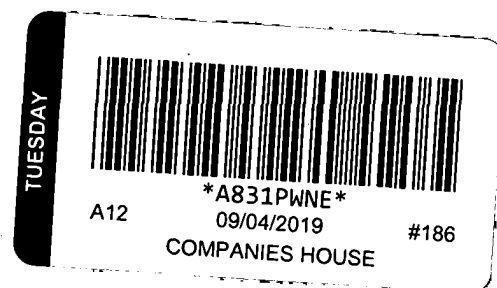
 Registered number: 09950137 (England and Wales)

**Cygnus Academies Trust**  
(A company limited by guarantee)

**Annual report and financial statements**

**For the year ended 31 August 2018**



**Cygnus Academies Trust**  
**(A company limited by guarantee)**

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**Cygnus Academies Trust**  
**(A company limited by guarantee)**

**Reference and administrative details**  
**For the year ended 31 August 2018**

**Members**

Mrs Trixie Ball  
Mr John Temple  
Mrs Janice Reeve  
Mrs Karen Trowell (appointed 21 March 2018)  
Mrs Christina Walker (appointed 16 July 2018)

**Trustees**

Mrs Trixie Ball, Chair  
Ms Larissa César, Vice Chair  
Mrs Susan Constant  
Mr Dafydd Gough, Vice Chair (resigned 19 September 2018)  
Mrs Sandra Herbert (appointed 21 March 2018)  
Mr David Lloyd, Chief Executive Officer  
Mrs Amanda McMullen  
Mrs Sarah Smith, Head of School (resigned 19 September 2018)  
Mr Daniel Terry, Head of School (resigned 19 September 2018)  
Mr Christopher Verbiest (resigned 10 October 2017)  
Mr Paul Wilkins

**Company registered number**

09950137

**Company name**

Cygnus Academies Trust

**Principal and registered office**

c/o Manor Community Primary School  
Keary Road  
Swanscombe  
Kent  
DA10 0BU

**Chief executive officer**

Mr David Lloyd

**Senior management team**

David Lloyd, Chief Executive Officer  
Diane Laws, Business Manager  
Sarah Griggs, Head of School  
Sarah Smith, Head of School  
Daniel Terry, Head of School  
Roisin Brown, Assistant Headteacher  
Jennifer Evans, Assistant Headteacher  
Lisa Jones, Assistant Headteacher  
Natalie Hill, Deputy Headteacher  
Laura McCauley, Deputy Headteacher  
Indira-Devi Naidu, Deputy Headteacher

**Cygnus Academies Trust**  
**(A company limited by guarantee)**

**Reference and administrative details of the academy, its trustees and advisers**  
**For the year ended 31 August 2018**

**Advisers (continued)**

**Independent auditors**

Kreston Reeves LLP  
Chartered Accountants  
Statutory Auditor  
37 St Margaret's Street  
Canterbury  
Kent  
CT1 2TU

**Bankers**

Lloyds Bank Plc  
78 New Road  
Gravesend  
Kent  
DA11 0AR

**Solicitors**

Winkworth Sherwood  
Minerva House  
5 Montague Close  
London  
SE1 9BB

**Accountants and advisors**

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Strictly Education Limited  
Marlborough Court  
Sunrise Parkway  
Linford Wood  
Milton Keynes  
MK14 6DY

**Cygnus Academies Trust**  
**(A company limited by guarantee)**

**Trustees' report**  
**For the year ended 31 August 2018**

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

The Trust operates 3 Academies comprised of 3 Primary Schools in the Tonbridge and Dartford areas of Kent and has a combined pupil capacity of 1,124, and had 1,078 pupils on roll at the school census on 4 October 2018.

**Structure, Governance and Management**

**a. Constitution**

The Trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing document of the academy trust. It was set up by a Memorandum of Association which is the Trust's primary governing document, incorporated on 13th January 2016 and commenced its activities on 1st February 2016. The Trustees of Cygnus Academies Trust are also Directors of the charitable company for the purposes of company law. Details of the Trustees who served during the year are included in the Reference and Administrative details on page (1).

The principal object of the Trust is to advance for the public benefit education in the United Kingdom, in particular but without prejudice of the foregoing: by establishing, maintaining, carrying on, managing and developing schools ("the Academies") offering a broad and balanced curriculum.

**b. 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.

**c. Method of recruitment and appointment or election of Trustees**

The management team is the responsibility of the Trustees who are elected and co-opted under the terms of the Articles of Association. During the past year, the Trust has the following categories of Trustees who are, in company law terminology, Directors:

- Academy Directors who are Chairs of Local Governing Bodies
- The Chief Executive Officer (CEO),
- Parent Directors elected by parent representatives on Local Governing Bodies
- Other directors who may be co-opted or appointed.

**d. Policies and procedures adopted for the introduction and Training of Trustees**

All Trustees are inducted when appointed. This induction includes a meeting with the Executive Team, visits to a selection of the Trust academies and provision of relevant documentation. They continue to receive appropriate training throughout their appointment, including briefings by specialists throughout the year. The Trust holds events to ensure Trustees are fully briefed and participate in setting the strategic plan for the Trust.

**Trustees' report (continued)**  
**For the year ended 31 August 2018**

**e. Organisational structure**

The Trust currently only operates a Trust Board, but as an ongoing process, is reviewing the need for additional committees as a part of the growth strategy.

For each Academy in the Trust there is one Local Governing Body (with the exception of some schools deemed to be in Special Measures for overall effectiveness or leadership and management. For schools in this situation a risk assessment will take place to decide whether or not to allow a governing body in a school in crisis). The Local Governing Body (LGB) is a sub-committee of the Board. It is the LGB's role to hold the Academy Head of School and Senior Leadership Team to account for the Academy's educational, operational and financial performance. In addition, the LGB has an important role in representing the Academy to parents and the local community. The LGB is also responsible for adjudicating on disciplinary and behaviour matters in accordance with the Trust's policies.

**f. Arrangements for setting pay and remuneration of key management personnel**

The Trust reflects the School Teachers' Pay and Conditions document. The remuneration of staff working across the Trust, including the CEO, is considered by the pay committee who make recommendations, as appropriate, to the Trust Board. The Trustees then agree the financial viability of pay increases based on monies available within the budget.

**g. Trade union facility time**

**Relevant union officials**

Number of employees who were relevant union officials during the relevant period	Full time equivalent employee number
0	N/A

**Percentage of time spent on facility time**

Percentage of time	Number of employees
0%	0
1%-50%	0
51%-99%	0
100%	0

**Percentage of pay bill spent on facility time**

Provide the total cost of facility time	0
Provide the total pay bill	0
Provide the percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) x 100	0

**Paid trade union activities**

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: (total hours spent on trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) x 100	0
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**Cygnus Academies Trust**  
**(A company limited by guarantee)**

**Trustees' report (continued)**  
**For the year ended 31 August 2018**

**h. Related Parties and other Connected Charities and Organisations**

The Trust is currently in a soft federation with Darenth Community Primary School. The Trust's work is not currently sponsored by any external companies.

**Objectives and Activities**

**a. Objects and aims**

The Trust's primary object is to establish, maintain, carry on and develop primary and secondary schools ("the Academies") that are open to all children and offer a broad and balanced curriculum.

**b. Objectives, strategies and activities**

**Vision of Cygnus Academies Trust – Realising Ambition**

Realising ambition means:

- Nurturing schools to be exceptional
- Embedding our purpose, principles and values in all existing and new academies
- Pioneering systemic change within our Trust through innovation, advocacy and by rising to challenges
- Managing external pressures, enabling schools to successfully prioritise teaching and learning.

Our vision is driven by our core values.

**Core Values**

- To know everyone well and value their individual qualities.
- To enable pupils to drive their own learning through perseverance, independence and a strong work ethic.
- To celebrate difference and value diversity, so as to positively contribute to society through the advocacy of fundamental British values.
- To use our curriculum to foster ambition and achieve our goals
- To solve problems by strategising through enterprise, creativity, exploration and reflection.
- To make everything count
- To achieve our goals by being excellent communicators, emotionally intelligent, collaborators, and honest.

Our Ethos is how we enact our core values.

**Ethos**

Cygnus Academies Trust is a family. As a family we nurture, challenge and support our schools to be the best that we can be. Everyone in our family is our responsibility and we will know everyone well. We will provide the tools to enable children and teachers to flourish. We will value how unique every individual and every school is within our family. Our work will be to give all members of our family the learning and experiences they need to give them the life chances that were once the preserve of privilege.

**c. Activities for achieving objectives**

During the year to 31st August 2018 the principal activity was the continuing operation and improvement of educational standards in the Trust's existing portfolio of schools in the Dartford and Tonbridge areas.

**Cygnus Academies Trust**  
**(A company limited by guarantee)**

**Trustees' report (continued)**  
**For the year ended 31 August 2018**

Activities for the year focused on the following key strands:

- Ensuring a smooth conversion process of schools from LA control to academy
- Embedding and improving consistency of existing systems and practices promoting pupil progress
- Developing capacity of the Trust's/Academies' central teams
- Developing operational systems and practices for the MAT
- Developing systems and practices across the MAT for Governance

**d. Public benefit**

In setting objectives and planning activities, the Trustees have given careful consideration to the Charity Commission's general guidelines on public benefit. The Trust looks to promote the provision of facilities for learning and recreation for the benefit of the communities in the areas surrounding its Academies, with the object of improving the condition of life of people within those communities.

**Strategic Report**

**Achievements and performance**

**a. Going concern**

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the academy 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.

**b. Key performance indicators**

~~The Trustees are of the opinion that the following are key financial performance indicators for the Trust:~~

- ~~Percentage of income received from Education and Skills Funding Agency (ESFA) spent on teaching staff and total staff costs~~
- ~~Pupil numbers which leads directly to ESFA funding level~~
- ~~General funding expenditure~~



**Trustees' report (continued)**  
**For the year ended 31 August 2018**

**c. Key non-financial performance indicators**

Test Result for our Schools for the academic years 2016, 2017 and 2018. Royal Rise Primary School joined the Trust in July 2017, we have included 2017 results for information so it is easy to see the impact of the work of the Trust.

Age Expected	National (%)			Manor (%)			Westgate (%)			Royal Rise (%)		
	2016	2017	2018	2016	2017	2018	2016	2017	2018	2016	2017	2018
<b>KS2</b>												
Combined	53	61	64	84	79	80	70	77	70	-	44	67
Reading	66	71	75	85	84	88	80	80	73	-	52	80
GPS	72	77	78	83	83	91	93	90	77	-	60	83
Maths	70	75	76	94	92	89	87	83	87	-	56	80
Writing	74	76	78	90	92	92	97	87	87	-	60	83
<b>KS1</b>												
Reading	74	76	75	80	83	83	83	72	78	-	60	85
Writing	66	68	70	80	78	80	77	76	76	-	47	77
Maths	73	77	76	76	77	82	73	76	78	-	67	73
<b>Y1 Phonics</b>												
Y1 Phonics	81	81	83	87	89	90	83	89	86	-	85	69
<b>EYFS</b>												
EYFS	69	71	72	74	76	76	77	93	72	-	70	64

Greater Depth	National (%)			Manor (%)			Westgate (%)			Royal Rise (%)		
	2016	2017	2018	2016	2017	2018	2016	2017	2018	2016	2017	2018
<b>KS2</b>												
Combined	5	9	10	4	15	13	13	3	10	-	8	7
Reading	19	25	28	18	34	35	20	20	17	-	16	17
GPS	23	31	34	46	40	51	33	37	33	-	32	33
Maths	17	23	24	26	48	37	20	20	17	-	28	20
Writing	15	18	20	12	21	27	27	17	30	-	24	27
<b>KS1</b>												
Reading	24	25	26	28	24	26	30	28	17	-	30	31
Writing	13	16	16	17	18	17	13	21	17	-	20	27
Maths	18	21	22	27	22	26	10	21	14	-	30	23

**a. Review of Activities**

The Trust made good progress against its objectives this year and the specific target activities for the year. Progress so far and planned developments for the coming year are below:

**Objective One – Build a strong infrastructure in the Trust**

- Financial support for schools and the Trust is being maintained through contracts with Strictly Education
- The auditing procedures continue to be carried out by Kreston Reeves
- Centralisation of further services has been investigated and the outcome showed that this should be developed when the Trust is larger

**Trustees' report (continued)**  
**For the year ended 31 August 2018**

**Objective Two – Raise attainment and improve progression**

- On average over the Trust, attainment at age expected has improved at KS1 and KS2
- Attainment at greater depth has been more variable and is a key area of focus for 2018-19
- Development of the overall curriculum has led to improved standards of attainment in all subjects

**Objective Three – Supporting excellent standards of teaching and learning**

- Significant improvements in the quality of teaching and learning have been made throughout this year, for example 98% of teaching was rated good or better in July 2018, which is approximately a 20% increase since September 2017.

**Objective Four – Ensure strong leadership and governance**

- Training has been given to Governors and Trustees which has resulted in an improved understanding of the work of Governors.
- Established a Trust risk register which is monitored regularly
- Reviewed and improved the structure of LGB meeting agendas so as to promote strategic leadership and appropriate levels of challenge
- Appraisal has been used effectively to promote improvement
- Expenditure has been stringently monitored so as to ensure value for money.

**Ensuring a smooth conversion process of schools from LA control to academy**

- Achieve the growth target of 4 schools through the addition of Darenth Community Primary School to the Trust in 2019.
- Maintain current relationship with Silica Associates who project manage academy conversions.

**Further development of the Trust's educational achievement improvement strategies.**

Analysis of assessment information shows that there is a positive picture of progress across the Trust. In order to maximise progress we are initiating several developments.

These developments include:

- a more regular termly cycle of education monitoring visits accompanied by enhanced improvement planning and reporting by schools
- refinement of a focused and standardised approach to reporting of assessment information to ensure increased rigour in the structuring of school monitoring visits and feedback
- provision of external moderation and advice from specialist advisors or local high-performing schools to support our schools with achievement monitoring
- Further develop a strategy for recruitment and retention of Teachers and Leaders

**Developing the capacity of the Trust Head Office team**

The work of the PA to the Trustees has been invaluable in supporting the development of the Trust.

**Establishing and improving operational systems and practices for the new MAT**

- Refine the monitoring timetable to reflect local needs
- Refine and improve the existing systems of Teaching and Learning so as to maximise depth of understanding and progress
- Ensure consistency of practice across the MAT by robust monitoring feedback and support

**Establishing systems and practices across the MAT for Governance and for Directors**

- Continue to ensure that the dates of future directors meetings and LGB meetings are timely so as to ensure that appropriate information is available for meetings
- Continue to develop systems for sharing information with Governors that is both informative and concise
- Continue to develop systems that are appropriate for a number of audiences e.g. Senior Leadership, Governors, Trustees and external scrutiny
- Further develop systems and strategies to report on impact and value for money

**Cygnus Academies Trust**  
**(A company limited by guarantee)**

**Trustees' report (continued)**  
**For the year ended 31 August 2018**

**Financial review**

**a. Financial and risk management objectives and policies**

The Trust's exposure to risk is largely bank balances, cash and trade creditors, with limited trade and other debtors. The Trust has inherited various Local Government Defined Benefit Pension Scheme deficits for staff.

The Trust's financial risks are also monitored through regular review of financial controls. The Trust's financial administrators, Strictly Education, visit every site each month and carry out monitoring and the setting of the budget. This is reported to governors and Trustees at each meeting.

**b. Principal risks and uncertainties**

The principal risks for the Trust during the next few years are:

- Recruitment of high quality Teachers in all schools. This is monitored carefully with the possible financial implications of recruitment.
- Ensuring individual schools operate with a balanced budget each year.

**c. Reserves policy**

The Trustees consider the maintenance of a minimum reserve in order to minimise any financial risks facing the Trust. The Trustees agreed to maintain an appropriate level of free reserves at Trust level currently approved to be approximately £50,000 per school.

This requires each school to have a level of reserves of at least one month's average non staff cost or depreciation expenditure.

The Trustees regularly review as to the nature of income and expenditure streams and the need to match income with commitments.

At 31 August 2018, total funds amounted to £15,138,168 which comprised primarily of restricted fixed asset reserves. Free reserves amounted to £464,253. The Trust has a pension scheme liability of £1,276,000 which is included in restricted reserves. Parliament has agreed, at the request of the Secretary of State for Education, in the event of academy closure, outstanding Local Government Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013. In the short term, the cash flow impact of having a pension scheme liability may be that employer contributions may increase to reduce the liability. The Academy will always pay the employer contribution rates set by the pension scheme administrators.

**d. Investment policy and performance**

All the Trust's funds have been held by UK banks in current and fixed term deposit accounts, in accordance with the Trust's investment policy.

**d. Fundraising**

In the academic year the Academy Trust undertook no fund-raising activities. The Academy Trust recognises the provisions of the Charities (Protection and Social Investment) Act 2016 and in future years when specific fund raising is undertaken, the Academy Trust will provide information on its fundraising practices.

**Cygnus Academies Trust**  
**(A company limited by guarantee)**

**Trustees' report (continued)**  
**For the year ended 31 August 2018**

**Plans for future periods**

**a. Future developments**

The Trust is working to establish its ambition to be a significant and influential participant in national educational reform. In doing this it places emphasis on the quality of its educational provision and on the effectiveness of its educational improvement, whilst being outward facing in increasing the number of schools within the group. The Trust is well aware of the need to maintain and improve outcomes for all within the Trust and so as not to over stretch its capacity in supporting additional underperforming schools, it is keen to expand its portfolio where and when it is prudent to do so.

While resolutely fixed on ensuring that pupils in its academies achieve the very best results of which they are capable in national tests, the Trust is also committed to giving them a rich and rounded education through a wide variety of curricular activities, including sport, music, drama, enterprise and project management.

With the support of the Department for Education, the Trust continues to seek partnerships with primary and secondary schools in parts of South East of England and South East London. In particular, it values potential partnerships with schools that have ambitions to provide the highest quality of education to their pupils and which share the Trust's educational and social agendas, as well as sharing its belief in the power of project management to equip young people with the knowledge, understanding and skills that will enable them to flourish in the contemporary world.

**School Fund**

Each Academy holds school funds within a cost centre of the schools' accounting system.

**Members Liability**

The Members of the Trust guarantee to contribute an amount not exceeding £10 to the assets of the charity in the event of winding up.

**Disclosure of information to auditors**

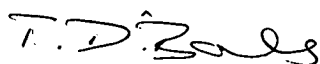
Each of the persons who are Trustees at the time when this Trustees' Report is approved has confirmed that:

- so far as each Trustee is aware, there is no relevant audit information of which the charitable group's auditors are unaware, and
- each Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any information needed by the charitable group's auditors in connection with preparing their report and to establish that the charitable group's auditors are aware of that information.

**Auditors**

The auditors Kreston Reeves have indicated their willingness to continue in office.

The Trustees' Report, incorporating a strategic report was approved by order of the Board of Trustees, as the company directors, on 5 December 2018 and signed on the board's behalf by:



**Mrs Trixie Ball**  
**Chair of Trustees**

**Cygnus Academies Trust**  
**(A company limited by guarantee)**

**Governance Statement**

**Scope of Responsibility**

As Trustees, we acknowledge we have overall responsibility for ensuring that Cygnus Academies 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 Cygnus Academies Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

**Governance**

The information on governance included here supplements that described in the Trustees' report and in the Statement of Trustees' responsibilities. The Board of Trustees has formally met 3 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
Mrs Trixie Ball, Chair	2	3
Ms Larissa César, Vice Chair	2	3
Mrs Susan Constant	2	3
Mrs Sandra Herbert (appointed 21 March 2018)	1	1
Mr David Lloyd, Chief Executive Officer	3	3
Mrs Amanda McMullen	1	3
Mrs Sarah Smith, Head of School (resigned 19 September 2018)	3	3
Mr Daniel Terry, Head of School (resigned 19 September 2018)	3	3
Mr Paul Wilkins	1	3

**Review of Value for Money**

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

The Accounting Officer considers how the academy'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 has delivered improved value for money during the year by:

**1. Guiding principles**

The Board of Cygnus Academies Trust and all employees subscribe to its mission to improve standards of education, knowledge and skills for children and young people across the UK, equipping them to be successful adults and active citizens in the competitive, globalised world of the future. In carrying out its educational mission, the Trust aims to adhere to the highest standards of integrity in public life and to provide responsible custodianship of and value for money with the public and charitable funds put at its disposal to enable it to realise these purposes.

- **Probity:** It must at all times be demonstrable that there is no corruption, private gain or conflict of interest in the awarding and management of contracts, the appointment and promotion of staff, and the use or disposal of assets by Cygnus Academies Trust. All Trust executive and non-executive personnel must be aware of and be guided in their actions at all times by the 7 principles for standards in public life

**Cygnus Academies Trust**  
**(A company limited by guarantee)**

**Governance Statement (continued)**

- **Accountability:** Cygnus Academies Trust is publicly accountable for its expenditure and the conduct of its affairs. Expenditure should at all times be guided by the Education Funding Agency Academies Financial Handbook, which is reflected in the Trust's policies, budgeting, accounting, control and reporting procedures and its delegated schedules of spending authorities.
- **Fairness:** All those who are dealt with by Cygnus Academies Trust and its Trustees and employees should be dealt with in a spirit of fairness and on an equitable basis consonant with the principles of a publicly funded body with charitable status.

**2. Governance, oversight and training**

Robust governance and oversight of the Trust's finances are designed to ensure Value for Money. The Cygnus Academies Trust Board acts as steward of the principles articulated above. On a day-to-day basis the Board has delegated accountability to the Executive Director, in particular to the Chief Executive Officer (who is also the Accounting Officer) and to the Business Manager and the Finance Officer. The Board's detailed and regular scrutiny of the financial management takes place during meetings.

The directors are respected professionals and business people. Their names and brief biographies may be found on the Trust's website at [www.cygnusacademiestrust.org.uk](http://www.cygnusacademiestrust.org.uk). The nature of these responsibilities and an account of how Trustees and the Executive have exercised them in any particular year may be found in the relevant narrative pages of this Trustees Report and Financial Statements.

Every academy is directly responsible for its financial decisions and conduct to the Cygnus Academies Trust Board through the line management of the Heads of School by the Chief Executive Officer, and through the supervision of budgeting, controls and reporting by the Business Manager and the Finance team. In addition, the Local Governing Body of each academy receives regular management accounts and has a devolved obligation to monitor spending against the agreed budget on a regular basis and to report any significant variances or other concerns to the Business Manager and Finance team.

All academies and the Trust are governed in financial matters by the Trust Financial Handbook, which follows the stipulations of the Education Funding Agency's Academies Financial Handbook. There is in place a schedule of delegated spending powers, which is reviewed regularly, as well as a clear set of rules governing expenses. The Trust has developed an effective central financial planning, financial control and financial reporting function under the direction of the CEO, Business Manager and Finance Team. The Trusts team works closely with senior leaders and financial staff in the academies to develop an annual budget that supports the delivery of the agreed Academy Development Plan.

The Board of Trustees receives and approves the Financial Statements and the External Auditors' Management Report.

**3. Management of resources, procurement and tracking of assets**

The CEO/Heads of School, in conjunction with the Business Manager and Finance Team, is involved in assuring that the budget supports the educational strategy of each academy during the annual planning cycle. He and his team continually assess the quality and effectiveness of teaching, progress towards academic targets and other aspects of the academies' educational offer through the course of the year to ensure that Value for Money is being achieved.

Monthly management accounts for each academy and for the Trust are completed and reviewed by the finance team. Any significant variations or concerns are discussed by the Chief Executive Officer and the Business Manager. The Local Governing Bodies receive management accounts and commentaries for their academy regularly.

Procurement is still largely done at local level and must be in accord with the rules set out in the Trust Financial Handbook and Schedule of Delegated Spending Powers. Higher value procurements are subject to Trust scrutiny and agreement and must be made according to the Trust's rules for competitive tendering. Those of the highest value are subject to EU procurement protocols. As the Trust expands in size, central procurement is being investigated in order to capitalise on prospective economies of scale.

**Governance Statement (continued)**

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

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

**Capacity to Handle Risk**

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

**The Risk and Control Framework**

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

The Board of Trustees has considered the need for a specific internal audit function and has decided to appoint Kreston Reeves LLP as internal auditor.

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

- testing of payroll systems
- testing of purchase systems
- testing of control account/ bank reconciliation's
- testing of purchase of fixed assets

On a termly basis, the auditor reports to the Board of Trustees 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 work as planned; no issues arose from the reports issued during the financial period to August 2018.

**Cygnus Academies Trust**  
**(A company limited by guarantee)**

**Governance Statement (continued)**

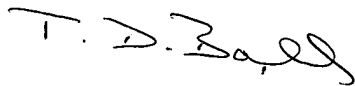
**Review of Effectiveness**

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

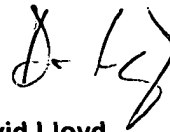
- the work of the internal auditor;
- the work of the external auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the academy who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the Board of Trustees on 5 December 2018 and signed on their behalf, by:



**Mrs Trixie Ball**  
**Chair of Trustees**



**Mr David Lloyd**  
**Accounting Officer**



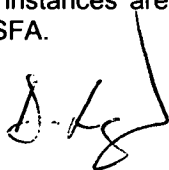
**Cygnus Academies Trust**  
**(A company limited by guarantee)**

**Statement on Regularity, Propriety and Compliance**

As Accounting Officer of Cygnus Academies Trust I have considered my responsibility to notify the academy trust board of trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

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

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

A handwritten signature in black ink, appearing to read 'D Lloyd', with a long horizontal stroke extending to the right.

**Mr David Lloyd**  
**Accounting Officer**

Date: 5 December 2018

**Cygnus Academies Trust**  
**(A company limited by guarantee)**

**Statement of Trustees' responsibilities**  
**For the year ended 31 August 2018**

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

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

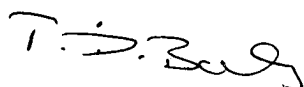
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting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

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

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

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

Approved by order of the members of the Board of Trustees on 5 December 2018 and signed on its behalf by:



**Mrs Trixie Ball**  
**Chair of Trustees**

**Cygnus Academies Trust**  
**(A company limited by guarantee)**

**Independent auditors' report on the financial statements to the members of Cygnus Academies Trust**

**Opinion**

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

In our opinion the financial statements:

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

**Basis for opinion**

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

**Conclusions relating to going concern**

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

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

**Other information**

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

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

We have nothing to report in this regard.

**Independent auditors' report on the financial statements to the members of Cygnus Academies Trust**

**Opinion on other matters prescribed by the Companies Act 2006**

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

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

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

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

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

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

**Responsibilities of trustees**

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

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

**Independent auditors' report on the financial statements to the members of Cygnus Academies Trust**

**Auditors' responsibilities for the audit of the financial statements**

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

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the academy's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.
- Conclude on the appropriateness of the Trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the academy's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditors' report. However, future events or conditions may cause the academy to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**Cygnus Academies Trust**  
**(A company limited by guarantee)**

**Independent auditors' report on the financial statements to the members of Cygnus Academies Trust**

**Use of our report**

This report is made solely to the academy's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the academy's members those matters we are required to state to them in an 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 academy and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

*Kreston Reeves LLP*

Peter Manser FCA DChA (Senior statutory auditor)

for and on behalf of

**Kreston Reeves LLP**

Chartered Accountants  
Statutory Auditor

Canterbury

Date: *5 December 2018*

**Cygnus Academies Trust**  
**(A company limited by guarantee)**

**Independent reporting accountants' assurance report on regularity to Cygnus Academies Trust and the Education & Skills Funding Agency**

In accordance with the terms of our engagement letter dated 26 June 2016 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Cygnus Academies Trust during the year 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

**Respective responsibilities of Cygnus Academies Trust's accounting officer and the reporting accountant**

The Accounting Officer is responsible, under the requirements of Cygnus Academies Trust's funding agreement with the Secretary of State for Education dated 26 January 2016, and the Academies Financial Handbook extant from 1 September 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

**Approach**

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

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

A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion. Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the academy's income and expenditure.

**Cygnus Academies Trust**  
**(A company limited by guarantee)**

**Independent reporting accountants' assurance report on regularity to Cygnus Academies Trust and the Education & Skills Funding Agency (continued)**

**Work undertaken**

The work undertaken to draw our conclusion includes:

- Reviewed the evidence used to support the Accounting Officer's sign off of the regularity statement
- Reviewed expenditure against specific terms of grant funding within the funding agreement
- Reviewed that grants have been applied for the purposes intended
- Confirmed that internal control procedures exist relating to expenditure incurred of cash and credit cards
- Confirmed items claimed on cash and credit cards are not for personal benefit
- Reviewed expenditure and considered whether any supplies are from related parties
- Reviewed minutes of Governing Body meetings for declaration of interests
- Considered whether other income activities are permitted within the Academy Trust's charitable objects
- Considered if borrowing agreements, including leases, have been made in accordance with the Academies Financial Handbook
- Confirmed that procurement and tendering procedures exist relating to expenditure and have been complied with.

**Conclusion**

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

*Kreston Reeves LLP*

**Kreston Reeves LLP**

Chartered Accountants  
Statutory Auditor

Canterbury

Date: *5 December 2018*



**Cygnus Academies Trust**  
**(A company limited by guarantee)**

**Statement of financial activities incorporating income and expenditure account**  
**For the year ended 31 August 2018**

	Note	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
<b>Income from:</b>						
Donations & capital grants:						
Transfer on conversion from local authority	2	-	-	-	-	1,601,255
Other donations and capital grants	2	13,466	-	24,141	37,607	54,925
Charitable activities	3	-	4,848,670	-	4,848,670	4,289,723
Investments	4	506	-	-	506	354
Other income	5	178,228	-	-	178,228	114,717
<b>Total income</b>		<b>192,200</b>	<b>4,848,670</b>	<b>24,141</b>	<b>5,065,011</b>	<b>6,060,974</b>
<b>Expenditure on:</b>						
Charitable activities	6	285,709	4,995,049	331,127	5,611,885	4,894,608
<b>Total expenditure</b>	7	<b>285,709</b>	<b>4,995,049</b>	<b>331,127</b>	<b>5,611,885</b>	<b>4,894,608</b>
<b>Net (expenditure) / income before transfers</b>		<b>(93,509)</b>	<b>(146,379)</b>	<b>(306,986)</b>	<b>(546,874)</b>	<b>1,166,366</b>
Transfers between Funds	17	173,852	(192,248)	18,396	-	-
<b>Net income / (expenditure) before other recognised gains and losses</b>		<b>80,343</b>	<b>(338,627)</b>	<b>(288,590)</b>	<b>(546,874)</b>	<b>1,166,366</b>
Actuarial gains on defined benefit pension schemes	21	-	397,000	-	397,000	617,000
<b>Net movement in funds</b>		<b>80,343</b>	<b>58,373</b>	<b>(288,590)</b>	<b>(149,874)</b>	<b>1,783,366</b>
<b>Reconciliation of funds:</b>						
Total funds brought forward		383,910	(1,272,613)	16,176,745	15,288,042	13,504,676
<b>Total funds carried forward</b>		<b>464,253</b>	<b>(1,214,240)</b>	<b>15,888,155</b>	<b>15,138,168</b>	<b>15,288,042</b>

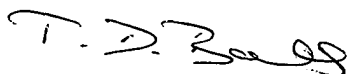
The notes on pages 26 to 48 form part of these financial statements.

**Cygnus Academies Trust**  
**(A company limited by guarantee)**  
**Registered number: 09950137**

**Balance sheet**  
**As at 31 August 2018**

	Note	£	2018 £	£	2017 £
<b>Fixed assets</b>					
Tangible assets	14		15,875,430		16,176,745
<b>Current assets</b>					
Stocks		3,797		4,657	
Debtors	15	203,082		180,757	
Cash at bank and in hand		571,293		605,202	
		<u>778,172</u>		<u>790,616</u>	
<b>Creditors: amounts falling due within one year</b>	16	<u>(239,434)</u>		<u>(271,319)</u>	
<b>Net current assets</b>			<u>538,738</u>		<u>519,297</u>
<b>Total assets less current liabilities</b>			<u>16,414,168</u>		<u>16,696,042</u>
Defined benefit pension scheme liability	21		<u>(1,276,000)</u>		<u>(1,408,000)</u>
<b>Net assets including pension scheme liabilities</b>			<u><u>15,138,168</u></u>		<u><u>15,288,042</u></u>
<b>Funds of the academy</b>					
Restricted income funds:					
Restricted income funds	17	61,760		135,387	
Restricted fixed asset funds	17	<u>15,888,155</u>		<u>16,176,745</u>	
Restricted income funds excluding pension liability		<u>15,949,915</u>		<u>16,312,132</u>	
Pension reserve		<u>(1,276,000)</u>		<u>(1,408,000)</u>	
Total restricted income funds			<u>14,673,915</u>		<u>14,904,132</u>
Unrestricted income funds	17		<u>464,253</u>		<u>383,910</u>
<b>Total funds</b>			<u><u>15,138,168</u></u>		<u><u>15,288,042</u></u>

The financial statements on pages 23 to 48 were approved by the Trustees, and authorised for issue, on 5 December 2018 and are signed on their behalf, by:



**Mrs Trixie Ball**  
**Chair of Trustees**

The notes on pages 26 to 48 form part of these financial statements.

**Cygnus Academies Trust**  
**(A company limited by guarantee)**

**Statement of cash flows**  
**For the year ended 31 August 2018**

	<b>Note</b>	<b>2018 £</b>	<b>2017 £</b>
<b>Cash flows from operating activities</b>			
Net cash (used in)/provided by operating activities	19	<b>(28,744)</b>	245,438
<b>Cash flows from investing activities:</b>			
Interest from investments		506	354
Purchase of tangible fixed assets		<b>(29,812)</b>	(5,846)
Capital grants from DfE Group		<b>24,141</b>	21,174
<b>Net cash (used in)/provided by investing activities</b>		<b>(5,165)</b>	15,682
<b>Change in cash and cash equivalents in the year</b>		<b>(33,909)</b>	261,120
Cash and cash equivalents brought forward		<b>605,202</b>	344,082
<b>Cash and cash equivalents carried forward</b>	20	<b>571,293</b>	605,202

The notes on pages 26 to 48 form part of these financial statements.

**Cygnus Academies Trust**  
**(A company limited by guarantee)**

**Notes to the financial statements**  
**For the year ended 31 August 2018**

**1. Accounting policies**

The Cygnus Academies Trust is a charitable company incorporated on 13 January 2016, limited by guarantee and an exempt charity incorporated in England and Wales. The registered office is c/o Manor Community Primary School, Keary Road, Swanscombe, Kent, DA10 0BU. The principal activity of the Trust is to advance public benefit education in the United Kingdom, in particular but without prejudice of the foregoing: by establishing, maintaining, carrying on, managing and developing schools ("the Academies") offering a broad and balanced curriculum.

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

**1.1 Basis of preparation of financial statements**

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

Cygnus Academies Trust constitutes a public benefit entity as defined by FRS 102.

The academy trust's functional and presentational currency is Pounds Sterling.

The academy trust's financial statements are presented to the nearest pound.

**1.2 Fund accounting**

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

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

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

**Cygnus Academies Trust**  
**(A company limited by guarantee)**

**Notes to the financial statements**  
**For the year ended 31 August 2018**

**1. Accounting policies (continued)**

**1.3 Income**

All income is recognised once the academy has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Grants are included in the Statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. 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.

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.

Donations are recognised on a receivable basis where receipt is probable and the amount can be reliably measured.

Other income, including the hire of facilities, is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

Where assets are received by the trust on conversion to an academy, the transferred assets are measured at fair value and recognised in the Balance sheet at the point when the risk and rewards of ownership pass to the trust. An equal amount of income is recognised as a transfer on conversion within Income from donations and capital grants.

**1.4 Expenditure**

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

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

All expenditure is inclusive of irrecoverable VAT.

**Notes to the financial statements**  
**For the year ended 31 August 2018**

**1. Accounting policies (continued)**

**1.5 Going concern**

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

**1.6 Tangible fixed assets and depreciation**

All assets costing more than £5,000 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

*Premises leased from local authorities*

Land, buildings and playing fields occupied under 125 year leases from a local authority are recognised as a fixed asset in the academy trust balance sheet at fair value.

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 incorporating income and expenditure account 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 incorporating income and expenditure account. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Tangible fixed assets are carried at cost or valuation, net of depreciation and any provision for impairment. Depreciation is not charged on freehold land. Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Long-term leasehold land	-	Not depreciated
Long-term leasehold property	-	2% straight line
Fixtures, fittings and equipment	-	10% straight line

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

**1.7 Operating leases**

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

**1.8 Stocks**

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

**Notes to the financial statements**  
**For the year ended 31 August 2018**

**1. Accounting policies (continued)**

**1.9 Debtors**

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

**1.10 Cash at Bank and in hand**

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

**1.11 Liabilities and provisions**

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

Provisions are 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.

**1.12 Financial instruments**

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

*Financial assets* - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 15. Prepayments are not financial instruments. Amounts due to the academy's wholly owned subsidiary are held at face value less any impairment. Cash at bank is classified as a basic financial instrument and is measured at face value.

*Financial liabilities* - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in note 16. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments.

**1.13 Taxation**

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

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**Notes to the financial statements**  
**For the year ended 31 August 2018**

**1. Accounting policies (continued)**

**1.14 Pensions**

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 21, 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.



**Notes to the financial statements**  
**For the year ended 31 August 2018**

**1. Accounting policies (continued)**

**1.15 Critical accounting estimates and areas of judgment**

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

Critical accounting estimates and assumptions:

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

*Multi-employer defined benefit pension scheme*

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 21, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

*Tangible fixed assets*

The Academy Trust has recognised tangible fixed assets with a carrying value of £15,875,430 at the reporting date (see note 14). These assets are stated at their cost less provision for depreciation and impairment. The Academy Trust's accounting policy sets out the approach to calculating depreciation for immaterial assets acquired. For material assets such as land and buildings the Academy Trust determines at acquisition reliable estimates for the useful life of the asset, its residual value and decommissioning costs. These estimates are based upon such factors as the expected use of the acquired asset and market conditions. At subsequent reporting dates the governors consider whether there are any factors such as technological advancements or changes in market conditions that indicate a need to reconsider the estimates used.

Where there are indicators that the carrying value of tangible assets may be impaired the Academy Trust undertakes tests to determine the recoverable amount of assets. These tests require estimates of the fair value of assets less cost to sell and of their value in use. Wherever possible the estimate of the fair value of assets is based upon observable market prices less incremental cost for disposing of the asset. The value in use calculation is based upon a discounted cash flow model, based upon the Academy Trust's forecasts for the foreseeable future which do not include any restructuring activities that the Academy Trust is not yet committed to or significant future investments that will enhance the asset's performance. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well expected future cash flows and the growth rate used for extrapolation purposes.

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**Notes to the financial statements**  
**For the year ended 31 August 2018**

**1. Accounting policies (continued)**

Critical areas of judgment:

**Lease commitments**

The Academy Trust has entered into a range of lease commitments in respect of property, plant and equipment. The classification of these leases as either financial or operating leases requires the governors to consider whether the terms and conditions of each lease are such that the Academy Trust has acquired the risks and rewards associated with the ownership of the underlying assets.

**Multi-employer defined benefit pension scheme**

Certain employees participate in a multi-employer defined benefit pension scheme with other Academy Trusts in the region. In the judgement of the governors, the Academy Trust does not have sufficient information on the plan assets and liabilities to be able to reliably account for its share of the defined benefit obligation and plan assets. Therefore the scheme is accounted for as a defined contribution scheme, see note 21 for further details.

**2. Income from donations and capital grants**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
Transfer on conversion from local authority	-	-	-	-	1,601,255
Donations	13,466	-	-	13,466	33,751
Capital Grants	-	-	24,141	24,141	21,174
Subtotal	13,466	-	24,141	37,607	54,925
	13,466	-	24,141	37,607	1,656,180
Total 2017	64,682	(246,000)	1,837,498	1,656,180	

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**Notes to the financial statements**  
**For the year ended 31 August 2018**

**3. Funding for Academy's educational operations**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
<b>DfE/ESFA grants</b>				
General Annual Grant (GAG)	-	4,037,905	4,037,905	3,371,311
Other DfE/ESFA grants	-	552,397	552,397	465,829
	-	4,590,302	4,590,302	3,837,140
<b>Other government grants</b>				
Local authority grants	-	258,368	258,368	452,583
	-	258,368	258,368	452,583
	-	4,848,670	4,848,670	4,289,723
Total 2017	-	4,289,723	4,289,723	

**4. Investment income**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Bank interest	506	-	506	354
Total 2017	354	-	354	

**5. Other incoming resources**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Trip income	32,182	-	32,182	27,783
Other income, clubs and uniforms	105,988	-	105,988	46,379
Secondment income	-	-	-	19,807
Absence insurance rebates	31,498	-	31,498	20,748
Consultancy income	8,560	-	8,560	-
	178,228	-	178,228	114,717
Total 2017	114,717	-	114,717	

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**Notes to the financial statements**  
**For the year ended 31 August 2018**

**6. Charitable activities**

	<b>Total funds 2018 £</b>	<b>Total funds 2017 £</b>
<b>Direct costs - educational operations</b>		
Wages and salaries	2,705,430	2,294,806
National insurance	227,010	233,957
Pension cost	436,546	367,206
Educational supplies and services	190,042	173,734
Staff development	20,674	47,679
Staff absence insurance	39,270	42,765
	<u>3,618,972</u>	<u>3,160,147</u>
<b>Support costs - educational operations</b>		
Wages and salaries	383,080	324,486
National insurance	18,711	19,688
Pension cost	300,281	256,165
Depreciation	331,127	323,686
FRS102 Pension interest expense	33,000	33,000
Recruitment cost	4,355	15,898
Maintenance of premises and equipment	145,618	101,036
Cleaning	121,330	86,664
Rent and rates	55,871	48,383
Light and heat	79,196	64,325
Insurance	21,512	19,389
Security and transport	18,795	9,517
Catering	176,795	153,711
Technology costs	82,698	55,459
Printing, postage and stationery	26,003	11,362
Other support costs	90,313	91,794
Legal and professional	85,725	96,768
Audit and accountancy	18,503	23,130
	<u>1,992,913</u>	<u>1,734,461</u>
	<u><u>5,611,885</u></u>	<u><u>4,894,608</u></u>

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**Notes to the financial statements**  
**For the year ended 31 August 2018**

**7. Expenditure**

	<b>Staff costs</b> <b>2018</b> <b>£</b>	<b>Premises</b> <b>2018</b> <b>£</b>	<b>Other costs</b> <b>2018</b> <b>£</b>	<b>Total</b> <b>2018</b> <b>£</b>	<b>Total</b> <b>2017</b> <b>£</b>
Activities:					
Direct costs	<b>3,368,986</b>	<b>-</b>	<b>249,986</b>	<b>3,618,972</b>	<b>2,275,736</b>
Support costs	<b>702,072</b>	<b>398,458</b>	<b>892,383</b>	<b>1,992,913</b>	<b>2,618,872</b>
	<b>4,071,058</b>	<b>398,458</b>	<b>1,142,369</b>	<b>5,611,885</b>	<b>4,894,608</b>
Total 2017	<b>3,496,308</b>	<b>300,408</b>	<b>1,097,892</b>	<b>4,894,608</b>	

**8. Net income/(expenditure)**

This is stated after charging:

	<b>2018</b> <b>£</b>	<b>2017</b> <b>£</b>
Depreciation of tangible fixed assets:		
- owned by the charity	<b>331,127</b>	<b>323,686</b>
Auditors' remuneration - audit	<b>10,200</b>	<b>10,200</b>
Auditors' remuneration - other services	<b>1,950</b>	<b>1,950</b>
Governance Internal audit costs	<b>6,150</b>	<b>3,840</b>

**Cygnus Academies Trust**  
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**Notes to the financial statements**  
**For the year ended 31 August 2018**

**9. Staff costs**

**a. Staff costs**

Staff costs were as follows:

	2018 £	2017 £
Wages and salaries	2,971,463	2,496,515
Social security costs	245,721	253,645
Operating costs of defined benefit pension schemes	736,827	623,371
	<u>3,954,011</u>	<u>3,373,531</u>
Agency staff costs	114,647	91,640
Staff severance payment	2,400	31,137
	<u>4,071,058</u>	<u>3,496,308</u>

**b. Non-statutory/non-contractual staff severance payments**

Included in support costs is a non-statutory / non-contractual severance payment totalling £2,400 (2017: £31,137).

**c. Staff numbers**

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

	2018 No.	2017 No.
Teachers	49	48
Administration and support	126	131
Management	11	5
	<u>186</u>	<u>184</u>

Average headcount expressed as a full time equivalent:

	2018 No.	2017 No.
Teachers	39	35
Administration and support	62	65
Management	11	9
	<u>112</u>	<u>109</u>

**d. Higher paid staff**

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

	2018 No.	2017 No.
In the band £60,001 - £70,000	0	1
In the band £70,001 - £80,000	2	1
In the band £120,001 - £130,000	1	1

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**Notes to the financial statements**  
**For the year ended 31 August 2018**

**9. Staff costs (continued)**

The above employees participated in the Teachers' Pension Scheme. During the period ended 31 August 2018, pension contributions for these employees amounted to £45,442 (2017: £43,910).

**e. Key management personnel**

The key management personnel of the Academy Trust comprise the Trustees and the senior management team as listed on page 1. The total salaries received by key management personnel for their services to the Academy Trust was £622,023 (2017: £550,514). Employer pension contributions were a total of £104,182 (2017: £92,143) and employer national insurance contributions were a total of £74,515 (2017: £65,859).

**10. Central services**

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

- Educational support services
- Legal services
- Others as arising

The academy charges for these services on the following basis:

A flat percentage of General Annual Grant income based on each Academy's Ofsted grading:

- Outstanding schools = 4.5%
- Good schools = 5.5%
- Requires improvement schools = 6.5%
- Serious weakness/coasting = 7%
- Special measures = 7.5%

The actual amounts charged during the year were as follows:

	2018 £	2017 £
Westgate Primary School	62,160	54,227
Manor Community Primary School	128,208	131,259
Royal Rise Primary School	51,228	7,918
	<u>241,596</u>	<u>193,404</u>

**Notes to the financial statements**  
**For the year ended 31 August 2018**

**11. Trustees' remuneration and expenses**

One or more Trustees has been paid remuneration or has received other benefits from an employment with the academy. The Principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and other staff members under their contracts of employment, and not in respect of their role as Trustees. The value of Trustees' remuneration and other benefits was as follows:

		2018 £	2017 £
Mr David Lloyd	Remuneration	120,000-125,000	120,000-125,000
	Pension contributions paid	20,000-25,000	15,000-20,000
Mrs Sarah Smith	Remuneration	75,000-80,000	75,000-80,000
	Pension contributions paid	10,000-15,000	10,000-15,000
Mr Daniel Terry	Remuneration	75,000-80,000	65,000-70,000
	Pension contributions paid	10,000-15,000	10,000-15,000

During the year, no Trustees received any benefits in kind (2017 - £NIL).

During the year ended 31 August 2018, expenses totalling £2,879 (2017 - £228) were reimbursed to 3 Trustees (2017 - 1).

**12. Trustees' and Officers' Insurance**

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

**13. Other finance expense**

	2018 £	2017 £
Interest income on pension scheme assets	(46,000)	(27,000)
Interest on pension scheme liabilities	79,000	60,000
	<u>33,000</u>	<u>33,000</u>



**Cygnus Academies Trust**  
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**Notes to the financial statements**  
**For the year ended 31 August 2018**

**14. Tangible fixed assets**

	Long-term leasehold land and buildings £	Fixtures, fittings and equipment £	Total £
<b>Cost or valuation</b>			
At 1 September 2017	16,745,202	48,920	16,794,122
Additions	7,968	21,844	29,812
At 31 August 2018	16,753,170	70,764	16,823,934
<b>Depreciation</b>			
At 1 September 2017	608,678	8,699	617,377
Charge for the year	318,953	12,174	331,127
At 31 August 2018	927,631	20,873	948,504
<b>Net book value</b>			
At 31 August 2018	15,825,539	49,891	15,875,430
At 31 August 2017	16,136,524	40,221	16,176,745

Included in land and buildings is freehold land at valuation of £805,501, which is not depreciated.

The Academy Trust's transactions relating to land and buildings included:

Long-term leasehold land and buildings comprises land and buildings occupied on 125 year leases granted from Kent County Council to Cygnus Academies Trust for the use of the sites at Manor Community Primary School, Westgate Primary School and Royal Rise Primary School.

**15. Debtors**

	2018 £	2017 £
Trade debtors	6,090	-
Other debtors	38,350	37,222
Prepayments and accrued income	158,642	143,535
	<u>203,082</u>	<u>180,757</u>

**16. Creditors: Amounts falling due within one year**

	2018 £	2017 £
Trade creditors	90,328	78,476
Other taxation and social security	9,358	15,626
Other creditors	10,124	-
Accruals and deferred income	129,624	177,217
	<u>239,434</u>	<u>271,319</u>

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**Notes to the financial statements**  
**For the year ended 31 August 2018**

**16. Creditors: Amounts falling due within one year (continued)**

	2018 £	2017 £
<b>Deferred income</b>		
Deferred income at 1 September 2017	93,174	79,079
Resources deferred during the year	77,696	93,174
Amounts released from previous years	(93,174)	(79,079)
	<u>77,696</u>	<u>93,174</u>
Deferred income at 31 August 2018	<u><u>77,696</u></u>	<u><u>93,174</u></u>

At the balance sheet date, the Academy Trust was holding funds received in advance of the 2018/19 financial year in respect of universal infant free school meals and parental contributions towards school trips.

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**Notes to the financial statements**  
**For the year ended 31 August 2018**

**17. Statement of funds**

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
<b>Unrestricted funds</b>						
General Funds	383,910	192,200	(285,709)	173,852	-	464,253
<b>Restricted funds</b>						
General Annual Grant (GAG)	15,132	4,037,905	(3,856,764)	(192,248)	-	4,025
Other DfE/ESFA grants	2,200	552,397	(554,597)	-	-	-
Other Government grants	118,055	258,368	(318,688)	-	-	57,735
Pension reserve	(1,408,000)	-	(265,000)	-	397,000	(1,276,000)
	<u>(1,272,613)</u>	<u>4,848,670</u>	<u>(4,995,049)</u>	<u>(192,248)</u>	<u>397,000</u>	<u>(1,214,240)</u>
<b>Restricted fixed asset funds</b>						
Restricted Fixed Asset	16,176,745	-	(331,127)	29,812	-	15,875,430
DfE/ESFA capital grants	-	24,141	-	(11,416)	-	12,725
	<u>16,176,745</u>	<u>24,141</u>	<u>(331,127)</u>	<u>18,396</u>	<u>-</u>	<u>15,888,155</u>
Total restricted funds	<u>14,904,132</u>	<u>4,872,811</u>	<u>(5,326,176)</u>	<u>(173,852)</u>	<u>397,000</u>	<u>14,673,915</u>
Total of funds	<u>15,288,042</u>	<u>5,065,011</u>	<u>(5,611,885)</u>	<u>-</u>	<u>397,000</u>	<u>15,138,168</u>

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

GAG represents funds to be used to cover the normal running costs of the Academy Trust.

Other DfE/ESFA grants represents grants provided for specific purposes, such as pupil premium which is used to support disadvantaged pupils and assist them in decreasing the attainment gap between them and their peers.

Other government grants represents grants provided for specific purposes, such as SEN funding which is used to support pupils with special education needs.

The restricted fixed asset fund represents the long term leasehold land and buildings and other assets which were donated upon conversion to academy status, the value of fixed assets purchases since conversion including depreciation to the balance sheet date.

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

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**Notes to the financial statements**  
**For the year ended 31 August 2018**

**17. Statement of funds (continued)**

**Analysis of academies by fund balance**

Fund balances at 31 August 2018 were allocated as follows:

	Total 2018 £	Total 2017 £
Manor Community Primary School	168,907	180,340
Westgate Primary School	133,240	100,195
Royal Rise Primary School	26,098	18,189
Cygnus Academies Trust - central services	197,768	220,573
	<hr/>	<hr/>
Total before fixed asset fund and pension reserve	526,013	519,297
Restricted fixed asset funds	15,888,155	16,176,745
Pension reserve	(1,276,000)	(1,408,000)
	<hr/>	<hr/>
Total	15,138,168	15,288,042
	<hr/> <hr/>	<hr/> <hr/>

**Analysis of academies by cost**

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciat- ion £	Total 2018 £	Total 2017 £
Manor Community Primary School	1,943,075	325,264	62,634	483,790	2,814,763	3,030,208
Westgate Primary School	709,004	103,493	56,068	191,010	1,059,575	1,043,229
Royal Rise Primary School	589,352	92,937	49,579	128,854	860,722	163,864
Cygnus Academies Trust - central services	127,555	251,522	10,696	155,925	545,698	333,621
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	3,368,986	773,216	178,977	959,579	5,280,758	4,570,922
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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**Notes to the financial statements**  
**For the year ended 31 August 2018**

**17. Statement of funds (continued)**

**Statement of funds - prior year**

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
General Funds	279,938	179,753	(220,732)	144,951	-	383,910
<b>Restricted funds</b>						
General Annual Grant (GAG)	-	3,371,311	(3,229,657)	(126,522)	-	15,132
Other DfE/ESFA grants	-	465,829	(463,629)	-	-	2,200
Other Government grants	90,376	452,583	(424,904)	-	-	118,055
Pension reserve	(1,547,000)	(246,000)	(232,000)	-	617,000	(1,408,000)
	<u>(1,456,624)</u>	<u>4,043,723</u>	<u>(4,350,190)</u>	<u>(126,522)</u>	<u>617,000</u>	<u>(1,272,613)</u>
<b>Restricted fixed asset funds</b>						
Restricted Fixed Asset	14,678,261	1,816,324	(323,686)	5,846	-	16,176,745
DfE/ESFA capital grants	3,101	21,174	-	(24,275)	-	-
	<u>14,681,362</u>	<u>1,837,498</u>	<u>(323,686)</u>	<u>(18,429)</u>	<u>-</u>	<u>16,176,745</u>
Total restricted funds	<u>13,224,738</u>	<u>5,881,221</u>	<u>(4,673,876)</u>	<u>(144,951)</u>	<u>617,000</u>	<u>14,904,132</u>
Total of funds	<u>13,504,676</u>	<u>6,060,974</u>	<u>(4,894,608)</u>	<u>-</u>	<u>617,000</u>	<u>15,288,042</u>

**18. Analysis of net assets between funds**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	15,875,430	15,875,430
Current assets	703,688	61,760	12,725	778,173
Creditors due within one year	(239,435)	-	-	(239,435)
Provisions for liabilities and charges	-	(1,276,000)	-	(1,276,000)
	<u>464,253</u>	<u>(1,214,240)</u>	<u>15,888,155</u>	<u>15,138,168</u>

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**18. Analysis of net assets between funds (continued)**

**Analysis of net assets between funds - prior year**

	Unrestricted funds	Restricted funds	Restricted fixed asset funds	Total funds
	2017 £	2017 £	2017 £	2017 £
Tangible fixed assets	-	-	16,176,745	16,176,745
Current assets	383,910	406,707	-	790,617
Creditors due within one year	-	(271,320)	-	(271,320)
Provisions for liabilities and charges	-	(1,408,000)	-	(1,408,000)
	<u>383,910</u>	<u>(1,272,613)</u>	<u>16,176,745</u>	<u>15,288,042</u>

**19. Reconciliation of net movement in funds to net cash flow from operating activities**

	2018 £	2017 £
Net (expenditure)/income for the year (as per Statement of Financial Activities)	(546,874)	1,166,366
<b>Adjustment for:</b>		
Depreciation charges	331,127	323,686
Interest from investments	(506)	(354)
Decrease/(increase) in stocks	860	(1,045)
(Increase)/decrease in debtors	(22,325)	36,900
(Decrease)/increase in creditors	(31,885)	79,383
Capital grants from DfE and other capital income	(24,141)	(21,174)
Defined benefit pension scheme obligation inherited	-	246,000
Defined benefit pension scheme cost less contributions payable	232,000	199,000
Defined benefit pension scheme finance cost	33,000	33,000
Assets inherited on conversion	-	(1,816,324)
<b>Net cash (used in)/provided by operating activities</b>	<u>(28,744)</u>	<u>245,438</u>

**20. Analysis of cash and cash equivalents**

	2018 £	2017 £
Cash in hand	571,293	605,202
<b>Total</b>	<u>571,293</u>	<u>605,202</u>

**Notes to the financial statements**  
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**21. Pension commitments**

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

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

Contributions amounting to £10,124 were payable to the schemes at 31 August 2018 (2017 - £Nil) and are included within creditors.

**Teachers' Pension Scheme**

**Introduction**

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

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

**Valuation of the Teachers' Pension Scheme**

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

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

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

The employer's pension costs paid to TPS in the period amounted to £286,610 (2017 - £236,754).

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

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**21. Pension commitments (continued)**

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

**Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £280,000 (2017 - £240,000), of which employer's contributions totalled £218,000 (2017 - £186,000) and employees' contributions totalled £62,000 (2017 - £54,000). The agreed contribution rates for future years are 20% for employers and 5.5% - 12.5%% for employees.

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

Principal actuarial assumptions:

	2018	2017
Discount rate for scheme liabilities	2.65 %	2.60 %
Rate of increase in salaries	3.80 %	4.20 %
Rate of increase for pensions in payment / inflation	2.30 %	2.70 %
Inflation assumption (CPI)	2.30 %	2.70 %
Inflation assumption (RPI)	3.30 %	3.60 %

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

	2018	2017
Retiring today		
Males	23.1	23.0
Females	25.2	25.1
Retiring in 20 years		
Males	25.3	25.2
Females	27.5	27.4

	At 31 August 2018 £	At 31 August 2017 £
<b>Sensitivity analysis</b>		
Discount rate +0.1%	(78,000)	(73,000)
Discount rate -0.1%	80,000	75,000
Mortality assumption - 1 year increase	106,000	96,000
Mortality assumption - 1 year decrease	(103,000)	(93,000)
Long term salary increase +0.1%	9,000	14,000
Long term salary increase -0.1%	(9,000)	(14,000)



**Notes to the financial statements**  
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**21. Pension commitments (continued)**

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

	Fair value at 31 August 2018 £	Fair value at 31 August 2017 £
Equities	1,347,000	1,138,000
Gilts	15,000	11,000
Corporate bonds	176,000	155,000
Property	245,000	198,000
Cash	61,000	51,000
Absolute return fund	134,000	62,000
	<hr/>	<hr/>
Total market value of assets	<b>1,978,000</b>	<b>1,615,000</b>
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The actual return on scheme assets was £79,000 (2017 - £172,000).

The amounts recognised in the Statement of financial activities incorporating income and expenditure account are as follows:

	2018 £	2017 £
Current service cost	(449,000)	(384,000)
Interest income	46,000	27,000
Interest cost	(79,000)	(60,000)
Admin expenses	(1,000)	-
	<hr/>	<hr/>
Total	<b>(483,000)</b>	<b>(417,000)</b>
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Movements in the present value of the defined benefit obligation were as follows:

	2018 £	2017 £
Opening defined benefit obligation	3,023,000	2,604,000
Upon conversion	-	465,000
Current service cost	449,000	384,000
Interest cost	79,000	60,000
Employee contributions	62,000	54,000
Actuarial gains	(364,000)	(544,000)
Benefits paid	5,000	-
	<hr/>	<hr/>
Closing defined benefit obligation	<b>3,254,000</b>	<b>3,023,000</b>
	<hr/>	<hr/>

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**Notes to the financial statements**  
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**21. Pension commitments (continued)**

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

	2018 £	2017 £
Opening fair value of scheme assets	1,615,000	1,057,000
Upon conversion	-	219,000
Interest income	46,000	27,000
Actuarial gains	33,000	73,000
Employer contributions	218,000	186,000
Employee contributions	62,000	54,000
Benefits paid	5,000	-
Administration expenses	(1,000)	(1,000)
	<u>1,978,000</u>	<u>1,615,000</u>
Closing fair value of scheme assets	<u>1,978,000</u>	<u>1,615,000</u>

**22. Operating lease commitments**

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

	2018 £	2017 £
<b>Amounts payable:</b>		
Within 1 year	2,109	1,634
Between 1 and 5 years	1,080	2,306
Total	<u>3,189</u>	<u>3,940</u>

**23. Members' liability**

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

**24. 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 Trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH and with the Academy Trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

Mr Dafydd Gough was a Trustee of Cygnus Academies Trust during the year and until 19 September 2018, in addition to being contracted to provide support to a company, Silica Associates Limited. During the year ended 31 August 2018 £1,800 (2017: £7,800) was paid by Cygnus Academies Trust to Silica Associates Limited, for educational support services.