloucestershire and Stroud Academy Trust (cont'd ...)

The purpose of our audit work and to whom we owe our responsibilities

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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members as a body, for our audit work, for this report, or for the opinions we have formed.



Anthony Felthouse (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

18 December 2017

Independent Reporting Accountant's Assurance Report on Regularity to South Gloucestershire and Stroud Academy Trust and the Education and Skills Funding Agency

In accordance with the terms of our engagement letter dated 9 November 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 during the period 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 South Gloucestershire and Stroud Academy Trust (the Academy 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 Academy 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 Academy Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

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

The accounting officer is responsible, under the requirements of the Academy Trust's funding agreement with the Secretary of State for Education dated 27 February 2015 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 period 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

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

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

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

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

The work undertaken to draw our conclusion included:

- Documenting the framework of authorities which govern the activities of the Academy Trust;

**Independent Reporting Accountant's Assurance Report on Regularity
to South Gloucestershire and Stroud Academy Trust and the
Education and Skills Funding Agency (cont'd ...)**

- Reviewing the evidence supporting the representations included in the Accounting Officer's statement on regularity, propriety and compliance with the framework of authorities;
- Undertaking a risk assessment based on our understanding of the general control environment and any weaknesses in internal controls identified by our audit of the financial statements;
- Reviewing the output from the self-assessment questionnaires completed by all staff with Budget Holder responsibility and the Headteacher on behalf of the Governing Body;
- Testing compliance with delegated authorities for a sample of material transactions;
- Testing transactions with connected parties to determine whether the Trust has complied with the 'at cost' requirements of the Academies Financial Handbook 2016;
- Confirming through enquiry and sample testing that the Trust has complied with its procurement policies and that these policies comply with delegated authorities; and
- Reviewing any evidence of impropriety resulting from our work and determining whether it was significant enough to be referred to in our regularity report.

This list is not exhaustive and we performed additional procedures designed to provide us with sufficient appropriate evidence to express a negative conclusion on regularity consistent with the requirements of Part 9 of the Academies Accounts Direction 2016 to 2017.

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 2016 to 31 August 2017 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



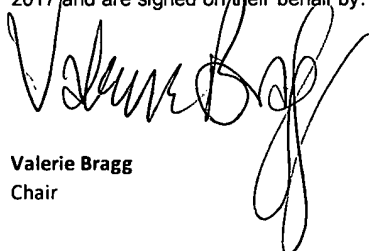
Anthony Felthouse
Reporting Accountant
for and on behalf of KPMG LLP
Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH


18 December 2017

**Statement of Financial Activities
for the year ended 31 August 2017
(including Income and Expenditure Account)**

		Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total 2017	Total 2016
	Note	£000	£000	£000	£000	£000
Income and endowments from:						
Donations and capital grants	2	-	-	9,789	9,789	1,663
Transfer from South Gloucestershire and Stroud UTC Limited		-	-	-	-	1,045
Charitable activities:						
Funding for the academy trust's educational operations	3	-	2,286	-	2,286	2,330
Other trading activities	4	138	-	-	138	197
Total		138	2,286	9,789	12,213	5,235
Expenditure on:						
Raising funds	5	7	-	-	7	34
Charitable activities:						
Academy trust educational operations	6	-	2,700	341	3,041	2,757
Total		7	2,700	341	3,048	2,791
Net income		131	(414)	9,448	9,165	2,444
Transfers between funds	15	-	-	-	-	-
Other recognised gains / (losses):						
Actuarial gains / (losses) on defined benefit pension schemes	15,23	-	220	-	220	(240)
Net movement in funds		131	(194)	9,448	9,385	2,204
Reconciliation of funds						
Total funds brought forward		209	(958)	6,332	5,583	3,379
Total funds carried forward		340	(1,152)	15,780	14,968	5,583

The financial statements on pages 27-46 were approved by the trustees, and authorised for issue on 7 December 2017 and are signed on their behalf by:


Valerie Bragg
Chair


Kevin Hamblin
Accounting Officer

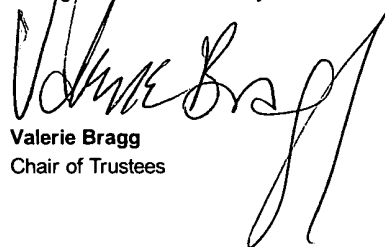
South Gloucestershire and Stroud Academy Trust
(A Company Limited by Guarantee)
Annual Report and Financial Statements
For the Year ended 31 August 2017

**Balance Sheet
as at 31 August 2017**

Company Number 09353480

	Notes	2017 £000	2017 £000	2016 £000	2016 £000
Fixed assets					
Tangible assets	11		15,780		6,340
Debtors falling due after more than one year	14		-		430
Current assets					
Debtors	12	3,310		542	
Cash at bank and in hand	21	<u>564</u>		<u>467</u>	
		3,874		1,009	
Liabilities					
Creditors: Amounts falling due within one year	13	<u>(3,741)</u>		<u>(658)</u>	
Net current assets			<u>133</u>		<u>351</u>
Total assets less current liabilities			15,913		7,121
Creditors: Amounts falling due after more than one year	14		-		(430)
Net assets excluding pension liability			<u>15,913</u>		<u>6,691</u>
Defined benefit pension scheme liability	23		<u>(945)</u>		<u>(1,108)</u>
Total assets			<u>14,968</u>		<u>5,583</u>
Funds of the academy trust:					
Restricted funds					
. Fixed asset fund	15	15,780		6,332	
. Restricted income fund	15	(207)		150	
. Pension reserve	15	<u>(945)</u>		<u>(1,108)</u>	
Total restricted funds			14,628		5,374
Unrestricted income funds	15		<u>340</u>		<u>209</u>
Total funds			<u>14,968</u>		<u>5,583</u>

The financial statements on pages 27-46 were approved by the trustees, and authorised for issue on 7 December 2017 and are signed on their behalf by:



Valerie Bragg
Chair of Trustees

Statement of Cash Flows
for the year ended 31 August 2017

	Notes	2017 £000	2016 £000
Cash flows from operating activities			
Net cash provided by operating activities	20	89	234
Cash flows from investing activities	21	8	(24)
Change in cash and cash equivalents in the reporting period		<u>97</u>	<u>210</u>
Cash and cash equivalents at 1 September		467	257
Cash and cash equivalents at the 31 August	22	<u>564</u>	<u>467</u>

Notes to the Financial Statements for the year ended 31 August 2017

1 Statement of Accounting Policies

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

Transfer into Academy Trust

During the prior year ending 31 August 2016, a University Technical College operated by a company limited by guarantee transferred out of that company and into South Gloucestershire and Stroud Academy Trust. The transfer of identifiable assets and liabilities for £nil consideration has been accounted for under the acquisition accounting method.

The assets and liabilities transferred on transfer of the South Gloucestershire and Stroud University Technical College into the Trust have been valued at the value carried in the transferring company's balance sheet. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in voluntary income as net income in the Statement of Financial Activities and analysed under restricted general funds and restricted fixed asset funds.

Basis of Preparation

These financial statements are the first financial statements of South Gloucestershire and Stroud Academy Trust prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the Charities SORP 2015 (SORP 2015).

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 (FRS102), 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 (FRS102)), the Academies Accounts Direction 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

South Gloucestershire and Stroud Academy Trust meets the definition of a public benefit entity under FRS 102.

Going Concern

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

Income

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

- **Grants**

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of meeting any performance-related conditions there is no 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 when there is entitlement and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

Notes (continued)

1 Statement of Accounting Policies (continued)

- **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.

- **Donated goods, facilities and services**

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

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

Expenditure

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

- **Expenditure on Raising Funds**

This includes all expenditure incurred by the academy trust to raise funds for its charitable purposes and includes costs of all 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.

All resources expended are inclusive of irrecoverable VAT.

Tangible Fixed Assets

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

Notes (continued)

1 Statement of Accounting Policies (continued)

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

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

• Freehold buildings	50 years
• Long leasehold land	length of the lease
• Leasehold buildings	length of the lease
• Fixtures, fittings and equipment	1 - 5 years
• ICT hardware	1 - 5 years
• Motor Vehicles	5 years

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

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

Liabilities

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

Provisions

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

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

Leased Assets

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

Notes (continued)

1 Statement of Accounting Policies (continued)

Taxation

The academy trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

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

Pensions Benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 24, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

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 funders where the asset acquired or created is held for a specific purpose.

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

Notes (continued)

1 Statement of Accounting Policies (continued)

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 23, will impact the carrying amount of the pensions 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.

Notes (continued)

2 Donations and capital grants

	Restricted Funds £000	Total 2017 £000	Total 2016 £000
Net Assets transferred in			
Tangible Fixed Assets	-	-	860
Current Assets	-	-	571
Current Liabilities	-	-	(386)
LGPS Pension Deficit	-	-	-
	-	-	1,045
Capital Grant UTC	9,789	9,789	1,663
	<u>9,789</u>	<u>9,789</u>	<u>2,708</u>

3 Funding for the Academy Trust's Educational Operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2017 £000	Total 2016 £000
DfE / EFA grants				
General Annual Grant (GAG)	-	1,881	1,881	1,899
Pupil Premium	-	101	101	103
Start Up Grants	-	191	191	283
Other DfE/EFA grants	-	78	78	10
	<u>-</u>	<u>2,251</u>	<u>2,251</u>	<u>2,295</u>
Other Government grants				
Local authority grants	-	35	35	35
	<u>-</u>	<u>2,286</u>	<u>2,286</u>	<u>2,330</u>

4 Other Trading activities

	Unrestricted Funds £000	Restricted Funds £000	Total 2017 £000	Total 2016 £000
Hire of facilities	104	-	104	88
Other income generating activities	34	-	34	109
	<u>138</u>	<u>-</u>	<u>138</u>	<u>197</u>

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Notes (continued)

5 Expenditure

	Staff Costs	Non Pay Expenditure		Total	Total
		Premises	Other	2017	2016
	£000	£000	£000	£000	£000
Expenditure on raising funds	-	-	7	7	34
Academy's educational operations:					
. Direct costs	934	-	110	1,044	910
. Allocated support costs	786	238	973	1,997	1,847
	1,720	238	1,090	3,048	2,791

Net income for the period includes:

	2017	2016
	£000	£000
Operating lease rentals	1	7
Depreciation	341	344
Fees payable to auditor for:		
- audit	17	19
- other services	-	-

6 Charitable Activities

	Total	Total
	2017	2016
	£000	£000
Direct costs – educational operations	1,044	910
Support costs – educational operations	1,997	1,847
	3,041	2,757

Analysis of support costs

	Educational operations	Total	Total
	£000	2017	2016
	£000	£000	£000
Support staff costs	786	786	859
Depreciation	341	341	343
Technology costs	25	25	17
Premises costs	238	238	263
Other support costs	590	590	344
Governance costs	17	17	21
Total support costs	1,997	1,997	1,847

Notes (continued)

7 Staff

a. Staff costs

Staff costs during the period were:

	Total 2017 £000	Total 2016 £000
Wages and salaries	1,398	1,357
Social security costs	97	88
Operating costs of defined benefit pension schemes	225	255
	<u>1,720</u>	<u>1,700</u>
Supply staff costs	-	-
Staff restructuring costs	-	-
	<u>1,720</u>	<u>1,700</u>

b. Staff numbers

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

	Headcount 2017 No.	Headcount 2016 No.	Full Time Equivalent 2017 No.	2016 No.
Teachers	19	20	19	18
Administration and support	45	43	24	26
Management	6	4	2	1
	<u>70</u>	<u>67</u>	<u>45</u>	<u>45</u>

c. Higher paid staff

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

	2017 No.	2016 No.
£90,001 - £100,000	<u>0</u>	<u>1</u>

Due to changes in senior staff within the Trust there were no individuals whose employee benefits exceeded £60,000 in the year 2016/17.

d. Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 3. The total amount of employee benefits (excluding employer pension contributions) received by key management personnel for their services to the academy trust was £31,638 (2016: £31,360).

Notes (continued)

8 Related Party Transactions - 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.

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

Chief Executive Officer

- . Remuneration £20,000 (2016: £20,000)
- . Employer's pension contributions paid £0 - £10,000 (2016: £0 - £10,000)

During the period ended 31 August 2017, travel and subsistence expenses totalling £Nil were reimbursed or paid directly to 1 trustee (2016: £12).

Other related party transactions involving the trustees are set out in note 24.

9 Trustees' and Officers' Insurance

The trust participates in the Department for Education's Risk Protection Arrangement (RPA). The RPA is not an insurance scheme but is a mechanism through which the costs of risks that materialise from 1 September 2014 will be covered by government funds. The scheme includes governors liability expense for £10,000, any one claim and the cost for the period ended 31 August 2017 was included within the charge for the whole scheme of £11,106 (2016: £16,416).

10 Central Services

The Academy Trust has provided the following central services to its academies during the year:

- Recruitment and Human Resources
- Finance Services
- Premises Support
- Executive Headship
- Educational Support

The Trust charges a maximum of 4.9% of General Annual Grant (including Pupil Premium).

The actual amounts charged during the year were as follows:

	2017 £000	2016 £000
Forest High School	97	103
	<u>97</u>	<u>103</u>

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11 Tangible Fixed Assets

	Freehold Land and Buildings	Leasehold Land and Buildings	Leasehold Building under Construction	Furniture and Equipment	Computer Hardware	Motor Vehicles	Total
	£000	£000	£000	£000	£000	£000	£000
Cost							
At 1 September 2016	5,000	179	2,353	39	130	28	7,729
Transferred from UTC	-	-	-	-	-	-	-
Additions	-	-	9,309	11	461	-	9,781
At 31 August 2017	5,000	179	11,662	50	591	28	17,510
Depreciation							
At 1 September 2016	1,262	-	-	16	95	16	1,389
Charged in year	316	-	-	8	12	5	341
At 31 August 2017	1,578	-	-	24	107	21	1,730
Net book values							
At 31 August 2016	3,738	179	2,353	23	35	12	6,340
At 31 August 2017	3,422	179	11,662	26	484	7	15,780

The trust's transactions relating to land and buildings included:

- expenditure on the demolition of buildings and development of a new property on the land leased at Berkeley Green to house the SGS UTC.

12 Debtors

	2017 £000	2016 £000
Trade debtors	26	62
VAT recoverable	2,260	83
Other debtors	-	2
Prepayments and accrued income	1,024	395
	3,310	542

The VAT on constructing a building funded by the ESFA was not reclaimable from HMRC until the building opened in September 2017. The ESFA provided the funds to pay this VAT which will be repayable once the funds are recovered from HMRC. VAT recoverable in 2017 included £2,192,226, being the VAT recoverable from HMRC once the building was completed.

13 Creditors: Amounts Falling due within one year

	2017 £000	2016 £000
Trade creditors	57	39
Other taxation and social security	2,246	54
Accruals and deferred income	1,438	565
	3,741	658

The VAT on constructing a building funded by the ESFA was not reclaimable from HMRC until the building opened in September 2017. The ESFA provided the funds to pay this VAT which will be repayable once the funds are recovered from HMRC. Other taxation and social security includes £2,192,226, this being the amount due back to the ESFA once the funds have been recovered from HMRC.

	2017 £000	2016 £000
Deferred Income		
Deferred Income at 1 September 2016	-	-
Released from previous years	-	-
Resources deferred in the year	256	-
Deferred Income at 31 August 2017	-	-

14 Creditors and Debtors : Amounts Falling due after more than one year

The VAT on constructing a building funded by the ESFA was not reclaimable from HMRC until the building opened in September 2017. The ESFA provided the funds to pay this VAT which will be repayable once the funds are recovered from HMRC. In 2016 £430,000 was therefore shown under long term debtors (this being the VAT recoverable from HMRC once the building was completed) and £430,000 in long term creditors (this being the amount due back to the ESFA once the funds have been recovered from HMRC).

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15 Funds

	Balance at 1 September 2016	Income	Expenditure	Gains, losses and transfers	Balance at 31 August 2017
	£000	£000	£000	£000	£000
Restricted general funds					
General Annual Grant (GAG)	(195)	1,881	(1,998)	-	(312)
Start Up Grant	174	191	(296)	-	69
Pupil Premium	-	101	(101)	-	-
UTC Transfer in	171	-	(135)	-	36
Other DFE Grants	-	78	(78)	-	-
LEA Grants	-	35	(35)	-	-
Pension reserve	(1,108)	-	(57)	220	(945)
	<u>(958)</u>	<u>2,286</u>	<u>(2,700)</u>	<u>220</u>	<u>(1,152)</u>
Restricted fixed asset funds					
Transfer on conversion	4,654	-	-	-	4,654
DFE/EFA capital grants - UTC	1,663	9,789	(341)	-	11,111
Capital expenditure from Unrestricted Reserves	15	-	-	-	15
	<u>6,332</u>	<u>9,789</u>	<u>(341)</u>	<u>-</u>	<u>15,780</u>
Total restricted funds	<u>5,374</u>	<u>12,075</u>	<u>(3,041)</u>	<u>220</u>	<u>14,628</u>
Total unrestricted funds	<u>209</u>	<u>138</u>	<u>(7)</u>	<u>-</u>	<u>340</u>
Total funds	<u>5,583</u>	<u>12,213</u>	<u>(3,048)</u>	<u>220</u>	<u>14,968</u>

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

Restricted general funds are held to be applied to delivering, developing and supporting Educational Activities. These funds constitute the balance of unspent grants received from the EFA and other funding bodies which were received to deliver, develop and support educational activities as set out in the applicable funding agreements

Restricted fixed asset funds are held to be applied to meet the costs of writing down assets purchased using grants for specific purposes and assets transferred from other organisations with restrictions attached.

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

Analysis of academies by fund balance

Fund balances at 31 August were allocated as follows:

	Total 2017 £000	Total 2016 £000
Forest High School	13	10
Pegasus Free School	69	175
UTC academy	36	171
Central services	15	3
Total before fixed assets and pension reserve	<u>133</u>	<u>359</u>
Restricted fixed asset fund	15,780	6,332
Pension reserve	(945)	(1,108)
Total	<u>14,968</u>	<u>5,583</u>

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15 Funds (continued)

Analysis of academies by cost

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

	Teaching and Support Staff Costs £000	Other Support Staff Costs £000	Educational Supplies £000	Other Costs (excluding Depreciation) £000	Total 2017 £000	Total 2016 £000
Forest High School	934	565	219	471	2,189	2,209
Pegasus Free School	-	69	10	147	226	5
UTC Academy	-	89	4	115	208	14
Central services	-	63	-	21	84	220
Academy Trust	934	786	233	754	2,707	2,448

16 Analysis of Net Assets between Funds

Fund balances at 31 August 2017 are represented by:

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Funds £000
Tangible fixed assets	-	-	15,780	15,780
Current assets	340	3,534	-	3,874
Current liabilities	-	(3,741)	-	(3,741)
Pension scheme liability	-	(945)	-	(945)
Total net assets	340	(1,152)	15,780	14,968

17 Capital Commitments

	2017 £000	2016 £000
Contracted for, but not provided in the financial statements	£Nil	8,527

18 Commitments under operating leases

Operating Leases

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

	2017 £000	2016 £000
Amounts due within one year	1	1
Amounts due between one and five years	-	-
Amounts due after five years	-	-
	1	1

Notes (continued)

19 Reconciliation of Net Income to Net Cash Flow from Operating Activities

	2017	2016
	£000	£000
Net income for the reporting period (as per the statement of financial activities)	9,165	2,444
Adjusted for:		
Fixed assets acquired on transfer into Academy Trust	-	(860)
Depreciation charges (note 11)	341	344
Capital grants from DfE and other capital income	(9,789)	(1,663)
Defined benefit pension scheme cost less contributions payable (note 23)	35	(2)
Defined benefit pension scheme finance cost (note 23)	22	31
Decrease in stocks	-	4
Increase in debtors	(2,768)	(458)
Increase in creditors	3,083	394

Net cash provided by Operating Activities

89	234
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20 Cash Flows from Investing Activities

	2017	2016
	£000	£000
Purchase of tangible fixed assets	(9,781)	(1,687)
Capital grants from DfE/ÉFA	9,789	1,663
Net cash provided by investing activities	8	(24)

21 Analysis cash and cash equivalents

	At 31 August 2017 £000	At 31 August 2016 £000
Cash in hand and at bank	564	467
Total cash and cash equivalents	564	467

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/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.

Notes (continued)

23 Pension 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 Gloucestershire 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.

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

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (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 year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4% from September 2015, which will be payable during the implementation period until the next valuation as at March 2017, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The pension costs paid to TPS in the period amounted to £189,702 (2016: £197,710).

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

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

Notes (continued)

23 Pension and Similar Obligations (continued)

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds.

The total contribution made for the year ended 31 August 2017 was £125,000 (2016: £149,000), of which employer's contributions totalled £105,000 (2016: £125,000) and employees' contributions totalled £20,000 (2016: £24,000). The agreed contribution rates for future years are 30.2% per cent for employers and 5.5% to 12.5% per cent 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	At 31 August 2017	At 31 August 2016
Rate of increase in salaries	2.70%	2.40%
Rate of increase for pensions in payment/inflation	2.40%	2.10%
Discount rate for scheme liabilities	2.50%	2.00%
Commutation of pensions to lump sums pre-April 2008 service	50.00%	50.00%
Commutation of pensions to lump sums post-April 2008 service	75.00%	75.00%

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

	At 31 August 2017	At 31 August 2016
<i>Retiring today</i>		
Males	22.4	22.5
Females	24.6	24.6
<i>Retiring in 20 years</i>		
Males	24.0	24.4
Females	26.4	27.0

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

	Fair value at 31 August 2017 £000	Fair value at 31 August 2016 £000
Equity instruments	914.4	667.1
Bonds	241.3	206.0
Property	88.9	68.7
Cash	25.4	39.2
Total market value of assets	1,270	981

The actual return on scheme assets was £176,000 (2016: £113,000).

Notes (continued)

23 Pension and Similar Obligations (continued)

Amounts recognised in the statement of financial activities

	2017 £000	2016 £000
Current service cost (net of employee contributions)	(35)	2
Interest Cost	(22)	(31)
Actuarial Gain/(Loss)	220	(240)
Total operating charge	<u>163</u>	<u>(269)</u>

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

	2017 £'000	2016 £'000
At 1 September	2,089	1,565
Current service cost	139	124
Interest cost	43	60
Employee contributions	20	25
Actuarial (gain)/loss	(44)	353
Benefits paid	(32)	(38)
At 31 August	<u>2,215</u>	<u>2,089</u>

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

	2017 £'000	2016 £'000
At 1 September	981	726
Interest income	21	29
Actuarial gain/(loss)	176	113
Employer contributions	104	126
Employee contributions	20	25
Benefits paid	(32)	(38)
At 31 August	<u>1,270</u>	<u>981</u>

Notes (continued)

24 Related Party Transactions

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

The members of the Trust include South Gloucestershire and Stroud College (the College) and the College's Chairman J Huggett. The trustees of the trust include the Chairman and the Chief Executive Officer of the College who is also appointed as the Chief Executive Officer of the Academy Trust. During the year the Academy was charged £386,000 (2016 - £24,000) for costs incurred by the College on behalf of the Trust and services provided to the Trust by the College. During the year the Academy was charged £10,000 (2016 - £nil) for educational services provided by 3ES Education Ltd, a Company in which V Bragg is the sole Director and controlling Shareholder.

In entering into the transactions the trust has complied with the requirements of EFA's Academies Financial Handbook 2016.

25 Events after the end of the reporting period

There were no material events after the end of the reporting period.