

THE PARK ACADEMIES TRUST
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2017



**THE PARK ACADEMIES TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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**THE PARK ACADEMIES TRUST
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY
FOR THE YEAR ENDED 31 AUGUST 2017**

Members	Crispin Hawes Chris Shepherd David Davison Philip Harland (appointed 1 September 2017)
Trustees and Directors	Dave Allen Louise Bouteiller David Davison, Chair of Trustees Alastair Dixon-Patterson Toni Gillespie Mark Godley Matthew Lodge, Vice Chair Nick Martin (resigned 20 September 2016) Corinna Mazzotta Clive Zimmerman Scott Robins (appointed 1 September 2017)
Company registered number	07694023
Company name	The Park Academies Trust
Senior leadership team	Clive Zimmerman, Chief Executive Officer and Executive Principal Jonathan Young, Operational Principal (ICS) Gary Pearson, Operational Principal (LPA) Gail Davies, Assistant Principal (LPA) Christian Dobbs, Assistant Principal (LPA) Sophie Hesten, Vice Principal (LPA) Laura Patterson, Assistant Principal (LPA) David Williams, Assistant Principal (Trust SENDCo) Alastair Dixon-Patterson, Trust Director of Finance and Operations
Independent auditors	Bishop Fleming Bath Limited Chartered Accountants Statutory Auditors Minerva House Lower Bristol Road Bath BA2 9ER
Bankers	National Westminster 84 Commercial Road Swindon Wiltshire SN1 5NW
Solicitors	Stone King 13 Queen Square Bath BA1 2HJ

**THE PARK ACADEMIES TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2017**

The Trustees present their annual report together with the financial statements and auditors' report of the Charitable Company for the year ended 31 August 2017. The annual report serves the purpose of both a Trustees' report, and a Directors' report under company law.

The Trust operates an Academy for pupils aged 11 to 18 in Swindon. It has a pupil capacity of 1,350 and had a roll of 1,160 in the school census on 4 October 2017.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Academy is a company limited by guarantee and an exempt charity. The Charitable Company's Memorandum and Articles of Association are the primary governing documents of the Academy.

The Trustees of The Park Academies Trust are also the directors of the Charitable Company for the purposes of company law.

Details of the Trustees who served throughout the year, except as noted, are included in the Reference and Administrative Details on page 1.

Members' Liability

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

Trustees' Indemnities

Trustees benefit from indemnity insurance purchased at the Academy's expense to cover the liability of the Trustees which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Academy, provided that any such insurance shall not extend to any claim arising from any act or omission which the Trustees knew to be a breach of trust or breach of duty or which was committed by the Trustees in reckless disregard to whether it was a breach of trust or breach of duty or not and provided also that any such insurance shall not extend to the costs of any unsuccessful defence to a criminal prosecution brought against the Trustees in their capacity as Directors of the Academy.

In accordance with normal commercial practice the Academy 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 £5,000,000 on any one claim.

TRUSTEES

Method of Recruitment and Appointment or Election of Trustees

The Trust shall have the following Trustees as set out in its Articles of Association and funding agreement:

- up to 10 Trustees, appointed by the Members;
- co-opted Trustees appointed by the Trustees;
- the Executive Principal, as an ex-officio Trustee;
- the Finance and Operations Director, as an ex-officio Trustee; and
- a minimum of 2 Parent Trustees (in the event that no Local Advisory Boards are established to represent the individual schools).

The term of office for any Trustee shall be four years, save that this time limit shall not apply to Executive Principal or the Finance and Operations Director. The term of office may be shorter than four years for any Trustee (other than a Parent Trustee) if the Members (or in the case of a Co-opted Trustee, the Trustees) determine this at the time of such Trustee's appointment.

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017**

Subject to remaining eligible to be a particular type of Trustee, any Trustee may be re-appointed or re-elected provided that no Trustee (other than the Executive Principal or the Finance and Operations Director) shall serve more than 12 years consecutively.

When appointing new Trustees, the Board will give consideration to the skills and experience mix of existing Trustees in order to ensure that the Board has the necessary skills to contribute fully to the Trusts development.

Policies and Procedures Adopted for the Induction and Training of Trustees

The Trust has a Trustee Induction Policy available from the Clerk to the Trustees.

Organisational Structure

The Board of Trustees currently meets at least 6 times over the Academic year.

The Board establishes an overall framework for the governance of the Trust and determines membership, terms of reference and procedures of Committees (including Local Advisory Boards) and other groups.

It receives reports including policies from its Committees (including Local Advisory Boards) for ratification. It monitors the activities of the Committees (including Local Advisory Boards) through the minutes of their meetings. The Board may from time to time establish Working Groups to perform specific tasks over a limited timescale.

The Trustees have devolved responsibility for day to day management of the schools to the Executive Principal and the Operational Principal supported by the Local Advisory Board. In the case of Isambard Community School, there is an Interim Executive Board in place to monitor the performance of the Trust under its management contract obligations.

The Trust has a leadership structure which consists of the Trustees, The Senior Leadership Team and Team Leaders. The aim of the leadership structure is to devolve responsibility and encourage involvement in decision making at all levels.

The Executive Principal is the Accounting Officer.

Arrangements for Setting Pay and Remuneration of Key Management Personnel

The Trustees consider the Board of Trustees and the senior leadership team comprise the key management personnel of the Trust in charge of directing and controlling, running and operating the Trust on a day to day basis. All Trustees give their time freely and no Trustee received remuneration for being a Trustee in the year.

Details of Trustees' expenses and related party transactions are disclosed in the notes to the accounts.

The pay of key management personnel is reviewed annually. Any increase is linked to performance management and any nationally agreed rates.

Connected Organisations, including Related Party Relationships

There are no related parties which either control or significantly influence the decisions and operations of The Trust. There are no sponsors or formal Parent Teacher Associations associated with the Trust.

OBJECTIVES AND ACTIVITIES

Objects and Aims

The principal object and activity of the Trust is to advance for the public benefit education in the United Kingdom, in particular by establishing, maintaining, carrying on, managing and developing schools in the local area, offering a broad range of curriculum for pupils of different ages and abilities.

The principal object and activity of the Charitable Company is the operation of The Park Academies Trust to provide free education and care for pupils of different ages and abilities.

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017**

The aims of the Academy during the year ended 31 August 2017 are summarised below:

- To inspire all pupils to fulfil their potential and become confident, motivated and well prepared for their future;
- To support and maximise academic success; and
- To enhance and develop sporting talent and ethos.

At The Park Academies Trust we aim to achieve the best for, and from, each child. We intend to enable each child to realise his or her full academic, creative and physical potential and to develop positive social and moral values. We aim to build school communities in which pupils, staff and parents are part of a happy and caring environment.

Objectives, Strategies and Activities

Key priorities for the year are contained in our Trust Development Plan and Academy Development Plan which are available from the Trust Office.

Key activities and targets therein continued to be influenced by the significant challenges and opportunities arising from national changes in education policy and funding. The activities included the following:

- Supporting Isambard Community School so that it can become a second successful academy within the Trust;
- Improve the status and outcomes of our Key Stage 3 provision at Lydiard Park Academy;
- Successfully implement the national curriculum changes at Key Stages 4 and 5 at Lydiard Park Academy whilst increasing the attainment of our pupils in public examinations; and
- Further establish and grow our recently established Sixth Form provision.

Public Benefit

The Trustees confirm that they have complied with the duty in Section 17(5) of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit in exercising their powers or duties. They have referred to this guidance when reviewing the Academy's aims and objectives and in planning its future activities.

The Trust provides facilities for recreational and other leisure time occupation for the community at large in the interests of social welfare and with the interest of improving the life of said community.

We work closely with our feeder primary schools as well as contributing to the wider educational community with Subject Matter Expert's supporting working groups.

Our support for Isambard Community School reflects our desire to enhance education in Swindon.

STRATEGIC REPORT

Achievements and Performance

The Trust, as a Multi Academy Trust and Sponsor is in its first year operation.

The Trust started the year operating a single Academy, Lydiard Park Academy and finished the year having also engaged Isambard Community School under a management Contract whilst undergoing conversion to Academy Status.

Lydiard Park Academy: The Academy is full in three year groups and has a waiting list in operation. The Academy is heavily oversubscribed - there were 280 applicants for the 224 places available in year 7 for September 2017 entry.

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017**

A number of key changes in the public examination frameworks at both GCSE and A level made the exams taken in the summer of 2017 the most challenging for many years. Despite this, the academy achieved impressive Key Stage 4 results with 68% of pupils gaining a pass grade in both the new English and Mathematics examinations. Results in other subjects were also maintained at a high level with a high degree of consistency across the school. This demonstrates the excellent standard of teaching delivered at the academy, which has allowed us to implement the government reforms very successfully.

Despite per pupil funding that is reducing in real terms the Academy has managed to maintain relatively small average class size of 28 pupils.

Our second full set of A level results showed strong improvement from the previous year. 42% of entries resulted in a high grade (A*-B or the vocational equivalent) and the percentage of A*-B grades from A levels was above the indicative target for a 'top 25%' school. For the second year the percentage of students progressing to their first choice university was significantly above the Swindon average for all pupils.

To ensure that standards are continually assessed, the Academy operates a programme of lesson observations, work scrutiny and lesson plan checks which are undertaken by the Department Heads and the Senior Leadership Team within a rigorous performance management framework.

The Academy was last inspected by OFSTED in January 2014 and was judged to be Good.

Continuing Professional Development for staff has been very successful with all teaching staff continuing to develop their skills through the Teacher Effectiveness and Enhancement Programme (TEEP). The academy is now a TEEP Ambassador school and held an open day for prospective new school members during the year.

Lydiard Park Academy remains a 'Leading Edge' school (beacon school status) and for the second year running was awarded the highest achieving school award at the Swindon Teaching Awards for the quality of GCSE results.

During the year, the Academy's house fundraising activities for local charities raised over £4,000.

Isambard Community School: The trust was commissioned by Swindon LA to provide leadership and management services to Isambard Community School from 1 November 2016. This followed an 'inadequate' Ofsted rating and declining GCSE results and school roll. Leadership was reorganised across both schools to facilitate new leadership at Isambard whilst maintaining the quality of leadership at Lydiard Park. During the year there was a significant overhaul of all procedures, both education and business related. Despite only having approximately six months to improve the results of Year 11 pupils, the summer exams showed an improvement from 58% to 71% in the proportion of pupils gaining a pass grade in both English and mathematics. During the year, plans were drawn up to relaunch the school as Abbey Park School, with a new uniform, pattern of school day and improved pupil ethos (these changes were successfully enacted from 1 September 2017). The view of pupils, parents and the Local Authority is that the trust's intervention has been extremely successful to date, and it is intended that this will continue as work is undertaken to convert the school to an academy within the trust.

Key Performance Indicators

There are a number of financial performance indicators that the Trust Board is focussed upon:

- the level of reserves held at the Balance Sheet date by school (and across the Trust);
- the management of spending against General Annual Grant (GAG) by school with an expectation that every school manages within its means;
- pupil numbers should be stable or growing as these are the main drivers of income; and
- maximising third party/lettings income.

The Trustees review financial performance against Academy School benchmarks and local performance.

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017**

Cashflow is equally important and we aim to hold sufficient cash in the bank to allow for a single month of payroll without income.

Going Concern

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

FINANCIAL REVIEW

Financial Review

The Trust receives the majority of its income from the DfE via the ESFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the year ended 31 August 2017 and the associated expenditure are shown as Restricted Funds in the Statement of Financial Activities.

The Trust also receives grants for fixed assets from the DfE which are shown in the Statement of Financial Activities as restricted income in the Fixed Asset Fund. The Restricted Fixed Asset Fund balance is reduced by annual depreciation charges over the useful life of the assets concerned, as defined in the Trusts accounting policies.

During the year ended 31 August 2017, the Trust received total income of £6,557,385 and incurred total expenditure of £7,145,741. The excess of expenditure over income for the year was £588,356, including a depreciation charge of £501,573.

At 31 August 2017 the net book value of fixed assets was £10,477,143 and movements in tangible fixed assets are shown in note 14 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Trust.

The land, buildings and other assets were transferred to the Trust upon conversion. Land and buildings were professionally valued on 31 August 2012 at £11,873,522. Other assets have been included in the financial statements at a best estimate, taking into account purchase price and remaining useful lives.

The Trust has taken on the deficit in the Local Government Pension Scheme in respect of its non teaching staff transferred on conversion. The deficit is incorporated within the Statement of Financial Activity with details in Note 24 to the financial statements.

The Trust also receives a significant amount of income through its support of Isambard Community School. The Trust is required, under the terms of its funding agreement, to recover all costs associated with the support from Isambard Community School or other sources to ensure that its restricted funds are used solely for the support of the Trust Schools.

Reserves Policy

The Trustees review the reserve levels of the Trust annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Trustees take into consideration the future plans of the Trust, the uncertainty over future income streams and other key risks identified during the risk review.

The Trustees have set a reserves policy that requires a months expenditure to be covered by free reserves. The Trustees recognise that the current three year plan will use reserves to meet operational requirements and that reserves will be below the level set as a result of setting deficit budgets.

Total reserves of the Trust amount to £9,996,015, although £9,600,573 of this is invested in fixed assets or represents non GAG restricted funds. The remaining £395,442 (representing unrestricted funds) is the balance that the Trustees monitor in accordance with the Board's reserves policy.

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017**

The defined benefit pension scheme reserve has a negative balance. The effect of the deficit position of the pension scheme is that the Trust is paying higher employers' pension contributions over a period of years. The higher employers' pension contributions will be met from the Trust's budgeted annual income. Whilst the deficit will not be immediately eliminated, there should be no actual cash flow deficit on the fund, nor any direct impact on the free reserves of the Trust.

Investment Policy

Trustees are committed to ensuring that all funds under their control are managed in such a way as to maximise return whilst minimising risk. Any cash not required for operating expenses is placed on deposit at the most favourable rate available from providers covered by the Financial Services Compensation Scheme. Day to day management of the surplus funds is delegated to the Director of Finance and Operations.

Trustees are clear that in the current funding climate, any deposit should be low risk and should allow for a strong positive cashflow.

Principal Risks And Uncertainties

The Board of Trustees has reviewed the major risks to which the Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks.

Financial - the Trust has considerable reliance on continued Government funding through the ESFA. In the last year 91.7% of the Trust's incoming resources were ultimately Government funded and whilst this level is expected to continue, there is no assurance that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

Failures in governance and/or management - the risk in this area arises from potential failure to effectively manage the Trust's finances, internal controls, compliance with regulations and legislation, statutory returns, etc. The Trustees continue to review and ensure that appropriate measures are in place to mitigate these risks.

Reputational - the continuing success of the Trust is dependent on continuing to attract pupils to its schools in sufficient numbers by maintaining the highest educational standards. To mitigate this risk Trustees ensure that pupil success and achievement are closely monitored and reviewed.

Staffing - the success of the Trust is reliant upon the quality of its staff and so the Trustees monitor and review policies and procedures to ensure continued development and training of staff as well as ensuring there is clear succession planning.

Safeguarding and child protection - the Trustees continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health & safety and discipline.

Fraud and mismanagement of funds - The Trust has appointed an external organisation to carry out internal assurance checks on financial systems and records as required by the Academy Financial Handbook. All finance staff receive training to keep them up to date with financial practice requirements and develop their skills in this area.

The Trust has continued to strengthen its risk management process throughout the year by improving the process and ensuring staff awareness. A risk register is maintained and reviewed and updated on a regular basis.

Working across the Trust, the Academy management team has worked through a range of contingencies so that each school can support the others if or when appropriate.

Having put controls in place where possible, where significant financial risk still remains, Trustees have ensured they have adequate insurance cover in place.

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017**

The continued uncertainty around schools funding requires a degree of prudence that the Trustees fully support.

The Trustees examine the financial health formally every term.

At the year end, the Trust had no significant liabilities arising from trade creditors or debtors that would have a significant effect on liquidity.

The Board of Trustees recognises that the defined benefit pension scheme deficit (Local Government Pension Scheme), which is set out in Note 24 to the financial statements, represents a significant potential liability. However as the Trustees consider that the Trust is able to meet its known annual contribution commitments for the foreseeable future, this risk from this liability is minimised.

The Trustees recognise that there are risks associated with the Academy conversion of Isambard Community School and its associated liabilities under its PFI funding arrangements. The Trustees are ensuring robust due diligence and appropriate engagement of professional advisors as required.

PLANS FOR FUTURE PERIODS

The Park Academies Trust will aim to develop relationships with other schools on a strategic basis recognising the limits of its capacity and ensuring best fit alongside its ability to improve any school that joins or for any school that joins to benefit the Trust.

The Trust is developing its approach to joining with an expectation of 'earned autonomy' for successful schools alongside 'Associate' status and a 'Member' status for those schools requiring greater support.

The success of Lydiard Park Academy and the sponsor status of the Trust led to the Trust being approached by SBC to support Isambard Community School under a management contract. That initial success has benefitted both schools and has led other options being explored and approaches from other interested parties.

It is the intention of all parties that Isambard Community School convert to an Academy and formally become part of the Trust. Isambard Community School is rebranding and, from 1 September 2017, will be known as Abbey Park School.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

The Academy and its Trustees do not act as the Custodian Trustees of any other Charity.

TRUSTEES INDEMNITIES

There are no third party trustee indemnities

AUDITORS

In so far as the Trustees are aware:

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

The auditors, Bishop Fleming Bath Limited, are willing to continue in office and a resolution to appoint them will be proposed at the annual general meeting.

Trustees' Report, incorporating a strategic report, approved by order of the Board of Trustees, as company directors, on 16 October 2017, and signed on the board's behalf by:


David Davison
Chair of Trustees

**THE PARK ACADEMIES TRUST
(A COMPANY LIMITED BY GUARANTEE)**

GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

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

The Board of Trustees has delegated the day-to-day responsibility to the Executive Principal, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between The Park Academies Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

GOVERNANCE

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has formally met 7 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
Dave Allen	4	7
Louise Bouteiller	7	7
David Davison	5	7
Alastair Dixon-Patterson	7	7
Toni Gillespie	5	7
Mark Godley	7	7
Matthew Lodge	6	7
Nick Martin	1	1
Corinna Mazzotta	7	7
Clive Zimmerman	7	7

There have been changes to the composition of the board over the year:

Nick Martin resigned with effect from 20 September 2016.

Governance reviews

Following conversion to Multi Academy Trust status, the Trustees reviewed their structure and the initial governance demands of a MAT with a single school.

The function of an audit committee is undertaken by the Board of Trustees on an ad-hoc basis as the needs of the Trust require.

It was decided that the Trustees would meet every term and that it would undertake all of the business of the Trust for the initial period of operation. It also constituted a Local Advisory Board (LAB) with defined terms of reference to assist with the Governance of Lydiard Park Academy. The LAB contains two parent governors, local governors and staff governors, chaired by a Trustee and meets the requirement to have 2 parent governor representatives. The Operational Principal also attends.

Trustees have been actively recruiting for new Trustees and members and have appointed, ready for the coming year, a new Trustee with legal experience and a new Member with significant governance experience. The first AGM was held:

Members	24 July 2017	Total
Chris Shepherd	Yes	1/1
Crispin Hawes	No	0/1
David Davison	Yes	1/1

There were no changes to the members during 2016/2017.

**THE PARK ACADEMIES TRUST
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GOVERNANCE STATEMENT (continued)

Trustees have also decided, for this year, to include the attendance and membership of the Lydiard Park Academy Local Advisory Board (LAB) as it is an active sub-committee of the trust board and the only school in the Trust.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Gary Pearson	6	6
Louise Bouteiller	6	6
Jane Gourley	6	6
Nicola Cox	6	6
Tracy Barker	4	6
Lesley Stewart	5	6
Geoff Bryant	4	4
Marianne Tracy	4	5
Sarah Henderson	1	1

Board changes:

Lesley Stewart- Appointed Community Governor- 12 September 2016

Marianne Tracy- Appointed Community Governor- 10 October 2016

Geoff Bryan- Elected Staff Governor- 5 December 2016

Sarah Henderson Elected Parent Governor- 16 May 2017

Sarah Henderson resigned- 4 July 2017

REVIEW OF VALUE FOR MONEY

As Accounting Officer the Executive Principal has responsibility for ensuring that the Academy Trust delivers good value in the use of public resources. The Accounting Officer understands that value for money refers to the education and wider societal outcomes achieved in return for the tax payers resources received.

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

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

- Maximising economies of scale when considering purchases across the Trust;
- Reorganising staffing to reduce costs and support succession planning whilst supporting Isambard Community School;
- Reviewed supply chain arrangements to ensure we maximise value for money and have entered into a range of fixed price, short and medium term contracts to deliver certainty and value;
- Staffing levels have been considered and pay rates reviewed in light of national agreements;
- The Trust has, as is its right, applied its own pay review and arrangements to ensure the level of staffing required to deliver a TPAT education can be sustainably maintained;
- No posts are automatically replaced without a clear view as to need and a review of the job description to identify opportunities to increase value or deliver more;
- Performance management has been applied to pay reviews for teaching staff and the leadership team; and
- Educational Results have continued to improve under difficult financial conditions and a tough economic climate.

The financial performance of the Trust is challenging and there are still uncertainties in the funding position of schools.

GOVERNANCE STATEMENT (continued)

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Park 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.

The current system of internal control has been in place at Lydiard Park Academy since academisation and is the basis of the Trust finance policy for the current financial year. The management of finances at Isambard community school is delegated to the Trust but is separately operated and the IEB retains oversight of the financial performance.

CAPACITY TO HANDLE RISK

The Board of Trustees has reviewed the key risks to which the Academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy's significant risks, that has been in place for the year 1 September 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 of Trustees.

THE RISK AND CONTROL FRAMEWORK

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

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

The Board of Trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However the Trustees have appointed FS4S, an external organisation, to perform additional checks and provide reports to the Board of Trustees. In addition, Trustees have chosen to appoint Bishop Fleming as external auditor.

The role of FS4S includes giving advice on financial matters and performing a range of detailed checks on the Trust's financial systems and procedures. In particular the checks carried out in the current period included:

- A review of Voluntary Fund arrangements;
- Random checks of:
 - Payroll procedures and payments;
 - Invoice processing and purchase order systems;
 - Bank reconciliations; and
- Checks against procedures set out in the Academies Financial Handbook

On a semi-annual basis, the appointee reports to the Board of Trustees through the Lydiard Park Academy Local Advisory Board on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

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GOVERNANCE STATEMENT (continued)

REVIEW OF EFFECTIVENESS

As Accounting Officer, the Executive Principal 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 external auditors;
- the work of FS4S conducting financial reviews; and
- the work of the Director of Finance and Operations across the Trust and the Senior Finance Officer within Lydiard Park Academy who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the Board of Trustees on 16th October 2017 and signed on their behalf, by:



David Davison
Chair of Trustees



Clive Zimmerman
Accounting Officer

**THE PARK ACADEMIES TRUST
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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

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

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

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



**Clive Zimmerman
Accounting Officer**

Date: 31/10/17

**THE PARK ACADEMIES TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2017**

The Trustees of The Park Academies Trust (who are also the directors of the Charitable Company for the purposes of company law) are responsible for preparing the Strategic report, the Trustees' report and the financial statements in accordance with the Annual Accounts Direction issued by the Education 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 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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 and signed on its behalf by:



**David Davison
Chair of Trustees**

Date: 30 Oct 17

**THE PARK ACADEMIES TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
PARK ACADEMIES TRUST**

OPINION

We have audited the financial statements of The Park Academies Trust for the year ended 31 August 2017 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

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

In our opinion the financial statements:

- give a true and fair view of the state of the Academy'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; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education Funding Agency.

BASIS OF OPINION

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

CONCLUSIONS RELATING TO GOING CONCERN

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

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

**THE PARK ACADEMIES TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
PARK ACADEMIES TRUST**

OTHER INFORMATION

The Trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the 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' Report for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Report and the Strategic Report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

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

RESPONSIBILITIES OF TRUSTEES

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

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

**THE PARK ACADEMIES TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
PARK ACADEMIES TRUST**

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. The description forms part of our Auditor's report.



Simon Morrison FCA (Senior Statutory Auditor)

for and on behalf of

Bishop Fleming Bath Limited

Chartered Accountants

Statutory Auditors

Minerva House

Lower Bristol Road

Bath

BA2 9ER

Date: 6/11/2017

**THE PARK ACADEMIES TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO THE PARK
ACADEMIES TRUST AND THE EDUCATION FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 5 September 2016 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 The Park Academies Trust during the year 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 The Park 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 The Park Academies Trust and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than The Park Academies Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

**RESPECTIVE RESPONSIBILITIES OF THE PARK ACADEMY TRUST'S ACCOUNTING OFFICER AND THE
REPORTING AUDITOR**

The Accounting Officer is responsible, under the requirements of The Park Academies Trust's funding agreement with the Secretary of State for Education dated 1 August 2011, 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 year 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

APPROACH

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

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

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

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

Our work on regularity included a review of the internal controls policies and procedures that have been implemented and an assessment of their design and effectiveness to understand how the academy complied with the framework of authorities. We also reviewed the reports commissioned by the trustees to assess the internal controls throughout the year.

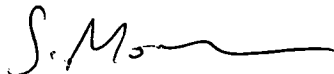
We performed detailed testing based on our assessment of the risk of material irregularity, impropriety and non-compliance. This work was integrated with our audit on the financial statements where appropriate and included analytical review and detailed substantive testing of transactions.

**THE PARK ACADEMIES TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO THE PARK
ACADEMIES TRUST AND THE EDUCATION FUNDING AGENCY (continued)**

CONCLUSION

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



Simon Morrison FCA (Reporting Accountant)

Bishop Fleming Bath Limited
Chartered Accountants
Statutory Auditors
Minerva House
Lower Bristol Road
Bath
BA2 9ER

Date: 6/11/2017

THE PARK ACADEMIES TRUST
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2017

	Note	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
INCOME AND ENDOWMENTS						
FROM:						
Donations and capital grants	2	14,780	-	-	14,780	22,273
Charitable activities	3	51,763	6,031,741	-	6,083,504	6,140,001
Other trading activities	4	458,660	-	-	458,660	116,555
Investments	5	441	-	-	441	1,060
TOTAL INCOME		525,644	6,031,741	-	6,557,385	6,279,889
EXPENDITURE ON:						
Charitable activities		589,237	6,054,931	501,573	7,145,741	6,662,172
TOTAL EXPENDITURE	6	589,237	6,054,931	501,573	7,145,741	6,662,172
NET EXPENDITURE BEFORE TRANSFERS						
Transfers between Funds	19	(63,593)	(23,190)	(501,573)	(588,356)	(382,283)
		-	(48,721)	48,721	-	-
NET EXPENDITURE BEFORE OTHER RECOGNISED GAINS AND LOSSES						
		(63,593)	(71,911)	(452,852)	(588,356)	(382,283)
Actuarial gains/(losses) on defined benefit pension schemes	24	-	1,172,000	-	1,172,000	(801,000)
NET MOVEMENT IN FUNDS		(63,593)	1,100,089	(452,852)	583,644	(1,183,283)
RECONCILIATION OF FUNDS:						
Total funds brought forward		459,035	(1,906,415)	10,859,751	9,412,371	10,595,654
TOTAL FUNDS CARRIED FORWARD		395,442	(806,326)	10,406,899	9,996,015	9,412,371

The notes on pages 23 to 44 form part of these financial statements.

THE PARK ACADEMIES TRUST
(A COMPANY LIMITED BY GUARANTEE)
REGISTERED NUMBER: 07694023

BALANCE SHEET
AS AT 31 AUGUST 2017

	Note	£	2017 £	£	2016 £
FIXED ASSETS					
Tangible assets	14		10,477,143		10,935,763
CURRENT ASSETS					
Debtors	15	260,569		108,553	
Cash at bank and in hand		581,813		636,565	
		<u>842,382</u>		<u>745,118</u>	
CREDITORS: amounts falling due within one year	16	<u>(410,412)</u>		<u>(313,837)</u>	
NET CURRENT ASSETS			<u>431,970</u>		<u>431,281</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>10,909,113</u>		<u>11,367,044</u>
CREDITORS: amounts falling due after more than one year	17		<u>(88,098)</u>		<u>(92,673)</u>
NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES			<u>10,821,015</u>		<u>11,274,371</u>
Defined benefit pension scheme liability	24	(825,000)		(1,862,000)	
NET ASSETS			<u><u>9,996,015</u></u>		<u><u>9,412,371</u></u>
FUNDS OF THE ACADEMY TRUST					
Restricted funds:					
General funds	19	18,674		(44,415)	
Fixed asset funds	19	10,406,899		10,859,751	
Restricted funds excluding pension liability		<u>10,425,573</u>		<u>10,815,336</u>	
Pension reserve		<u>(825,000)</u>		<u>(1,862,000)</u>	
Total restricted funds			<u>9,600,573</u>		<u>8,953,336</u>
Unrestricted funds	19		<u>395,442</u>		<u>459,035</u>
TOTAL FUNDS			<u><u>9,996,015</u></u>		<u><u>9,412,371</u></u>

The financial statements on pages 20 to 44 were approved by the Trustees, and authorised for issue, on 30/10/17 and are signed on their behalf, by:



David Davison
Chair of Trustees



Clive Zimmerman
Accounting Officer

The notes on pages 23 to 44 form part of these financial statements.

THE PARK ACADEMIES TRUST
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2017

	Note	2017 £	2016 £
Cash flows from operating activities			
Net cash (used in)/provided by operating activities	21	(21,429)	178,924
Cash flows from investing activities:			
Interest received		441	1,060
Purchase of tangible fixed assets		(29,346)	(31,862)
Net cash used in investing activities		(28,905)	(30,802)
Cash flows from financing activities:			
Repayments of borrowings		(4,418)	(4,210)
Net cash used in financing activities		(4,418)	(4,210)
Change in cash and cash equivalents in the year		(54,752)	143,912
Cash and cash equivalents brought forward		636,565	492,653
Cash and cash equivalents carried forward	22	581,813	636,565

The notes on pages 23 to 44 form part of these financial statements.

THE PARK ACADEMIES TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES

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

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

The Park Academies Trust constitutes a public benefit entity as defined by 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 Academy Trust to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Academy Trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 INCOME

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

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

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

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

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

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

THE PARK ACADEMIES TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.4 EXPENDITURE

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

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

1.5 TANGIBLE FIXED ASSETS AND DEPRECIATION

All assets costing more than £1,000 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

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

On conversion the Academy Trust was granted a 125 year lease from the Local Authority for the land and buildings previously occupied by the local authority school. On conversion the long term leasehold property was recognised as a donation from the Local Authority and was valued using the depreciated replacement cost method.

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

Long term leasehold property	-	50 years straight line
Fixtures and fittings	-	20% straight line
Computer equipment	-	33% straight line

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

1.6 OPERATING LEASES

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

THE PARK ACADEMIES TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.7 DEBTORS

Trade and other debtors with no stated interest rate and due within one year are recorded at the amount of the cash or other consideration expected to be received. Prepayments are valued at the amount paid.

1.8 CASH AT BANK AND IN HAND

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account and cash on deposit that has a notice period of less than 30 days.

1.9 LIABILITIES AND PROVISIONS

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

1.10 FINANCIAL INSTRUMENTS

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 15. Prepayments are not financial instruments.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in notes 16 and 17. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments.

See note 17 for a summary of the financial instruments at 31 August 2017.

1.11 TAXATION

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

THE PARK ACADEMIES TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.12 PENSIONS

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

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

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

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

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

Transfers are made between restricted funds and restricted fixed asset funds where restricted funds are used to purchase fixed assets.

1.14 AGENCY ARRANGEMENTS

The Academy 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 Academy Trust does not have control over the charitable application of the funds. The Academy Trust can use up to 100% of the allocation towards its own administration costs and this is recognised in the Statement of Financial Activities. The funds received, paid and any balances held at period end are disclosed in Note 22.

THE PARK ACADEMIES TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.15 CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGMENT

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

Critical accounting estimates and assumptions:

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

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 24, 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.

The Academy Trust obtains use of fixed assets as a lessee. The classification of such leases requires the Academy Trust to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the balance sheet.

2. DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
Donations	14,780	-	-	14,780	22,273
<i>Total 2016</i>	20,999	1,274	-	22,273	

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FOR THE YEAR ENDED 31 AUGUST 2017

3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
DfE/ESFA grants				
General Annual Grant	-	5,158,200	5,158,200	5,356,592
Other DfE/ESFA grants	-	226,852	226,852	133,701
Pupil Premium	-	245,109	245,109	248,881
	-	5,630,161	5,630,161	5,739,174
Other Government grants				
High Needs	-	338,559	338,559	254,499
Other Government grants: non capital	-	-	-	6,692
	-	338,559	338,559	261,191
Other funding				
School Games Organiser	-	24,197	24,197	24,618
PGCE Income	-	21,013	21,013	21,927
Health and Wellbeing	-	-	-	4,500
Pupil transport	30,640	-	30,640	28,089
Other income	21,123	17,811	38,934	60,502
	51,763	63,021	114,784	139,636
	51,763	6,031,741	6,083,504	6,140,001
Total 2016	17,152	6,122,849	6,140,001	

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Lettings	125,274	-	125,274	116,555
Educational support	333,386	-	333,386	-
	458,660	-	458,660	116,555
Total 2016	116,555	-	116,555	

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

5. INVESTMENT INCOME

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Bank interest	441	-	441	1,060
	<u>441</u>	<u>-</u>	<u>441</u>	<u>1,060</u>
<i>Total 2016</i>	<u>1,060</u>	<u>-</u>	<u>1,060</u>	

6. EXPENDITURE

	Staff costs 2017 £	Premises 2017 £	Other costs 2017 £	Total 2017 £	Total 2016 £
Academy's educational operations:					
Direct costs	4,045,281	468,586	609,998	5,123,865	4,683,309
Support costs	1,415,084	360,284	246,508	2,021,876	1,978,863
	<u>5,460,365</u>	<u>828,870</u>	<u>856,506</u>	<u>7,145,741</u>	<u>6,662,172</u>
<i>Total 2016</i>	<u>5,051,730</u>	<u>524,959</u>	<u>1,085,483</u>	<u>6,662,172</u>	

7. DIRECT COSTS

	Total funds 2017 £	Total funds 2016 £
Pension finance costs	38,000	38,000
Educational supplies	133,718	158,319
Examination fees	87,051	83,454
Staff development	27,468	33,695
Other costs	238,323	159,769
Supply teachers	22,419	54,300
Recruitment and support	10,682	12,875
Technology costs	-	3,582
Wages and salaries	3,178,777	2,915,429
National insurance	338,167	267,357
Pension cost	541,918	480,192
Depreciation	507,342	476,337
	<u>5,123,865</u>	<u>4,683,309</u>
<i>Total 2016</i>	<u>4,683,309</u>	

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FOR THE YEAR ENDED 31 AUGUST 2017

8. SUPPORT COSTS

	Total funds 2017 £	Total funds 2016 £
Educational supplies	17,128	14,390
Other costs	75,676	58,061
Recruitment and support	1,794	-
Maintenance of premises and equipment	72,853	105,419
Cleaning	17,938	26,314
Rent and rates	43,220	45,382
Energy costs	80,344	88,332
Insurance	32,937	34,013
Security and transport	14,369	17,865
Catering	42,917	48,660
Technology costs	45,850	38,193
Office overheads	29,702	21,426
Legal and professional	48,299	83,090
Interest and bank charges	4,509	3,021
Governance	18,256	52,245
Wages and salaries	1,074,141	1,025,543
National insurance	60,071	52,607
Pension cost	341,872	264,302
	<u>2,021,876</u>	<u>1,978,863</u>
<i>Total 2016</i>	<u>1,978,863</u>	

9. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets:		
- owned by the charity	507,342	476,337
Fees payable to Auditor- Audit	7,125	7,125
Fees payable to Auditor- Other services	2,000	2,000
Operating lease rentals	<u>10,828</u>	<u>9,321</u>

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10. STAFF COSTS

Staff costs were as follows:

	2017 £	2016 £
Wages and salaries	4,252,918	3,940,972
Social security costs	398,238	319,964
Operating costs of defined benefit pension schemes	883,790	744,494
	<u>5,534,946</u>	<u>5,005,430</u>
Supply teacher costs	22,419	54,300
	<u>5,557,365</u>	<u>5,059,730</u>

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

	2017 No.	2016 No.
Teachers	79	81
Education support	59	61
Administration	12	11
Management	9	9
	<u>159</u>	<u>162</u>

Average headcount expressed as a full time equivalent:

	2017 No.	2016 No.
Teachers	73	67
Education Support	46	42
Administration	10	9
Management	9	9
	<u>138</u>	<u>127</u>

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

	2017 No.	2016 No.
In the band £60,001 - £70,000	2	2
In the band £70,001 - £80,000	2	0
In the band £90,001 - £100,000	0	1
In the band £120,001 - £130,000	1	0

The above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2017 pension contributions for these staff amounted to £75,360 (2016: £38,771).

The key management personnel of the Academy Trust comprise the Trustees (who do not receive remuneration for their role as Trustees) and the Senior Leadership 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 Academy Trust was £696,534 (2016: £587,229).

**THE PARK ACADEMIES TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
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10. STAFF COSTS (continued)

As staff Trustees are not remunerated in respect of their role as a Trustee, where staff do not form part of the key management personnel other than in their role as Trustee, their remuneration as set out in note 11 has not been included in the total benefits received by key management personnel above.

11. TRUSTEES

One or more Trustees has been paid remuneration or has received other benefits from an employment with the Academy Trust. The Executive Principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and other staff members under their contracts of employment, and not in respect of their role as Trustees. The value of Trustees' remuneration and other benefits was as follows: C Zimmerman, Remuneration £120,000 - £125,000 (2016: £95,000 - £100,000), Employer's Pension Contributions £15,000 - £20,000 (2016: £15,000 - £20,000); A Dixon-Patterson, Remuneration £65,000 - £70,000 (2016: £55,000 - £60,000), Employer's Pension Contributions £15,000 - £20,000 (2016: £15,000 - £20,000); M Godley, Remuneration £35,000 - £40,000 (2016: £35,000 - £40,000), Employer's Pension Contributions £5,000 - £10,000 (2016: £5,000 - £10,000).

During the year, no Trustees received any reimbursement of expenses (2016: £Nil).

12. CENTRAL SERVICES

As the MAT currently operates a single school, there is no central services policy. All central services costs are met either by Lydiard Park Academy or by charges to Abbey Park School under the terms of the management contract. The charging is intended to recoup actual costs and not deliver any form of surplus.

13. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the year ended 31 August 2017 was £1,152 (2016: £898).

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14. TANGIBLE FIXED ASSETS

	Long term leasehold property £	Fixtures and fittings £	Computer equipment £	Total £
COST				
At 1 September 2016	12,070,252	1,202,638	255,296	13,528,186
Additions	-	39,010	9,712	48,722
At 31 August 2017	12,070,252	1,241,648	265,008	13,576,908
DEPRECIATION				
At 1 September 2016	1,174,432	1,171,714	246,277	2,592,423
Charge for the year	478,875	18,633	9,834	507,342
At 31 August 2017	1,653,307	1,190,347	256,111	3,099,765
NET BOOK VALUE				
At 31 August 2017	10,416,945	51,301	8,897	10,477,143
At 31 August 2016	10,895,820	30,924	9,019	10,935,763

15. DEBTORS

	2017 £	2016 £
Trade debtors	53,715	4,411
VAT recoverable	-	12,589
Other debtors	1,974	-
Prepayments and accrued income	204,880	91,553
	<u>260,569</u>	<u>108,553</u>

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £	2016 £
Other loans	6,777	6,620
Other taxation and social security	108,955	96,592
VAT payable	4,019	-
Other creditors	97,583	92,634
Accruals and deferred income	193,078	117,991
	<u>410,412</u>	<u>313,837</u>

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16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR (continued)

	2017 £	2016 £
DEFERRED INCOME		
Deferred income at 1 September 2016	69,803	89,363
Resources deferred during the year	133,504	69,803
Amounts released from previous years	(69,803)	(89,363)
	<u>133,504</u>	<u>69,803</u>
Deferred income at 31 August 2017	<u>133,504</u>	<u>69,803</u>

At the balance sheet date the Academy Trust was holding funds received in advance for trips booked for the autumn term 2017, and for sports games services and pupil transport purchased in advance.

See note 16 for details on other loans.

17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2017 £	2016 £
Other loans	<u>88,098</u>	<u>92,673</u>

Included within the above are amounts falling due as follows:

	2017 £	2016 £
BETWEEN TWO AND FIVE YEARS		
Other loans	<u>27,107</u>	<u>26,478</u>
OVER FIVE YEARS		
Other loans	<u>60,991</u>	<u>66,195</u>

Creditors include amounts not wholly repayable within 5 years as follows:

	2017 £	2016 £
Repayable by instalments	<u>60,991</u>	<u>66,195</u>

To ensure all staff within Swindon school's were on equal pay the local authority performed a pre-conversion pay review. This review established that certain staff in the School were owed additional pay, which was settled by the local authority on behalf of the School. The Academy Trust is required to repay this debt, however the local authority have the right to reconsider the amount owed. A loan of £105,208 was transferred to the Academy Trust on conversion. At the year end £94,875 (2016: £99,293) remains outstanding. The loan is unsecured and is being repaid by installments with 16 years remaining, at an interest rate of 4.93%.

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18. FINANCIAL INSTRUMENTS

	2017 £	2016 £
Financial assets measured at fair value through income and expenditure	581,813	636,565
Financial assets measured at amortised cost	156,694	45,792
	<u>738,507</u>	<u>682,357</u>
Financial liabilities measured at amortised cost	<u>176,680</u>	<u>147,481</u>

Financial assets measured at fair value through income and expenditure comprise cash and cash equivalents.

Financial assets measured at amortised cost comprise trade debtors and accrued income.

Financial liabilities measured at amortised cost comprise accruals, other creditors and the equal pay loan.

19. STATEMENT OF FUNDS

	Brought forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
UNRESTRICTED FUNDS						
General funds	459,035	525,644	(589,237)	-	-	395,442
RESTRICTED FUNDS						
General Annual Grant (GAG)	21,329	5,054,519	(5,045,598)	(30,250)	-	-
High needs funding	-	476,422	(476,422)	-	-	-
Pupil premium	-	263,246	(263,246)	-	-	-
Devolved formula capital	-	22,889	-	(22,889)	-	-
Rates relief	-	31,226	(31,226)	-	-	-
Other DFE/ESFA Grants	-	40,418	(40,418)	-	-	-
Loan transferred from LA on conversion	(99,293)	-	-	4,418	-	(94,875)
School Games Organiser	-	24,197	(24,197)	-	-	-
PGCE Income	-	21,013	(21,013)	-	-	-
MAT Income	33,549	80,000	-	-	-	113,549
Other restricted income	-	17,811	(17,811)	-	-	-
Pension reserve	(1,862,000)	-	(135,000)	-	1,172,000	(825,000)
	<u>(1,906,415)</u>	<u>6,031,741</u>	<u>(6,054,931)</u>	<u>(48,721)</u>	<u>1,172,000</u>	<u>(806,326)</u>

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NOTES TO THE FINANCIAL STATEMENTS
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19. STATEMENT OF FUNDS (continued)

RESTRICTED FIXED ASSET FUNDS

	Brought forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
Fixed assets transferred on conversion	10,706,306	-	(459,571)	-	-	10,246,735
Fixed assets purchased from GAG and other restricted funds	153,445	-	(42,002)	48,721	-	160,164
	<u>10,859,751</u>	<u>-</u>	<u>(501,573)</u>	<u>48,721</u>	<u>-</u>	<u>10,406,899</u>
Total restricted funds	<u>8,953,336</u>	<u>6,031,741</u>	<u>(6,556,504)</u>	<u>-</u>	<u>1,172,000</u>	<u>9,600,573</u>
Total of funds	<u>9,412,371</u>	<u>6,557,385</u>	<u>(7,145,741)</u>	<u>-</u>	<u>1,172,000</u>	<u>9,996,015</u>

STATEMENT OF FUNDS - PRIOR YEAR

	Brought forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2016 £
UNRESTRICTED FUNDS						
General funds	357,856	155,766	(54,587)	-	-	459,035
	<u>357,856</u>	<u>155,766</u>	<u>(54,587)</u>	<u>-</u>	<u>-</u>	<u>459,035</u>

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19. STATEMENT OF FUNDS (continued)

RESTRICTED FUNDS

	Balance at 1 September 2015 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2016 £
General Annual Grant (GAG)	63,186	5,106,717	(5,133,731)	(14,843)	-	21,329
High needs funding	-	483,395	(483,395)	-	-	-
Pupil premium	-	248,881	(248,881)	-	-	-
Devolved formula capital	-	21,229	-	(21,229)	-	-
Rates relief	-	31,411	(31,411)	-	-	-
Other DFE/ESFA Grants	-	36,665	(36,665)	-	-	-
Loan transferred from LA on conversion	(103,503)	-	-	4,210	-	(99,293)
School Games Organiser	-	24,618	(24,618)	-	-	-
PGCE Income	-	21,927	(21,927)	-	-	-
MAT Income	-	65,375	(31,826)	-	-	33,549
Other restricted income	-	80,155	(80,155)	-	-	-
Pension reserve	(1,015,000)	-	(46,000)	-	(801,000)	(1,862,000)
	<u>(1,055,317)</u>	<u>6,120,373</u>	<u>(6,138,609)</u>	<u>(31,862)</u>	<u>(801,000)</u>	<u>(1,906,415)</u>

RESTRICTED FIXED ASSET FUNDS

	Balance at 1 September 2015 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2016 £
Fixed assets transferred on conversion	11,165,877	-	(459,571)	-	-	10,706,306
Fixed assets purchased from GAG and other restricted funds	127,238	-	(5,655)	31,862	-	153,445
	<u>11,293,115</u>	<u>-</u>	<u>(465,226)</u>	<u>31,862</u>	<u>-</u>	<u>10,859,751</u>
Total restricted funds	<u>10,237,798</u>	<u>6,120,373</u>	<u>(6,603,835)</u>	<u>-</u>	<u>(801,000)</u>	<u>8,953,336</u>
Total of funds	<u>10,595,654</u>	<u>6,276,139</u>	<u>(6,658,422)</u>	<u>-</u>	<u>(801,000)</u>	<u>9,412,371</u>

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

RESTRICTED FUNDS

General Annual Grant - Income from the ESFA which is to be used for the normal running costs of the Academy, including education and support costs. During the year £25,832 (2016: £10,633) was transferred to the restricted fixed asset fund to represent fixed assets purchased from GAG.

High Needs - Funding received by Swindon Borough Council to fund further support for students with additional needs.

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NOTES TO THE FINANCIAL STATEMENTS
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19. STATEMENT OF FUNDS (continued)

Pupil premium - Pupil premium represents funding received from the ESFA for children that qualify for free school meals to enable the Academy to address the current inequalities between those children and their wealthier peers.

Devolved formula capital - This represents funding from the ESFA to cover the maintenance and purchase of the Academy Trust's fixed assets. During the year £22,889 (2016: £21,229) was transferred to the restricted fixed asset fund to represent fixed assets purchased from GAG and other restricted funds.

Rates relief - The represents funding received from the ESFA to contribute towards the Academy Trust's rates and insurance expenditure.

Other DFE/ESFA grants - This funding includes Y7 Catch up funding, Summer School funding and Post 16 Bursary funding.

The loan transferred from the LA on conversion consists of an Equal Pay Loan transferred from Swindon Borough Council. £94,875 of this loan is still outstanding at the year end.

School Games Organiser - Funding received from the Department of Health and Sport England to increase participation, competition and progression for young people in sport.

PGCE income - This represents funding for hosting Post Graduate trainee teachers during the year.

MAT income - Funding received from the ESFA for the conversion of the Academy Trust into a Multi Academy Trust.

Pension reserve - This represents the Academy's share of the assets and liabilities in the Local Government Pension Scheme. As with most pension schemes this is currently in deficit due to an excess of scheme liabilities over scheme assets which was inherited on conversion to an Academy. The Academy is following the recommendations of the actuary to reduce the deficit by making additional contributions over a number of years.

Fixed assets transferred on conversion - This represents the building and equipment donated to the School from Swindon Borough Council on conversion to an Academy.

OTHER INFORMATION

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

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NOTES TO THE FINANCIAL STATEMENTS
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20. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	70,244	-	10,406,899	10,477,143
Current assets	325,198	517,184	-	842,382
Creditors due within one year	-	(410,412)	-	(410,412)
Creditors due in more than one year	-	(88,098)	-	(88,098)
Pension scheme liability	-	(825,000)	-	(825,000)
	<u>395,442</u>	<u>(806,326)</u>	<u>10,406,899</u>	<u>9,996,015</u>

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £
Tangible fixed assets	76,012	-	10,859,751	10,935,763
Current assets	383,023	362,095	-	745,118
Creditors due within one year	-	(313,837)	-	(313,837)
Creditors due in more than one year	-	(92,673)	-	(92,673)
Provisions for liabilities and charges	-	(1,862,000)	-	(1,862,000)
	<u>459,035</u>	<u>(1,906,415)</u>	<u>10,859,751</u>	<u>9,412,371</u>

21. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2017 £	2016 £
Net expenditure for the year (as per Statement of Financial Activities)	(588,356)	(382,283)
Adjustment for:		
Depreciation charges	507,342	476,337
Interest received	(441)	(1,060)
(Increase)/decrease in debtors	(152,016)	1,164
Increase in creditors	77,042	38,766
Defined benefit pension scheme cost less contributions payable	97,000	8,000
Defined benefit pension scheme finance cost	38,000	38,000
Net cash (used in)/provided by operating activities	<u>(21,429)</u>	<u>178,924</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

22. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2017 £	2016 £
Cash at bank and in hand	<u>581,813</u>	<u>636,565</u>
	<u>581,813</u>	<u>636,565</u>

23. AGENCY ARRANGEMENTS

The Academy distributes 16-19 bursary funds to students as an agent for the ESFA. In the accounting period ended 31 August 2017 the Academy received £14,054 (2016: £17,165) and disbursed £14,054 (2016: £17,165) from the fund.

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24. PENSION COMMITMENTS

The Academy's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Wiltshire Pension Fund. Both are Multi-Employer Defined Benefit Pension Schemes.

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

Contributions amounting to £97,204 were payable to the schemes at 31 August 2017 (2016: £90,564) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

- employer contribution rates set at 16.48% of pensionable pay, including a 0.08% employer administration charge (currently 14.1%)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £404,198 (2016: £477,192)

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

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NOTES TO THE FINANCIAL STATEMENTS
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24. PENSION COMMITMENTS (continued)

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

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £329,000 (2016: £312,000), of which employer's contributions totalled £270,000 (2016: £258,000) and employees' contributions totalled £59,000 (2016: £54,000). The agreed contribution rates for future years are 15.4% for employers and 5.5% to 7.5% 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.

Principal actuarial assumptions:

	2017	2016
Discount rate for scheme liabilities	2.50 %	2.00 %
Rate of increase in salaries	2.70 %	4.10 %
Rate of increase for pensions in payment / inflation	2.40 %	2.10 %

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

	2017	2016
Retiring today		
Males	22.5 years	22.3 years
Females	24.9 years	24.5 years
Retiring in 20 years		
Males	24.1 years	24.1 years
Females	26.7 years	26.9 years

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

	Fair value at 31 August 2017 £	Fair value at 31 August 2016 £
Equities	2,636,000	2,154,000
Bonds	520,000	449,000
Property	483,000	358,000
Cash	73,000	30,000
Total market value of assets	<u>3,712,000</u>	<u>2,991,000</u>

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NOTES TO THE FINANCIAL STATEMENTS
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24. PENSION COMMITMENTS (continued)

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

	2017 £	2016 £
Current service cost	(367,000)	(266,000)
Interest income	62,000	94,000
Interest cost	(100,000)	(132,000)
Total	<u>(405,000)</u>	<u>(304,000)</u>

Movements in the present value of the defined benefit obligation were as follows:

	2017 £	2016 £
Opening defined benefit obligation	4,853,000	3,423,000
Current service cost	367,000	266,000
Interest cost	100,000	132,000
Employee contributions	59,000	54,000
Actuarial (gains)/losses	(759,000)	1,015,000
Benefits paid	(83,000)	(37,000)
Closing defined benefit obligation	<u>4,537,000</u>	<u>4,853,000</u>

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

	2017 £	2016 £
Opening fair value of scheme assets	2,991,000	2,408,000
Interest income	62,000	94,000
Actuarial losses	413,000	214,000
Employer contributions	270,000	258,000
Employee contributions	59,000	54,000
Benefits paid	(83,000)	(37,000)
Closing fair value of scheme assets	<u>3,712,000</u>	<u>2,991,000</u>

25. OPERATING LEASE COMMITMENTS

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

	2017 £	2016 £
AMOUNTS PAYABLE:		
Within 1 year	8,731	22,460
Between 1 and 5 years	23,245	63,265
Total	<u>31,976</u>	<u>85,725</u>

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26. MEMBERS' LIABILITY

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

27. GENERAL INFORMATION

The Park Academies Trust is a company limited by guarantee incorporated in England and Wales. The registered office is Grange Park Way, Grange Park, Swindon, SN5 6HN.

28. RELATED PARTY TRANSACTIONS

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

During the year the Academy Trust purchased services totalling £350 (2016: £Nil) from Swindon YFC, a company in which David Davison, a Trustee is a Trustee. At the year end there was no balance (2016: £Nil) outstanding.

During the year Clive Zimmerman, the Executive Principal of the Academy Trust, was appointed to act as Executive Principal of Abbey Park School (formerly Isambard Community School) and the Trust has provided educational support services in line with a management contract agreed with Swindon Borough Council. The total cost of these services recharged in the year was £333,386, and at 31 August 2017 a balance of £93,244 was owing to the Academy Trust from Abbey Park School.