

Financial Statements Greenwood Academies Trust

For the year ended 31 August 2017

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Registered number: 06864339

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Reference and Administrative Details of the Trust, its Trustees and Advisers

For the year ended 31 August 2017

Trustees

Mike Hamlin, Chair (appointed 21 October 2016)
David Shelton, Chair (resigned 21 October 2016)
John Dunstan (resigned 15 December 2016)
Tim Render
Graham Feek
Edwina Grant
Wayne Norrie
Andrew Walker
Nigel Hastings (appointed 1 September 2016)
Daniel Caines (appointed 1 September 2016, resigned 21 October 2016)
Professor Christine Hall (appointed 1 September 2016)
Tim Guyler (appointed 1 September 2016)
Jane Spencer (appointed 1 September 2016)
Mark Rutherford (appointed 1 March 2017)

Members

Kate Ransom
Trevor Frost
David Shelton
John Dunstan

Senior management team

Wayne Norrie, Chief Executive
Graham Feek, Deputy Chief Executive
Eddie Pearce, Finance Director
Sarah Meader, Senior HR Director
Darren Yarnell, Operations Director
Stephen Sanderson, IT Director
Dean Pomeroy, Education Director
Emma Hadley, Education Director

Company registered number

06864339

Principal and registered office

Greenwood House
Colwick Quays Business Park
Private Road No 2, Colwick
NOTTINGHAM
NG4 2JY

Greenwood Academies Trust
(A company limited by guarantee)

Reference and Administrative Details of the Trust, its Trustees and Advisers (continued)

For the year ended 31 August 2017

| | |
|----------------------------|---|
| Independent auditor | Grant Thornton UK LLP Chartered Accountants Regent House 80 Regent Road LEICESTER LE1 7NH |
| Bankers | HSBC Bank plc Nottingham Commercial Centre 1st Floor, The Arc NG2 Business Park Enterprise Way NOTTINGHAM NG2 1EN |
| Solicitors | Browne Jacobson LLP 44 Castle Gate NOTTINGHAM NG1 7BJ |

Trustees' Report

For the year ended 31 August 2017

The Trustees present their annual report together with the financial statements and auditor's report of Greenwood Academies Trust (the Trust) for the year ended 31 August 2017. The annual report serves the purposes of both a Trustees' report, and a Directors' report under company law.

At the end of the 2016/17 academic year the Trust operated 32 academies, 11 of which were Secondary or all-through academies and 21 Primary. These academies are located across the wider East Midlands region, including Nottingham, Skegness, Peterborough and Northampton.

Structure, governance and management

Constitution

The Trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Trust. The trustees of the Trust are also the directors of the charitable company for the purposes of company law. The charitable company is known as Greenwood Academies Trust.

Members' liability

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

Principal activities

The principal activity of the charitable company 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 with a strong emphasis on a combination of specialisms.

Trustees

The Trustees are directors of the charitable company for the purposes of the Companies Act 2006. The term of office for any Trustee shall be four years unless re-appointed for a further term. The Trustees shall elect a Chair and a Vice Chair for each academic year. However a Trustee who is employed to work in the Trust shall not be eligible for election as Chair or Vice Chair.

Trustees of the charitable company are nominated by either the Secretary of State for Education, or by The Greenwood Dale Foundation, the principal Sponsor of the Trust. In accordance with the articles, non-coopted Trustees can coopt other Trustees.

Training and induction provided for new Trustees will depend on their existing experience. Where necessary, induction will provide training on charity and educational, legal and financial matters. All Trustees are provided with Committee Terms of Reference and Standing Orders. Additional specialist training has also been provided to Trustees periodically.

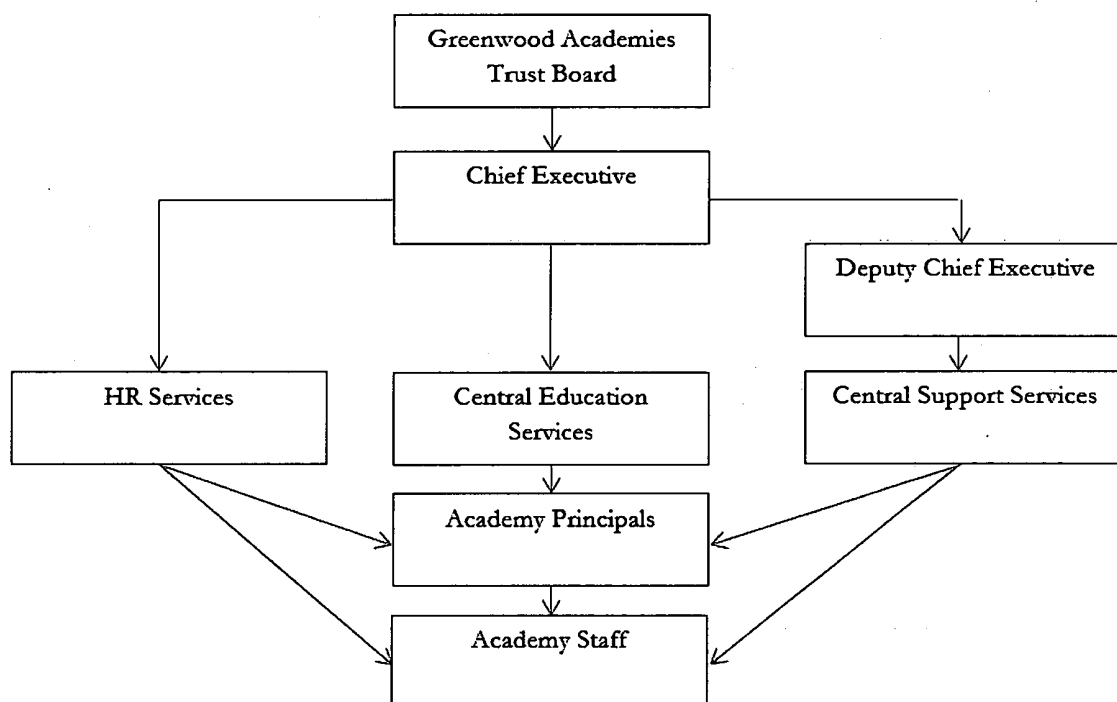
Details of the Trustees who served during the year are included in the Reference and Administrative Details on page 1.

Trustees' Report (continued)

For the year ended 31 August 2017

Organisational structure

The organisational structure of the Trust reflects the current operational needs, whilst being 'scalable' to support future developments, primarily the expansion of the number of academies in the Greenwood Academies Trust.



Arrangement for setting pay and remuneration of key management personnel

Pay decisions are subject to national and local pay agreements, taking account of available funding. Pay recommendations for posts on the Leadership Scale, except Principals, are subject to Education Director approval. Principals, Education Directors and Central Team posts are subject to Chief Executive approval. The People Committee of the Trust Board reviews and proposes the remuneration of the Chief Executive, including performance related elements.

Trustees' Report (continued)

For the year ended 31 August 2017

Objectives and Activities

Trust objects

In setting our objectives and planning our activities, the Trustees have given careful consideration to the Charities Commission's general guidance on public benefit. The objects of the Trust are:

"To advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing schools offering a broad and balanced curriculum or educational institutions which are principally concerned with providing full-time or part-time education for children of compulsory school age who, by reason of illness, exclusion from school or otherwise, may not for any period receive suitable education unless alternative provision is made for them or 16 to 19 academies offering a curriculum appropriate to the needs of its students specially organised to make special educational provision for pupils with Special Educational Needs; and

To promote for the benefit of individuals living in communities where the Company operates academies who have need by reason of their age, infirmity or disability, financial hardship or social and economic circumstances or for the public at large the provision of facilities for recreation or other leisure time activities in the interests of social welfare and with the object of improving the condition of life of the said individuals."

Objectives, strategies and activities

The Trust aims to continue developing an extensive network of academies over the East Midlands which provide a high quality of education for local students. The Trust will seek to establish academies in areas that have previously been poorly served by their local school, with typically very low levels of educational achievement and subsequent life chances. The Trust strategic approach is being reviewed by Trustees and therefore will be updated in future.

The Trustees believe that the policies for its academies' admissions, its achievements and performance in the year (as outlined below) provide clear evidence that the Trust is meeting its obligations as a charity to deliver public benefit.

Equal opportunities policy

The Trustees recognise that equal opportunities should be an integral part of good practice within the workplace. The Trust has established equal opportunity policies and practices in all areas of its activities, including creating a working environment in which the contribution and needs of all people are fully valued.

Disabled persons

Significant works have already been carried out to facilitate disabled access to the Trust's sites. The redevelopment and rebuild of all Academy sites are fully compliant with the DDA. The policy of the Trust is to support recruitment and retention of pupils and employees with disabilities. The Trust seeks to do this by adapting the physical environment, by making support resources available and through training and career developments.

Trustees' Report (continued)

For the year ended 31 August 2017

Strategic report

Achievements and performance

Review of activities

The Trustees have reviewed the significant activities undertaken by the Trust during the past year to further its charitable purposes for the public benefit. Below is a review of these significant activities and achievements which clearly show that the Trust is delivering its charitable purpose.

The Trust was established on 31 March 2009 in order to facilitate the opening of the Nottingham Academy in September 2009. Originally the Trust was known as the Nottingham Academy Trust. However, part way through 2009/10, the Trust agreed to change its charitable objects to become a Multi-Academy Trust in order to be able to expand its group of academies. The Trust is now known as the Greenwood Academies Trust.

The last 12 months has built on the significant achievements made during the previous years and advanced plans have been developed to further the Trust's charitable objects. What follows is not an exhaustive list, but does represent some of what has been achieved.

On 31 August 2017 the Trust had 32 open academies. They were:

Primary Academies

- Beacon Primary Academy 4-11
- Bishop Creighton Academy 4-11
- Corby Primary Academy 4-11
- Danesholme Infant Academy 3-7
- Danesholme Junior Academy 7-11
- Dogsthorpe Academy 7-11
- Green Oaks Primary Academy 4-11
- Hazel Leys Academy 4-11
- Ingoldmells Academy 4-11
- Kingswood Primary Academy 3-11
- Mablethorpe Primary Academy 3-11
- Mansfield Primary Academy 3-11
- Newark Hill Academy 4-11
- Queensmead Primary Academy 3-11
- Rushden Primary Academy 4-11
- Skegby Junior Academy 7-11
- Skegness Infant Academy 3-7
- Skegness Junior Academy 7-11
- Sunnyside Primary Academy 4-11
- Welland Academy 4-11
- Woodvale Primary Academy 3-11

Trustees' Report (continued)

For the year ended 31 August 2017

Secondary and all-through academies

- City of Derby Academy 11-16
- City of Peterborough Academy 11-16
- City of Peterborough Academy Special School 4-18
- Houghton Regis Academy 11-16
- Kingswood Secondary Academy 11-18
- Nethergate Academy 4-18
- Nottingham Academy 3-18
- Nottingham Girls' Academy 11-18
- Skegness Academy 11-18
- Stanground Academy 11-18
- Weston Favell Academy 11-18

Two of these academies were opened during the 2016/17 academic year:

- Danesholme Infant Academy (1st September 2016)
- Nethergate Academy (1st May 2017)

On 1 September 2017 the Trust opened the brand new Purple Oaks Academy in the Kingsthorpe area of Northampton and also transferred City of Derby Academy to Queen Elizabeth Grammar School.

Educational outcomes

The Trust's 2017 examination results provide a good foundation basis for further improvement, and linked with our improvement plans demonstrate the Trust has the capacity to improve further.

Early Years and Key Stage 1 results

In 2017, 20 of the Trust's 24 academies with primary pupils reported Key Stage 1 results.

In Early Years the Trust results demonstrated further improvements and very pleasing outcomes which are now broadly in line with national comparators. This is also the case with Year 1 phonics which also improved again to be broadly in line with the national picture. The end of Key Stage 1 results also demonstrated an ever improving picture.

Key Stage 2 results

In 2017, 20 of the Trust's 24 academies with primary pupils reported Key Stage 2 results.

In Primary the key indicators demonstrate a much improved picture. Key measures are improved in every area. The gap to national performance is closing rapidly and the improvements appear to have been achieved across all key groups of pupils and across the geography of the Trust. Much remains to be done to further improve outcomes, particularly at the end of Key Stage 2, but results demonstrate that the Trust has improved at a much more rapid rate than the national picture.

Trustees' Report (continued)

For the year ended 31 August 2017

Key Stage 4 results

In 2017, 10 of the Trust's 11 academies with secondary aged pupils reported Key Stage 4 results.

Overall across the Trust many of the key performance indicators have remained broadly in line with 2016 results. The 'basics' figure of pupils achieving a pass in both English and Maths was around 45% and the progress 8 figures, measured across the Trust, remained relatively stable.

Whilst much remains to be done to improve overall outcomes at Key Stage 4, there were notable improvements in results at Houghton Regis Academy and Weston Favell Academy.

Key Stage 5 results

In 2017, 7 of the Trust's 11 secondary academies reported Key Stage 5 results.

In general there have been marginal gains in both academic and vocational results, which is encouraging with academies seeing increases in the average point score (APS), average grade per student and progress scores.

Ofsted inspections

During the 2016/17 academic year the Trust had 12 Ofsted inspections, and the outcomes from these are summarised below:

| | |
|---|--|
| Houghton Regis Academy | Requires Improvement |
| Weston Favell Academy | Inadequate |
| Green Oaks Primary Academy | Inadequate |
| City of Derby Academy | Inadequate |
| Kingswood Secondary Academy | Requires Improvement: Good Leadership & management |
| Nottingham Girls' Academy | Good |
| Beacon Primary Academy | Good |
| Newark Hill Academy | Good |
| Stanground Academy | Good |
| Dogsthorpe Academy | Good |
| Skegness Academy | Inadequate |
| City of Peterborough Academy Special School | Good |

In total, of the 27 open academies which have been inspected as of 31st August 2017:

2 academies are rated Outstanding, 18 are rated Good, 3 are rated Requires Improvement, and 4 as Inadequate.

The Trust received a focused review by Ofsted in November 2016. Ofsted reported that the Trust had been more effective in improving provision in its primary schools than in its secondary schools. Outcomes and provision at secondary academies were identified as an area requiring significant improvement. However, Ofsted acknowledged that a strong sense of vision and values was driving the current work of the Trust and that accurate self-evaluation has led to the Trust identifying the right priorities for improvement. Since the focused review there have been six Ofsted inspections of academies in the Trust with five being judged as good.

During November 2016 the Trust also received a Financial Management and Governance review from the Education Funding Agency. The formal feedback and report has been received and was exceptionally positive, with only a small number of minor recommendations.

Trustees' Report (continued)

For the year ended 31 August 2017

Financial review

Principal funding

A proportion of the Trust's income is obtained from the Education and Skills Funding Agency (ESFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the period ended 31 August 2017 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The Trust also received grants for fixed assets from the ESFA. In accordance with the Charities Statement of Recommended Practice, 'Accounting Activities by Charities' (SORP 2016), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance will be reduced by annual depreciation charges over the expected useful life of the assets concerned.

At the commencement of a long term lease on any of the sites that the Trust occupies, the property is assigned a value and included in the assets of the Trust.

Financial report for the period

The Trustees consider the financial year end position of £85,405k, comprising £(38,719k) of restricted funds, £118,146k of restricted fixed asset funds, £388k of restricted endowment funds and £5,590k of unrestricted funds to be satisfactory. Restricted funds consist of restricted general funds of £7,582k less the pension reserve amounting to £46,301k.

The reserves policy will be reviewed annually as part of setting the following year's budget.

Financial and risk management objectives and policies

The Trust's exposure to financial risks is minimal due to the fact that the financial instruments that it deals with are largely bank balances, cash and trade creditors, with limited trade and other debtors. There is a deficit on the Local Government Pension Scheme, as described in note 27 to the financial statements but this is subject to periodic actuarial review and is regularly monitored by the Trustees.

Reserves policy

The Trust's policy on reserves seeks to balance the competing priorities of expending the maximum amount of resources on students, principally through the provision of highly qualified staff, and the need to retain resources to manage future uncertainty.

The Trustees wish to maintain a reasonable level of ongoing reserves, which is primarily made up of carried forward school balances from the predecessor schools and one-off 'start up' grants allocated to the Trust for its academies. The Trust's Risk Management Strategy and Risk Register are actively used to make informed judgements about the appropriate level of reserves to hold.

A description of the different reserves of the Trust, and the expected utilisation of these reserves, is described in note 18.

Trustees' Report (continued)

For the year ended 31 August 2017

Principal risks and uncertainties

There remains significant uncertainty regarding future years' funding allocations, and the desire to move to a national funding formula provides uncertainty and hence risk. The Trust is seeking to reduce this risk by seeking to maximise the number of students in its academies and to plan its budget over a longer period of time. However, clearly there remains a significant risk.

Risk management

The Trustees have assessed the major risks to which the Trust is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Trust, and its finances. The Trustees have implemented a number of systems to assess risks that the organisation faces, including in operational areas (e.g. in relation to teaching, health & safety, bullying and school trips) and in relation to the control of finance. They have introduced systems, including operations procedures (e.g. vetting of new staff and visitors, supervision on school grounds) and internal financial controls (see Governance Statement below) in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover. The Trust has an effective system of internal financial controls and this is explained in more detail in the Governance Statement.

Rebuild and refurbishment programmes

Some of the Trust's main school sites have undergone major redevelopment, or have been brand new constructions. In relation to this work the Trust has not held the build contracts: the relevant local authorities contract for the work and the completed sites are then leased back to the Trust on a 125 year lease. However for the construction of Purple Oaks Academy the contractual arrangement is different whereby the Trust is contracting directly with the construction company.

Going concern

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

Disclosure of information to auditor

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

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

Trustees' Report (continued)

For the year ended 31 August 2017

Post balance sheet events

Details of post balance sheet events are disclosed in note 32 of the financial statements.

Auditor

The auditor, Grant Thornton UK LLP, has indicated its willingness to continue in office. The Trustees will propose a motion re-appointing the auditor at a meeting of the Trustees.



Mike Hamlin
Chair

Date: 15 December 2017

Governance Statement

Scope of Responsibility

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

The Board has delegated the day-to-day responsibility to the Chief Executive, 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 Greenwood Academies Trust and the Secretary of State for Education. He is also ultimately responsible for reporting to the Board 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 Trustees' responsibilities statement. The Board has formally met 6 times during the year. Attendance during the year at meetings of the Board was as follows:

| Trustee | Meetings attended | Out of a possible |
|--|-------------------|-------------------|
| David Shelton (resigned 21 October 2016) | 1 | 1 |
| John Dunstan (resigned 15 December 2016) | 1 | 2 |
| Tim Render | 3 | 6 |
| Graham Feek | 6 | 6 |
| Edwina Grant | 5 | 6 |
| Andrew Walker | 4 | 6 |
| Wayne Norrie | 5 | 6 |
| Mike Hamlin (Chair) (appointed 1 September 2016) | 5 | 6 |
| Nigel Hastings (appointed 1 September 2016) | 5 | 6 |
| Christine Hall (appointed 1 September 2016) | 5 | 6 |
| Tim Guyler (appointed 1 September 2016) | 6 | 6 |
| Jane Spencer (appointed 1 September 2016) | 6 | 6 |
| Mark Rutherford (appointed 1 March 2017) | 1 | 3 |
| Daniel Caines (appointed 1 September 2016) (resigned 21 October 2016) | 0 | 1 |

On 21 October 2016 David Shelton resigned as a Trustee and the Trust Board appointed Mike Hamlin as Chair and Edwina Grant as Vice-Chair.

The Trust Board periodically reviews the skills and experience of its trustees and takes steps to recruit additional trustees, when required, to further strengthen the Trust Board.

The Finance Committee is a committee of the main Trust Board. Its purpose is to assist the decision making of the Trust Board, by enabling more detailed consideration to be given to the best means of fulfilling the Trust Board's responsibility to ensure sound management of the Trust's and individual academies' finances and resources. The Finance Committee met 5 times during the year. Attendance during the year at meetings of the Finance Committee was as follows:

Governance Statement (continued)

| Trustee | Meetings attended | Out of a possible |
|---|-------------------|-------------------|
| Tim Render (Chair) | 5 | 5 |
| David Shelton (resigned 21 October 2016) | 1 | 1 |
| Jane Spencer (appointed 1 September 2016) | 4 | 4 |

The Audit Committee is also a committee of the Trust Board. Its purpose is to assist the Trust Board by reviewing the financial management and control processes of the Trust, and in particular the processes for management of risk and reviewing the output from the fieldwork of the Internal Assurance Team and the statutory audit. The Audit Committee met 3 times during the year. Attendance during the year at meetings of the Audit Committee was as follows:

| Trustee | Meetings attended | Out of a possible |
|---|-------------------|-------------------|
| John Dunstan | 1 | 1 |
| Mark Rutherford (appointed 1 March 2017) | 1 | 1 |
| Andrew Walker (Chair) | 3 | 3 |
| Nigel Hastings (appointed 1 September 2016) | 3 | 3 |

The Standards and Inclusion Committee is also a committee of the Trust Board. Its purpose is to assist the Trust Board by reviewing the educational performance of academies within the Trust. The Standards and Inclusion Committee met 6 times during the year. Attendance during the year of meetings of the Standards and Inclusion Committee was as follows:

| Trustee | Meetings attended | Out of a possible |
|---|-------------------|-------------------|
| Edwina Grant (Chair) | 6 | 6 |
| Tim Render | 2 | 2 |
| David Shelton (resigned 21 October 2016) | 1 | 2 |
| Mike Hamlin (appointed 1 September 2016) | 4 | 4 |
| Christine Hall (appointed 1 September 2016) | 2 | 4 |
| Tim Guyler (appointed 1 September 2016) | 2 | 4 |

The People Committee is also a committee of the Trust Board. Its purpose is to assist the Trust Board by reviewing the work force related policies and processes of the Trust, including those for setting the pay of Trust employees. The People Committee met 3 times during the year. Attendance during the year of meetings of the People Committee was as follows:

| Trustee | Meetings attended | Out of a possible |
|--|-------------------|-------------------|
| Edwina Grant | 3 | 3 |
| Mike Hamlin (appointed 1 September 2016) | 3 | 3 |
| Tim Guyler (appointed 1 September 2016) | 3 | 3 |

Review of Value for Money

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

Governance Statement (continued)

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 Trust has delivered improved value for money during the year by:

- ***Educational Outcomes***
The Strategic Report within these financial statements describes in detail the educational outcomes achieved by the Trust in the 2016/17 academic year.
- ***Staffing***
Staffing is deployed to meet the needs of delivering the curriculum in each Academy. Appropriate levels of education support have been provided to meet the individual needs of pupils in order for all pupils to be able to reach their full potential, regardless of any challenges they may face.
- ***Financial Governance and Oversight***
The Trust has established a robust framework for ensuring strong financial governance, which ensures that the Chief Executive (as Accounting Officer) is able to have the assurance that he needs to satisfy himself that finance procedures are being properly implemented. Good financial planning allows the Trust's Education Directors and Principals to plan ahead with greater certainty and enables them to prioritise and de-prioritise activities to deliver the most effective educational outcomes at the best value.
- ***Better Purchasing***
The Trust has a procurement directorate which has undertaken all major purchases and procurements for the Trust and its academies. The professionally qualified team not only ensure compliance with public and EU procurement regulations but maximise the buying power of the Trust's academies and, like many other of the Trust's central services, has allowed academies to focus their resource on teaching and learning rather than administration.
- ***Re-tender of contracts***
The key contracts that the procurement directorate have tendered on behalf of the Trust during the year include insurance, broadband and construction-related contracts in relation to capital works at academies.

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 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 at Greenwood Academies Trust for the year 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Board has reviewed the key risks to which the Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board is of the view that there is a formal ongoing process for identifying, evaluating and managing the Trust's significant risks, which has been in place for the year 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board.

Governance Statement (continued)

The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board;
- more regular reviews by the Audit Committee of the key organisational risks and the Trust's plans to address them;
- 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 has established an Internal Assurance Team and approved an Audit Charter which describes the scope of this function, including giving advice on financial matters and performing a range of checks on the Trust's financial systems. The Internal Assurance Team reports to the Trust Board, through the Audit Committee, on the results of the reviews it has performed on the operation of the systems of control.

In particular, the checks carried out in the current period included:

- testing of core financial processes of academies and the Central Team
- testing of the payroll system
- testing of data protection systems

Three times a year, the Internal Assurance Team reports to the Trust Board via the Audit Committee on the results of these checks, on the operation of the systems of control and on the discharge of the Trust Board's financial responsibilities.

Review of Effectiveness

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

- the work of the Internal Assurance function;
- the work of the external auditor;
- the financial management and governance self-assessment process;
- the work of the staff within the 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 Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by the Trustees on 15 December 2017 and signed on its behalf, by:



Mike Hamlin
Chair



Wayne Norrie
Accounting Officer

Statement on Regularity, Propriety and Compliance

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

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

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



Wayne Norrie
Accounting Officer

Date: 15 December 2017

Trustees' Responsibilities Statement

For the year ended 31 August 2017

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2016 and the Academies Accounts Direction 2016 to 2017;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the Board of Trustees on 15 December 2017 and signed on its behalf by:



Mike Hamlin
Chair



Independent Auditor's Report to the Members of Greenwood Academies Trust

Opinion

We have audited the financial statements of Greenwood Academies Trust for the year ended 31 August 2017 which comprise the Statement of financial activities, (including the income and expenditure account) the Balance sheet, the Statement of cash flows and the related notes including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law 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" (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2017 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and Academies Accounts Direction 2016 to 2017

Basis for opinion

We have been appointed as auditor under the Companies Act 2006 and report in accordance with regulations made under that Act. 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 charitable company 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.

Who we are reporting to

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

Independent Auditor's Report to the Members of Greenwood Academies Trust (continued)

Conclusion 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 charitable company'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 Trustees Report set out on pages 3 to 11, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Trustees' Annual Report has been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and Trustees' Annual Report.



Independent Auditor's Report to the Members of Greenwood Academies Trust (continued)

Matters on which we are required to report by exception

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 the 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 Trustees' Responsibilities Statement set out on page 17 the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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 charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Christopher Frostwick
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Leicester

Date: 15 December 2017

Independent Reporting Accountant's Assurance Report on Regularity to Greenwood Academies Trust and the Education and Skills Funding Agency

In accordance with the terms of our engagement letter dated 18 October 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Greenwood Academies Trust during the period 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

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

The Accounting Officer is responsible, under the requirements of Greenwood Academies Trust's funding agreement with the Secretary of State for Education dated July 2014, and the Academies Financial Handbook extant from 1 September 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2016 to 2017. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

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

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

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

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

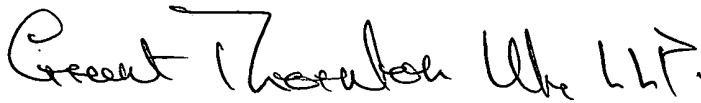
Independent Reporting Accountant's Assurance Report on Regularity to Greenwood Academies Trust and the Education Funding Agency (continued)

The work undertaken to draw our conclusion includes:

- an assessment of the risk of material irregularity and impropriety across the Trust's activities;
- evaluation of the processes and controls established and maintained in respect of regularity, propriety and compliance of the use of public funds through observation and testing of the arrangements in place and enquiry of the Accounting Officer;
- consideration and corroboration of the evidence supporting the Accounting Officer's statement on regularity, propriety and compliance; and
- detailed testing on a sample basis of income and expenditure for the areas identified as high risk.

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2016 to 31 August 2017 have not been applied to the purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Reporting Accountant
Grant Thornton UK LLP
Chartered Accountants
Leicester

Date: 15 December 2017

Statement of Financial Activities

For the year ended 31 August 2017

(including Income and Expenditure Account)

| | Note | Unrestricted funds 2017 £000 | Restricted funds 2017 £000 | Restricted fixed asset funds 2017 £000 | Endowment funds 2017 £000 | Total funds 2017 £000 | Total funds 2016 £000 |
|---|-------|---------------------------------------|-------------------------------------|--|------------------------------------|--------------------------------|--------------------------------|
| Income and endowments from: | | | | | | | |
| Donations and capital grants | 3 | 15 | 15 | 5,407 | - | 5,437 | 2,023 |
| Transfer from local authority on conversion | 3, 23 | 556 | (1,452) | 1,415 | - | 519 | 5,741 |
| Voluntary income | 3 | - | - | - | - | - | 16,661 |
| Charitable activities | | | | | | | |
| - Academy trust educational operations | 4 | - | 95,690 | - | - | 95,690 | 91,742 |
| Other trading activities | 5 | 1,006 | 2,223 | - | - | 3,229 | 3,238 |
| Investment income | 6 | 37 | - | - | - | 37 | 58 |
| Total | | 1,614 | 96,476 | 6,822 | - | 104,912 | 119,463 |
| Expenditure on: | | | | | | | |
| Charitable activities | | | | | | | |
| - Academy trust educational operations | 7 | 875 | 102,406 | 4,432 | 37 | 107,750 | 100,740 |
| Total | 8 | 875 | 102,406 | 4,432 | 37 | 107,750 | 100,740 |
| Net income / (expenditure) | | 739 | (5,930) | 2,390 | (37) | (2,838) | 18,723 |

Statement of Financial Activities (continued)

For the year ended 31 August 2017

(including Income and Expenditure Account)

| | | Unrestricted funds 2017 £000 | Restricted funds 2017 £000 | Restricted fixed asset funds 2017 £000 | Endowment funds 2017 £000 | Total funds 2017 £000 | Total funds 2016 £000 |
|---|----|---------------------------------------|-------------------------------------|--|------------------------------------|--------------------------------|--------------------------------|
| Net income / (expenditure) | | 739 | (5,930) | 2,390 | (37) | (2,838) | 18,723 |
| Transfers between funds | 18 | (29) | (1,126) | 1,155 | - | - | - |
| Other recognised gains / (losses): | | | | | | | |
| Actuarial gains/ (losses) on defined benefit pension schemes | 27 | - | 8,557 | - | - | 8,557 | (17,935) |
| Net movement in funds | | 710 | 1,501 | 3,545 | (37) | 5,719 | 788 |
| Reconciliation of funds | | | | | | | |
| Total funds at 1 September 2016 | | 4,880 | (40,220) | 114,601 | 425 | 79,686 | 78,898 |
| Total funds at 31 August 2017 | | 5,590 | (38,719) | 118,146 | 388 | 85,405 | 79,686 |

The notes on pages 27 to 60 form part of these financial statements.

Greenwood Academies Trust
(A company limited by guarantee)

Balance Sheet

As at 31 August 2017

| | Note | 2017 £000 | 2016 £000 |
|---|------|----------------|----------------|
| Fixed assets | | | |
| Intangible assets | 13 | 98 | 71 |
| Tangible assets | 14 | 113,109 | 108,288 |
| Investments | 15 | 25 | 25 |
| | | <u>113,232</u> | <u>108,384</u> |
| Current assets | | | |
| Debtors | 16 | 5,077 | 4,237 |
| Cash at bank and in hand | | 21,743 | 22,966 |
| | | <u>26,820</u> | <u>27,203</u> |
| Creditors: amounts falling due within one year | 17 | (8,346) | (6,785) |
| | | <u></u> | <u></u> |
| Net current assets | | 18,474 | 20,418 |
| Total assets less current liabilities | | <u>131,706</u> | <u>128,802</u> |
| Defined benefit pension scheme liability | 27 | (46,301) | (49,116) |
| | | <u></u> | <u></u> |
| Net assets including pension scheme liability | | 85,405 | 79,686 |
| | | <u></u> | <u></u> |
| Funds of the Trust | | | |
| Endowment funds | 18 | 388 | 425 |
| Restricted funds: | | | |
| General funds | 18 | 7,582 | 8,896 |
| Fixed asset funds | 18 | 118,146 | 114,601 |
| | | <u></u> | <u></u> |
| Restricted funds excluding pension liability | | 125,728 | 123,497 |
| Pension reserve | 18 | (46,301) | (49,116) |
| | | <u></u> | <u></u> |
| Total restricted funds | | 79,427 | 74,381 |
| Unrestricted income funds | 18 | 5,590 | 4,880 |
| | | <u></u> | <u></u> |
| Total funds | | 85,405 | 79,686 |
| | | <u></u> | <u></u> |

The financial statements were approved by the Trustees, and authorised for issue, on 15 December 2017 and are signed on their behalf, by:



Mike Hamlin
Chair

The notes on pages 27 to 60 form part of these financial statements.

Company no. : 06864339

Greenwood Academies Trust
(A company limited by guarantee)

Statement of Cash Flows

For the year ended 31 August 2017

| | Note | 2017 £000 | 2016 £000 |
|---|------|--------------|--------------|
| Cash flows from operating activities | 20 | 1,199 | 2,606 |
| Cash flows from investing activities | 21 | (2,422) | (1,511) |
| Cash flows from financing activities | | - | - |
| Change in cash and cash equivalents in the year | | (1,223) | 1,095 |
| Cash and cash equivalents at 1 September 2016 | | 22,966 | 21,871 |
| Cash and cash equivalents at 31 August 2017 | 22 | 21,743 | 22,966 |

The notes on page 27 to 60 form part of these financial statements.

Notes to the Financial Statements

For the year ended 31 August 2017

1. Statement of accounting policies

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

1.1 Basis of preparation of financial statements

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

Greenwood Academies Trust meets the definition of a public benefit entity under FRS 102.

1.2 Going concern

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

1.3 Income

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

Grants

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

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

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

Notes to the Financial Statements

For the year ended 31 August 2017

1. Statement of accounting policies (continued)

Sponsorship income

Sponsorship income provided to the 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 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 Trust's accounting policies.

1.4 Expenditure

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

Expenditure on raising funds

This includes all expenditure incurred by the 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 Trust's educational operations, including support costs and costs relating to the governance of the Trust apportioned to charitable activities.

All resources expended are inclusive of irrecoverable VAT.

Notes to the Financial Statements

For the year ended 31 August 2017

1. Statement of accounting policies (continued)

1.5 Intangible fixed assets

Computer software is capitalised and recognised when future economic benefit is probable and the cost can be measured reliably. Intangible assets are initially recognised at cost net of amortisation and any provision for impairment. Amortisation is provided at rates calculated to write off the cost of the asset on a straight-line basis over its expected useful life, as follows:

- Purchased computer software: 3 – 5 years

1.6 Tangible fixed assets and depreciation

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

Tangible fixed assets acquired since the Trust was established are included in the accounts at cost.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and are carried forward in the Balance Sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Trust's depreciation policy.

Academies joining the Trust

When an academy joins the Trust, this involves the transfer of identifiable assets and liabilities and the operation of the school for £nil consideration and which is accounted for under the acquisition accounting method.

The assets and liabilities transferred are valued at their fair value. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised as voluntary income in the Statement of Financial Activities and analysed under restricted fixed asset funds.

- ***Land and buildings***

Typically the Trust's various operations are undertaken from sites where the original construction cost was borne by a third party (for instance a Local Authority). Such sites are usually leased to the Trust for a peppercorn rent.

An estimate of the fair value of the site is calculated, and treated as an addition to fixed assets in the appropriate period with a corresponding credit reflected in the Statement of Financial Activities. The period in which such assets are capitalised is typically the point at which the Trust enters into a long term lease. The estimate of fair value is made using the best available data, which in certain cases involves using depreciated replacement cost as an indicator of fair value.

Notes to the Financial Statements

For the year ended 31 August 2017

1. Statement of accounting policies (continued)

1.6 Tangible fixed assets and depreciation (continued)

- **Fixtures and fittings**

These are treated as acquired at fair value, calculated by reference to:

- net book value at the date of transfer; or
- estimated depreciated replacement cost; or
- an estimate of fair value calculated by reference to an assumed value of fixed assets, flexed to recognise the type of academy (primary, secondary etc) as compared to the pupil roll.

Depreciation

Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

| | |
|---|------------------------------|
| Freehold property | - 50 years straight line |
| Leasehold property | - 50 years straight line |
| Fixtures, fittings, plant and machinery | - 5 - 10 years straight line |
| Computer equipment | - 3 - 5 years straight line |

No depreciation is provided on freehold land.

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

PFI contracts

Where the properties occupied by acquired academies are the subject of PFI contracts, consideration is given to the detailed terms of the relevant contract and to whether or not the PFI contract transfers the risks and rewards of ownership to the Trust. If there is such a transfer of risk and reward, such assets are accounted for under the policies for land and buildings set out above. If such risks and rewards are not transferred, the nature of the properties is deemed to be akin to serviced accommodation, and payments under the PFI contract are treated as operating lease payments.

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

1.7 Investments

The Trust's shareholdings in wholly owned subsidiaries are included in the Balance Sheet at cost. As the charitable company is itself a wholly owned subsidiary of an entity preparing consolidated accounts, the charitable company has taken advantage of available exemptions and not prepared consolidated accounts. These financial statements therefore present information about the company as an individual undertaking and not about its group.

Notes to the Financial Statements

For the year ended 31 August 2017

1. Statement of accounting policies (continued)

1.8 Liabilities

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

1.9 Provisions

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

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

1.10 Operating leases

Rentals payable under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

1.11 Taxation

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

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

Notes to the Financial Statements

For the year ended 31 August 2017

1. Statement of accounting policies (continued)

1.12 Pensions

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 27, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the Trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. 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.

1.13 Fund Accounting

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

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

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

Endowment funds established solely for the purpose of the Trust, with the Trust as a trustee of the endowment fund charity, are considered to be part of the trust and are incorporated into the financial statements. Endowment capital receivable is shown as income in a separate restricted fund in the Statement of Financial Activities. Any income generated from the endowment fund is shown in the Trust's restricted general reserve depending on the terms of the gift.

Notes to the Financial Statements

For the year ended 31 August 2017

1. Statement of accounting policies (continued)

1.14 Agency arrangements

The Trust acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the Statement of Financial Activities as the Trust does not have control over the charitable application of the funds. The Trust can use up to 5% of the allocation towards its own administration costs if appropriate, and where applicable this is recognised in the Statement of Financial Activities. The funds received and paid and any balances held are disclosed in note 31.

City of Peterborough Academy Special School holds funds for the School Improvement Board for special schools in Peterborough. The academy does not have control of these funds which are distributed to other educational establishments in the Region.

2. Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate.

Any changes in these assumptions, which are disclosed in note 27, 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 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement

- Value of the LGPS deficit and assumptions used – The value of the LGPS deficit and assumptions used can be found in note 27.
- Fair value of assets transferred on conversion - The basis of estimating the fair value of land and buildings transferred into the Trust is detailed in the statement of accounting policies in note 1.6.
- Non capitalisation of PFI facilities - The Trust considers PFI contracts to be operating leases as detailed in the statement of accounting policies in note 1.6.

Notes to the Financial Statements

For the year ended 31 August 2017

3. Donations and capital grants

| | Unrestricted funds 2017 £000 | Restricted funds 2017 £000 | Total funds 2017 £000 | Total funds 2016 £000 |
|-------------------------------------|---------------------------------------|-------------------------------------|--------------------------------|--------------------------------|
| Transfer from local authority | 556 | (37) | 519 | 5,741 |
| Other donations | 15 | 15 | 30 | 49 |
| Academies converted in earlier year | - | - | - | 16,612 |
| Donations and voluntary income | 15 | 15 | 30 | 16,661 |
| Capital grants | - | 5,407 | 5,407 | 2,023 |
| Total donations and capital grants | 571 | 5,385 | 5,956 | 24,425 |
| 2016 total | 336 | 24,089 | 24,425 | |

4. Funding for Trust's educational operations

| | Unrestricted funds 2017 £000 | Restricted funds 2017 £000 | Total funds 2017 £000 | Total funds 2016 £000 |
|--|---------------------------------------|-------------------------------------|--------------------------------|--------------------------------|
| Grants | | | | |
| Other income from academy trust educational operations | - | 61 | 61 | 26 |
| General Annual Grant (GAG) | - | 83,660 | 83,660 | 80,780 |
| Other government grants | - | 4,664 | 4,664 | 4,190 |
| Other DfE/ESFA funding | - | 7,305 | 7,305 | 6,746 |
| | - | 95,690 | 95,690 | 91,742 |
| 2016 total | - | 91,742 | 91,742 | |

Notes to the Financial Statements

For the year ended 31 August 2017

5. Other trading activities

| | Unrestricted funds 2017 £000 | Restricted funds 2017 £000 | Total funds 2017 £000 | Total funds 2016 £000 |
|--------------------|---------------------------------------|-------------------------------------|--------------------------------|--------------------------------|
| Hire of facilities | 550 | 14 | 564 | 539 |
| Catering income | 10 | 1,041 | 1,051 | 1,014 |
| Other | 446 | 1,168 | 1,614 | 1,685 |
| | <u>1,006</u> | <u>2,223</u> | <u>3,229</u> | <u>3,238</u> |
| 2016 total | <u>987</u> | <u>2,251</u> | <u>3,238</u> | |

6. Investment income

| | Unrestricted funds 2017 £000 | Restricted funds 2017 £000 | Endowment funds 2017 £000 | Total funds 2017 £000 | Total funds 2016 £000 |
|---------------------|---------------------------------------|-------------------------------------|------------------------------------|--------------------------------|--------------------------------|
| Short term deposits | 37 | - | - | 37 | 58 |
| 2016 total | <u>58</u> | <u>-</u> | <u>-</u> | <u>58</u> | |

Notes to the Financial Statements

For the year ended 31 August 2017

7. Expenditure

| | Staff costs | Non Pay Expenditure Depreciation and amortisation | Other costs | Total | Total |
|--|---------------|--|---------------|----------------|----------------|
| | 2017 | 2017 | 2017 | 2017 | 2016 |
| | £000 | £000 | £000 | £000 | £000 |
| Expenditure on raising funds | | | | | |
| Academy's educational operations: | | | | | |
| Direct costs | 64,376 | 1,741 | 5,341 | 71,458 | 68,233 |
| Allocated support costs including governance costs | 19,046 | 2,682 | 14,564 | 36,292 | 32,507 |
| | <u>83,422</u> | <u>4,423</u> | <u>19,905</u> | <u>107,750</u> | <u>100,740</u> |
| 2016 total | <u>77,314</u> | <u>4,265</u> | <u>19,161</u> | <u>100,740</u> | |

Expenditure for the year ended 31 August 2017 was £107,750k (2016: £100,740k) of which £875k was unrestricted (2016: £642k), £102,406k was restricted (2016: £95,799k), £37k was from the endowment fund (2016: £25k) and £4,432k restricted fixed assets (2016: £4,274k).

Included within expenditure are the following transactions. Individual transactions exceeding £5k are identified separately:

| | Amount £000 |
|------------------------------|----------------|
| Total unrecoverable debts | 20 |
| Individual amounts above £5k | |
| - Subsidiary company support | 18 |

The Trust was previously gifted an existing sporting facility located next to one of its academies, a condition of which was to establish a subsidiary company through which commercial sports lettings could be offered. The sports facility made an operating loss in the last academic year, and in order to secure the facilities for its pupils the Trust Board has made a decision to finance this annual operating loss. In evaluating the options to provide sporting provision for its pupils, the Trust Board satisfied itself that this represented the best value for money.

Notes to the Financial Statements

For the year ended 31 August 2017

7. Expenditure (continued)

Net income/(expenditure) for the period includes:

| | 2017 £000 | 2016 £000 |
|---|--------------|--------------|
| Depreciation of tangible fixed assets: | | |
| - owned by the Trust | 2,276 | 2,285 |
| - held under long term leases | 2,094 | 1,933 |
| Amortisation | 53 | 47 |
| Operating leases | 967 | 1,011 |
| Loss on disposal of fixed assets | 11 | 9 |
| Fees payable to the auditor for the audit of the financial statements | 72 | 68 |
| Fees payable to the auditor in respect of: | | |
| Non-statutory audit | 6 | 5 |
| ESFA accounts return | 2 | 2 |
| Other services | 2 | 10 |
| | <hr/> | <hr/> |

8. Charitable activities

| | 2017 £000 | 2016 £000 |
|---------------|--------------|--------------|
| Direct costs | 71,458 | 68,233 |
| Support costs | 36,292 | 32,507 |
| | <hr/> | <hr/> |
| | 107,750 | 100,740 |
| | <hr/> | <hr/> |

Notes to the Financial Statements

For the year ended 31 August 2017

8. Charitable activities (continued)

Analysis of support costs

| | 2017 £000 | 2016 £000 |
|--|---------------|---------------|
| Staff clothing | 41 | 38 |
| Maintenance of premises and equipment | 2,117 | 2,016 |
| Office expenses (e.g. printing, photocopying and telephones) | 421 | 492 |
| Cleaning | 1,049 | 976 |
| Rent and rates | 1,483 | 1,570 |
| Heat and light | 1,346 | 1,443 |
| Water | 236 | 232 |
| Insurance | 591 | 610 |
| Security and transport | 598 | 502 |
| Catering | 1,905 | 1,771 |
| Technology costs | 1,619 | 1,317 |
| Bank charges | 31 | 28 |
| Other support costs | 2,933 | 2,874 |
| Support staff costs | 19,046 | 15,924 |
| Depreciation and amortisation | 2,682 | 2,538 |
| Governance costs | 194 | 176 |
| | 36,292 | 32,507 |

9. Staff

a. Staff costs

Staff costs during the period were:

| | 2017 £000 | 2016 £000 |
|--|---------------|---------------|
| Wages and salaries | 64,338 | 61,929 |
| Social security costs | 5,880 | 4,783 |
| Operating costs of defined benefit pension schemes | 13,204 | 10,602 |
| | 83,422 | 77,314 |

| | | |
|---------------------------|------------|------------|
| Staff restructuring costs | 171 | 688 |
|---------------------------|------------|------------|

Staff restructuring costs comprise:

| | | |
|---------------------|------------|------------|
| Redundancy payments | 24 | 432 |
| Severance payments | 147 | 256 |
| | 171 | 688 |

Notes to the Financial Statements

For the year ended 31 August 2017

9. Staff (continued)

b. Non statutory/non-contractual staff severance payments

Included in wages and salaries are non-statutory/non-contractual severance payments totalling £17k (2016: £82k). One of the non-statutory/non-contractual payments exceeded £5k individually, and this was for £13k.

c. Staff numbers

The average number of persons (including the senior management team) employed by the Trust during the year expressed as full time equivalents was as follows:

| | 2017 No. | 2016 No. |
|----------------------------|--------------|--------------|
| Teachers | 1,030 | 995 |
| Administration and support | 1,063 | 1,059 |
| Management | 8 | 8 |
| | <u>2,101</u> | <u>2,062</u> |

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

| | 2017 No. | 2016 No. |
|----------------------------|--------------|--------------|
| Teachers | 1,157 | 1,101 |
| Administration and support | 1,658 | 1,779 |
| Management | 8 | 8 |
| | <u>2,823</u> | <u>2,888</u> |

Notes to the Financial Statements

For the year ended 31 August 2017

d. Higher paid staff

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

| | 2017 No. | 2016 No. |
|---------------------|-------------|-------------|
| £60,001 - £70,000 | 27 | 24 |
| £70,001 - £80,000 | 8 | 12 |
| £80,001 - £90,000 | 8 | 6 |
| £90,001 - £100,000 | 9 | 6 |
| £100,001 - £110,000 | 3 | - |
| £110,001 - £120,000 | 1 | 3 |
| £120,001 - £130,000 | 3 | 3 |
| £130,001 - £140,000 | 1 | - |
| £150,001 - £160,000 | 1 | 1 |
| £170,001 - £170,000 | 1 | 1 |
| | <hr/> | <hr/> |
| | 62 | 56 |
| | <hr/> | <hr/> |

The key management personnel of the Trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Trust was £1,245k (2016: £1,173k).

10. Trustees' and officers' insurance

In accordance with normal commercial practice the 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 £5 million on any one claim and the cost for the year ended 31 August 2017 was £18k (2016: £18k). The cost of this insurance is included in the total insurance cost.

Notes to the Financial Statements

For the year ended 31 August 2017

11. Trustees' remuneration and expenses

One or more trustees has been paid remuneration or has received other benefits from an employment with the 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.

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

Wayne Norrie (Chief Executive)

Remuneration £170k - £175k (2016: £160k - £165k)

Employer's pension contributions paid £25k - £30k (2016: £25k - £30k)

Graham Feek (Deputy Chief Executive)

Remuneration £150k - £155k (2016: £150k - £155k)

Employer's pension contributions paid £25k - £30k (2016: £25k - £30k)

During the year ended 31 August 2017, travel, subsistence and other expenses totalling £5k were reimbursed to six Trustees (2016: £8k to four Trustees).

Other related party transactions involving the Trustees are set out in note 29.

12. Central services

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

- Educational support
- Human resources
- Financial services
- Procurement
- Operational services, such as health & safety and property services
- IT support services

The Trust has financed these services by a per pupil charge for IT support services and a 5.5% charge on academies' core funding streams for other services.

Notes to the Financial Statements

For the year ended 31 August 2017

12. Central services (continued)

The actual amounts charged during the year were as follows:

| | 2017 £000 |
|---|--------------|
| Nottingham Academy | 1,218 |
| Skegness Academy | 512 |
| Nottingham Girls' Academy | 344 |
| Stanground Academy | 572 |
| Weston Favell Academy | 582 |
| City of Peterborough Academy Special School | 119 |
| Houghton Regis Academy | 117 |
| Mablethorpe Primary Academy | 108 |
| Mansfield Primary Academy | 73 |
| Ingoldmells Academy | 48 |
| Skegness Infant Academy | 88 |
| Skegness Junior Academy | 113 |
| Queensmead Primary Academy | 147 |
| Sunnyside Primary Academy | 85 |
| Woodvale Primary Academy | 137 |
| Kingswood Primary Academy | 76 |
| City of Derby Academy | 364 |
| Kingswood Secondary Academy | 501 |
| City of Peterborough Academy | 254 |
| Corby Primary Academy | 94 |
| Skegby Junior Academy | 53 |
| Welland Academy | 125 |
| Green Oaks Primary Academy | 90 |
| Newark Hill Academy | 154 |
| Beacon Primary Academy | 43 |
| Dogsthorpe Academy | 114 |
| Bishop Creighton Academy | 79 |
| Danesholme Junior Academy | 112 |
| Hazel Leys Academy | 73 |
| Rushden Primary Academy | 42 |
| Danesholme Infant Academy | 79 |
| Nethergate Academy | 36 |
| Total | 6,552 |

Notes to the Financial Statements

For the year ended 31 August 2017

13. Intangible fixed assets

| | Computer software £000 |
|-----------------------|------------------------------|
| Cost | |
| At 1 September 2016 | 151 |
| Additions | 80 |
| Disposals | (36) |
| | <hr/> |
| At 31 August 2017 | 195 |
| | <hr/> |
| Amortisation | |
| At 1 September 2016 | 80 |
| Charge for the year | 53 |
| On disposals | (36) |
| | <hr/> |
| At 31 August 2017 | 97 |
| | <hr/> |
| Net book value | |
| At 31 August 2017 | 98 |
| | <hr/> |
| At 31 August 2016 | 71 |
| | <hr/> |

Notes to the Financial Statements

For the year ended 31 August 2017

14. Tangible fixed assets

| | Freehold land and buildings £000 | Leasehold land and buildings £000 | Fixtures, fittings, plant and machinery £000 | Computer equipment £000 | Assets under construction £000 | Total £000 |
|--------------------------|---|--|--|-------------------------------|--------------------------------------|----------------|
| Cost | | | | | | |
| At 1 September 2016 | 26,856 | 85,386 | 2,960 | 4,325 | 320 | 119,847 |
| Transfer on conversion | - | 1,400 | - | 15 | - | 1,415 |
| Additions | - | 1,517 | 739 | 1,342 | 4,188 | 7,786 |
| Disposals | - | (97) | (537) | (539) | - | (1,173) |
| At 31 August 2017 | <u>26,856</u> | <u>88,205</u> | <u>3,162</u> | <u>5,143</u> | <u>4,508</u> | <u>127,875</u> |
| Depreciation | | | | | | |
| At 1 September 2016 | 1,750 | 5,194 | 1,445 | 3,169 | - | 11,558 |
| Charge for the year | 535 | 2,094 | 702 | 1,039 | - | 4,370 |
| On disposals | - | (90) | (534) | (538) | - | (1,162) |
| Transfer between classes | - | - | (1) | 1 | - | - |
| At 31 August 2017 | <u>2,284</u> | <u>7,198</u> | <u>1,612</u> | <u>3,671</u> | <u>-</u> | <u>14,766</u> |
| Net book value | | | | | | |
| At 31 August 2017 | <u>24,572</u> | <u>81,007</u> | <u>1,550</u> | <u>1,472</u> | <u>4,508</u> | <u>113,109</u> |
| At 31 August 2016 | <u>25,106</u> | <u>80,191</u> | <u>1,515</u> | <u>1,156</u> | <u>320</u> | <u>108,288</u> |

During the year the Trust inherited £1,415k of fixed assets from the predecessor schools. £1,400k relates to a 125 year lease in respect of the property at Danesholme Infant Academy, who joined the trust in the year. £15k relates to computer equipment from Danesholme Infant Academy and Nethergate Academy.

Notes to the Financial Statements

For the year ended 31 August 2017

15. Investments

Investments in
subsidiaries
£000

At 1 September 2016 and 31 August 2017

25

Investments in subsidiaries comprise 100% of the ordinary shares in Greenwood Academies Education Services Limited, a company incorporated in the United Kingdom. The company was dormant during the year to 31 August 2017. The Trust has another subsidiary, Greenwood Academies Trust Community Sports, which is incorporated in the United Kingdom. That company is limited by guarantee and has no share capital.

16. Debtors

| | 2017 £000 | 2016 £000 |
|--------------------------------|--------------|--------------|
| Trade debtors | 95 | 128 |
| VAT recoverable | 1,117 | 787 |
| Other debtors | 348 | 79 |
| Prepayments and accrued income | 3,517 | 3,243 |
| | <u>5,077</u> | <u>4,237</u> |

17. Creditors: Amounts falling due within one year

| | 2017 £000 | 2016 £000 |
|------------------------------------|--------------|--------------|
| Trade creditors | 1,876 | 1,109 |
| Other taxation and social security | 1,491 | 1,406 |
| Other creditors | 1,575 | 1,425 |
| Accruals and deferred income | 3,404 | 2,845 |
| | <u>8,346</u> | <u>6,785</u> |

Notes to the Financial Statements

For the year ended 31 August 2017

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

| | 2017 £000 | 2016 £000 |
|--------------------------------------|--------------|--------------|
| Deferred income | | |
| Deferred income at 1 September 2016 | 1,935 | 987 |
| Resources deferred during the year | 2,188 | 1,935 |
| Amounts released from previous years | (1,935) | (987) |
| Deferred income at 31 August 2017 | <u>2,188</u> | <u>1,935</u> |

The deferred income held at 31 August 2017 principally related to grant funding of £484k for the academic year 2017/18, and £1,425k representing excess funding received in 2016/17 which will be recovered via an equivalent funding reduction in 2017/18.

18. Funds

| | Balance at 1 September 2016 £000 | Income £000 | Expenditure £000 | Transfers in/(out) £000 | Gains/ (Losses) £000 | Balance at 31 August 2017 £000 |
|---|---|----------------|---------------------|-------------------------------|----------------------------|--------------------------------------|
| Restricted general funds | | | | | | |
| General Annual Grant (GAG) | 6,983 | 83,659 | (83,743) | - | - | 6,899 |
| Other government grants | 1,913 | 14,269 | (14,373) | (1,126) | - | 683 |
| Pension deficit | (49,116) | (1,452) | (4,290) | - | 8,557 | (46,301) |
| | <u>(40,220)</u> | <u>96,476</u> | <u>(102,406)</u> | <u>(1,126)</u> | <u>8,557</u> | <u>(38,719)</u> |
| Restricted fixed asset funds | | | | | | |
| DfE/ESFA and other capital grants | 13,518 | 5,407 | (2,239) | 1,155 | - | 17,841 |
| Assets inherited from predecessor schools | 101,083 | 1,415 | (2,193) | - | - | 100,305 |
| | <u>114,601</u> | <u>6,822</u> | <u>(4,432)</u> | <u>1,155</u> | | <u>118,146</u> |
| Total restricted funds | <u>74,381</u> | <u>103,298</u> | <u>(106,838)</u> | <u>29</u> | <u>8,557</u> | <u>79,427</u> |

Notes to the Financial Statements

For the year ended 31 August 2017

18. Funds (continued)

| | Balance at 1 September 2016 £000 | Income £000 | Expenditure £000 | Transfers in/(out) £000 | Gains/ (Losses) £000 | Balance at 31 August 2017 £000 |
|--|---|----------------|---------------------|-------------------------------|----------------------------|--------------------------------------|
| Total unrestricted funds | 4,880 | 1,614 | (875) | (29) | - | 5,590 |
| Endowment funds | | | | | | |
| The Experian Nottingham Academy fund | 425 | - | (37) | - | - | 388 |
| Total funds | 79,686 | 104,912 | (107,750) | - | 8,557 | 85,405 |

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

The restricted general fund includes grants receivable from the ESFA and local education authorities towards the operating activities of the Trust administered by the charitable company.

The fixed asset fund includes amounts receivable from the ESFA in respect of tangible fixed assets held for Trust use.

Endowment funds represents amounts received from Experian Limited which are to be invested by the Trust to generate income for use in advancing education for the benefit of the local community.

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

Notes to the Financial Statements

For the year ended 31 August 2017

18. Funds (continued)

Analysis of academies by fund balance

Fund balances at 31 August 2017 were allocated as follows:

| | Total £'000 |
|---|------------------------|
| Nottingham Academy | 1,202 |
| Skegness Academy | 2,000 |
| Nottingham Girls' Academy | 1,133 |
| Stanground Academy | 1,626 |
| Weston Favell Academy | (636) |
| City of Peterborough Academy Special School | 819 |
| Houghton Regis Academy | (664) |
| Mablethorpe Primary Academy | 342 |
| Mansfield Primary Academy | 273 |
| Ingoldmells Academy | 318 |
| Skegness Infant Academy | 547 |
| Skegness Junior Academy | 833 |
| Queensmead Primary Academy | 255 |
| Sunnyside Primary Academy | 23 |
| Woodvale Primary Academy | 308 |
| Kingswood Primary Academy | 201 |
| City of Derby Academy | (1,125) |
| Kingswood Secondary Academy | 343 |
| City of Peterborough Academy | 849 |
| Corby Primary Academy | 160 |
| Skegby Junior Academy | 80 |
| Welland Academy | 171 |
| Green Oaks Primary Academy | (217) |
| Newark Hill Academy | 431 |
| Beacon Primary Academy | 113 |
| Dogsthorpe Junior Academy | 56 |
| Bishop Creighton Academy | 343 |
| Central Services | 2,641 |
| Danesholme Junior Academy | 156 |
| Hazel Leys Academy | 179 |
| Rushden Primary Academy | 313 |
| Danesholme Infant Academy | 104 |
| Nethergate Academy | 354 |
| Total before fixed asset fund and pension reserve | 13,560 |
| Restricted fixed asset fund | 118,146 |
| Pension reserve | (46,301) |
| Total | 85,405 |

Notes to the Financial Statements

For the year ended 31 August 2017

18. Funds (continued)

The following academies are carrying net deficits on their portion of the funds as follows:

| Name of academy | Amount of deficit £000 |
|----------------------------|---------------------------|
| Weston Favell Academy | 636 |
| Houghton Regis Academy | 664 |
| City of Derby Academy | 1,125 |
| Green Oaks Primary Academy | 217 |

Weston Favell Academy

The academy has experienced volatility in pupil numbers which has contributed to the current deficit position. A review and reorganisation of the curriculum, together with the identification of other efficiencies, is expected to improve the financial position of the academy.

Houghton Regis Academy

The move from a middle school to a Secondary Academy has resulted in a reduction in pupil numbers, which has been exacerbated by delays in the expected housing developments in the local area. This has resulted in a very small secondary school with relatively low per pupil funding rates, in a building that requires significant investment. The staffing structure has been reviewed, resulting in staff cost savings which are helping to control spending at the academy.

City of Derby Academy

The deficit has arisen due to falling pupil numbers in previous years, resulting in a costly staffing structure. This led the Trust to review the curriculum and staffing structures to gain the required efficiencies. As described in Note 33, the academy was re-brokered to Queen Elizabeth Grammar School on 1 September 2017.

Green Oaks Primary Academy

Staff-related costs and reductions in Early Years funding have contributed to the deficit position. On 1 September 2017 the academy transferred the pupils within their special unit to Purple Oaks Academy, a new Special School within the Trust. The Trust continues to review the structures and operation of the academy to deliver the required efficiencies.

Notes to the Financial Statements

For the year ended 31 August 2017

18. Funds (continued)

Analysis of academies by cost

Expenditure incurred by each Academy (excluding depreciation and amortisation) during the year was as follows:

| | Teaching and educational support staff | Other support staff | Educational supplies | Other costs excluding depreciation | Total |
|--|---|------------------------|-------------------------|--|----------------|
| | £000 | £000 | £000 | £000 | £000 |
| Nottingham Academy | 12,250 | 3,366 | 779 | 2,839 | 19,232 |
| Skegness Academy | 5,177 | 1,721 | 369 | 1,127 | 8,392 |
| Nottingham Girls' Academy | 3,041 | 690 | 226 | 568 | 4,525 |
| Stanground Academy | 5,237 | 1,260 | 339 | 856 | 7,692 |
| Weston Favell Academy | 4,934 | 889 | 457 | 1,320 | 7,598 |
| City of Peterborough Academy Special School | 1,441 | 406 | 59 | 302 | 2,208 |
| Houghton Regis Academy | 1,185 | 338 | 102 | 302 | 1,927 |
| Mablethorpe Primary Academy | 1,068 | 317 | 30 | 268 | 1,683 |
| Mansfield Primary Academy | 821 | 246 | 43 | 201 | 1,311 |
| Ingoldmells Academy | 450 | 134 | 22 | 155 | 761 |
| Skegness Infant Academy | 887 | 243 | 28 | 263 | 1,421 |
| Skegness Junior Academy | 978 | 236 | 79 | 268 | 1,561 |
| Queensmead Primary Academy | 1,698 | 491 | 95 | 298 | 2,582 |
| Sunnyside Primary Academy | 835 | 115 | 71 | 243 | 1,264 |
| Woodvale Primary Academy | 1,406 | 240 | 125 | 351 | 2,122 |
| Kingswood Primary Academy | 783 | 144 | 62 | 213 | 1,202 |
| City of Derby Academy | 3,382 | 723 | 148 | 821 | 5,074 |
| Kingswood Secondary Academy | 4,226 | 1,111 | 343 | 812 | 6,492 |
| Corby Primary Academy | 866 | 236 | 50 | 175 | 1,327 |
| City of Peterborough Academy | 2,206 | 314 | 143 | 422 | 3,085 |
| Skegby Junior Academy | 564 | 179 | 34 | 154 | 931 |
| Welland Academy | 1,098 | 362 | 76 | 249 | 1,785 |
| Green Oaks Primary Academy | 1,079 | 152 | 54 | 241 | 1,526 |
| Newark Hill Academy | 1,232 | 395 | 107 | 275 | 2,009 |
| Beacon Primary Academy | 373 | 120 | 33 | 146 | 672 |
| Dogsthorpe Junior Academy | 1,014 | 568 | 67 | 246 | 1,895 |
| Bishop Creighton Academy | 662 | 201 | 31 | 182 | 1,076 |
| Central Services | 2,079 | 3,112 | 33 | 1,621 | 6,845 |
| Danesholme Junior Academy | 966 | 178 | 92 | 192 | 1,428 |
| Hazel Leys Academy | 779 | 177 | 42 | 186 | 1,184 |
| Rushden Primary Academy | 407 | 135 | 21 | 100 | 663 |
| Danesholme Infant Academy | 793 | 156 | 18 | 185 | 1,152 |
| Nethergate Academy | 459 | 91 | 33 | 108 | 691 |
| Total | 64,376 | 19,046 | 4,205 | 15,689 | 103,316 |

Notes to the Financial Statements

For the year ended 31 August 2017

19. Analysis of net assets between funds

| | Unrestricted funds 2017 £000 | Restricted funds 2017 £000 | Restricted fixed asset funds 2017 £000 | Endowment funds 2017 £000 | Total funds 2017 £000 | Total funds 2016 £000 |
|----------------------------------|---------------------------------------|-------------------------------------|--|------------------------------------|--------------------------------|--------------------------------|
| Intangibles | - | - | 98 | - | 98 | 71 |
| Tangible fixed assets | - | - | 113,109 | - | 113,109 | 108,288 |
| Fixed asset investments | - | - | 25 | - | 25 | 25 |
| Current assets | 5,590 | 15,928 | 4,939 | 388 | 26,845 | 27,203 |
| Creditors due within one year | - | (8,346) | (25) | - | (8,371) | (6,785) |
| Pension scheme liability | - | (46,301) | - | - | (46,301) | (49,116) |
| | 5,590 | (38,719) | 118,146 | 388 | 85,405 | 79,686 |

20. Reconciliation of net income to net cash flow from operating activities

| | 2017 £000 | 2016 £000 |
|--|--------------|--------------|
| Net income for the reporting period | (2,839) | 18,723 |
| Interest receivable | (37) | (58) |
| Depreciation and amortisation | 4,423 | 4,265 |
| Loss on disposal of tangible fixed assets | 11 | 9 |
| Capital grants from ESFA/DfE and inherited assets | (6,822) | (24,979) |
| (Increase)/decrease in debtors | (840) | 656 |
| Increase in creditors | 1,561 | 712 |
| Defined benefit pension deficit assumed | 1,452 | 1,115 |
| Defined benefit pension cost less employer contributions payable | 3,225 | 1,059 |
| Defined benefit pension finance cost | 1,065 | 1,104 |
| Net cash provided by operations | 1,199 | 2,606 |

Notes to the Financial Statements

For the year ended 31 August 2017

21. Cash flows from investing activities

| | 2017 £000 | 2016 £000 |
|--|----------------|----------------|
| Returns on investments and servicing of finance | | |
| Purchase of tangible/intangible fixed assets | (7,866) | (3,602) |
| Inherited and donated assets | (1,415) | (23,170) |
| Capital grants from DfE/ESFA | 5,407 | 2,033 |
| Capital funding received from sponsors and others | 1,415 | 23,170 |
| Return on investments | 37 | 58 |
| Net cash used in investing activities | (2,422) | (1,511) |

22. Analysis of cash and cash equivalents

| | 2017 £000 | 2016 £000 |
|--------------------------|--------------|--------------|
| Cash at bank and in hand | 21,743 | 22,966 |

Notes to the Financial Statements

For the year ended 31 August 2017

23. Conversion to an academy trust

The Trust acquired two further academies during the year ended 31 August 2017, and all the operations and assets and liabilities were transferred to Greenwood Academies Trust for £nil consideration.

The transfers have 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 transfers from local authority on conversion.

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.

| | Unrestricted funds £000 | Restricted funds £000 | Restricted fixed asset funds £000 | Endowment funds £000 | Total funds £000 |
|--------------------------------|-------------------------------|-----------------------------|--|----------------------------|------------------------|
| Tangible fixed assets | | | | | |
| - Leasehold land and buildings | - | - | 1,400 | - | 1,400 |
| - Other tangible fixed assets | - | - | 15 | - | 15 |
| Budget surplus on LA funds | 556 | - | - | - | 556 |
| LGPS pension deficit | - | (1,452) | - | - | (1,452) |
| Net assets/(liabilities) | 556 | (1,452) | 1,415 | - | 519 |

The above net assets include £556k that was transferred as cash.

| | Cash £000 | Other fixed assets £000 | Land & buildings £000 | LGPS Pension deficit £000 | 2017 £000 |
|---------------------------|--------------|-------------------------------|-----------------------------|---------------------------------|--------------|
| Danesholme Infant Academy | 181 | 12 | 1,400 | (460) | 1,133 |
| Nethergate Academy | 375 | 3 | - | (992) | (614) |
| Total | 556 | 15 | 1,400 | (1,452) | 519 |

The total fair value of the two new academies is shown in transfer from local authority on conversion in the Statement of Financial Activities.

Notes to the Financial Statements

For the year ended 31 August 2017

24. Guarantees, letters of comfort and indemnities

As set out in note 7 to these financial statements it is anticipated that the subsidiary sports company will continue to deliver annual operating losses, and therefore the Trust has provided a letter of comfort to cover these potential future losses subject to an annual limit of £35k.

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 they are a member, or within one year after they cease to be a member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before they cease to be a member.

26. Capital commitments

At 31 August 2017 the Trust had capital commitments as follows:

| | 2017 £000 | 2016 £000 |
|---|--------------|--------------|
| Contracted for but not provided in these financial statements | 1,321 | 394 |

27. Pension commitments

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

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

Contributions amounting to £1,235k were payable to the schemes at 31 August 2017 (2016: £1,173k) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Notes to the Financial Statements

For the year ended 31 August 2017

27. Pension commitments (continued)

Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out 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 consultations 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 £191,500m, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600m giving a notional past service deficit of £14,900m
- 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% from September 2015, which will be payable during the implementation period until the next valuation as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The pension costs paid to TPS in the period amounted to £6,235k (2016: £5,933k).

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

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

Local Government Pension Scheme

LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £4,849k (2016: £4,702k), of which employer's contributions totalled £3,745k (2016: £3,360k) and employees' contributions totalled £1,104k (2016: £1,042k). The agreed contribution rates for future years are 17.6% to 22.6% for employers and 5.5% to 12.5% for employees.

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

Notes to the Financial Statements

For the year ended 31 August 2017

27. Pension commitments (continued)

| | At 31 August 2017 | At 31 August 2016 |
|--|----------------------|----------------------|
| Principal actuarial assumptions | | |
| Rate of increase in salaries | 2.7% - 4.2% | 3.1% - 4.1% |
| Rate of increase for pensions in payment/inflation | 2.4% - 2.7% | 2.1% - 2.3% |
| Discount rates for scheme liabilities | 2.5% - 2.6% | 2% - 2.1% |
| Inflation assumption (CPI) | 2.4% - 2.7% | 2.1% - 2.3% |
| Commutation of pensions to lump sums | 50% - 75% | 50% - 75% |

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

| | 2017 | 2016 |
|-----------------------------|-------------|-------------|
| <i>Retiring today</i> | | |
| Males | 21.9 - 22.6 | 22.1 - 22.5 |
| Females | 24.2 - 25.2 | 24.2 - 25.3 |
| <i>Retiring in 20 years</i> | | |
| Males | 23.0 - 24.8 | 24.0 - 24.5 |
| Females | 26.1 - 27.9 | 26.6 - 27.7 |

Sensitivity Analysis

| | 2017 | 2016 |
|---|---------|---------|
| Discount rate +0.1% - reduction in deficit | (2,237) | (2,080) |
| Discount rate -0.1% - increase in deficit | 2,268 | 2,099 |
| Mortality assumption - 1 year increase - increase in deficit | 3,216 | 2,341 |
| Mortality assumption - 1 year decrease - reduction in deficit | (3,174) | (2,319) |
| CPI rate +0.1% - increase in deficit | 1,863 | 1,432 |
| CPI rate -0.1% - reduction in deficit | (1,842) | (1,417) |

Notes to the Financial Statements

For the year ended 31 August 2017

27. Pension commitments (continued)

Pension assets analysed by investment type were as follows:

| | Fair value at 31 August 2017 £000 | Fair value at 31 August 2016 £000 |
|------------------------------|--|--|
| Equities | 28,762 | 23,579 |
| Bonds | 6,065 | 4,538 |
| Property | 3,803 | 3,260 |
| Cash | 1,225 | 954 |
| Other | 820 | 585 |
| Total market value of assets | <u>40,675</u> | <u>32,916</u> |

The actual return on scheme assets was £2,938k (2016: £3,994k).

The amounts recognised in the Statement of Financial Activities are as follows:

| | 2017 £000 | 2016 £000 |
|--|----------------|----------------|
| Current service cost (net of employee contributions) | (6,965) | (4,719) |
| Net interest | (1,065) | (1,104) |
| Total operating charge | <u>(8,030)</u> | <u>(5,823)</u> |

An analysis of pension finance income/(costs) is as follows:

| | 2017 £000 | 2016 £000 |
|--|----------------|----------------|
| Expected return on pension scheme assets | 746 | 1,011 |
| Interest on pension scheme liabilities | (1,811) | (2,115) |
| Pension finance income/(costs) | <u>(1,065)</u> | <u>(1,104)</u> |

Notes to the Financial Statements

For the year ended 31 August 2017

27. Pension commitments (continued)

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

| | 2017 £000 | 2016 £000 |
|---|--------------|--------------|
| At 1 September | 82,032 | 51,587 |
| Current service cost | 6,970 | 4,719 |
| Interest cost | 1,811 | 2,115 |
| Employee contributions | 1,104 | 1,042 |
| Actuarial (gains)/losses | (6,472) | 21,499 |
| Transferred from local authorities after 1 September 2016 | 2,288 | 1,400 |
| Estimated benefits paid net of transfers in | (749) | (330) |
| Pension administration costs | (8) | - |
| At 31 August | 86,976 | 82,032 |

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

| | 2017 £000 | 2016 £000 |
|---|--------------|--------------|
| At 1 September | 32,916 | 23,684 |
| Expected return on assets | 746 | 1,011 |
| Actuarial gains/(losses) | 2,085 | 3,564 |
| Employer contributions | 3,745 | 3,660 |
| Employee contributions | 1,104 | 1,042 |
| Transferred from local authorities after 1 September 2016 | 836 | 285 |
| Benefits paid net of transfers in | (749) | (330) |
| Pension administration costs | (8) | - |
| At 31 August | 40,675 | 32,916 |

The cumulative amount of actuarial losses recognised in the Statement of Financial Activities since the adoption of FRS 102 is a £16,471k loss (2016: £25,028k loss).

Notes to the Financial Statements

For the year ended 31 August 2017

28. Operating lease commitments

At 31 August 2017 the total of the Trust's future minimum lease payments under non-cancellable operating leases were:

Land and buildings on PFI arrangements

| | 2017 £000 | 2016 £000 |
|-------------------------|--------------|--------------|
| Within 1 year | 820 | 803 |
| Between 2 and 5 years | 3,283 | 3,210 |
| After more than 5 years | 12,585 | 13,109 |

Others

| | 2017 £000 | 2016 £000 |
|-------------------------|--------------|--------------|
| Within 1 year | 154 | 131 |
| Between 2 and 5 years | 188 | 209 |
| After more than 5 years | - | - |

29. Related party transactions

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

In respect of any individuals who were Trustees or key management staff during the year, two (Graham Feek and Emma Hadley), and Sir Barry Day in relation to the previous year (for the period to 31st December 2015) each have close family members or similar who are employed by Greenwood Academies Trust. None of these individuals were involved in the recruitment of the staff member during their period of employment with the Trust and with the exception below have not been involved in the processes for appraising performance or setting of their salary. The grades and salaries of these staff members appropriately reflect their role and experience.

During 2015/16 Emma Hadley contributed to the process for appraising performance and making salary recommendations for a close family member, however the Trust ensured these recommendations were independently reviewed for ultimate decision by a more senior staff member. On 1st September 2016 a revision to the staffing structure has enabled the separation of these individuals with respect to line management, performance appraisal and salary recommendation.

In addition, Emma's son is a 6th form pupil at one of the academies which she has responsibility for, and in the 2015/16 academic year he took advantage of the academy policy which allows 6th form pupils to be paid for casual cleaning of the academy site. Emma had no direct involvement in this activity and was not involved in the recruitment or payment of the pupils. Emma's son did not participate in this activity in 2016/17.

Notes to the Financial Statements

For the year ended 31 August 2017

29. Related party transactions (continued)

The full Trust Board continues to monitor the controls over the existence and quantum of these arrangements. In respect of all of the above the Board is satisfied that all payments made are consistent with staff employed in equivalent roles or at equivalent grades.

30. Controlling party

The Trustees consider the Trust's sponsor, The Greenwood Dale Foundation, to be the controlling entity of the charitable company. The Trust's sponsor prepares consolidated accounts for the group which are available at Companies House.

31. Agency arrangements

The Trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2017 the Trust received £169k (2016: £209k) and disbursed £121k (2016: £160k) from the fund. An amount of £206k (2016: £158k) is included in other creditors relating to undistributed funds that is repayable to ESFA.

An academy in The Trust receives funds from the School Improvement Board in Peterborough which are distributed to Special Schools in the Region. The academy received £25k in the year of which £16k remained undistributed at 31 August 2017 and is included in other creditors.

32. Events after the balance sheet date

On 1 September 2017 the Trust opened the brand new Purple Oaks Academy in Northampton and transferred City of Derby Academy to Queen Elizabeth Grammar School.