



Smailes Goldie Group
CREATING ADVANTAGE

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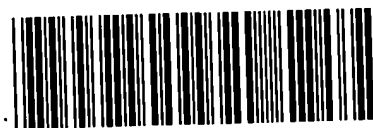
The Constellation Trust

(A company limited by guarantee)

Financial Statements

31 August 2018

FRIDAY



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21/12/2018
COMPANIES HOUSE

The Constellation Trust

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Reference and Administrative Details

Members

- N Porteus
- J Sherwood (resigned 29 November 2018)
- L Probert
- L J Gomm (appointed 23 October 2017 and resigned 10 September 2018)
- S Hornby (appointed 23 October 2017)

Trustees (Directors)

- L J Gomm (resigned 23 October 2017)
- N Porteus, (Chairman)
- K Sturdy (resigned 14 May 2018)
- Dr C Taylor, (Accounting Officer) (resigned 23 November 2018)
- A Speight (resigned 22 May 2018)
- J C Wright
- D Swaby
- A Tombanane
- N L Rhodes
- K Locker (resigned 17 December 2017)
- R Koyuncu (appointed 23 October 2017)
- L Brattan (appointed 19 November 2018)
- K Burden (appointed 19 November 2018)
- M Swithenbank (appointed 19 November 2018)
- E Wharton (appointed 19 November 2018)

Company Secretary S Rogers

Senior Leadership Team

- Dr C Taylor, Executive Principal
- M Whittaker, Head of school (resigned 31 December 2017)
- E Vickerman, Head of School (appointed 1 January 2018)
- I Ravenscroft, Head of School
- S Rogers, Executive Director of Finance
- G Ransom, Vice Principal
- R Moulding, Vice Principal
- A Dulson, Vice Principal
- K Spencer, Vice Principal
- T Taylor, Director of Operations
- C Fletcher, Head of Teaching School
- T Attwater, Executive Primary Lead

The Constellation Trust

Reference and Administrative Details (continued)

Principal and Registered Office	Sirius Academy 296 Anlaby Park Road South Hull HU4 7JB
Registration Number	06545396
Auditors	Smailes Goldie Chartered Accountants Regent's Court Princess Street Hull East Yorkshire HU2 8BA
Bankers	Lloyds Bank Plc 1 Lovell Park Road Leeds LS1 1NS
Solicitors	Womble Bond Dickinson St Ann's Wharf 112 Quayside Newcastle Upon Tyne NE1 3DX

The Constellation Trust

Trustees' Report for the Year Ended 31 August 2018

During the year several schools joined The Constellation Trust, dates of joining were as follows; Rise Academy 1st September 2017, Paisley Primary School 1st November 2017, Francis Askew Primary School 1st February 2018, Stoneferry Primary School and Rokeby Park Primary School 1st June 2018. Therefore, the current year's results reflect those of Sirius Academy West, Sirius Academy North, Bricknell Primary and Appleton Primary Schools together with the schools listed above whereas the comparative year only reflects those of Sirius Academy West, Sirius Academy North, Appleton Primary School and Bricknell Primary School.

The trustees who are also directors of the Multi-Academy Trust for the purposes of the Companies Act 2006, present their annual report together with the financial statements and auditor's report of the charitable company for the period from 1st September 2017 to 31st August 2018. The trustees have adopted the provisions of 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) (Effective 1st January 2015) and the Academies Accounts Direction issued by the Education Funding Agency.

The capacity of student places within the Multi-Academy Trust is 5,438 (2017 3,932). This includes 200 sixth form places. The student numbers on role as at October 2018 were 5,148 (October 2017: 3,668). Student numbers have continued to rise as the Multi-Academy Trust has expanded.

Structure, governance and management

Governing document

The Multi-Academy Trust is a company limited by guarantee and is registered as an exempt charity. The charitable company's Memorandum and Articles of Association are the primary governing documents of the Multi-Academy Trust. The trustees of The Constellation Trust also act as directors of the charitable company for the purposes of company law. The trustees hold office for a term of 4 years. At the end of their term, trustees are eligible for reappointment to serve a further term. Details of the trustees who served throughout the year are included in the Reference and Administrative Details on page 1.

Members' liability

Each member of the charitable company undertakes to contribute to the assets of the 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.

Trustees' indemnities

The Multi-Academy Trust through its Articles has indemnified its Trustees to the fullest extent permissible by law. During the period the Academy also purchased and maintained liability insurance for its Trustees.

Principal Activities

The Multi-Academy Trust's objective as detailed in the Memorandum of Association is to advance for the public benefit education in the United Kingdom, by establishing, maintaining, carrying on, managing and developing schools offering a broad curriculum.

Method of recruitment and appointment or election of Trustees

Those entitled to make appointments to the board of trustees are the members of The Constellation Trust and the Secretary of State for Education.

The Constellation Trust

Trustees' Report for the Year Ended 31 August 2018 (continued)

Policies and procedures adopted for the induction and training of Trustees

After appointment, trustees receive induction training and are supplied with all necessary documents that they need to fulfil their role as trustees. All new trustees will be given a tour of the Academies and the chance to meet with staff and students. All trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as trustees. As there are normally only two or three new trustees a year, an induction tends to be done informally and is tailored specifically to the individual.

Organisational structure

The organisational structure consists of the Multi-Academy Trust board (the trustees) and the senior leadership team. The aims of the organisational structure are to declare responsibility and encourage involvement in decision making at all levels.

The Multi-Academy Trust has established a Local Governing Body (LGB) for each Academy within the Trust. The LGB's meet several times during the academic year and their role is to receive reports from the Head Teacher and other members of the senior leadership team on key operational matters affecting each Academy. The chair of each LGB is a member of the Chair of Chairs committee together with the Chair of the Trust Board, The Executive Principal and the Executive Lead Primary. Matters discussed at this meeting can be referred to the Board of Governors for further consideration.

The Constellation Trust board is responsible for the overall strategic direction of the Multi-Academy Trust and for those statutory duties that cannot be delegated to sub-committees.

The trustees are responsible for setting general policy, adopting an annual plan and budget, monitoring the Multi-Academy Trust by the use of budgets and making major decisions about the direction, capital expenditure and senior staff appointments.

The Multi-Academy Trust leadership team consist of the Executive Principal, Primary Executive Lead, two Heads of School, five Vice Principals, the Executive Director of Finance, the Director of Operations and Head of Teaching School. Each school has its own extended leadership team who are responsible for its day to day operation and are accountable for the quality of education provided to the students. They are also accountable for the outcomes achieved by students and must ensure they meet the expectations of the Department of Education (DfE) and Ofsted.

The Multi-Academy Trust team are responsible for implementing the policies and recommendations agreed by the trustees and are required to provide regular and appropriate feedback to furnish trustees with the knowledge and information to provide strategic leadership. Members of the trust team lead the day to day operation of the charitable company, including the authorisation of spending within agreed budgets, the appointment of staff and the curriculum provision. The behaviour and safety of students is also the responsibility of the Multi-Academy Trust team which includes safeguarding young people and providing an infrastructure to ensure children have the appropriate environment conducive to learning.

Arrangements for setting pay and remuneration of key management personnel

The Multi-Academy Trust considers key personnel to be the staff who are members of the senior leadership team.

New appointments and changes to the remuneration of members of the senior leadership team are considered and approved by the Multi-Academy Trust.

The Constellation Trust

Trustees' Report for the Year Ended 31 August 2018 (continued)

Trade union facility time

Relevant union officials

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
8	8

Percentage of time spent on facility time

Percentage of time

Number of employees

1%-50%

8

Percentage of pay bill spent on facility time

2018

Provide the total cost of facility time

16,804

Provide the total pay bill

20,014,407

Paid trade union activities

2018

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

9

Objectives and activities

Objects and aims

The principal object and activity of the charitable company is the operation of the Multi-Academy Trust is to provide an education for students of a wide range of abilities between the ages of 3 and 19.

The main objectives of the Multi-Academy Trust during the year ended 31st August 2018 are summarised below:

- To ensure that every child enjoys a high quality education to enable them to achieve or exceed their personal potential;
- To provide a quality education enriched with a wide range of learning opportunities for every pupil who attends a school within our Multi-Academy Trust;
- To refine organisation structures, protocols and practices to reflect the changing needs of the students and to meet with Government targets;
- To provide value for money for the funds expended;
- To comply with all appropriate statutory and curriculum requirements;
- To conduct the Multi-Academy Trust's business in accordance with the highest standards of integrity, probity and openness.

The Constellation Trust

Trustees' Report for the Year Ended 31 August 2018 (continued)

The Multi-Academy Trust's mission is to support every individual to achieve or exceed their personal potential within a supportive, learning community which seeks to challenge students in their thinking and understanding. Staff provide the stimulus to promote creativity, inspire excellence and encourage innovation. The Constellation Trust strives to support individual success irrespective of the needs, ability or ambition of the student to enable all children to become well informed, responsible citizens who are prepared for the changing needs of the workplace of the future. To this end, the activities provided seek:

- To provide engaging and stimulating lessons and learning opportunities for all students to attain nationally recognised, academic qualifications;
- To offer continual professional development and training to all staff;
- To provide an exciting enrichment programme to encourage engagement, participation and independent learning;
- To ensure all students benefit from independent advice, support and guidance from an advisory service to help them obtain employment or move on to higher or further education including our own post 16 provision.
- To support pupils social, moral, spiritual and cultural development

Public benefit

The trustees have reviewed the current activities of the charitable company and confirm that they are in line with its objectives. All of the activities of the organisation carried out during the 2017-2018 academic year are in pursuance with the Multi-Academy Trust's objectives and are considered to be for the public benefit. All services provided are free to all beneficiaries irrespective of capacity, ethnicity, faith, religious conviction or social economic environment. The trustees also confirm that the organisation's aims and objectives fall within the descriptions of purposes in the Charities Act 2016, are recognised as charitable and are carried out for the public benefit. The Multi-Academy Trust provides educational services to all children in the local area. The Trustees confirm that they have complied with the duty in Section 4 of the Charities Act 2006 to have due regard to the public benefit guidance provided by the Charity Commission.

Equal opportunities

The trustees recognise that equal opportunities should be an integral part of good practice within the workplace. The Multi-Academy Trust aims to establish equal opportunity in all areas of its activities, including creating a working environment in which the contribution and needs of all people are fully valued.

The policy of the Multi-Academy Trust is to support recruitment and retention of students and employees with disabilities. The Multi-Academy Trust does this by adapting to the physical environment, by making support resources available and through training and career development.

Risk management

The Trustees have assessed the major risks to which the Multi-Academy Trust is exposed, in particular those relating to teaching, provision of facilities and other operational areas of the Trust, and its finances. They have introduced systems, operational procedures and internal financial controls in order to minimise risk. Where significant financial risk still remains, they have ensured they have adequate insurance cover. The Multi-Academy Trust has an effective system of internal controls and this is explained in more detail in the Governance Statement. The Multi Academy Trust has recently invested in a new risk management software which will help to improve and enhance risk management, throughout the Trust.

The Constellation Trust

Trustees' Report for the Year Ended 31 August 2018 (continued)

Strategic Report

Achievements and performance

Charitable activities

During the academic year 2017/2018 The Constellation Trust expanded significantly with Academy orders being granted by the DfE for seven Primary Schools to join the Multi-Academy Trust. Six of these schools have now transferred and are formal members of The Constellation Trust; Appleton and Bricknell Primary Schools joined the Trust in May 2017, followed by Paisley Primary School on 1st November 2017, Francis Askew on 1st February 2018 and Rokeby Park and Stoneferry Primaries joining the Trust on 1st June 2018. Rise Academy, a Pupil Referral Unit, has also become part of the organisation providing specialist expertise in behaviour management.

Over the past two years the accountability measures at KS4 have changed to focus on achievement of a smaller number of academic qualifications, the progress pupils make from their starting points and attainment in English and Mathematics. The two secondary academies have adapted their curriculum offer to meet the needs of their pupils. The impact of a broader and more vocational curriculum programme is now having a positive effect on pupil engagement, achievement and the progress they make.

Over the last academic year Sirius Academy North reported a significant improvement in both pupils' attainment and progress. In 2018, 48% of pupils achieved Grade 4 or above in English and Mathematics. The Progress 8 Score also improved to -0.16.

At Sirius Academy West the Progress 8 Score for 2018 remained below the National average at -0.27. 53% of pupils achieved a Grade 4 or above in English and Mathematics. The 'dip' in achievement is attributed to a number of factors including the school's commitment to the English Baccalaureate curriculum which although was appropriate for some learners did not cater for the needs of all. A large number of strategic and organisational changes have positively impacted on the pupils and the progress they now make. A new Head of School, Deputy Headteacher and two Assistant Headteachers have strengthened leadership. Achievement and progress at Key Stage 5 was very positive. A-level performance using the Alps measure was T4, (a scale of T1-10, with T1 representing the highest performance and T10 the poorest) and the value added score was 0.22 and performance is in the top 15% of sixth forms in the country.

Appleton and Bricknell Primary Schools have now been part of the Trust for over a year. The focus of the Trust work in Appleton has been to improve outcomes in reading at Key Stage 2 and to improve the provision in the EYFS. This has resulted in an improved progress score in reading from +0.4 to +1.2 and a 10% improvement in the proportion of pupils reaching a Good Level of Development in the EYFS. The Trust is now supporting the school to improve outcomes in Maths. The focus on Bricknell has been to improve outcomes at Greater Depth and significant gains have been made in all subjects by the end of Key Stage 2, with attainment outcomes at Greater Depth in 2018 which were well above national averages.

Francis Askew Primary was judged to require improvement by Ofsted in May 2017 and the Trust provided support following this inspection in preparation for the move into the Trust. This has impacted significantly on the quality of leadership and outcomes for pupils with a 3.7-point improvement in reading progress plus attainment outcomes by the end of Key Stage 2 which were at or above national average in almost all subjects by the end of 2018.

The Constellation Trust

Trustees' Report for the Year Ended 31 August 2018 (continued)

Strategic Report

The Trust has been working in partnership with the remaining primaries through the year to ensure a smooth transition into the Trust. All schools have adopted a common framework for assessment to ensure school improvement needs can be rapidly identified and targeted and a Primary School Improvement Team has been established. Average attainment scores across all Trust Schools by the end of 2018 were above national averages at KS2 in all core subjects. Individual schools who are new to the Trust (Rokeby and Stoneferry) have the weakest outcomes and are priorities for improvement for 2018-19.

On the basis of a two-year decline in outcomes together with the instability of leadership at Sirius West (the host school), the Teaching School was not re-designated at the 3-year review panel meeting. The impact of the loss of designation has been minimal as the SLE linked to the Teaching School work within Trust schools and will continue to do so. Sirius Academy West has School Centred Initial Teacher Training (SCITT) provider status which has completed the first part of its review by Ofsted. The judgement of the provision was good. The SCITT has successfully trained 30 trainees, all of whom were graded to be good or better. The retention rate for the programme was 94%, a significant improvement on 2016. The SCITT is addressing the national shortage of teachers, particularly with the recruitment of many high-quality candidates in shortage subjects such as Mathematics and Science.

The expectation of all stakeholders is high and everyone is challenged to develop their knowledge, skill and understanding. The ambition that every student achieves or exceeds to their potential is consistently reflected in the expectations from all of the staff and is embedded within the ethos of the Multi-Academy Trust.

Internal and external factors

The long term vision would be for The Constellation Trust to consist of around 10 Primary Schools, 3 Secondary Schools and the Pupil Referral Unit however it is recognised by Trustees and Senior Leaders that there is need for further consolidation and a need to raise standards in-line with the best schools. Pupil outcomes and the progress they make in the two secondary schools needs to improve to be in-line with National standards.

The Multi-Academy Trust's arrangements for safeguarding students meet statutory requirements. The single central record is well-maintained and up-to-date. An e-safety 360 review to ensure all staff and students are aware of the risks of on-line safety has been completed.

Key financial performance indicators

The standard of achievement of pupils attending the Academies is above the National Floor Standards. The performance of students in English and Mathematics together with Science, Humanities and Languages is a priority for improvement over the forthcoming academic year.

Going concern

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

The Constellation Trust

Trustees' Report for the Year Ended 31 August 2018 (continued)

Strategic Report

Financial review

The principal sources of funding and how expenditure has supported the key objectives of the academy trust

Most of the Multi-Academy Trust's income is obtained from the Department for Education (DfE) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE along with other restricted grants from other sources and their associated expenses are shown as restricted funds in the Statement of Financial Activities.

The Multi-Academy Trust generated unrestricted income during the year of £2,034,000 (2017 £1,181,000). This was mainly generated from surplus funds transferred on conversion, catering income and hire of facilities. The costs of activities for generating funds were £1,014,000 (2017 £896,000).

The Multi-Academy Trust also receives grants for fixed assets from the DfE. In accordance with the Charity Commission 'Statement of Recommended Practice: Accounting and Reporting by Charities' ('SORP 2015'), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During the year ended 31st August 2018, total restricted revenue expenditure of £28,714,000 (2017 £18,811,000) was not covered by recurrent grant funding from the DfE and the deficit was funded from reserves brought forward. The restricted net outgoing resources before transfers for the year (excluding restricted fixed asset funds) were £2,914,000 (2017 £1,169,000). Included in this figure is a £1,764,000 pension fund deficit inherited when Rise Academy, Paisley Primary School, Francis Askew Primary School, Stoneferry Primary School and Rokeby Park Primary School joined the Multi-Academy Trust.

At 31st August 2018 the net book value of fixed assets was £83,727,000 (2017: £68,959,000) and movements in tangible fixed assets are shown in note 12 to the financial statements. The assets were used exclusively for providing education and associated support services to the pupils of the Trust and the community.

Reserves policy

The trustees review the reserve levels of the Multi-Academy Trust annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The educational obligations that the Multi-Academy Trust has on a day-to-day basis are funded from its restricted reserves that were provided for this purpose. The trustees need to ensure that the Multi-Academy Trust has sufficient working capital to cover delays between receipt of grants and spending; and to be able to deal with unexpected emergencies that may arise such as urgent maintenance, and this is reflected in the level of cash balances held. The Multi-Academy Trust's current level of general restricted reserves in note 17 is £2,034,000 (2017 £2,372,000). In addition, as noted above, the Multi-Academy Trust has £2,018,000 (2017 £998,000) of free reserves held. Taking into account the nature of the Multi-Academy Trusts income streams, the trustees are of the view that reserves at these levels are sufficient to cover its working capital needs and future capital expenditure and a provision for long term maintenance as required through the Building Schools for the Future Programme (BSF). Schools within the Trust are all of differing ages and some may therefore require additional capital investment in order to maintain and enhance the level of facilities for students. Cash balances are used to maintain and enhance resources for the benefit of both current and future students.

The Constellation Trust

Trustees' Report for the Year Ended 31 August 2018 (continued)

Strategic Report

Investment policy

The trustees have agreed to invest in short term guaranteed investments to maximise the Multi-Academy Trust's return without compromising cash flow.

Principal risks and uncertainties

The trustees have assessed the major risks to which the Multi-Academy Trust is exposed, in particular those relating to teaching, provision of facilities and other operational areas of the Trust, and its finances.

The Local Government Pension deficit within restricted funds is £4,871,000 (2016 £3,902,000), as the total market value of assets does not cover the present value of liabilities. This does not mean that the liability for this amount will be called in.

Plans for future periods

The Multi-Academy Trust has a strategic three-year plan which outlines developments for the future. In summary the plan focuses on five key areas:

- To ensure that all Academies within the Multi-Academy Trust continue to achieve positive measures across all Key Stages;
- To improve the progress learners make between KS2 and KS4
- To continue to strengthen the post 16 provision to meet the Ofsted 'outstanding' criteria ;
- To build stronger links with parents and carers to enable greater parental engagement to support all students and their engagement in learning opportunities;
- To maximise opportunities for partnership to continue to be a 'good' provider of initial teacher training through the School Centred Initial Teacher Training - SCITT);
- To explore the benefits of working with other schools within the Multi-Academy Trust.

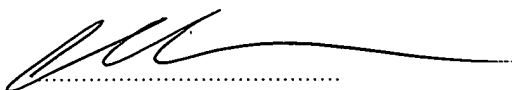
Auditor

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.

The auditors, Smailes Goldie, will be proposed for re-appointment at the forthcoming Annual General Meeting.

The Trustees' Report was approved by the Board of Trustees on 17 December 2018 and signed on its behalf by:



N Porteus
Trustee

The Constellation Trust

Governance Statement

Scope of responsibility

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

The Board of Trustees has delegated the day-to-day responsibility to Dr C Taylor, 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 Constellation Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has formally met 6 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
L J Gomm	1	2
N Porteus	6	6
K Sturdy	3	4
Dr C Taylor	6	6
A Speight	4	5
JC Wright	3	6
D Swaby	4	6
A Tombanane	0	6
K Locker	1	2
NL Rhodes	1	6
R Koyuncu	3	5

The Constellation Trust

Governance Statement (continued)

Review of value for money

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

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

- Ensuring the Teaching School Blueprint Alliance has continued to develop with the successful addition of the School Centred Initial Teacher Training (SCITT) function. In its first year, the SCITT has recruited and trained 38 trainee teachers. It continues to develop partnerships with other schools and Local Authority's and through the award of grant funding has generated increased revenue which has been used for the benefit of students throughout the Multi-Academy Trust.

As the Multi-Academy Trust has increased in size it has been possible to negotiate improved terms and conditions across a number of mutual contracts and agreements with suppliers. As other schools join the Multi-Academy Trust we will continue to explore cost savings as a result of increased purchasing power and economies of scale by sharing resources where possible.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Constellation 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 academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the year ending 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 Constellation Trust

Governance Statement (continued)

The risk and control framework

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

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

The Board of Trustees have considered the need for a specific internal audit function and have decided not to appoint an internal auditor. The trustees have commissioned the role of Responsible Officer (RO) via a Business Manager of another Academy within Hull; offering a peer review service. The RO's role includes giving advice on financial matters and performing a range of checks on the Multi-Academy Trust's financial systems. On an annual basis, the RO provides a report to the board on the operation of the systems of control and on the discharge of the board of trustee's financial responsibilities.

The report includes the following areas:

- Payroll
- Purchase Orders
- Invoiced income
- Bank Reconciliations
- Petty Cash

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Governance Statement (continued)

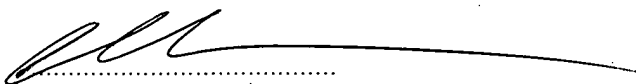
Review of effectiveness

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

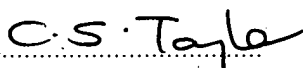
- the work of the responsible officer ;
- the work of the external auditor;
- the financial management and governance self assessment process;
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

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

Approved by the Board of Trustees on 17 December 2018 and signed on its behalf by:



N Porteus
Trustee



Dr C Taylor
Accounting Officer

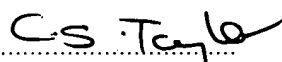
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Statement on Regularity, Propriety and Compliance

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

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

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


Dr C Taylor,
Accounting Officer

17 December 2018

The Constellation Trust

Statement of Trustees' Responsibilities

The Trustees (who act as governors of The Constellation Trust and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Annual Accounts Direction published by the Education & Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and applicable law and regulations.

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

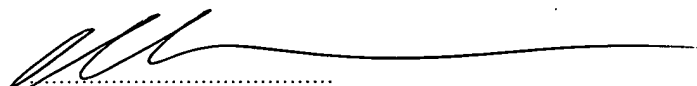
- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards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

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

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

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

Approved by the Board of Trustees on 17 December 2018 and signed on its behalf by:



N Porteus
Trustee

The Constellation Trust

Independent Auditor's Report on the Financial Statements to the Members of The Constellation Trust

Opinion

We have audited the financial statements of The Constellation Trust (the 'Multi-Academy Trust') for the year ended 31 August 2018, which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, Balance Sheet, Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Multi-Academy 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 Multi-Academy Trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the 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.

The Constellation Trust

Independent Auditor's Report on the Financial Statements to the Members of The Constellation Trust (continued)

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report (incorporating the Strategic Report and Directors' Report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Trustees' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' Responsibilities, set out on page 16, 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.

In preparing the financial statements, the Trustees are responsible for assessing the Multi-Academy Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Multi-Academy 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.

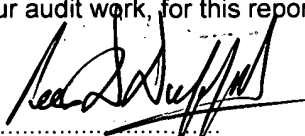
The Constellation Trust

Independent Auditor's Report on the Financial Statements to the Members of The Constellation Trust (continued)

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 Multi-Academy Trust's Trustees, 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 Multi-Academy 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 Multi-Academy Trust and its Trustees, as a body, for our audit work, for this report, or for the opinions we have formed.



Peter Duffield LLB FCA (Senior Statutory Auditor)
For and on behalf of Smailes Goldie
Chartered Accountants
Statutory Auditor
Regent's Court
Princess Street
Hull
East Yorkshire
HU2 8BA

17th December 2018

Note:

The maintenance and integrity of The Constellation Trust website is the responsibility of the trustees; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

The Constellation Trust

Independent Reporting Accountant's Report on Regularity to The Constellation Trust and the Education & Skills Funding Agency

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

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

Respective responsibilities of the Governing Body's accounting officer and the reporting accountant

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

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

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

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

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

The work undertaken to draw to our conclusion includes:

- Ensuring value for money is sought for all goods/services procured by the academy, including those procured from related parties of the Multi-Academy Trust.
- Ensuring that fixed asset additions are made in line with the terms of the funding received and that fixed asset disposals are properly authorised by the DfE
- Ensuring that expenditure incurred through the Multi-Academy Trust's bank accounts and debit card is appropriate for the purposes of the Multi-Academy Trust and that there has been no personal expenditure from the Multi-Academy Trust's funds.
- Ensuring pension contributions are paid to the respective schemes in a timely manner.

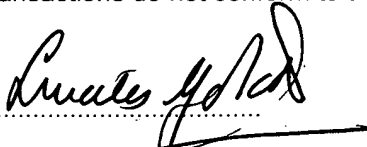
The Constellation Trust

Independent Reporting Accountant's Report on Regularity to The Constellation Trust and the Education & Skills Funding Agency (continued)

- Ensuring returns required by regulatory or funding authorities are completed on a timely basis.

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 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.



Smailes Goldie
Chartered Accountants
Regent's Court
Princess Street
Hull
East Yorkshire
HU2 8BA

17 December 2018

The Constellation Trust

Statement of Financial Activities for the Year Ended 31 August 2018 (including Income and Expenditure Account)

	Note	Unrestricted Funds £ 000	Restricted General Funds £ 000	Restricted Fixed Asset Funds £ 000	2017/18 Total £ 000	2016/17 Total £ 000
Income and endowments from:						
Voluntary income						
Donations and capital grants	2	297	(291)	5,633	5,639	10,401
Transfer from local authority on conversion		554	(1,187)	10,649	10,016	-
<i>Charitable activities:</i>						
Funding for the Academy trust's educational operations	3	972	26,415	-	27,387	18,530
Teaching schools		-	863	-	863	1,105
Other trading activities	4	192	-	-	192	179
Investments	5	19	-	-	19	24
Total		2,034	25,800	16,282	44,116	30,239
Expenditure on:						
Raising funds	6	164	-	-	164	183
<i>Charitable activities:</i>						
Academy trust educational operations	7	850	27,981	1,880	30,711	20,186
Teaching schools	30	-	733	16	749	965
Total		1,014	28,714	1,896	31,624	21,334
Net income/(expenditure)		1,020	(2,914)	14,386	12,492	8,905
Transfers between funds		-	(389)	389	-	-
Other recognised gains and losses						
Actuarial gains on defined benefit pension schemes	26	-	1,772	-	1,772	1,597
Net movement in funds/(deficit)		1,020	(1,531)	14,775	14,264	10,502
Reconciliation of funds						
Total funds/(deficit) brought forward at 1 September 2017		998	(1,306)	68,952	68,644	58,142

The Constellation Trust

**Statement of Financial Activities for the Year Ended 31 August 2018
(including Income and Expenditure Account) (continued)**

		Unrestricted	Restricted	Restricted	2017/18	2016/17
	Note	Funds	General	Fixed Asset	Total	Total
		£ 000	Funds	Funds	£ 000	£ 000
			£ 000	£ 000		
Total funds/(deficit) carried forward at 31 August 2018		2,018	(2,837)	83,727	82,908	68,644

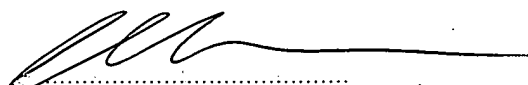
The Constellation Trust

(Registration number: 06545396)

Balance Sheet as at 31 August 2018

	Note	2018 £ 000	2017 £ 000
Fixed assets			
Tangible assets	13	83,727	68,959
Current assets			
Stocks	14	12	15
Debtors	15	1,433	840
Cash at bank and in hand		5,567	4,768
		<u>7,012</u>	<u>5,623</u>
Creditors: Amounts falling due within one year	16	<u>(2,960)</u>	<u>(2,036)</u>
Net current assets		<u>4,052</u>	<u>3,587</u>
Total assets less current liabilities		<u>87,779</u>	<u>72,546</u>
Net assets excluding pension liability		87,779	72,546
Pension scheme liability	26	<u>(4,871)</u>	<u>(3,902)</u>
Net assets including pension liability		<u>82,908</u>	<u>68,644</u>
Funds of the Academy:			
Restricted funds			
Restricted general fund		(2,837)	(1,306)
Restricted fixed asset fund		<u>83,727</u>	<u>68,952</u>
		<u>80,890</u>	<u>67,646</u>
Unrestricted funds			
Unrestricted general fund		<u>2,018</u>	<u>998</u>
Total funds		<u>82,908</u>	<u>68,644</u>

The financial statements on pages 22 to 58 were approved by the Board of Trustees, and authorised for issue on 17 December 2018 and signed on their behalf by:



N Porteus
Trustee

The Constellation Trust

Statement of Cash Flows for the Year Ended 31 August 2018

	Note	2018 £ 000	2017 £ 000
Cash flows from operating activities			
Net cash provided by operating activities	21	1,178	1,492
Cash flows from investing activities	22	<u>(379)</u>	<u>(105)</u>
Change in cash and cash equivalents in the year		799	1,387
Cash and cash equivalents at 1 September		<u>4,768</u>	<u>3,381</u>
Cash and cash equivalents at 31 August	23	<u>5,567</u>	<u>4,768</u>

The Constellation Trust

Notes to the Financial Statements for the Year Ended 31 August 2018

1 Accounting policies

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

Basis of preparation

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

Going concern

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

Income

All incoming resources are recognised when the Multi-Academy Trust has entitlement to the funds, when the receipt is probable and when 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.

General Annual Grant is recognised in full in the Statement of Financial Activities in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

Capital grants are recognised in full when there is an unconditional entitlement to the grant. Unspent amounts of capital grants are reflected in the balance sheet in the restricted fixed asset fund. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

The Constellation Trust

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

1 Accounting policies (continued)

Sponsorship income

Sponsorship income provided to the Multi-Academy Trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

Donations

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

Other income

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the Multi-Academy Trust has provided the goods or services.

Donated goods, facilities and services

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

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

Transfer on conversion

Where assets and liabilities are received by the Multi-Academy Trust on conversion to an Academy, the transferred assets are measured at fair value and recognised in the balance sheet at the point when the risks and rewards of ownership pass to the Multi-Academy Trust. An equal amount of income is recognised as transfer on conversion within Donations and capital grant income to the net assets received.

The Constellation Trust

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

1 Accounting policies (continued)

Transfer of existing academies into the trust

Where assets and liabilities are received on the transfer of an existing Academy into the Multi-Academy Trust, the transferred net assets are measured at fair value and recognised in the balance sheet at the point when the risks and rewards of ownership pass to the Multi-Academy Trust. An equal amount of income is recognised for the transfer of an existing Academy into the Multi-Academy Trust within Donations and capital grant income to the net assets acquired.

Donated fixed assets

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

Expenditure

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

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

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

Charitable activities

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

The Constellation Trust

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

1 Accounting policies (continued)

Tangible fixed assets

Assets costing £3,000 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. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets other than freehold land and assets under construction, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful lives, per the table below.

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use and reclassified to freehold or leasehold land and buildings.

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.

Asset class	Depreciation method and rate
Leasehold land introduced	Over the period of occupation
Leasehold buildings introduced	50 years, based on the original valuation on occupation
Leasehold buildings improvements	Between 10 and 25 years from the date of first use
Motor vehicles	between 3 and 7 years
Computer equipment and software	between 3 and 6 years
Fixtures and fittings	between 3 and 10 years

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 Multi-Academy Trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

The Constellation Trust

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

1 Accounting policies (continued)

Provisions

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

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

Leased assets

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

Financial Instruments

The Multi-Academy Trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the Multi-Academy 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 15. Prepayments are not financial instruments. Amounts due to the charity's wholly owned subsidiary are held at face value less any impairment.

Cash at bank - is classified as a basic financial instrument and is measured at face value.

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

Stock

Unsold uniforms and catering stocks are valued at the lower of cost or net realisable value.

Taxation

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

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

The Constellation Trust

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

1 Accounting policies (continued)

Pension benefits

Retirement benefits to employees of the Multi-Academy 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 Multi-Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

Fund accounting

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

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

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

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.

The Constellation Trust

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

1 Accounting policies (continued)

Critical accounting estimates and assumptions

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

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

2 Donations and capital grants

	Unrestricted funds £ 000	Restricted funds £ 000	2017/18 Total £ 000	2016/17 Total £ 000
Other voluntary income				
Capital grants	-	383	383	67
Transfer from existing academy	297	4,959	5,256	10,334
	<u>297</u>	<u>5,342</u>	<u>5,639</u>	<u>10,401</u>

The Constellation Trust

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

3 Funding for the Academy Trust's educational operations

	Unrestricted funds £ 000	Restricted funds £ 000	2017/18 Total £ 000	2016/17 Total £ 000
DfE/ESFA revenue grants				
General Annual Grant (GAG)	-	22,026	22,026	16,266
Other DfE/ ESFA grants	-	2,036	2,036	1,371
	-	24,062	24,062	17,637
Other government grants				
Local authority grants	-	1,784	1,784	196
Non-government grants and other income				
Start up grants	-	18	18	17
Other grants and income	972	551	1,523	680
	972	569	1,541	697
Total grants	972	26,415	27,387	18,530

4 Other trading activities

	Unrestricted funds £ 000	Restricted funds £ 000	2017/18 Total £ 000	2016/17 Total £ 000
Hire of facilities	90	-	90	76
Other income	102	-	102	103
	192	-	192	179

5 Investment income

	Unrestricted funds £ 000	Restricted funds £ 000	2017/18 Total £ 000	2016/17 Total £ 000
Short term deposits	19	-	19	24

The Constellation Trust

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

6 Expenditure

	Non Pay Expenditure			2017/18	2016/17
	Staff costs £ 000	Premises £ 000	Other costs £ 000	Total £ 000	Total £ 000
Expenditure on raising funds					
Direct costs	115	-	49	164	183
Academy's educational operations					
Direct costs	18,992	1,556	2,960	23,508	16,087
Allocated support costs	3,699	1,524	1,980	7,203	4,099
Teaching School	201	29	519	749	965
	<u>23,007</u>	<u>3,109</u>	<u>5,508</u>	<u>31,624</u>	<u>21,334</u>

Net income/(expenditure) for the year includes:

	2017/18 £ 000	2016/17 £ 000
Operating lease rentals	124	70
Depreciation	1,896	1,607
Fees payable to auditor - audit	13	11
- other audit services	8	5
	<u>8</u>	<u>5</u>

7 Charitable activities

	2017/18 £ 000	2016/17 £ 000
Direct costs - educational operations	23,508	16,087
Support costs - educational operations	7,203	4,099
	<u>30,711</u>	<u>20,186</u>

The Constellation Trust

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

7 Charitable activities (continued)

	2017/18 Total £ 000	2016/17 Total £ 000
Analysis of support costs		
Support staff costs	3,699	2,201
Catering	955	400
Recruitment and support	42	37
Maintenance of premises and equipment	501	344
Cleaning	37	28
Rent and rates	262	219
Energy Costs	486	354
Insurance	183	140
Security and transport	55	19
Other costs	894	271
Governance costs	89	86
Total support costs	7,203	4,099

8 Staff

Staff costs

	2017/18 £ 000	2016/17 £ 000
Staff costs during the year were:		
Wages and salaries	17,023	11,530
Social security costs	1,516	1,059
Operating costs of defined benefit pension schemes	3,642	2,259
Apprenticeship levy	68	17
	22,249	14,865
Supply staff costs	675	451
Staff restructuring costs	83	30
	23,007	15,346

The Constellation Trust

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

8 Staff (continued)

Non statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £83,161 (2013: £30,000). Individually, the payments were:

£13,570 made on 9 April 2018

£6,411 made on 31 August 2018

£9,987 made on 30 June 2018

£19,070 made on 31 March 2018

£20,400 made on 28 February 2018

£13,723 made on 31 August 2018

Staff numbers

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

	2017/18 No	2016/17 No
Charitable Activities		
Teachers	304	215
Administration and support	382	236
Management	1	1
	<hr/> 687	<hr/> 452

Higher paid staff

The number of employees whose emoluments exceeded £60,000 was:

	2018 No	2017 No
£60,001 - £70,000	7	8
£70,001 - £80,000	2	1
£80,001 - £90,000	3	1
£90,001 - £100,000	-	1
£100,001 - £110,000	-	1
£130,001 - £140,000	1	-

One of the above employees was a member of the Local Government Pension Scheme and the remainder were in the Teachers' Pension Scheme. Pension contributions relating to these employees amounted to £231,233 (2017: £143,425).

The Constellation Trust

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

8 Staff (continued)

Key management personnel

The key management personnel of the Multi-Academy Trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the Multi-Academy Trust was £994,076 (2017: £1,035,090).

9 Related party transactions - trustees' remuneration and expenses

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

Dr C Taylor (Executive Principal & Trustee):

Remuneration: £135,000 - £140,000 (2017 - £100,000 - £105,000)

Employer's pension contributions: £20,000 - £25,000 (2017 - £10,000 - £15,000)

During 2016/17, the Executive Principal was on maternity leave for part of the year.

T Attwater (Primary Executive Lead & Trustee):

Remuneration: £Nil (2017 - £10,000 - £15,000)

Employer's pension contributions: £Nil (2017 - £0 - £5,000)

During the year ended 31 August 2018, travel and subsistence expenses totalling £148 (2017 - £268) were reimbursed or paid directly to 1 trustee (2017- 1)

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

10 Trustees' and officers' insurance

In accordance with normal commercial practice the Multi-Academy Trust has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the year ended 31 August 2018 was £4,200 (2017 - £4,200).

The cost of this insurance is included in the total insurance cost.

The primary schools and Rise Academy 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. Going forward the whole Multi-Academy Trust has opted into this arrangement.

The Constellation Trust

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

11 Central services

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

- Personnel
- Finance
- Payroll management
- School improvement
- ICT
- Buildings and resource management

The Multi-Academy Trust charges for these services on the following basis:

- Management Charges are made based on 5% of GAG income

The actual amounts charged during the year were as follows:

	2018 £ 000
Sirius Academy West	425
Sirius Academy North	344
Appleton Primary School	61
Bricknell Primary School	102
Rise Academy	30
Paisley Primary School	56
Francis Askew Primary School	45
Stoneferry Primary School	9
Rokeby Primary School	9
	<hr/>
	1,081

The Constellation Trust

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

12 Statement of financial activities for prior year

	Note	Unrestricted Funds £ 000	Restricted General Funds £ 000	Restricted Fixed Asset Funds £ 000	2016/17 Total £ 000
Income and endowments from:					
Voluntary income					
Donations and capital grants	2	388	(1,403)	11,416	10,401
<i>Charitable activities:</i>					
Funding for the Academy trust's educational operations	3	590	17,940	-	18,530
Teaching schools		-	1,105	-	1,105
Other trading activities	4	179	-	-	179
Investments	5	24	-	-	24
Total		1,181	17,642	11,416	30,239
Expenditure on:					
Raising funds	6	183	-	-	183
<i>Charitable activities:</i>					
Academy trust educational operations	7	713	17,862	1,611	20,186
Teaching schools	30	-	949	16	965
Total		896	18,811	1,627	21,334
Net income/(expenditure)		285	(1,169)	9,789	8,905
Transfers between funds		(20)	(127)	147	-
Other recognised gains and losses					
Actuarial gains on defined benefit pension schemes	26	-	1,597	-	1,597
Net movement in funds		265	301	9,936	10,502
Reconciliation of funds					
Total funds/(deficit) brought forward at 1 September 2016		733	(1,607)	59,016	58,142
Total funds/(deficit) carried forward at 31 August 2017		998	(1,306)	68,952	68,644

The Constellation Trust

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

13 Tangible fixed assets

	Leasehold land and buildings £ 000	Furniture and fixtures £ 000	Motor vehicles £ 000	Computer equipment £ 000	Total £ 000
Cost					
At 1 September 2017	72,751	1,392	166	1,060	75,369
Additions	317	345	-	119	781
Transfer on conversion	10,634	-	-	-	10,634
Transfers from existing Academy	6,070	80	-	94	6,244
Disposals	-	-	(10)	-	(10)
At 31 August 2018	89,772	1,817	156	1,273	93,018
Depreciation					
At 1 September 2017	4,493	876	85	956	6,410
Charge for the year	1,572	236	22	66	1,896
Transfers from existing Academy	861	49	-	85	995
Eliminated on disposals	-	-	(10)	-	(10)
At 31 August 2018	6,926	1,161	97	1,107	9,291
Net book value					
At 31 August 2018	82,846	656	59	166	83,727
At 31 August 2017	68,258	516	81	104	68,959

14 Stock

	2018 £ 000	2017 £ 000
Stocks	12	15

The Constellation Trust

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

15 Debtors

	2018	2017
	£ 000	£ 000
VAT recoverable	339	181
Other debtors	716	382
Prepayments	378	277
	<u>1,433</u>	<u>840</u>

16 Creditors: amounts falling due within one year

	2018	2017
	£ 000	£ 000
Trade creditors	1,322	854
Other taxation and social security	466	305
Other creditors	306	456
Accruals and deferred income	866	421
	<u>2,960</u>	<u>2,036</u>

	2018	2017
	£ 000	£ 000
Deferred income		
Deferred income at 1 September 2017	40	90
Resources deferred in the period	459	40
Amounts released from previous periods	(40)	(90)
Deferred income at 31 August 2018	<u>459</u>	<u>40</u>

Deferred income relates to monies for the 2017-2018 academic year. Amounts carried forward relate to:

	£'000
School trips	10
School Games Organiser	14
Universal Infant Free School Meals	125
Business rates relief	47
Unspent School Condition Allocation funding	153
Other grants and income	110
	<u>459</u>

The Constellation Trust

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

17 Funds

	Balance at 1 September 2017 £ 000	Incoming resources £ 000	Resources expended £ 000	Gains, losses and transfers £ 000	Balance at 31 August 2018 £ 000
Restricted general funds					
General Annual Grant (GAG)	2,372	22,255	(22,204)	(389)	2,034
Start Up Grant	-	18	(18)	-	-
Other DfE/ESFA	224	2,093	(2,317)	-	-
LEA and Other Grants	-	1,784	(1,784)	-	-
Other Restricted	-	1,414	(1,414)	-	-
Pension Reserve	(3,902)	(1,764)	(977)	1,772	(4,871)
	(1,306)	25,800	(28,714)	1,383	(2,837)
Restricted fixed asset funds					
DfE/ESFA Capital Grant	167	399	(64)	-	502
Capital Expenditure from GAG	467	-	(131)	389	725
Donated Fixed Asset Fund	68,318	15,883	(1,701)	-	82,500
	68,952	16,282	(1,896)	389	83,727
Total restricted funds	67,646	42,082	(30,610)	1,772	80,890
Unrestricted funds					
Unrestricted general funds	998	2,034	(1,014)	-	2,018
Total funds	68,644	44,116	(31,624)	1,772	82,908

The Constellation Trust

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

17 Funds (continued)

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

	Balance at 1 September 2016 £ 000	Incoming resources £ 000	Resources expended £ 000	Gains, losses and transfers £ 000	Balance at 31 August 2017 £ 000
Restricted general funds					
General Annual Grant (GAG)	2,010	16,290	(15,801)	(127)	2,372
Start Up Grant	-	17	(17)	-	-
Other DfE/ESFA	-	1,371	(1,147)	-	224
LEA and Other Grants	-	196	(196)	-	-
Other Restricted	-	1,195	(1,195)	-	-
Pension Reserve	(3,617)	(1,427)	(455)	1,597	(3,902)
	<u>(1,607)</u>	<u>17,642</u>	<u>(18,811)</u>	<u>1,470</u>	<u>(1,306)</u>
Restricted fixed asset funds					
DfE/ESFA Capital Grant	116	66	(35)	20	167
Capital Expenditure from GAG	366	-	(26)	127	467
Donated Fixed Asset Fund	58,534	11,350	(1,566)	-	68,318
	<u>59,016</u>	<u>11,416</u>	<u>(1,627)</u>	<u>147</u>	<u>68,952</u>
Total restricted funds	57,409	29,058	(20,438)	1,617	67,646
Unrestricted funds					
Unrestricted general funds	733	1,181	(896)	(20)	998
Total funds	<u>58,142</u>	<u>30,239</u>	<u>(21,334)</u>	<u>1,597</u>	<u>68,644</u>

The Constellation Trust

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

17 Funds (continued)

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

	Balance at 1 September 2016 £ 000	Incoming resources £ 000	Resources expended £ 000	Gains, losses and transfers £ 000	Balance at 31 August 2018 £ 000
Restricted general funds					
General Annual Grant (GAG)	2,010	38,545	(38,005)	(516)	2,034
Start Up Grant	-	35	(35)	-	-
Other DfE/ESFA	-	3,464	(3,464)	-	-
LEA and Other Grants	-	1,980	(1,980)	-	-
Other Restricted	-	2,609	(2,609)	-	-
Pension Reserve	(3,617)	(3,191)	(1,432)	3,369	(4,871)
	<u>(1,607)</u>	<u>43,442</u>	<u>(47,525)</u>	<u>2,853</u>	<u>(2,837)</u>
Restricted fixed asset funds					
DfE/ESFA Capital Grant	116	465	(99)	20	502
Capital Expenditure from GAG	366	-	(157)	516	725
Donated Fixed Asset Fund	58,534	27,233	(3,267)	-	82,500
	<u>59,016</u>	<u>27,698</u>	<u>(3,523)</u>	<u>536</u>	<u>83,727</u>
Total restricted funds	57,409	71,140	(51,048)	3,389	80,890
Unrestricted funds					
Unrestricted general funds	733	3,215	(1,910)	(20)	2,018
Total funds	<u>58,142</u>	<u>74,355</u>	<u>(52,958)</u>	<u>3,369</u>	<u>82,908</u>

The Constellation Trust

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

17 Funds (continued)

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

Transfers between unrestricted general fund, general annual grant fund and the restricted fixed asset funds relate to capital expenditure incurred during the year over and above capital grants received by the Multi-Academy Trust from the DfE/ESFA.

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

DfE/ESFA GAG Funding

DfE/ESFA General Annual Grant (GAG) includes funding allocated per pupil through the school budget share and post 16 funding; it also includes funding for insurance and business rates.

The General Annual Grant (GAG) must be used to meet normal running costs of the Multi-Academy Trust.

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

Start Up Grant

The Start Up Grant is given in the first six years of the operation of the Academy, on a reducing basis over that period. It is provided to cover the anticipated shortfall in income over the operating costs whilst the number of pupils attending the school is below the maximum.

Other DfE/ESFA Grants

The other DfE/ESFA grants must be used for the specific purpose for which they are given. These grants are given to fulfil the charitable objects of the Multi-Academy Trust.

LEA and Other Restricted Funds

These funds comprise grants receivable from sources other than central government, to be expended for specific purposes within the charitable objects of the Multi-Academy Trust.

Restricted Fixed Asset Fund

The Restricted Fixed Asset Fund represents fixed assets donated by Kingston upon Hull City Council together with assets funded by the DfE/ESFA capital grants.

The Constellation Trust

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

17 Funds (continued)

Analysis of academies by fund balance

Fund balances at 31 August 2018 were allocated as follows:

	2018 £ 000	2017 £ 000
Sirius Academy West	1,960	2,518
Sirius Academy North	974	702
Appleton Primary School	142	151
Bricknell Primary School	204	223
Rise Academy	67	-
Paisley Primary School	122	-
Francis Askew Primary School	629	-
Stoneferry Primary School	94	-
Rokeby Primary School	116	-
Central services	(256)	-
Total before fixed assets and pension reserve	4,052	3,594
Restricted fixed asset fund	83,727	68,952
Pension reserve	(4,871)	(3,902)
Total	82,908	68,644

The Multi-Academy Trust central services is carrying a net deficit of £256,000 on these funds because:

This is the first year the Multi-Academy Trust has used central services and therefore the total deficit has arisen in the current year and is due to costs incurred centrally on the conversion and transfer of new academies into the Multi-Academy Trust during the year.

The trust is taking the following action to return the academy to surplus:

Going forward the Multi-Academy Trust will not have to bear such costs centrally and the additional management charges will bring the central services funds back into surplus.

The Constellation Trust

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

17 Funds (continued)

Analysis of academies by cost

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

	Teaching and Educational Support Staff Costs £ 000	Other Support Staff Costs £ 000	Educational Supplies £ 000	Other Costs (excluding Depreciation) £ 000	Total 2018 £ 000
Sirius Academy West	7,248	1,192	450	2,420	11,310
Sirius Academy North	5,290	793	193	1,279	7,555
Appleton Primary School	1,096	163	24	230	1,513
Bricknell Primary School	1,763	397	83	457	2,700
Rise Academy	1,103	461	28	497	2,089
Paisley Primary School	1,033	163	31	256	1,483
Francis Askew Primary School	790	240	38	167	1,235
Stoneferry Primary School	175	27	5	29	236
Rokeby Primary School	142	31	4	42	219
Central services	490	549	19	331	1,389
Academy Trust	19,130	4,016	875	5,708	29,729

18 Analysis of net assets between funds

Fund balances at 31 August 2018 are represented by:

	Unrestricted funds £ 000	Restricted general funds £ 000	Restricted fixed asset funds £ 000	Total funds £ 000
Tangible fixed assets	-	-	83,727	83,727
Current assets	2,018	4,739	255	7,012
Current liabilities	-	(2,705)	(255)	(2,960)
Pension scheme liability	-	(4,871)	-	(4,871)
Total net assets	2,018	(2,837)	83,727	82,908

The Constellation Trust

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

18 Analysis of net assets between funds (continued)

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

	Unrestricted funds £ 000	Restricted general funds £ 000	Restricted fixed asset funds £ 000	Total funds £ 000
Tangible fixed assets	-	-	68,959	68,959
Current assets	1,001	4,622	-	5,623
Current liabilities	(3)	(2,026)	(7)	(2,036)
Pension scheme liability	-	(3,902)	-	(3,902)
Total net assets	998	(1,306)	68,952	68,644

19 Capital commitments

	2018 £ 000	2017 £ 000
Contracted for, but not provided in the financial statements	153	-

20 Commitments under operating leases

Operating leases

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

	2018 £ 000	2017 £ 000
Amounts due within one year	125	73
Amounts due between one and five years	48	67
	173	140

The Constellation Trust

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

21 Reconciliation of net income to net cash inflow/(outflow) from operating activities

	2017/18 £ 000	2016/17 £ 000
Net income	12,492	8,905
Depreciation	1,896	1,608
Capital grants from DfE and other capital income	(383)	(67)
Interest receivable	(19)	(24)
Defined benefit pension scheme cost less contributions payable	838	368
Defined benefit pension scheme finance cost	139	87
Transfer from existing academy	(5,256)	(10,334)
Cash inherited on transfer to MAT from existing academy	676	434
Transfer from local authority on conversion	(10,016)	-
Cash transferred from local authority on conversion	214	-
Decrease/(increase) in stocks	3	(3)
Increase in debtors	(94)	(2)
Increase in creditors	688	520
Net cash provided by Operating Activities	1,178	1,492

22 Cash flows from investing activities

	2017/18 £ 000	2016/17 £ 000
Purchase of tangible fixed assets	(781)	(195)
Proceeds from sale of tangible fixed assets	-	(1)
Capital funding received from sponsors and others	383	67
Interest received	19	24
Net cash used in investing activities	(379)	(105)

23 Analysis of cash and cash equivalents

	2018 £ 000	2017 £ 000
Cash at bank and in hand	5,567	4,768
Total cash and cash equivalents	5,567	4,768

The Constellation Trust

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

24 Contingent liabilities

During the period of the funding agreement, in the event of the sale or disposal by other means of any asset for which a Government capital grant was received, the Academy is required either to re-invest the proceeds or to repay to the Secretary of State for Education the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State for Education.

Upon termination of the funding agreement, whether as a result of the Secretary of State for Education or the Academy serving notice, the Academy shall repay to the Secretary of State for Education sums determined by reference to:

- a) the value at that time of the Academy's site and premises and other assets held for the purpose of the Academy, and
- b) the extent to which expenditure incurred in providing those assets was met by payments from the Secretary of State for Education under the funding agreement.

25 Members' liability

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

26 Pension and similar obligations

The Multi-Academy Trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by East Riding Pension Fund. 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.

Contributions amounting to £Nil were payable to the schemes at 31 August 2018 (2017: £181,478) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

The Constellation Trust

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

26 Pension and similar obligations (continued)

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

Valuation of the Teachers' Pension Scheme

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

The key elements of the valuation and subsequent consultation are:

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

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

The employer's pension costs paid to TPS in the period amounted to £1,672,145 (2017: £1,214,854). A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

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

Local government pension scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £1,441,000 (2017 - £1,035,000), of which employer's contributions totalled £1,150,000 (2017 - £840,000) and employees' contributions totalled £291,000 (2017 - £195,000). The agreed contribution rates for future years are between 16.8% and 32.2% per cent for employers and between 5.5% and 12.5% per cent for employees.

The Constellation Trust

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

26 Pension and similar obligations (continued)

As described in the notes the LGPS obligation relates to the employees of the Multi-Academy Trust, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the scheme in the year. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the Multi-Academy Trust at the balance sheet date.

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

	2018 %	2017 %
Rate of increase in salaries	2.40	2.40
Rate of increase for pensions in payment/inflation	2.60	2.60
Discount rate for scheme liabilities	2.80	2.50

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

	2018	2017
Retiring today		
Males retiring today	21.70	21.70
Females retiring today	24.20	24.20
Retiring in 20 years		
Males retiring in 20 years	23.70	23.70
Females retiring in 20 years	26.40	26.40

Sensitivity analysis

	2018 £000	2017 £000
0.5% decrease in real discount rate	2,355	1,572
0.5% increase in the salary increase rate	382	265
0.5% increase in the pension increase rate	1,945	1,285

The Multi-Academy Trust's share of the assets in the scheme were:

	2018 £ 000	2017 £ 000
Equities	9,518	6,134
Other bonds	1,719	1,123
Property	1,586	950
Cash and other liquid assets	397	432
Total market value of assets	13,220	8,639

The Constellation Trust

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

26 Pension and similar obligations (continued)

The actual return on scheme assets was £859,000 (2017 - £566,000).

Amounts recognised in the statement of financial activities

	2017/18 £ 000	2016/17 £ 000
Current service cost	(1,988)	(1,051)
Interest income	(273)	(137)
Interest cost	412	224
Total amount recognised in the SOFA	(1,849)	(964)

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

	2017/18 £ 000	2016/17 £ 000
At start of period	(12,541)	(9,347)
Conversion of academy trusts	(2,696)	-
Transferred in on existing academies joining the trust	(1,608)	(3,101)
Current service cost	(1,988)	(1,051)
Interest cost	(412)	(224)
Employee contributions	(291)	(166)
Actuarial (gain)/loss	1,304	1,219
Benefits paid	141	129
At 31 August	(18,091)	(12,541)

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

	2017/18 £ 000	2016/17 £ 000
At start of period	8,639	5,730
Conversion of academy trusts	1,509	-
Transferred in on existing academies joining the trust	1,031	1,674
Interest income	273	137
Actuarial gain/(loss)	468	378
Employer contributions	1,150	683
Employee contributions	291	166
Benefits paid	(141)	(129)
At 31 August	13,220	8,639

The Constellation Trust

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

27 Related party transactions

Owing to the nature of the Multi-Academy Trust and the composition of the board of governors being drawn from local public and private sector organisations, transactions may take place with organisations in which the trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the Academies Financial Handbook and with the Multi-Academy Trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

Expenditure related party transactions

During the year the Multi-Academy Trust made the following related party transactions:

The Deep

(a company of which Mr N Porteus is a Director)

The Multi-Academy purchased services from The Deep. The selection of this company was made in full compliance with the Academy's financial regulations.

- Payments totalling £1,092 (2017: £1,383) were made in the period 1 September 2017 to 31 August 2018 and there were no amounts outstanding at the year end.

In entering into the transaction the academy trust has complied with the requirements of the Academies Financial Handbook 2017.

At the balance sheet date the amount due to The Deep was £Nil (2017 - £Nil).

The Constellation Trust

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

28 Additions to the Mutli Academy Trust - transfers

On 1 February 2018 Francis Askew Primary School was transferred to The Constellation Trust. The transfer was accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the Balance Sheet under the appropriate headings with a corresponding net amount recognised in incoming resources in the Statement of Financial Activities.

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

	Value reported by transferring academy trust £ 000	Transfer in recognised £ 000
Tangible fixed assets		
Leasehold land and buildings	5,210	5,210
Furniture and equipment	32	32
Computer equipment	8	8
	<u>5,250</u>	<u>5,250</u>
Other assets		
Debtors due in less than one year	59	59
Cash in bank and in hand	676	676
	<u>735</u>	<u>735</u>
Liabilities		
Creditors due in less than one year	(152)	(152)
Pensions		
Pensions – pension scheme assets	1,031	1,031
Pensions – pension scheme liabilities	(1,608)	(1,608)
	<u>(577)</u>	<u>(577)</u>
Net assets	<u>5,256</u>	<u>5,256</u>

The leasehold land at North Road was originally donated to Francis Askew Primary School at a value of £1,210,542 in the period ended 31 August 2014 per a valuation in October 2014 by NPS Humber Limited. The leasehold buildings at North Road was originally donated to Francis Askew Primary School at a value of £4,214,000 in the period ended 31 August 2016 per an estimated re-build cost provided by the ESFA.

There is a formal lease in place with the local authority for 125 years for the land and buildings at £nil rental. This lease has been transferred to the trust with 122 years remaining. As the trust holds the risks and rewards of the building, the asset has been included on the basis of substance over legal form.

The Constellation Trust

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

29 Additions to the Multi Academy Trust - conversions

On 1 September 2017 the Rise Academy converted to academy status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to The Constellation Trust from the Hull City Council Local Authority for £Nil consideration.

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

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

	Unrestricted fund £	Restricted general fund £	Restricted fixed asset fund £	Total £
Leasehold land and buildings	-	-	1,495,753	1,495,753
On other school funds	115,772	-	-	115,772
LGPS pension surplus/(deficit)	-	(418,000)	-	(418,000)
Net assets	115,772	(418,000)	1,495,753	1,193,525

The above net assets include £Nil that were transferred as cash.

On 1 November 2017 the Paisley Primary School converted to academy status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to The Constellation Trust from the Hull City Council Local Authority for £Nil consideration.

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

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

	Unrestricted fund £	Restricted general fund £	Restricted fixed asset fund £	Total £
Leasehold land and buildings	-	-	3,898,987	3,898,987
On LA funds	-	197,543	16,283	213,826
LGPS pension surplus/(deficit)	-	(404,000)	-	(404,000)
Net assets	-	(206,457)	3,915,270	3,708,813

The above net assets include £213,826 that were transferred as cash.

The Constellation Trust

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

29 Additions to the Multi Academy Trust - conversions (continued)

On 1 June 2018 the Stoneferry Primary School converted to academy status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to The Constellation Trust from the Hull City Council Local Authority for £Nil consideration.

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

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

	Unrestricted fund £	Restricted general fund £	Restricted fixed asset fund £	Total £
Leasehold land and buildings	-	-	2,291,168	2,291,168
On LA funds	105,369	-	-	105,369
LGPS pension surplus/(deficit)	-	(285,000)	-	(285,000)
Net assets	105,369	(285,000)	2,291,168	2,111,537

The above net assets include £105,369 that were transferred as cash.

On 1 June 2018 the Rokeby Primary School converted to academy status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to The Constellation Trust from the Hull City Council Local Authority for £Nil consideration.

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

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

	Unrestricted fund £	Restricted general fund £	Restricted fixed asset fund £	Total £
Leasehold land and buildings	-	-	2,947,519	2,947,519
On LA funds	134,859	-	-	134,859
LGPS pension surplus/(deficit)	-	(80,000)	-	(80,000)
Net assets	134,859	(80,000)	2,947,519	3,002,378

The above net assets include £134,859 that were transferred as cash.

The amounts transferred as cash for Stoneferry Primary School and Rokeby Primary School were received after the year end, and therefore are recognised as debtors as at 31 August 2018.

The Constellation Trust

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

30 Teaching school trading account

	2017/18 £ 000	2016/17 £ 000
Income		
Direct Income		
Other income	863	1,105
Total Income	863	1,105
Expenditure		
Direct costs		
Direct staff costs	141	312
Other direct costs	511	549
Total direct costs	652	861
Other costs		
Support staff costs	59	57
Depreciation	16	16
Other support costs	22	31
Total other costs	97	104
Total Expenditure	(749)	(965)
Surplus from all sources	114	140
Teaching school balances at 31 August 2018	114	140

The surplus generated from teaching schools relates entirely to SCITT tuition fees payable and is used to help fund the educational operations of the Multi-Academy Trust.