

REGISTRAR OF COMPANIES

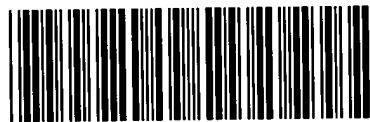
Barnet Special Education Trust

Annual Report and Financial Statements

31 August 2018

Company Limited by Guarantee
Registration Number
10034425 (England and Wales)

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Barnet Special Education Trust



celebrate uniqueness

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Reference and administrative information

Members	Judith Charlesworth Anne Etherington Desiree Lodge-Patch
Trustees	Judith Charlesworth Dr. Laura Crane Janet Dobney Anthony Fenton Julie George Steve Palmer Lynda Walker (CEO) Valerie White
Senior Leadership Team	
Headteacher	Lynda Walker
Academy Development Director	Ian Kingham
Deputy Headteacher	Teresa Ellis
Deputy Headteacher	Virginia D'Odorico
Assistant Headteacher	Esther Pearsall
Assistant Headteacher(Acting)	Elham Seyedi-Yazdi
School Business Manager	Ann-Marie Dobbin
Oakbridge Provision Manager	Simon Clark
Registered address	Oak Lodge School Heath View London N2 0QY
Company registration number	10034425
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Bankers	Lloyds Bank 39 Threadneedle Street, London EC2R 8AU
Solicitors	Stone King LLP Boundary House 91 Charterhouse Street London EC1M 6HR

Trustees' report 31 August 2018

The trustees of Barnet Special Education Trust (the 'Trust') present their annual report together with the financial statements and the auditor's reports of the charitable company for the year to 31 August 2018. The comparatives relate to the eighteen-month period from 1 March 2016 to 31 August 2017, although the Trust only began operating from 1 January 2017. The annual report serves the purposes of both a trustees' report and a directors' report under company law.

The financial statements have been prepared in accordance with the accounting policies set out on pages 29 to 33 of the attached financial statements and comply with the Trust's Memorandum and Articles of Association, applicable laws and 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 United Kingdom and Republic of Ireland (FRS 102), effective from accounting periods commencing 1 January 2015 or later.

STRUCTURE, GOVERNANCE AND MANAGEMENT

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 documents of the Trust. The trustees of Barnet Special Education Trust are also the directors of the charitable company for the purposes of company law. The charitable company is known as Barnet Special Education Trust.

Members' liability

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

Trustees' indemnities

Governors' Indemnity Insurance (including Professional Liability) is provided through the Department for Education Risk Protection Arrangement (RPA) and provides unlimited cover.

Principal activities

The Trust currently operates one special academy, Oak Lodge School, which provided up to 185 places for children and young people aged 11-19 during the accounting year, rising to 195 in the 2018-19 academy year. At the last school census taken in June 2018 there were 182 students on roll. At the beginning of the Autumn term in September 2018 there were 187.

In 2018, the Trust also established a subsidiary company to manage a Specialist Post-16 Institution as a separate entity providing special FE education for up to 16 young adults aged 19-24. This provision opened from September 2018.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Trustees

The trustees are directors of the charitable company for the purposes of the Companies Act 2006. The following trustees were in office at 31 August 2018 and served throughout the period except where shown.

Trustee	Appointed	Resigned
Judith Charlesworth		
Dr. Laura Crane	04/07/2018	
Cristina Di Santo		27/04/2018
Janet Dobney		
Anthony Fenton		
Julie George		
Steve Palmer		
Lynda Walker		
Valerie White	04/07/2018	

Method of recruitment and appointment or election of trustees

Trustees have been recruited by members through a mixture of existing local governors, personal and professional networks and through public consultation for our proposed free school which is in pre-approval status. Trustees have been nominated and appointed by the above-named members of the Trust with a view to ensuring an appropriate range of specific skills, for example; finance, personnel, education and law. This year the Trust has been able to appoint two extremely high quality candidates with significant academic and senior LA commissioning backgrounds to both strengthen and broaden the skills and experience across the Board.

Policies and procedures adopted for the induction and training of trustees

Induction and training procedures for trustees and local governors are in place and take the form of signposting to key documentation and assessment of skills, supported by training supplied by London Borough of Barnet and Buzzacott LLP. The CEO and Academy Development Director jointly monitor trustee and governor training requirements and identify relevant courses which fit with the Trust's objectives and priorities.

Organisational structure

The aim of the management structure is to delegate responsibility and encourage involvement in decision making at all levels.

- ◆ The members meet annually and at other times as required with a role to ensure the Trust fulfils its founding principles and to receive the company's annual report and financial statements.
- ◆ The Board of Trustees meet at least once in each academy term and steer the strategic aims of the Trust. They appoint the Chair and community governors of each Local Governing Body, whilst ensuring the election of staff and parent representation for each to keep a general overview of the work of the Trust and its schools.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Organisational structure (continued)

- ◆ Barnet Special Education Trust is the sole member of its subsidiary company, Oakbridge Special Education Ltd. Oakbridge Special Education has its own board of directors, that include the CEO. The board meets as a separate body and reports termly to the trustees of Barnet Special Education Trust.
- ◆ The trustees have determined that whilst Oak Lodge School remains the only operational special academy in the Trust, the committee structure from the previous maintained school will apply. The trustees have therefore delegated financial operational responsibility to the Local Governing Body (LGB). However, to ensure sufficient oversight, a trustee with appropriate skills has been appointed to attend each sub-committee of the LGB. The Trust through its Accounting Officer, will ensure that all statutory responsibilities are fully discharged. The trustees will keep this arrangement under review.
- ◆ The LGB governors are responsible for setting overall policy of the special academy, adopting an annual plan and budget, monitoring the academy by the use of budgets and making major decisions about the direction of the academy, capital expenditure and senior staff appointments.
- ◆ LGB has delegated some duties and powers to committees as appropriate which currently include the Audit, Finance and General Purposes Committee (AFGP) and Teaching and Learning Committee.
- ◆ During the academic year LGB governors hold three full Governing Body meetings, preceded by six committee meetings.

Appropriate powers and functions are delegated to the Headteacher and include responsibility for the internal organisation, management and control of the academy, the implementation of all policies approved by the Trust and Local Governing Body and the direction of teaching and the curriculum.

The Headteacher of Oak Lodge School is also the Accounting Officer for Barnet Special Education Trust.

Arrangements for setting pay and remuneration of key management personnel

The key management personnel of Barnet Special Education Trust are the trustees and the senior leadership team including the Headteacher, Academy Development Director, deputy and assistant headteachers, the School Business Manager and the manager of Oakbridge specialist FE provision. The remuneration of these key personnel is managed, approved and is benchmarked against comparable roles in other schools by the Headteacher in line with the Finance Policies Scheme of Delegation, the current version of the School Teachers Pay and Conditions Document and the current version of the National Joint Council for Local Government Services Pay and Conditions Document (Green Book). An external adviser is appointed annually to support local governors and trustees in the appraisal of the Headteacher.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Trade Union Facilities Time (continued)

As the only open academy of the Trust, Oak Lodge School purchased Trade Union Facilities Time for the accounting period as a traded service supplied by Barnet Education and Skills service at a cost of £380 for the year.

This service provides a cost-effective access route for statutory and collective consultation and bargaining through branch officials from the National Union of Teachers, NASUWT, Unison and GMB unions.

The arrangement provides access to a framework for academies to manage industrial relations and largely eliminates or at least reduces the need to establish, agree and coordinate release arrangements and paid time off for duties and training.

Notwithstanding this arrangement, a small amount of time was provided to one union representative to attend training off site and to run twilight meetings in school for employees. Whilst not undertaking formal facilities time arrangements, another employee acting as a school-based representative for another union estimates their time commitment to approximately 20 minutes per week averaged over the year. Neither representative has therefore spent in excess of 1% of paid hours on trade union related activity.

Relevant union officials

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
2	2

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	2
1%-50%	0
51%-99%	0
100%	0

Percentage of pay bill spent on facility time

Total cost of facility time	£1,208
Total pay bill	£2,601,000
Percentage of total pay bill spent on facility time	
(total cost of facility time + total pay bill) x 100	0.05%

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Trade Union Facilities Time (continued)

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 paid trade union activities by relevant union officials during the relevant period + total paid facility time hours) x 100	n/a
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Trustees have made reference to Statutory Instrument 2017 No. 328, The Trade Union (Facility Time Publication Requirements Regulations 2017 to calculate the details outlined above.

Related Parties and other Connected Charities and Organisations

The Trust has one open special academy, Oak Lodge School. During the year, the Trust also established a subsidiary company limited by guarantee, whose purpose is to manage a new 19-24 Further Education Special Educational Needs provision, trading as Oakbridge Special Education (company number 11390386). The Trust is the sole member of the subsidiary company, and the CEO of the Trust is a director of the new company.

Oak Lodge School is a member of the MOON partnership of special schools and academies in the Barnet area. However there are no aspects of this arrangement that impact directly on operational policies of the Trust.

The activities and charitable objects of the Trust are supported through its relationship with the Hearts of Oak charity foundation, established by parents and carers of children at the special academy, and that is now also offering charitable financial support to Oakbridge Special Education as well as Oak Lodge School. This relationship is purely charitable and Hearts of Oak has no direct impact on the financial or operational policies of either provision.

OBJECTIVES AND ACTIVITIES

Objectives and Aims

The Trust's objectives are to advance education for the public benefit, by establishing, maintaining, and carrying on schools specially organised to make special educational provision for children and young people with Special Educational Needs.

OBJECTIVES AND ACTIVITIES (continued)

Objectives, strategies and activities

- ◆ Our curriculum should be rigorous, relevant and personalised to meet a wide range of individual special needs.
- ◆ Teaching should be consistently outstanding, accessible and autism-inclusive, to enable all students, whatever their learning needs, to demonstrate excellent progress.
- ◆ The Trust in all its provisions, will embrace an eclectic range of interventions appropriate for the education of teaching young people with Autistic Spectrum Conditions by committing to the SCERTS model.
- ◆ Parents and families should be fully engaged in the learning community of the Trust and its provisions.
- ◆ Provision accommodation should offer a positive environment that promotes independent learning for all, including those with physical disabilities.
- ◆ Staff across the Trust and its subsidiaries will have access to high quality professional development and contribute wherever possible to evidence-based research, supporting the wider development of special educational needs provision.
- ◆ Provisions within the Trust and subsidiaries will be active members in their networks, partnerships and alliances, promoting collaborative exchange of knowledge, skills and experience, in order to help all of us be the best we can be.
- ◆ The Trust also seeks to meet additional identified local need, subject to location of a suitable site, to establish a special free school, currently in pre-approval stage, to be known as The Windmill School that will eventually offer 90 places for Children and Young people aged 5-18 with a primary diagnosis of autism.

Public Benefit

In setting the Academy's objectives and planning its activities, the Board of Trustees have given careful consideration to the Charity Commission's general guidance on public benefit.

STRATEGIC REPORT

Achievements and performance

The Trust established its first academy with the conversion of Oak Lodge School on 1 January 2017. This was achieved at a time when the school site was undergoing a building programme that has significantly increased both the quantity and quality of accommodation on offer to students and staff. School leadership continues to have a strong liaison with the London Borough of Barnet (LBB) as its main commissioner of places for our students, all of whom are funded through the High Needs Block. This resulted in further improvements to the school site funded by LBB during the Summer of 2017 that saw the demolition of 2 temporary buildings and the construction of a new permanent and very attractive 2-classroom building that is fully self-powering. The net effect of this improves the attractiveness of the special academy for pupils, staff and prospective parents; whilst enabling the Trust to expand its place offer at Oak Lodge to 200 in the coming years.

In its first term as a special academy, Oak Lodge successfully achieved the standards required for the accreditation award of the National Autistic Society (NAS). This is the third time that Oak Lodge has achieved this award. Annual peer review activity undertaken through the Challenge Partners initiative has helped Oak Lodge to remain focussed on its key objectives in order to maintain its outstanding quality of provision. The school as a special academy continues to be outward looking in its partnership work with the MOON alliance of Barnet special schools and in its support for the Challenge Partners peer quality assurance scheme, for which the Headteacher acts as a lead reviewer, whilst other senior members of staff contribute as team members. The headteacher is also a lead Ofsted inspector for special schools and a team inspector in primary-phase mainstream provisions. In addition, two senior members of staff are lead reviewers for the National Autistic Society accreditation programme and the Academy Development Director is the special schools representative on Barnet Schools Forum.

Oak Lodge continues to offer high quality special educational needs provision that meets the needs of a wide range of moderate, to severe and complex learner presentations. This is enabled through high levels of staff support, who have access to high quality professional development opportunities that enable them to have the skills to effectively engage learners to achieve high levels of progress, relative to their prior attainment. Whilst few learners at the school make the academic progress that will enable them to fully access Level 1 or 2 GCSE qualifications, those that can are entered for subjects where they have particular strengths. A wide array of Entry Level awards and certificates are used to structure an effective, wide ranging and purposeful curriculum that supports the school's mission statement 'Learning for Life'.

The school regularly benchmarks the academic progress made by its learners with reference to a commercially available database of nationwide SEN data. Our records show that during the 2017-18 academy year, and for pupils where comparative data exists; 99% in English, 95% in Mathematics and 94% in PSHE made expected, or more than expected progress when compared against the benchmark set for their prior attainment and age.

STRATEGIC REPORT (continued)

Achievements and performance (continued)

Oak Lodge is very aware of its responsibility to develop a curriculum that works for all its learners and to find ways to measure the non-academic development of students at the school. The special academy continues to build and develop the reputation carried over from its life as a maintained community provision to promote the specialist needs of its autistic learners. In collaboration with other local providers, it has taken a leading role at local and regional level to promote the highly specialist and therapeutically developed SCERTS® intervention model that actively encourages social interaction and communication, emotional self-regulation and transactional support. The special academy continues to work in partnership with academic speech and language therapists and psychologists to implement the SCERTS® model and develop a sophisticated method of recording individual progress in these aspects of development and growth for all children and young people across the provision, whatever their learning disability.

The Trust is pleased to have been able to continue its lease of a small retail unit, thanks to the financial support of the Hearts of Oak charity foundation. This enables students at both the school and FE provision to experience real-life supported work experience in the community that improves their self-esteem and confidence.

Oak Lodge and Oakbridge continue to maintain a safe and secure environment for their learners. Robust safeguarding measures are in place with strong connections to health, social care and police liaison officers. This is supported by an effective pastoral team that includes qualified specialist counsellors able to work with both learners and parents. The PREVENT strategy is well promoted with the majority of governors and staff having completed on-line training. This ensures that British values are promoted well across both provisions. There is a strong ethos towards student behaviour - positive relationships between staff and students are clearly evident and key to the transactional support that is offered to help our challenging learners safely manage their time in our learning communities.

Overall, Oak Lodge and its subsidiary provision remain highly regarded by parents and are places where children and young people are very happy to attend. Attendance at the school is very good with few cases of unauthorised absence. Attendance at events by parents and carers of students in both settings is also strong; parental attendance at annual reviews of Education, Health and Care Plans is in excess of 90%.

Going concern

After making appropriate enquiries, the trustees have a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding adoption of the going concern basis can be found in the principal accounting policies on pages 29 to 33.

STRATEGIC REPORT (continued)

Financial review

Financial report for the year

Net expenditure for the year was £255,000 (period ended 31 August 2017 – net income of £8,343,000) before any movements on the defined benefit pension scheme. The actuarial gain on the defined benefit pension scheme was £382,000 (period ended 31 August 2017 – loss of £160,000). Although a longer accounting period, the Trust only began operating from 1 January 2017 and includes donated assets of £8,200,000 from the London Borough of Barnet and £132,000 of associated income which was inherited upon the conversion of Oak Lodge School into the Trust. The results for the year are shown on page 26.

The Trust had total funds of £8,310,000 (2017 – £8,183,000) at the balance sheet date, including a fixed asset fund of £10,566,000 (2017 – £10,724,00) and a deficit on the pension reserve of £2,777,000. Excluding these funds, the Trust had £521,000 (2017 – £392,000) of reserves at 31 August 2018 including £294,000 (2017 – £194,000) of unrestricted funds and £197,000 of GAG carried forward (2017 – £168,000) at the year end.

Financial and risk management objectives and policies

Risks are defined as uncertain future events that might prevent the Trust from achieving its objectives. The trustees therefore ensure that it has in place the means to identify, analyse, control and monitor the strategic and operational risks it faces through its Fraud Policy, Risk Register & Business Continuity Plan.

Reserves policy

Trustees review the reserves of the Trust to ensure that they are adequate to meet the needs of the Trust. Schools trading as academies are expected to hold contingency reserves from their annual funding or other income. The Governors require a revenue reserve to be created to;

- ◆ mitigate risk of income variations from individual pupil top-up funding;
- ◆ maintain a consistent and sustainable workforce, as staffing costs are such a large proportion of revenue expenditure; and
- ◆ fund other expenditure related to strategic long-term aims and developments.

The policy of the Trust is to carry forward a prudent level of resources designed to meet the long-term cyclical needs of renewal and any other unforeseen contingencies, subject to the constraint that the level of resources does not exceed that permitted by the DfE. Trustees aim to maintain a level of reserves that is broadly equivalent to a minimum of one month and a maximum of two months' staffing costs. As at 31 August 2018, the Trust had revenue reserves including unrestricted and restricted revenue funds of £521,000 (2017 – £392,000) which is in line with the policy set as it amounts to approximately 1.4 months of staffing costs.

Investment policy

The trustees will consider the investment of surplus funds of the Trust should future circumstances require, in accordance with the Academies Handbook.

PRINCIPAL RISKS AND UNCERTAINTIES

Strategic & Operational Risks

1. That trustees do not ensure rigorous monitoring is undertaken in the absence of the senior management team:

To mitigate this risk, internal assurance visits are scheduled twice per year, during the terms when the external audit is not scheduled. The appointed Responsible Officer undertakes checks on financial systems and processes. There is regular review of finance by the Audit, Finance and General Purposes Committee that meets for a minimum of 3 times per year. External audit continues to be a statutory requirement. In the event of absence in finance personnel, external support will be instigated to ensure continuity of operation.

Financial Risks

1. Risk that funding levels are too low or high:

The principal risk here lies with the potential volatility of High Needs Top Up funding that varies according to each individual learner's assessed needs. There is a risk that needs can change, that learners will leave the school, or that new learners will be enrolled at a top up level that is higher or lower than the learner they replace on the school roll. The Chief Finance Officer will keep High Needs top-up funding forecast under monthly review and notify any changes to trustees, Headteacher and local governors.

2. Risk that employers' contribution rates increase:

HR and Finance Officers' periodically review pension statements to ensure current rates are maintained. Trustees, local governors and officers of the Trust have regard to the potential needs to plan for additional costs. This risk applies equally to National Insurance contributions as well as to Teachers' Pensions Scheme and Local Government Pension Scheme contributions.

FUNDRAISING

The Trust has one open special academy that continues links with the Hearts of Oak Foundation Trust (charity registration number 1115755), formed by parents, governors and teachers of Oak Lodge School during its time as a maintained special school. Hearts of Oak is run by a team of unpaid volunteers with zero operating expenditure, ensuring that all donations received are directed to the support of education at the school. The resources provided by Hearts of Oak are the Trust's principal source of charitable fundraising. Oak Lodge School also requests donations from parents and carers to cover some of the costs of its educational activities, such as educational visits and food technology.

The Trust does not have any current or planned links with commercial or professional fundraisers. The Hearts of Oak committee have regard to their compliance with recognised standards for fundraising including the Charities (Protection and Social Investments) Act 2016. The Trust is aware of its responsibility to protect the public, including vulnerable people, from unreasonably intrusive or persistent fundraising approaches, or undue pressure to donate. It monitors the fundraising carried out on its behalf through regular reporting by Hearts of Oak to the Local Governing Body of Oak Lodge School at its regular minuted termly meetings. The Trust is not aware of any complaints having arisen with regard to the fundraising activities of Hearts of Oak or Oak Lodge School during the year.

PLANS FOR FUTURE PERIODS

For the last five academic years, Oak Lodge operated a 15-place off-site specialist FE provision on behalf of Barnet & Southgate College of Further Education. Due to recent changes to sub-contracting regulations between the FE sector and schools, this arrangement ceased on 31 August 2018. However, in order to continue the provision, the Trust established a separate subsidiary company and made a successful application to the Secretary of State. Oakbridge Special Education subsequently enrolled its first students in September 2018 and, whilst not directly part of the Trust, has become the second open special provision under its control.

The Trust was initially established as a vehicle to support the application to open a special free school that will offer places for up to 90 children and young people aged 5 to 18 whose autism challenges their capacity to meet their potential in mainstream or attached specialist unit provisions. This project, The Windmill School, has been at the pre-approval stage since September 2016, whilst LocatED, the property arm of the Education and Skills Funding Agency, secures an appropriate site.

At the beginning of the accounting period, it was hoped that the school might open in September 2019; it is now likely that this will be September 2021 at the earliest. A site has been identified and negotiations are underway to secure a working agreement between ESFA and their development partners. In the meantime, the Trust has put in place plans to ensure continued leadership capacity in Oak Lodge, it's principal school, whilst current senior leaders and support officers are engaged in project development for the free school. The build up to the opening of The Windmill School and its planned growth to full capacity is now expected to reach through to the 2024-25 academic year.

Senior officers of the Trust are working with trustees and local governors to explore local opportunities for further site development at Oak Lodge in order to improve arrangement and accommodation for therapeutic support. This is likely to become a long-term project to secure charitable and social responsibility funding channels.

Trustees and local governors are also very cognisant of the need to ensure an appropriate quality of accommodation for the whole of the school site. Whilst the recently completed Centenary and Net Zero buildings are providing an outstanding quality of accommodation for Key Stage 3 students, the original elements of the site, whilst having benefitted from a number of refurbishments and extensions over the years are showing the effects of their 50 years of service. A condition survey undertaken during 2017 is helping to prioritise requirements that will help improve the overall quality of accommodation and meet current regulatory standards. Governors plan to engage consultancy support to assist in the submission of bids to ESFA Condition Improvement Funds in coming years in order to improve conditions for all learners at the special academy.

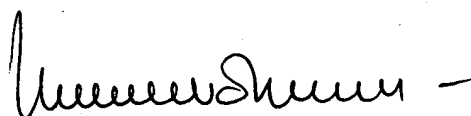
Trustees' report 31 August 2018

AUDITOR

In so far as the trustees are aware:

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

Trustees' report, incorporating a strategic report, approved by order of the members of the board of trustees on 6/12/2018 and signed on its behalf by:



Chair of trustees JUDITH CHARLESWORTH

Date: 6/12/2018

Scope of responsibility

As trustees, we acknowledge we have overall responsibility for ensuring that Barnet Special Education Trust has effective and appropriate systems of control; financial and otherwise. However, such systems are 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 have delegated the day-to-day responsibility to the Headteacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between the Trust and the Secretary of State for Education. The Headteacher is 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 three times during the year. Attendance during the period at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
Judith Charlesworth	2	3
Dr.Laura Crane	1	1
Cristina di Santo	2	2
Janet Dobney	3	3
Anthony Fenton	3	3
Julie George	2	3
Steve Palmer	3	3
Lynda Walker	3	3
Valerie White	2	2

Governance reviews

Barnet Special Education Trust was incorporated on 1 March 2016. As part of the process of establishing the Trust, the governance arrangements were reviewed. The members of the Trust and the trustees as detailed on page 1 were appointed.

The review of governance arrangements on conversion included a review of the committee structure, membership of committees and also the establishment of appropriate policies for the Trust.

A review of the governance arrangements is carried out on an annual basis in order to reflect on strengths and areas for development.

Governance (continued)

The trustees have determined that whilst Oak Lodge School as a special academy converter remains the only operational school in the Trust, all operational management of finance, premises, safeguarding and curriculum has been delegated to the Local Governing Body (LGB), with the proviso that a trustee will be appointed as a member of each sub-committee. The Finance and Audit committee is a sub-committee of the LGB. Its purpose is to oversee the finances of the Trust and oversee risk management and assurance arrangements.

Attendance at meetings in the year, including sub-committees was as follows:

Trustee/Local Governor (T/LG)	Meetings attended	Out of a possible
Alex Dell (LG)	1	2
Janet Dobney (T)	3	3
Siobhan Fairclough (LG)	5	5
Anthony Fenton (T)	3	3
Emmet Giltrap (LG)	4	4
Anna Grobelna-Puskarz (LG)	4	4
Steve Palmer (T/LG)	2	6
Tina Rooney (LG)	8	9
Menashe Sadik (LG)	2	5
Elham Seyedi-Yazdi (LG)	6	6
Lynda Walker (T/LG)	8	9
Richard Weisfeld (LG)	5	6
Sylvia White (LG)	9	9

Review of Value for Money

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

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

- ◆ Keeping under review the teaching staff body, taking opportunities to refresh the workforce as natural opportunities arise and talent-spotting from the teaching assistant workforce, identifying those employees or agency contractors with the values, skills and potential to succeed in a challenging SEN environment.
- ◆ Negotiating with a broader range of staffing agencies to ensure a continuing high level of temporary or fixed-term staffing at favourable rates to the Trust.
- ◆ Entering traded services contracts with local authority suppliers to ensure continuity of service support, where these are seen to be both cost-effective and efficient.
- ◆ Ensuring that administrative support staff have regard to current maintenance and supply contracts and services, ensuring best value is at the heart of all purchasing decisions.

Raising Student Attainment

Oak Lodge School continues to benchmark well against other similar provisions when measuring outcomes for its learners. School leadership's commitment and financial investment in the continuous professional development of its workforce has maintained a constant focus on outstanding practice in teaching and learning that is evidenced in the award of the National Autistic Society's accreditation for the third successive time and successive quality assurance reviews undertaken by Challenge Partners that found evidence to support correspondence with Ofsted's 'outstanding' criteria, showing that the school continues to provide good value for money. The LGB is aware that its budgetary profile is weighted heavily towards staffing and so continues to support professional development in order to create a more skilled and efficient workforce.

Financial Governance

The Trust has undertaken review of its skills and experience and taken measures to strengthen financial governance in this accounting period, both through training of existing board members and recruitment of new trustees and local governors with the appropriate skills, experience and qualifications.

Income Generation

Considerable additional income has been generated by the Trust through a number of different vehicles in the accounting period:

- ◆ Acting as a sub-contractor to FE provider.
- ◆ Active involvement of trustees and local governors in a charitable foundation trust that raises funds specifically for Oak Lodge School.
- ◆ Regular lettings of its trainer swimming pool to a commercial organisation specialising in swimming for infants.
- ◆ Consultancy work of senior leaders and other specialist staff, including the Headteacher's ongoing participation as a Lead Reviewer for the Challenge Partners peer quality assurance programme and as an Ofsted inspector.

Procurement (Better Purchasing)

The Trust is in the early stages of developing more efficient methods of purchasing, but has taken some significant early steps to the containment or reduction of premises maintenance costs in its first year of operation; for example through taking advantage of the recent building expansion paid for by Barnet Council to obtain more favourable terms for its cleaning contracts that have limited the increase in annual costs to effectively reduce the unit cost per square metre, whilst also improving quality control, through a change of contractor.

The Trust acknowledges that further work should be undertaken to achieve best value across its procurement programmes and expects to undertake further review of its purchasing arrangements as it develops.

Reviewing Controls and Managing Risks

Officers of the Trust have worked in tandem with members, trustees and local governors to establish a comprehensive set of financial policies through research, advice and training. There is a balanced approach to the management of risk that is expected to ensure sustained but steady growth and improved value for money into the foreseeable future.

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 the Trust's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place at the Trust for the year ended 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 Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Trust's significant risks that has been in place for the period ended 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 Trust's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes:

- ◆ comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees;
- ◆ regular reviews by the resources and audit committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- ◆ setting targets to measure financial and other performance;
- ◆ clearly defined purchasing (asset purchase or capital investment) guidelines;
- ◆ delegation of authority and segregation of duties; and
- ◆ identification and management of risks.

The risk and control framework (continued)

The Board of Trustees has considered the need for a specific internal assurance function and has decided not to appoint an internal auditor. This function is undertaken by a trustee with appropriate professional qualification. On a termly basis, the trustee reports to the Board, through the Finance and Audit Committee, on specific areas of the operation of the systems of control.

The schedule of work was delivered as planned for 2018.

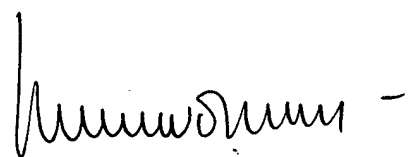
Review of effectiveness

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

- ♦ the work of the external auditor;
- ♦ the additional internal assurance work carried out by a qualified trustee in the role of Responsible Officer;
- ♦ the financial management and governance self-assessment process; and
- ♦ the work of the senior management team within the Trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has advised the Finance Committee of the implications of her review of the system of internal control by the Resources and Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the board of trustees on 6/12/2018 and signed on their behalf by:


Chair of trustees JUDITH CHARLESWORTH

Lynda Walker
Accounting Officer LYNDIA WALKER

Approved on: 6/12/2018

Statement on regularity, propriety and compliance 31 August 2018

As Accounting Officer of Barnet Special Education Trust, I have considered my responsibility to notify the board of trustees and the Education and Skills Funding Agency of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the Trust and the Secretary of State. 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 Trust's Board of Trustees are able to identify any material irregular or improper use of funds by the Trust, or material non-compliance with the terms and conditions of funding under the Trust's funding agreement and the Academies Financial Handbook 2018.

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.

Accounting Officer

Lynda Warner (LYNDA WALKER)

Date: 6.12.18

Statement of trustees' responsibilities 31 August 2018

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

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


- ◆ select suitable accounting policies and then apply them consistently;
- ◆ observe the methods and principles in the Charities' SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- ◆ make judgments and estimates that are reasonable and prudent;
- ◆ state whether applicable United Kingdom Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements; and
- ◆ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Trust will continue in operation.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Trust's transactions and disclose with reasonable accuracy at any time the financial position of the Trust 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 Trust 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 Trust applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the ESFA/DfE have been applied for the purposes intended.

The trustees are responsible for the maintenance and integrity of the charity and financial information included on the Academy'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 6/12/2018 and signed on its behalf by:


Chair of trustees JUDITH CHARLESWORTH

Independent auditor's report to the members of Barnet Special Education Trust

Opinion

We have audited the financial statements of Barnet Special Education Trust (the 'Trust') for the year to 31 August 2018 which comprise the statement of financial activities, the balance sheet, the statement of cash flows, the principal accounting policies and the related notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), 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) (the Charities SORP 2015) and the Academies Accounts Direction 2017 to 2018.

In our opinion, the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

- ◆ the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- ◆ the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the 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 auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- ◆ the information given in the trustees' report including the strategic report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- ◆ the trustees' report including the strategic report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Trust 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
- ◆ the financial statements are not in agreement with the accounting records; 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.

Requirements of trustees

As explained more fully in the trustees' responsibilities statement, the trustees 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.

Requirements of trustees (continued)

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


Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the Trust'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 Trust's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trust and the Trust's members as a body, for our audit work, for this report, or for the opinions we have formed.

 12 December 2018

Shachi Blakemore (Senior Statutory Auditor)
For and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

Independent reporting auditor's assurance report on regularity to Barnet Special Education Trust and the Education and Skills Funding Agency

In accordance with the terms of our engagement letter dated 13 July 2018 and further to the requirements of the Education and 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 Barnet Special Education Trust during the period from 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 Barnet Special Education Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Barnet Special Education 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 Barnet Special Education Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Barnet Special Education Trust's Accounting Officer and the reporting auditor

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

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2017 to 2018. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period from 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.

Independent auditor's reports 31 August 2018

Approach (continued)

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

The work undertaken to draw to our conclusion includes:

- ◆ An assessment of the risk of material irregularity and impropriety across all of the Trust's activities;
- ◆ Further testing and review of the areas identified through the risk assessment including enquiry, identification of control processes and examination of supporting evidence across all areas identified as well as additional verification work where considered necessary; and
- ◆ Consideration of evidence obtained through the work detailed above and the work completed as part of our financial statements audit in order to support the regularity conclusion.

Conclusion

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



12 December
2018

Buzzacott LLP
Chartered Accountants
130 Wood Street
London
EC2V 6DL

Statement of financial activities (including income and expenditure account)
Year to 31 August 2018

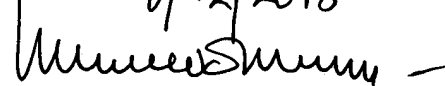
	Notes	Unrestricted general fund £'000	Restricted funds		Year ended 31 August 2018 Total funds £'000	Period from 1 March 2016 to 31 August 2017 Total funds £'000
			General £'000	Fixed assets fund £'000		
Income from:						
Donations and capital grants	1	42	—	353	395	8,416
Transfer from Local Authority on conversion	18	—	—	—	—	132
Charitable activities						
Funding for the academy's educational operations	2	—	4,803	—	4,803	2,956
Other income	3	58	45	—	103	52
Total income		100	4,848	353	5,301	11,556
Expenditure on:						
Raising funds:						
Charitable activities						
Academy's educational operations	5	—	5,014	542	5,556	3,213
Total expenditure	4	—	5,014	542	5,556	3,213
Net income (expenditure) before transfers		100	(166)	(189)	(255)	8,343
Gross transfers between funds	12	—	(31)	31	—	—
Other recognised gains and losses						
Actuarial gains (losses) on defined benefit pension scheme	16	—	382	—	382	(160)
Net movement in funds		100	185	(158)	127	8,183
Reconciliation of funds						—
Total fund balances brought forward at 1 September		194	(2,735)	10,724	8,183	—
Total fund balances carried forward at 31 August		294	(2,550)	10,566	8,310	8,183

All of the Academy's activities derived from continuing operations during the above financial periods.

Balance sheet 31 August 2018

	Notes	2018 £'000	2018 £'000	2017 £'000	2017 £'000
Fixed assets					
Tangible fixed assets	9		10,566		10,724
Current assets					
Debtors	10	499		415	
Cash at bank and in hand		<u>135</u>		<u>226</u>	
		634		641	
Liabilities					
Creditors: amounts falling due within one year	11	<u>(113)</u>		<u>(249)</u>	
Net current assets			<u>521</u>		<u>392</u>
Total assets less current liabilities			11,087		11,116
Defined benefit pension scheme liability	16		(2,777)		(2,933)
Total net assets			<u>8,310</u>		<u>8,183</u>
Funds of the Academy					
Restricted funds					
. Fixed assets fund	12		10,566		10,724
. Restricted income fund	12		227		198
. Pension reserve	12		<u>(2,777)</u>		<u>(2,933)</u>
			8,016		7,989
Unrestricted funds					
. General fund	12		<u>294</u>		<u>194</u>
Total funds			<u>8,310</u>		<u>8,183</u>

The financial statements on page 26 to 45 were approved by the trustees, and authorised for issue on 6/12/2018 and are signed on their behalf by:


Chair of trustees JUDITH CHARLESWORTH

Barnet Special Education Trust
Company Limited by Guarantee
Registration Number: 10034425 (England and Wales)

Principal accounting policies 31 August 2018

	Note	Year ended 31 August 2018 £'000	Period from 1 March 2016 to 31 August 2017 £'000
Net cash (used in) provided by operating activities	A	(60)	237
Cash flows from investing activities	B	(31)	(11)
Change in cash and cash equivalents in the period		(91)	226
Reconciliation of net cash flow to movement in net funds:			
Cash and cash equivalents at 1 September		226	—
Cash and cash equivalents at 31 August	C	135	226

A Reconciliation of (expenditure) income to net cash provided by operating activities

	Year ended 31 August 2018 £'000	Period from 1 March 2016 to 31 August 2017 £'000
Net (expenditure) income for the year (as per the statement of financial activities)	(255)	8,343
Adjusted for:		
Depreciation (note 10)	542	244
Capital grants from DfE and other capital income	(10)	(154)
Defined benefit pension scheme obligation inherited on conversion	—	2,640
Donated tangible assets	(343)	(10,803)
Defined benefit pension scheme cost less contributions payable (note 17)	151	83
Defined benefit pension scheme finance cost (note 17)	75	50
Increase in debtors	(84)	(415)
(Decrease) increase in creditors	(136)	249
Net cash (used in) provided by operating activities	(60)	237

B Cash flows from investing activities

	Year ended 31 August 2018 £'000	Period from 1 March 2016 to 31 August 2017 £'000
Purchase of tangible fixed assets	(384)	(165)
Capital grants from DfE/ESFA	353	154
Net cash used in investing activities	(31)	(11)

C Analysis of cash and cash equivalents

	Year ended 31 August 2018 £'000	Period from 1 March 2016 to 31 August 2017 £'000
Cash at bank and in hand	135	226
Total cash and cash equivalents	135	226

Statement of accounting policies

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

Basis of preparation

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

The financial statements are presented in sterling and are rounded to the nearest thousand.

Going concern

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

Income

All income is recognised when the Trust has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

Grants

Grants are included in the statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

The 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.

Income (continued)

Grants (continued)

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.

Donations

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

Other income

Other income, including the hire of facilities, catering income, school trips, full time nursery provision and after school club, is recognised in the period it is receivable and to the extent the Trust has provided the goods or services.

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.

Charitable activities

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

All expenditure is stated net of recoverable VAT.

Tangible fixed assets

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

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. The related grants are credited to a restricted fixed asset fund in the statement of financial activities and carried forward in the balance sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the statement of financial activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Trust's depreciation policy. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Tangible fixed assets (continued)

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

◆ Inherited long leasehold buildings	2.4% - 20%
◆ Acquired long leasehold buildings and improvements	2% per annum
◆ Fixtures and fittings	33% per annum
◆ Computer equipment	33% per annum
◆ Motor vehicles	20% per annum

Depreciation is charged from the month of acquisition.

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.

Debtors

Debtors are recognised at their settlement amount less any provision for non-recoverability. Prepayments are valued at the amounts prepaid. They have been discounted to the present value of the future cash receipt where such discounting is material.

Cash at bank and in hand

Cash at bank and in hand represents such accounts and instruments that are available on demand. Notice deposits are included on the balance sheet as short term deposits.

Liabilities

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

Financial instruments

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

Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 10. Prepayments are not financial instruments. Amounts due to the charity's wholly owned subsidiary are held at face value less any impairment.

Financial instruments (continued)

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 cost as detailed in note 11. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to charity's wholly owned subsidiary are held at face value less any impairment.

Leased assets

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

Taxation

The 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 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.

Pensions benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the 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 17, 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 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.

Pensions benefits (continued)

The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the statement of financial activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

Fund accounting

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

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

Restricted income funds comprise all other grants received from the Education and Skills Funding Agency, the Local Authority or other revenue funds that are given for specific purposes.

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 17, 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 2013 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.

Notes to the Financial Statements Year to 31 August 2018

1 Donations and capital grants

	Unrestricted funds £'000	Restricted fixed assets funds £'000	Year ended 31 August 2018 Total funds £'000	Period from 1 March 2016 to 31 August 2017 Total funds £'000
Capital grants	—	10	10	154
Donated fixed assets	—	343	343	8,200
Other donations	42	—	42	62
2018 Total funds	42	353	395	8,416

2 Funding for the academy's educational operations

	Unrestricted funds £'000	Restricted funds £'000	Year ended 31 August 2018 Total funds £'000	Period from 1 March 2016 to 31 August 2017 Total funds £'000
DfE / ESFA revenue grants				
. General Annual Grant (GAG)	—	1,896	1,896	1,150
. Start Up Grants	—	—	—	30
. Other DfE / ESFA	—	67	67	47
	—	1,963	1,963	1,227
Other government grants				
. Local authority grants	—	2,298	2,298	1,328
Other income from the Trust's educational operations	—	542	542	401
2018 Total funds	—	4,803	4,803	2,956

3 Other income

	Unrestricted funds £'000	Restricted funds £'000	Year ended 31 August 2018 Total funds £'000	Period from 1 March 2016 to 31 August 2017 Total funds £'000
Hire of facilities	28	—	28	22
Catering income	—	30	30	16
Trip income	—	15	15	12
Miscellaneous income	30	—	30	2
2018 Total funds	58	45	103	52

Notes to the Financial Statements Year to 31 August 2018

4 Expenditure

	Non pay expenditure			Year ended 31 August 2018 Total funds £'000	Period from 1 March 2016 to 31 August 2017 Total funds £'000
	Staff costs £'000	Premises £'000	Other costs £'000		
Charitable activities					
Academy's educational operations					
. Direct costs	2,906	542	150	3,598	2,170
. Allocated support costs	1,451	224	283	1,958	1,043
2018 Total funds	4,357	766	433	5,556	3,213

	Year ended 31 August 2018 Total funds £'000	Period from 1 March 2016 to 31 August 2017 Total funds £'000
Net income for the year includes:		
Operating lease rentals	2	2
Depreciation	542	244
Fees payable to auditor		
. Statutory audit	10	9
. Other services	4	2

5 Charitable activities - academy's educational operations

	Year ended 31 August 2018 Total funds £'000	Period from 1 March 2016 to 31 August 2017 Total funds £'000
Direct costs	3,598	2,170
Support costs	1,958	1,043
	5,556	3,213

Analysis of support costs	Year ended 31 August 2018 Total funds £'000	Period from 1 March 2016 to 31 August 2017 Total funds £'000
Support staff costs	1,451	736
Technology costs	29	18
Premises costs	224	126
Other support costs	218	123
Governance costs	36	40
Total support costs	1,958	1,043

Notes to the Financial Statements Year to 31 August 2018

6 Staff

(a) Staff costs

Staff costs during the year were:

	Year ended 31 August 2018 Total funds £'000	Period from 1 March 2016 to 31 August 2017 Total funds £'000
Wages and salaries	2,601	1,678
Social security costs	256	160
Pension costs	598	367
	3,455	2,205
Supply teacher costs	902	385
	4,357	2,590

(b) Staff numbers

The average numbers of persons (including senior management team) employed by the Academy during the period was as follows:

Charitable activities	Year ended 31 August 2018 No.	Period from 1 March 2016 to 31 August 2017 No.
Teachers	30	34
Administration and support	52	49
Management	8	5
	90	88

(c) Higher paid staff

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

	Year ended 31 August 2018 No.	Period from 1 March 2016 to 31 August 2017 No.
£60,001 - £70,000	3	1
£80,001 - £90,000	1	—
£100,001 - £110,000	1	—
	5	1

Employer pension contributions for the above amounted to £63,151 during the year (period ended 31 August 2017 – £34,222).

(d) Key management personnel

The key management personnel of the Trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the Trust during the year was £724,000 (period ended 31 August 2017 – £326,000).

Notes to the Financial Statements Year to 31 August 2018

7 Trustees' remuneration and expenses

Headteacher and staff trustees only receive remuneration in respect of services they provide undertaking the roles of Headteacher and staff and not in respect of their services as trustees. Other trustees did not receive any payments, other than expenses, from the academy in respect of their role as trustees. The value of trustees' remuneration and other benefits was as follows:

	Year ended 31 August 2018 £'000	Period from 1 March 2016 to 31 August 2017 £'000
Lynda Walker, Headteacher and Trustee		
Remuneration	105 – 110	65 – 70
Employer's pension contributions	15 – 20	10 – 15

During the year ended 31 August 2018 no travel and subsistence expenses were reimbursed to trustees (period ended 31 August 2017 – £49 reimbursed to one trustee).

8 Trustees' and Officers' insurance

The 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.

9 Tangible fixed assets

	Leasehold land and buildings £'000	Furniture and equipment £'000	Computer equipment £'000	Motor vehicles £'000	Total funds £'000
Cost/valuation					
At 1 September 2017	10,672	104	158	34	10,968
Additions	343	41	—	—	384
At 31 August 2018	11,015	145	158	34	11,352
Depreciation					
At 1 September 2017	212	19	4	9	244
Charge in year	428	43	53	18	542
At 31 August 2018	640	62	57	27	786
Net book value					
At 31 August 2018	10,375	83	101	7	10,566
At 1 September 2017	10,460	85	154	25	10,724

10 Debtors

	2018 £'000	2017 £'000
Trade debtors	204	137
Prepayments and accrued income	222	136
VAT recoverable	73	142
	499	415

Notes to the Financial Statements Year to 31 August 2018

11 Creditors: amounts falling due within one year

	2018 £'000	2017 £'000
Trade creditors	73	122
Other taxation and social security	3	26
Accruals and deferred income	37	101
	113	249
Deferred income		
Deferred income at 1 September	6	—
Release during the year	(6)	—
Resources deferred in the year	6	6
Deferred income at 31 August	6	6

Deferred income of £6,000 relates to capital funding received in the year for the period 1 April 2018 to 31 March 2019.

12 Funds

	Balance at 1 September 2017 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2018 £'000
ESFA revenue grant fund					
. General Annual Grant (GAG)	168	1,896	(1,836)	(31)	197
. Start Up Grant	30	—	—	—	30
. Pupil premium	—	52	(52)	—	—
. Other ESFA grants	—	15	(15)	—	—
. Pension reserve	(2,933)	—	(226)	382	(2,777)
	(2,735)	1,963	(2,129)	351	(2,550)
Restricted fixed assets fund					
. Transfer on conversion	10,559	343	(493)	31	10,440
. DfE/ESFA capital grants	154	10	(49)	—	115
. Capital expenditure from GAG	11	—	—	—	11
	10,724	353	(542)	31	10,566
Other restricted funds					
. Local authority grants	—	2,298	(2,298)	—	—
. Other restricted funds	—	587	(587)	—	—
	—	2,885	(2,885)	—	—
Total restricted funds	7,989	5,201	(5,556)	382	8,016
Unrestricted funds					
. General funds	194	100	—	—	294
Total unrestricted funds	194	100	—	—	294
Total funds	8,183	5,301	(5,556)	382	8,310

12 Funds (continued)

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

ESFA revenue grant fund and other restricted funds

General Annual Grant (GAG)

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

Fixed asset fund

The fixed assets fund was set up to recognise the tangible fixed assets gifted to the Trust upon conversion by the local authority. Depreciation charged on those inherited assets is charged to the fund.

Comparative information

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

	Balance at 1 September 2016 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2017 £'000
ESFA revenue grant fund					
. General Annual Grant (GAG)	—	1,150	(971)	(11)	168
. Start Up Grant	—	30	—	—	30
. Pupil premium	—	47	(47)	—	—
. Pension reserve	—	(2,640)	(133)	(160)	(2,933)
	—	(1,413)	(1,151)	(171)	(2,735)
Restricted fixed assets fund					
. Transfer on conversion	—	10,803	(244)	—	10,559
. DfE/ESFA capital grants	—	154	—	—	154
. Capital expenditure from GAG	—	—	—	11	11
	—	10,957	(244)	11	10,724
Other restricted funds					
. Local authority grants	—	1,328	(1,328)	—	—
. Other restricted funds	—	490	(490)	—	—
	—	1,818	(1,818)	—	—
Total restricted funds	—	11,362	(3,213)	(160)	(27,989)
Unrestricted funds					
. General funds	—	194	—	—	194
Total unrestricted funds	—	194	—	—	194
Total funds	—	11,556	(3,213)	(160)	8,183

12 Analysis of net assets between funds

	Unrestricted funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Fund £'000	Total 2018 £'000
Fund balances at 31 August 2018 are represented by:				
Tangible fixed assets	—	—	10,566	10,566
Current assets	294	340	—	634
Current liabilities	—	(113)	—	(113)
Pension scheme liability	—	(2,777)	—	(2,777)
Total net assets	294	(2,550)	10,566	8,310

Comparative information

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

	Unrestricted funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Fund £'000	Total 2017 £'000
Fund balances at 31 August 2017 are represented by:				
Tangible fixed assets	—	—	10,724	10,724
Current assets	194	447	—	641
Current liabilities	—	(249)	—	(249)
Pension scheme liability	—	(2,933)	—	(2,933)
Total net assets	194	(2,735)	10,724	8,183

13 Commitments under operating leases

Operating leases

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

	2018 £'000	2017 £'000
Amounts due within one year	2	2
Amounts due between one and five years	1	4
	3	6

14 Members' Liability

Each member of the Trust 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

15 Pension and similar obligations

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

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

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

Teachers' Pension Scheme

Introduction

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

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

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

16 Pension and similar obligations (continued)

Teachers' Pension Scheme (continued)

Valuation of the Teachers' Pension Scheme (continued)

- ♦ 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. Initial indications are that the employer's contribution rate will increase to 23.6% from September 2019 and that government funding will be made available to cover the increased costs.

The employer's pension costs paid to TPS in the period amounted to £244,000 (period ended 31 August 2017 – £170,000).

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

Under the definitions set out in FRS 102, the TPS is a multi-employer pension scheme. The 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 (LGPS)

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the period ended 31 August 2018 was £252,000 (2017 – £141,000) of which employer's contributions totalled £203,000 (period ended 31 August 2017 – £114,000) and employees' contributions totalled £49,000 (period ended 31 August 2017 – £27,000).

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

Principal Actuarial Assumptions	At 31 August 2018	At 31 August 2017
Rate of increase in salaries	2.60%	2.70%
Rate of increase for pensions in payment / inflation	2.30%	2.40%
Discount rate for scheme liabilities	2.80%	2.50%
Inflation assumption (CPI)	2.30%	2.40%

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

Notes to the Financial Statements Year to 31 August 2018

16 Pension and similar obligations (continued)

Local Government Pension Scheme (LGPS) (continued)

	At 31 August 2018	At 31 August 2017
<i>Retiring today</i>		
Males	21.9	21.9
Females	24.3	24.3
<i>Retiring in 20 years</i>		
Males	23.9	23.9
Females	26.5	26.5

Sensitivity analysis:

The following changes in assumptions would increase the defined benefit obligation by:

	At 31 August 2018 £'000	At 31 August 2017 £'000
Discount rate decrease -0.5%	478	455
Salary increase rate +0.5%	129	139
CPI rate increase +0.5%	340	305

The Academy's share of the assets and liabilities in the scheme were:

	Fair value at 31 August 2018 £'000	Fair value at 31 August 2017 £'000
Equities	237	104
Corporate bonds	123	43
Cash and other liquid assets	49	—
Total market value of assets	409	147
Present value of scheme liabilities		
Funded	(3,186)	(3,080)
Deficit in the scheme	(2,777)	(2,933)

	2018 £'000	2017 £'000
Amounts recognised in statement of financial activities		
Current service cost	354	197
Interest income	(7)	(1)
Interest cost	82	51
Total amount recognised in the SOFA	429	247

16 Pension and similar obligations (continued)

Local Government Pension Scheme (LGPS) (continued)

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

	2018 £'000	2017 £'000
Scheme obligations as at 1 September	3,080	—
Upon conversion	—	2,640
Current service cost	354	197
Interest cost	82	51
Employee contribution	49	27
Actuarial (gain) / loss	(379)	165
At 31 August	3,186	3,080

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

	2018 £'000	2017 £'000
At 1 September	147	—
Interest income	7	1
Actuarial gain	3	5
Employer contributions	203	114
Employee contributions	49	27
At 31 August	409	147

17 Related party transactions

Owing to the nature of the Academy's operations and the composition of the Board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which a member of the trustee has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy's financial regulations and normal procurement procedures.

No related party transactions took place during the current or prior periods.

Notes to the Financial Statements Year to 31 August 2018

18 Comparative information

Analysis of income and expenditure in the period ended 31 August 2017 between restricted and unrestricted funds:

	Notes	Unrestricted general fund £'000	Restricted funds		2017 Total funds £'000
			General £'000	Fixed assets fund £'000	
Income from:					
Donations and capital grants	1	1	61	8,354	8,416
Transfer from local authority on conversion*		169	(2,640)	2,603	132
Charitable activities					
Funding for the Trust's educational operations	2	—	2,956	—	2,956
Other trading income	3	24	28	—	52
Total income		194	405	10,957	11,556
Expenditure on:					
Trust's educational operations	5	—	2,969	244	3,213
Total expenditure	4	—	2,969	244	3,213
Net income before transfers		194	(2,564)	10,713	8,343
Transfers between funds	12	—	(11)	11	—
Other recognised gains and losses					
Actuarial losses on defined benefit pension scheme	16	—	(160)	—	(160)
Net movement in funds		194	(2,735)	10,724	8,183
Total fund balances carried forward at 31 August 2017		194	(2,735)	10,724	8,183

* On 1 January 2017 Oak Lodge School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Barnet Special Education Trust from the London Borough of Barnet for £nil consideration.

The transfers were accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as a gain in the statement of financial activities as donations - transfer from local authority on conversion.

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

	£'000
Fixed assets – land and buildings	2,472
Fixed assets – fixtures, fittings and IT equipment	131
Budget surplus on LA funds	169
Defined benefit pension scheme deficit	(2,640)
Net assets	132