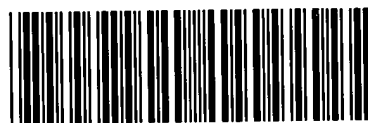


Connect Schools Academy Trust
(A company limited by guarantee)

Annual Report and Financial Statements

For the Year Ended 31 August 2018

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Connect Schools Academy Trust
(A company limited by guarantee)

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Connect Schools Academy Trust
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Reference and Administrative Details of the Academy Trust, its Trustees and Advisers
For the Year Ended 31 August 2018

Members	David Figg (appointed 22 November 2017) Peter Goodwin Diane Moss (resigned 7 September 2018) Richard Norman (appointed 7 February 2018) Scott Pinder (appointed 16 September 2018) Leigh Sims
Trustees	Andrea Carter, CEO Sandra Clements Scott George (appointed 13 June 2018) David Figg (resigned 20 October 2017) Susan Hannay Naureen Khalid (appointed 11 January 2018) William Mitchell (appointed 11 January 2018) Diane Moss, Chair of Trustees until 7 September 2018 Christopher Munday Scott Pinder (appointed 20 September 2017), Chair of Trustees from 7 September 2018
Company registered number	07824714
Company name	Connect Schools Academy Trust
Principal and registered office	Crofton Junior School Towncourt Lane Orpington Kent BR5 1EL
Senior Leadership Team	Andrea Carter, Executive Head Teacher Lisa Buddin, Business Manager (resigned 29 October 2017) Marie Ghansah-Poku, Finance Director (appointed 13 November 2017) Wendy Giles, Head Teacher – Crofton Infant School Susan King, Head Teacher – Crofton Junior School Stephen Jackson, Head Teacher – Valley Primary School Kathleen Margetts, Head Teacher – Raglan Primary School
Independent auditors	UHY Kent LLP t/a UHY Hacker Young Chartered Accountants and Statutory Auditors Thames House Roman Square Sittingbourne Kent ME10 4BJ
Bankers	Lloyds TSB PO Box 1000 Bromley Kent BX1 1LT

Connect Schools Academy Trust
(A company limited by guarantee)

Trustees' Report
For the Year Ended 31 August 2018

The trustees present their annual report together with the audited financial statements of Connect Schools Academy Trust (the academy trust) for the year ended 31 August 2018. The trustees confirm that the annual report and financial statements of the academy trust comply with the current statutory requirements and the requirements of the academy trust's governing document.

Structure, governance and management

Constitution

The academy trust is a charitable company limited by guarantee and was set up by a memorandum of association on 26 October 2011. The academy trust's memorandum and articles of association are the primary governing documents of the academy trust. The memorandum and articles of association were amended by special resolution which was filed on 18 March 2015 following the trust's appointment to become a sponsor school academy.

The trustees act as the directors of the academy trust for the purposes of company law.

As the trust grows we must ensure that governance remains efficient and effective.

The trust have appointed additional Members to give further strength to this layer of governance. The newly constituted group of Members will comprise the Chair of the Board of Trustees plus four independent Members drawn from the community.

The new Articles of Association will allow for a Board of Trustees comprising up to eleven trustees: a member of the LGB from each school (or cluster of schools), the Executive Head Teacher and five independent trustees

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

Trustees' indemnities

The individual academies each maintain trustees' and officers' liability insurance which gives appropriate cover for any legal action brought against trustees or other officers of the academy trust. The academy trust has also granted indemnities to each of its trustees and other officers to the extent permitted by law. Qualifying third party indemnity provisions (as defined by section 234 of the Companies Act 2006) were in force during the year and remain in force, in relation to certain losses and liabilities which the trustees or other officers may incur to third parties in the course of acting as trustees or officers of the academy trust.

Details of the insurance cover are provided in note 12 to the financial statements.

Principal Activities

The academy trust's principal object and activity is to manage Connect Schools Academy Trust provision of education to pupils between the ages of 4 and 11.

Method of recruitment and appointment or election of trustees

The trustee structure under the terms of the Articles of Association is referred to above.

There are currently five appointed independent trustees.

The academy trust may also have any additional or further trustees as appointed in accordance with the Articles.

An independent trustee's term of office is four years but a trustee is eligible for re-election at the meeting at which they retire.

Appropriate training is provided to all new trustees, as required.

Connect Schools Academy Trust
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Trustees' Report (continued)
For the Year Ended 31 August 2018

Policies and procedures adopted for the induction and training of trustees

During the year under review the Board of Trustees met 6 times and there were 9 Local Governing Body meetings. The training and induction provided for new trustees will depend on their existing experience. Where necessary induction will provide training on charity and educational legal and financial matters. The schools purchase a training package from the local private provider.

Organisation structure

The academy trust consists of four academies and a pre-school: Crofton Infant School, Crofton Junior School, Valley Primary School, Raglan Primary School and Greenwood Pre-School. The Chief Executive Officer is Accounting Officer for the academy trust as a whole, and each academy has its own Head Teacher.

The trustees of the academy trust are supported by a combined Local Governing Body and lead governors with responsibility of finance, personnel and safeguarding as follows:

The organisation structure consists of three governance levels: the members, the trustees and local governors.

The trustees are responsible for the vision and direction of the trust, adopting an annual strategic plan and budget, monitoring the academy trust by the use of budgets and making major decisions about the development of the academy trust, capital expenditure and senior staff appointments.

The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels. At a trust level leadership consists of the Chief Executive Officer and Finance Director. These managers control the academies at an executive level implementing the policies laid down by the trustees and reporting back to them. There are also four part time Lead Practitioners who form part of the central team and support school improvement across the trust. At academy level senior leadership consists of Head Teachers, Deputies in two of the schools and Assistant Head teachers, together with key finance personnel. As a group the Senior Leadership Team are responsible for the strategic vision within their schools, authorisation of spending within agreed budgets and the appointment of staff up to teacher level.

The Middle Management Team in each academy includes Curriculum Area Leaders and Lead Practitioners in two of the academies. Along with the Senior Leadership Team, these leaders are responsible for the day to day operation for the academy trust, in particular organising the teaching staff, facilities and pupils.

The key management personnel of the academy trust comprise the trustees and Executive Leadership as disclosed on page 1.

The remuneration policy, setting the terms and conditions for the key management personnel, was developed and approved by the board of trustees, after taking advice from the Chief Executive Officer and following guidance from the relevant professional pay review bodies. Naturally the Chief Executive Officer was not involved in setting her own remuneration package.

The only trustee who is remunerated is the Chief Executive Officer, and she only receives remuneration in respect of services provided under her contract of employment, and not in respect of her role as trustee. Specific disclosures concerning staff trustees' remuneration is included in note 11.

The day to day running of the remuneration policy is delegated to the Chief Executive Officer and monitored by the Finance Director and Lead Finance Governors. All details for setting pay and remuneration of key management personnel are set out in the pay policy and appraisal policy which are reviewed annually by the board of trustees.

Remuneration of key management personnel is set at an individual level, and where possible the trustees have taken external professional advice which includes benchmarking, market trends and advice on structuring of incentives. Senior management salaries are linked directly to pay spines, helping trustees conclude that each individual receives remuneration at an appropriate level. As such salaries are linked to factors such as length of service and experience. Total remuneration packages include employer pension contribution rates at specific approved rates.

The board always bear in mind the charitable status of the academy trust and in that recognise the fact the trust receives funding under a funding agreement with the Secretary of State for Education, and therefore ensure the remuneration paid to senior management personnel never exceeds a reasonable amount that provides value for money to the trust. The performance of senior management personnel is reviewed on a regular basis to ensure continuing value for money.

Total remuneration paid to senior management personnel is set out in note 10.

Connect Schools Academy Trust
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Trustees' Report (continued)
For the Year Ended 31 August 2018

Trade union facility time

Relevant union officials

<u>Number of employees who were relevant union officials during the year</u>	<u>Full time equivalent employee number</u>
1	1

Percentage of time spent on facility time

<u>Percentage of time</u>	<u>Number of employees</u>
0%	1
1%-50%	-
51%-99%	-
100%	-

Percentage of pay bill spent on facility time

Total cost of facility time	£0
Total pay bill	£0
Percentage of the total pay bill spent on facility time	0%

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	0%
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Risk management

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

Connected organisations, including related parties

Parent-Teacher Association, Crofton Junior School PTA, registration number 1052857, Crofton Infant School Parent Staff Association, registration number 1052854, Valley Primary School PTA, registration number 286963, Raglan Primary School (Friends of Raglan) PTA, registration number 1020379, Raglan Voluntary Funds registration number 1056549 are established as separately registered charities, which organise various fund raising events to provide facilities for the pupils of Connect Schools Academy Trust.

Connect Schools Academy Trust
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Trustees' Report (continued)
For the Year Ended 31 August 2018

Objectives, strategies and activities

The Connect Schools Academy Trust's main strategy is encompassed in its school vision which is to provide exciting and challenging educational opportunities for all children. To this end its aims include:

- to help pupils acquire knowledge and skills with understanding at a level appropriate to each pupil's age, aptitude and ability;
- to help pupils become balanced and independent young people, who are able to keep themselves safe and have respect for themselves and for others; and
- to help pupils develop lively, enquiring minds, the ability to question and debate rationally, a range of physical skills and to apply themselves to a range of tasks.

The main objectives, strategies and activities of the academy trust during the year ended 31 August 2018 are summarised below:

Crofton Infant School

- Achievement at Crofton Infants continues to be a strength of the school. KS1 results continue to be above both local authority and national results. The school was ranked among the highest in Bromley in a number of areas: achievement at the expected standard in reading, achievement at the expected standard in writing, achievement at the expected standard in maths, achievement at the greater depth standard in writing, achievement at the greater depth standard in maths, achievement at the expected standard in reading, writing and maths combined and achievement at the greater depth standard in reading, writing and maths combined.
- Parental preference for children to attend Crofton Infant school continues to be extremely high with 608 applications made for September 2018 entry.
- The school continues to be graded as outstanding across all areas in the SEF and there is strong evidence to support this.
- All teaching at the school is now good or better, with over 50% percentage of teachers having an outstanding teacher profile.
- A bespoke assessment system for Key Stage 1 is now embedded. This assessment system enables tracking and detailed analysis of progress, attainment and combined scores to be produced instantly.
- Parents have a good understanding of how their child is attaining in school as termly reports are now sent home to parents detailing attainment in core subjects, attendance, behaviour and effort.
- The school has given a specific focus to raising the profile of STEM subjects this year.
- Extra-curricular clubs have expanded giving children additional opportunities to pursue interests outside of school. These now include: STEM, choir, art, gymnastics, dance, martial arts, multi sports and Spanish.
- Children have continued to benefit from a wide range of sport activities that are provided by external coaches four lunchtimes a week. Over 70% of our children now take part in at least 3 lunchtime sport activities each week.
- Links with other schools, and the community, were further developed through network links both locally and further afield and local cluster groups, resulting in the sharing of good practice and moderation sessions
- Parents continue to support the school in all its aims. Their support is shown in their response to questionnaires and parent forums; work at home with homework, attendance at school events, parent workshops and parents' evenings, fundraising and PSA meetings and most importantly in the partnership on a day to day basis with school staff.

Crofton Junior School

- The school is graded as outstanding across the board in the SEF and there is strong evidence to support this.
- The school had a successful Ofsted this year and as in line with the new Ofsted system have specified a two day inspection next time to give the school the opportunity to get an outstanding grade.
- All teaching at the school is now good or better, with the percentage of outstanding teacher profiles having increased to 69% this year.
- Results remain high and well above the national in all areas. In 2018 the combined score at KS2 at 90% was one of the highest in Bromley with Bromley achieving highly in the national rankings.
- The extra music lessons at Crofton by specialised teachers have ensured that more children have taken up learning an instrument and the chamber choir and orchestra have played at several events over the year.
- Children have benefited from a greater range of sporting opportunities as a result of the new P.E. funding. They are experiencing many new sports and Crofton as a school has been successful in local sporting events such as the Bromley Cross Country and Athletics.

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

Objectives, strategies and activities (continued)

- Extra-curricular clubs have expanded giving children additional opportunities to pursue interests outside of school. These now include: performing arts, music, choir, art, cross country, martial arts and Spanish.
- The garden has continued to flourish, children enjoy attending Gardening club and this year won an award from the London Children's Flower Society.
- Links with other schools have verified moderation in all year groups and visits have ensured that teachers keep abreast with all new initiatives and best practice in their subjects.
- Crofton Junior this year has been recognised as being a school of success by the Mayor of London for the second time for exceptional work with its lower achievers.

Valley Primary School

- The school has assessed itself as a strong good in all areas on the SEF with clear evidence to support these judgements.
- Successful external school review was undertaken in June 2018 which highlighted many strengths in teaching and learning and outcomes for pupils.
- Results at Key Stage 1 and Key Stage 2 remain above National indicators.
- In July 2018, there was an increase in the proportions of pupils achieving a Good Level of Development (GLD) from 71% in 2017 to 83% in 2018. The school's EYFS underwent a successful External Moderation in May 2018.
- School identified as a School of Success by the Mayor of London for the progress of its lowest attainers in 2017.
- Positive gap between Disadvantaged and Non-Disadvantaged in 2018 with Disadvantaged pupils making better progress than their Non-Disadvantaged counterparts.
- Extra-Curricular life of the school remains strong with in excess of 25 clubs running on a weekly basis.
- Outdoor gym fitted with some of the Sport Premium funding and this is accessed by pupils at break times and during PE lessons.
- The school orchestra, brass band and choir continue to go from strength to strength performing in many community events such as the launch of the annual Poppy Appeal for London South East, Shortlands Railway Station Fun Day and visits to local residential care homes.
- In July 2018, the progress gap between Pupil Premium and Non - Pupil Premium pupils was eradicated at the end of KS2. In fact, there is now a positive gap between Pupil Premium and Non- Pupil Premium pupils.
- In July 2018, the progress scores for Writing and Maths placed Valley in the top 5% of schools nationally and in the top 25% of schools nationally in Reading.

Raglan Primary School

- The school is graded as good and outstanding for personal development, behaviour and welfare. Our attainment and progress data over the last 2 years, plus the quality of our teaching and learning supports the fact that we are moving towards outstanding in all areas.
- Results remain high. In 2018 the combined score at KS2 was 95%, which was one of the highest in Bromley and well above the national average.
- The school have continued to develop music across the school. All classes receive music lessons from a music specialist and children have access to tuition on an ever growing range of musical instruments. We now have a flourishing orchestra and we held our first musical concert last term, which was a real celebration of the children's achievements and talents. Our choir goes from strength to strength and has performed at several local events, including Young Voices at the O2.
- The school prides ourselves on ensuring that every child has access to a broad and balanced curriculum – this year we held a STEM week, every child in the school was involved in hands on scientific experiments to develop their scientific skills. We held a 'hands on' parents evening at the end of the week where the children were proud to share their learning.
- At Raglan, we are also developing art across the school, and our newly appointed Art Leads (job share) have achieved the first stage of the Arts award with their class and will continue to promote and develop this across the school this year.
- Maths has been an area of focus. We have introduced split teaching in maths across the school which has ensured that all children are getting input at the appropriate level to move their learning on. We will continue to develop this this year. We have introduced a termly Maths Café, where children and parents work together on mathematical problems while enjoying a simple breakfast. We have also introduced 'maths of the day' an interactive intervention programme combining sport and maths, which has had a very positive impact on the children's mathematical confidence and self-belief.

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

- We are continuing to work on improving the building so that all children benefit from the very best learning environment possible. We have remodelled a meeting room and office space to create a new nursery provision, the nursery is now next to the reception class rooms which has created an Early Years Hub. We have also invested in improving the outdoor learning space to give children the opportunity to develop their learning beyond the classroom and ensure we provide opportunities to deepen the children's learning experience.
- We have introduced whole class reading across KS2, which has supported children's development of reading skills and comprehension - evidenced by the % of greater depth readers at KS2.
- We have continued to develop middle leaders who are now much more confident in monitoring their subject and in supporting and challenging their colleagues.
- We have formally joined CSAT and are benefitting from being part of a forward thinking learning community, sharing ideas and expertise to strengthen our learning communities.

Greenwood Pre-School

- Since joining the Trust in April 2017, Greenwood Pre-school has undergone many positive changes to embed the Trust's vision for outstanding early years' education.
- Teaching and Learning is monitored closely due to the implementation of a curriculum monitoring and improvement calendar. Managers and the Trust Lead regularly monitor staff's observations and assessments of children as well as observe practice and deliver feedback through a rigorous performance management cycle.
- Children's progress is being closely tracked through the implementation of observation and assessment software. Practitioners track children's progress throughout the year and intervene when appropriate.
- Parents have a better understanding of how their child is progressing due to the implementation of regular parent's evenings. These are held three times a year and are an opportunity for parents to share the progress their child is making at home as well as at pre-school.
- Parents have a better understanding of how they can support their child at home through parent workshops. These happen three times a year and are based around themes that parents have requested in order to deepen their knowledge of strategies for helping at home.
- To further enhance the provision in the outside area additional areas outside the hall have been created and are now fully in use.. Within this area there is now a gardening area, water wall and mud kitchen for the children to continue exploring and experimenting within.
- Parents have been welcomed into the setting to celebrate occasions throughout the year including a Christmas concert, Easter bonnet parade, sports day and summer picnic.
- New topics have been introduced to further stimulate children's imagination and love for learning in line with the EYFS.
- Staff have received training on Observation and Assessment, Outdoor Learning, Questioning, Lueven Scales, Enabling Environments, Safe guarding, Positive Handling, Phonics and Teacher directed activities.
- Daily phonic sessions and small group activities have been established as part of the pre-school routine.

Public benefit

Connect Schools Academy Trust strives to promote and support the advancement of education within the Orpington area. The trust provides an extensive programme of educational and recreational activity designed to contribute to the overall education of our students in areas such as academic distinction, music the arts and sport.

Wherever possible the trust also aims to contribute to the benefit of the wider public, through the provision of incidental educational and other planned activities. Over the year, the contributions that benefited the local community included the following:

- provide Year 10 children from local secondary schools with work placements;
- extensive involvement and support for school sporting activities including regular fixtures in the local primary school football league and taking part in the Crystal Palace cross country;
- running a charity week in June where the children organise fund raising activities and choose a charity to support, along with own clothes days the Trust raised money for the following charities – British Heart Foundation, Cancer Research, Help for Heroes, Children In Need, NSPCC and Red Nose Day
- the school is made available for use by the local Maypole Queen dance practice each year and let to various local community groups;
- the schools participate in many local community events such as local schools concert and the choir sing at local events.

Connect Schools Academy Trust
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Trustees' Report (continued)
For the Year Ended 31 August 2018

Going concern

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

Financial key performance indicators

The trustees consider that the following are key performance indicators for the academy trust and are pleased that expectations for all key performance indicators listed have been successfully met during the year for the reasons stated:

KPI	Measure against expectation
Pupils numbers (leading directly to the Education Skills and Funding Agency ("ESFA") funding level)	The schools remain popular and over-subscribed, we believe this is likely to continue with our current Ofsted rating 'Outstanding' in Crofton Infant school.
Pupil attendance rate	Crofton Infant School – 97% Crofton Junior School – 96% Valley Primary School – 96% Raglan Primary School – 95%
General financial stability - aim for income to match expenditure each year	The revenue funds result for 2017/18 is a surplus of £108k before transfers from revenue to capital and excluding the transfer in of the academies which joined the trust in the year. Our prudent approach to budgeting means that we have £1,134k revenue reserves carried forward into 2018/19. We are currently forecasting a small deficit in 2018/19 but the reserves we have built will help us to meet any funding deficit in future years that may result due to pressures in the educational sector.
Staff costs as a percentage of grant income	The percentage of budget spent on staff costs remains in line with best practice.
Ofsted inspection results	"Outstanding" Crofton Infant School March 2016 "Good" Crofton Junior School November 2013 "Good" Valley Primary School October 2014 "Good" Raglan Primary School June 2017

Financial review

Most of the academy trust's recurrent income is obtained from the ESFA in the form of grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the year ended 31 August 2018 and the associated expenditure are shown as restricted funds in the statement of financial activities.

Total income for the year was £19,773,727, which compares to £6,305,207 in the previous year. The increase in income is largely because the current year includes £10,934,619 for the transfer of two existing academies in to the trust, as well as incoming resources for those two academies for the period since they joined.

The incoming resources for the year have been sufficient to cover total resources expended of £9,267,014 resulting in net income for the year of £10,506,713, as shown on the Statement of Financial Activities (SOFA). This includes a net increase of £10,499,645 on restricted fixed asset funds, largely from the transfer in of fixed assets from the academies joining.

The result excluding this is therefore a surplus of £33,788, although this is after non-cash pension charges of £1,038,000 (see later). Total transfers of £308,672 have then been made to fixed asset funds. The overall general revenue surplus for the year was therefore £763,116 and the balances on these funds at 31 August 2018 was £1,134,477.

The total net movement in funds also includes an exceptional actuarial gain on the Local Government Pension Scheme (LGPS) of £747,000, leaving a net increase to funds for the year of £11,265,578. The actuarial gain is only part of the overall increase in the LGPS liability of £291,000. The balancing charge of £1,038,000 comprises liabilities of £850,000 transferred in to the trust and other non-cash FRS 102 pension costs of £188,000 included within the resources expended shown on the SOFA.

At 31 August 2018, the net book value of fixed assets was £23,859,796 and movements in tangible fixed assets are shown in notes 13 and 14 to the financial statements. During the period the assets were used exclusively for providing education and the associated support services to the pupils of the academy trust.

Connect Schools Academy Trust
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Trustees' Report (continued)
For the Year Ended 31 August 2018

Financial position

The academy trust held fund balances at 31 August 2018 of £23,927,273. These funds comprise restricted fixed asset funds of £23,859,796, other restricted funds of £40,628 and unrestricted funds of £1,093,849. There is also a pension reserve deficit of £1,067,000.

The only fund in deficit at 31 August 2018 is the LGPS reserve and the increase in the year has been explained in the financial review above. Employer contributions are reviewed every three years in consultation with the scheme's administrators, and employer contributions due by the academy trust have been fixed for the three years from 1 April 2017.

The deficit on the LGPS does not mean that an immediate liability crystallises. The deficit results in a cash flow effect for the academy trust in the form of possible future increases in pension contributions, which, if required, will be met from the budgeted annual income. There is therefore no direct impact on the free reserves of the academy trust because of recognising the deficit.

Reserves policy

The trustees review the reserve levels of the academy trust annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of the reserves. The trustees have determined that the permitted level of free reserves for recurrent costs should be maintained in order to provide sufficient working capital to cover delays between spending and receipt of grants, and to provide a cushion to deal with unexpected emergencies such as urgent maintenance.

Financial and risk management objectives and policies

Each academy uses various financial instruments including cash and various items such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the academy trust's operations.

The existence of these financial instruments exposes each academy to a number of financial risks which are described in more detail below. The main risks arising from the trust's financial instruments are liquidity risk and cash flow interest rate risk.

Liquidity risk - each academy manages its cash resources, including sufficient working capital, so that all its operating needs are met without the need for short-term borrowing.

Interest rate risk - each academy earns interest on cash deposits and with interest rates currently low, the directors will take appropriate action to ensure they maximise the income from these deposits.

Credit risk - this arises from the possibility that amounts owed to the academies will not be repaid. Neither academy partakes in credit activities so are only exposed to credit risk as it arises from normal business. Credit risk is managed through the use of approved banks and the prompt collection of amounts due.

Principal risks and uncertainties

The main risks that the academy trust is exposed to are summarised below. For each of these risks the probability, impact and seriousness have been considered together with appropriate action and avoidance plans:

Strategic and reputational - this covers unfavourable Ofsted reports, risk of uncontrollable events and insufficient demand for academy service, competition from other schools with similar objects and little scope for differentiation. Also includes the capacity of existing buildings to deliver teaching and learning to students.

Finance risk - the risk of the academy trust not operating within its budget and running a deficit. Risks linked to income not increasing at the same rate of inflation over the coming years. There are also risks in connection with the deficit on the Local Government Pension Scheme, although the trustees are comfortable with the current level of employer contributions the academy trust is required to pay.

Fund raising

All schools raise funds for a number of registered charities. These funds are raised through sponsorship and donations; there is no obligation for any child/parent to donate and all funds and donations collected are given to the relevant charity in a timely manner.

Plans for future periods

The trustees' main plans for future periods are to:

- Maintain a drive for outstanding standards irrespective of the change in the educational landscape;
- To grow the trust by adding further existing primary schools and a free school;
- Ensure the trust stays at the forefront of technology development;
- To secure an outstanding Ofsted judgement at Crofton Junior School;
- To secure the trust image in the wider community through engagement at a national level e.g. FASNA conferences and regional school commissioner events; and
- Encourage local pre-schools to join the trust to enhance the quality of local pre-school education.

Connect Schools Academy Trust
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Trustees' Report (continued)
For the Year Ended 31 August 2018

Disclosure of information to auditors

In so far as the trustees are aware:

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

Auditors

The auditors, UHY Hacker Young, have indicated their willingness to remain in office, and the audit process will be reviewed in detail and re-appointment of the auditors will be considered following the forthcoming Annual General Meeting.

This report, incorporating the Strategic report, was approved by order of the Executive Committee of the academy trust, as the company directors, on **12/12/2018** and signed on the board's behalf by:



Scott Pinder, Chair of Trustees



Andrea Carter, Accounting Officer

Connect Schools Academy Trust
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Governance Statement

Scope of responsibility

As trustees, we acknowledge we have overall responsibility for ensuring that Connect Schools Academy 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 Head Teacher, 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 Connect Schools Academy 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 trustees' responsibilities statement. The board of trustees has formally met 6 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
Andrea Carter, CEO	6	6
Sandra Clements	6	6
David Figg (resigned 20 October 2017)	1	1
Scott George	6	6
Susan Hannay	6	6
Naureen Khalid	5	6
William Mitchell	3	6
Diane Moss, Chair of Trustees	6	6
Scott Pinder	6	6
Christopher Munday	6	6

Crofton Infant School and Junior School - attendance at Local Governing Body meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
Samantha Bartlett (Lead Finance Governor, resigned 31 August 2018)	6	6
Wendy Giles (resigned 31 August 2018)	5	6
Elizabeth Griffiths	4	6
Claire Harris	4	6
Naureen Khalid	6	6
Susan King	4	6
Polly Lockwood	6	6
Kirsty Munro	5	6
Stuart Searle (resigned 4 October 2017)	1	1
Neville Secular	5	6
Stephanie Younger	5	6

Valley Primary School, joined the Trust 1 January 2018 - attendance at Local Governing Body meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
Soraya Crowley	1	2
Ece Erol	2	2
Menna Helmy	1	2
Stephen Jackson	2	2
William Mitchell (Lead Finance Governor)	2	2
Helen Randell	2	2
Toby Reid	2	2
Phil Ridgewell	2	2
Andrew Storey	2	2

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Governance Statement (continued)

Raglan Primary School, joined the Trust 1 May 2018 - attendance at Local Governing Body meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
Jessica Benning	1	1
Jeremy Cox (resigned 31 August 2018)	1	1
Martin Daniels (Lead Finance Governor)	0	1
Alison Dumper	0	1
Rachael Ezinwa	0	1
James Faiers	0	1
Scott George	1	1
Robert Harris (resigned 31 August 2018)	0	1
Kath Margetts	1	1
Helena Smith	1	1
Mamta Ward	0	1

Since the trust is a multi-academy trust, it is required to have an audit committee to comply with the Academies Financial Handbook. Its purpose is to assess the risks the academy trust faces and introduce necessary controls and procedures to ensure that these risks are adequately managed. The committee met three times during the year on 1 November 2017, 7 March 2018 and 5 July 2018.

Review of value for money

As Accounting Officer, the Executive Head Teacher has responsibility for ensuring that the academy trust delivers good value in the use of public resources. The Accounting Officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received. The Accounting Officer considers how the academy 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 appropriate. The Accounting Officer for the academy trust has delivered improved value for money during the year by:

- Targeting resources in key subjects such as literacy and numeracy to include one to one support and small groups
- Increased capacity of Before and After School Club to generate additional income and to satisfy parental demand
- Regularly reviewing contracts and service level agreements

The purpose of the system of internal control

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

Capacity to handle risk

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

The risk and control framework

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

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

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Governance Statement (continued)

The board of trustees has considered the need for a specific internal audit function and currently this service is provided for by Liberata UK Limited for Crofton Junior and Infant Schools and Wilkins Kennedy LLP for Raglan and Valley Schools.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. On a semi-annual basis, the internal auditor reports to the board of trustees on the operation of the systems of control and on the discharge of the board of trustees financial responsibilities.

The semi-annual monitoring checks on the school systems help to ensure that appropriate systems are in place and are operating efficiently throughout the year, and narrative reports are issued to trustees after each monitoring visit.

Review of effectiveness

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

- the work of the internal auditor;
- the work of the external auditors;
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Finance Committee 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 **12/12/2011** and signed on their behalf, by:



Scott Pinder, Chair of Trustees



Andrea Carter, Accounting Officer

Connect Schools Academy Trust
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Statement on Regularity, Propriety and Compliance

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

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

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

A J Carter

Andrea Carter, Accounting Officer

17/12/2018

Connect Schools Academy Trust
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Statement of Trustees' Responsibilities
For the Year Ended 31 August 2018

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

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

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

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

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

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

Approved by order of the members of the board of trustees and signed on its behalf by:



Scott Pinder
Chair of Trustees

Date: 17/12/2018

Connect Schools Academy Trust
(A company limited by guarantee)

Independent Auditors' Report on the Financial Statements to the Members of Connect Schools Academy Trust

Opinion

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

In our opinion the financial statements:

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

Basis for opinion

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

Other information

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Connect Schools Academy Trust
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Independent Auditors' Report on the Financial Statements to the Members of Connect Schools Academy Trust

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

As explained more fully in the Statement of trustees' responsibilities, the trustees (who are also the directors of the academy trust 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 trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the academy trust or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

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

Use of our report

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

UHY Kent LLP

Elizabeth Jordan FCA (Senior statutory auditor)
for and on behalf of
UHY Kent LLP
Chartered Accountants and
Statutory Auditors
Thames House
Roman Square
Sittingbourne
Kent
ME10 4BJ
Date:

18 December 2018

Connect Schools Academy Trust
(A company limited by guarantee)

Independent Reporting Accountants' Assurance Report on Regularity to Connect Schools Academy Trust and the Education & Skills Funding Agency

In accordance with the terms of our engagement letter dated 25 September 2014 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Connect Schools Academy Trust during the year 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of Connect Schools Academy Trust's accounting officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of Connect Schools Academy Trust's funding agreement with the Secretary of State for Education dated 1 September 2012, and the Academies Financial Handbook extant from 1 September 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

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

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

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

We conducted our work in accordance with Technical Release TECH 08/12 AAF issued by the Institute of Chartered Accountants In England and Wales. In accordance with that Technical Release we have carried out the procedures we consider necessary to be able to report on whether anything has come to our attention which suggests that in all material respects expenditure disbursed and income received have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them. Other than those procedures undertaken for the purposes of our audit of the financial statements of Connect Schools Academy for the year ended 31 August 2018 which provide evidence on regularity, our work was limited to only those additional procedures necessary to provide limited assurance.

The work undertaken to draw to our conclusion included:

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

Connect Schools Academy Trust
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Independent Reporting Accountants' Assurance Report on Regularity to Connect Schools Academy Trust and the Education & Skills 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 2017 to 31 August 2018 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

UHY Kent LLP

UHY Kent LLP
Chartered Accountants and
Statutory Auditors
Thames House
Roman Square
Sittingbourne
Kent
ME10 4BJ

Date: 18 December 2018

Connect Schools Academy Trust
(A company limited by guarantee)

Statement of Financial Activities incorporating Income and Expenditure Account
For the Year Ended 31 August 2018

	Note	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
Income from:						
Donations & capital grants:						
Transferred in on existing academies joining the trust	2	897,345	(783,000)	10,820,274	10,934,619	-
Other donations and capital grants	2	50,027	-	30,822	80,849	174,406
Charitable activities	5	802,963	7,859,437	-	8,662,400	6,062,120
Other trading activities	3	95,336	-	-	95,336	67,792
Investments	4	523	-	-	523	889
Total income		1,846,194	7,076,437	10,851,096	19,773,727	6,305,207
Expenditure on:						
Raising funds	3	703	-	-	703	-
Charitable activities	7	593,941	8,294,199	378,171	9,266,311	6,667,248
Total expenditure	6	594,644	8,294,199	378,171	9,267,014	6,667,248
Net income / (expenditure) before transfers		1,251,550	(1,217,762)	10,472,925	10,506,713	(362,041)
Transfers between Funds	17	(421,521)	112,849	308,672	-	-
Net income / (expenditure) before other recognised gains and losses		830,029	(1,104,913)	10,781,597	10,506,713	(362,041)
Actuarial gains on defined benefit pension schemes	21	-	747,000	-	747,000	428,000
Net movement in funds		830,029	(357,913)	10,781,597	11,253,713	65,959
Reconciliation of funds:						
Total funds brought forward		263,820	(668,459)	13,078,199	12,673,560	12,607,601
Total funds carried forward		1,093,849	(1,026,372)	23,859,796	23,927,273	12,673,560

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

Connect Schools Academy Trust
(A company limited by guarantee)
Registered number: 07824714

Balance Sheet
As at 31 August 2018

	Note	£	2018 £	£	2017 £
Fixed assets					
Intangible assets	13		13,132		-
Tangible assets	14		23,846,664		13,078,199
			<u>23,859,796</u>		<u>13,078,199</u>
Current assets					
Debtors	15	260,608		231,434	
Cash at bank and in hand		1,624,173		492,327	
		<u>1,884,781</u>		<u>723,761</u>	
Creditors: amounts falling due within one year	16	(750,304)		(352,400)	
Net current assets			<u>1,134,477</u>		<u>371,361</u>
Total assets less current liabilities			<u>24,994,273</u>		<u>13,449,560</u>
Defined benefit pension scheme liability	21		(1,067,000)		(776,000)
Net assets including pension scheme liabilities			<u><u>23,927,273</u></u>		<u><u>12,673,560</u></u>
Funds of the academy					
Restricted funds :					
Restricted income funds	17	40,628		107,541	
Restricted fixed asset funds	17	23,859,796		13,078,199	
		<u>23,900,424</u>		<u>13,185,740</u>	
Restricted income funds excluding pension liability					
Pension reserve		(1,067,000)		(776,000)	
		<u>22,833,424</u>		<u>12,409,740</u>	
Total restricted funds			22,833,424		12,409,740
Unrestricted income funds	17		1,093,849		263,820
Total funds			<u><u>23,927,273</u></u>		<u><u>12,673,560</u></u>

The financial statements on pages 20 to 44 were approved by the trustees, and authorised for issue, on 17/12/2018 and are signed on their behalf, by:



Scott Pinder
Chair of Trustees

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

Connect Schools Academy Trust
(A company limited by guarantee)

Statement of Cash Flows
For the Year Ended 31 August 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Net cash provided by/(used in) operating activities	19	495,650	(191,596)
Cash flows from investing activities:			
Dividends, interest and rents from investments		523	889
Purchase of intangible fixed assets	13	(15,250)	-
Purchase of tangible fixed assets	14	(324,244)	(145,947)
Capital grants from DfE Group		30,822	22,277
Cash funds transferred in to the trust		944,345	-
Net cash provided by/(used in) investing activities		636,196	(122,781)
Change in cash and cash equivalents in the year		1,131,846	(314,377)
Cash and cash equivalents brought forward		492,327	806,704
Cash and cash equivalents carried forward		1,624,173	492,327

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

Connect Schools Academy Trust
(A company limited by guarantee)

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

1. Accounting Policies

A summary of the principal accounting policies adopted (which have been applied consistently, except where noted), 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 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Connect Schools Academy Trust constitutes a public benefit entity as defined by FRS 102.

1.2 Fund accounting

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

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

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

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 incorporating income and expenditure account 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 incorporating income and expenditure account 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.

Where assets are received on the transfer of an existing academy into the trust, the transferred assets are measured at fair value and recognised in the Balance sheet at the point when the risks and rewards of ownership pass to the trust, which is on signing of the transfer agreement with the transferring trust. An equal amount of income is recognised for the transfer of an existing academy into the trust within Income and donations and capital grants.

Connect Schools Academy Trust
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Notes to the Financial Statements
For the Year Ended 31 August 2018

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 raising funds includes all expenditure incurred by the academy trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

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 appointed to charitable activities.

1.5 Going concern

The trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the academy 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.

1.6 Taxation

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

1.7 Operating leases

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

1.8 Intangible fixed assets and amortisation

Intangible assets costing £1,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment.

Connect Schools Academy Trust
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Notes to the Financial Statements
For the Year Ended 31 August 2018

1. Accounting Policies (continued)

1.9 Tangible fixed assets and depreciation

All assets costing more than £1,000 are capitalised. Where assets are purchased in bulk there is a bulk purchase capitalisation policy of £5,000.

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

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:

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

Freehold property	-	2%
Long term leasehold property	-	2%
Furniture and fixtures	-	20%
Computer equipment	-	33.33%

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 incorporating income and expenditure account.

1.10 Debtors

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

1.11 Cash at Bank and in hand

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

1.12 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 trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

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

1. Accounting Policies (continued)

1.13 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 21, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each Balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of financial activities incorporating income and expenditure account 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.

1.14 Financial instruments

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

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

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in note 16. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to the academy trust's wholly owned subsidiary are held at face value less any impairment.

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

1. Accounting Policies (continued)

1.15 Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 21, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2. Income from donations and capital grants

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
Transferred in on existing academies joining the trust	897,345	(783,000)	10,820,274	10,934,619	-
Donations	50,027	-	-	50,027	152,129
Capital grants	-	-	30,822	30,822	22,277
	50,027	-	30,822	80,849	174,406
	947,372	(783,000)	10,851,096	11,015,468	174,406
<i>Analysis of 2017 total by fund</i>	152,129	-	22,277	174,406	

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Notes to the Financial Statements
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3. Trading activities

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Charity trading income				
Catering profit share	42,957	-	42,957	48,843
Lettings	39,256	-	39,256	18,949
Other	13,123	-	13,123	-
	<u>95,336</u>	<u>-</u>	<u>95,336</u>	<u>67,792</u>
Fundraising trading expenses				
Lettings expenditure	215	-	215	-
Uniform expenditure	488	-	488	-
	<u>703</u>	<u>-</u>	<u>703</u>	<u>-</u>
	<u>94,633</u>	<u>-</u>	<u>94,633</u>	<u>67,792</u>

4. Investment income

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Short term deposits	523	-	523	889
	<u>523</u>	<u>-</u>	<u>523</u>	<u>889</u>
<i>Analysis of 2017 total by fund</i>	<u>889</u>	<u>-</u>	<u>889</u>	

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

5. Funding for Academy's educational operations

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
DfE/ESFA grants				
General Annual Grant (GAG)	-	6,799,186	6,799,186	4,900,104
Other DfE/ESFA grants	-	649,568	649,568	527,406
	-	7,448,754	7,448,754	5,427,510
Other government grants				
Local authority grants	-	410,683	410,683	188,930
	-	410,683	410,683	188,930
Other funding				
Other income from the academy trust's educational operations	28,353	-	28,353	22,735
Before and after school club	426,389	-	426,389	309,633
School trips	185,926	-	185,926	80,535
Pre-school	107,410	-	107,410	32,777
Catering	54,885	-	54,885	-
	802,963	-	802,963	445,680
	802,963	7,859,437	8,662,400	6,062,120
<i>Analysis of 2017 total by fund</i>	445,680	5,616,440	6,062,120	

6. Expenditure

	Staff costs 2018 £	Premises 2018 £	Other costs 2018 £	Total 2018 £	Total 2017 £
Expenditure on fundraising trading					
Direct costs	-	-	703	703	-
Support costs	-	-	-	-	-
Academy's educational operations:					
Direct costs	5,753,259	242,529	700,337	6,696,125	4,995,746
Support costs	1,336,752	428,694	804,740	2,570,186	1,671,502
	7,090,011	671,223	1,505,780	9,267,014	6,667,248
<i>Analysis of 2017 total by fund</i>	5,060,980	413,204	1,193,064	6,667,248	

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

7. Analysis of expenditure by activities

	Direct costs	Support costs	Total	Total
	2018	2018	2018	2017
	£	£	£	£
Academy's educational operations	6,696,125	2,570,186	9,266,311	6,667,248
<i>Analysis of 2017 total</i>	<i>5,012,261</i>	<i>1,654,987</i>	<i>6,667,248</i>	

Analysis of support costs

	Total	Total
	2018	2017
	£	£
Staff costs	1,336,752	842,228
Premises costs	420,465	318,980
Technology costs	97,756	17,354
Other support costs	715,213	476,425
	2,570,186	1,654,987

Support staff costs include service costs and net finance charges arising from the Local Government Pension Scheme actuarial report of £188,000 (2017 - £148,000).

8. Net income/(expenditure)

This is stated after charging:

	2018	2017
	£	£
Depreciation of tangible fixed assets:		
- owned by the charity	376,053	330,313
Amortisation of intangible fixed assets	2,118	-
Auditors' remuneration - audit	12,540	9,750
Auditors' remuneration - other services	2,660	1,330
Operating lease rentals	17,965	21,362

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

9. Central services

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

- School improvement plan
- Financial and budgeting support
- Compliance and statutory policies
- Health and safety checks
- Procurement services to ensure value for money

The academy trust charges for these services on the following basis:

The academy trust charges £100 per pupil for schools that are graded good or outstanding by Ofsted and £150 per pupil for schools that are graded as requiring improvement by Ofsted.

The actual amounts charged during the year were as follows:

	2018	2017
	£	£
Crofton Junior School	71,700	-
Crofton Infant School	55,400	-
Valley Primary School	27,533	-
Raglan Primary School	14,667	-
	<hr/>	<hr/>
Total	169,300	
	<hr/>	<hr/>

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

10. Staff

a. Staff costs

Staff costs were as follows:

	2018	2017
	£	£
Wages and salaries	5,556,028	3,887,128
Social security costs	433,601	354,126
Operating costs of defined benefit pension schemes	1,042,515	809,246
	<u>7,032,144</u>	<u>5,050,500</u>
Agency staff costs	57,867	480
Staff restructuring costs - non-contractual/non-statutory severance payment	-	10,000
	<u><u>7,090,011</u></u>	<u><u>5,060,980</u></u>

b. Staff numbers

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

	2018	2017
Teachers	107	66
Administration and support	255	125
Management	16	12
	<u>378</u>	<u>203</u>

Average headcount expressed as a full time equivalent:

	2018	2017
Teachers	89	56
Administration and support	137	65
Management	16	12
	<u>242</u>	<u>133</u>

c. Higher paid staff

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

	2018	2017
In the band £ 70,001 - £ 80,000	2	2
In the band £ 90,001 - £ 100,000	1	1

All of the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2018, pension contributions for these staff amounted to £41,350 (2017 - £39,915).

d. Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team. The total amount of employee benefits (including employer pensions contributions and employer national insurance contributions) received by key management personnel for their services to the academy trust was £493,354 (2017 - £716,415).

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

11. Trustees' remuneration and expenses

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

		2018 £	2017 £
A. Carter, Executive Headteacher	Remuneration	95,000-100,000	95,000-100,000
	Pension contributions paid	15,000-20,000	15,000-20,000

During the year ended 31 August 2018, no trustees received any reimbursement of expenses (2017 - £Nil).

12. 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 between £1,000,000 and £5,000,000 on any one claim and the cost for the year ended 31 August 2018 was £2,000 (2017 - £1,542).

13. Intangible fixed assets

	Computer Software £
Cost	
Additions	15,250
At 31 August 2018	15,250
Amortisation	
Charge for the year	2,118
At 31 August 2018	2,118
Carrying amount	
At 31 August 2018	13,132
At 31 August 2017	-

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Notes to the Financial Statements
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14. Tangible fixed assets

	Freehold property £	Leasehold property £	Furniture and fixtures £	Computer equipment £	Total £
Cost					
At 1 September 2017	7,921,887	5,899,587	412,855	465,579	14,699,908
Additions	-	-	252,100	72,144	324,244
Transferred in on existing academies joining the trust	6,117,000	5,094,000	309,995	79,766	11,600,761
At 31 August 2018	14,038,887	10,993,587	974,950	617,489	26,624,913
Depreciation					
At 1 September 2017	557,106	389,927	290,292	384,384	1,621,709
Charge for the year	111,654	130,875	55,966	77,558	376,053
Transferred in on existing academies joining the trust	129,900	408,000	203,361	39,226	780,487
At 31 August 2018	798,660	928,802	549,619	501,168	2,778,249
Net book value					
At 31 August 2018	13,240,227	10,064,785	425,331	116,321	23,846,664
At 31 August 2017	7,364,781	5,509,660	122,563	81,195	13,078,199

Included in land and buildings is freehold land at valuation of £7,645,723 (2017 - £2,905,723) and leasehold land at valuation of £3,393,010 (2017 - £1,481,000), which are not depreciated.

15. Debtors

	2018 £	2017 £
Trade debtors	30,999	71,388
VAT recoverable	63,776	67,108
Other debtors	3,358	7,718
Prepayments and accrued income	162,475	85,220
	260,608	231,434

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

16. Creditors: Amounts falling due within one year

	2018 £	2017 £
Trade creditors	256,009	150,716
Other taxation and social security	31,086	-
Other creditors	21,416	-
Accruals and deferred income	441,793	201,684
	<u>750,304</u>	<u>352,400</u>

	2018 £	2017 £
Deferred income		
Deferred income at 1 September 2017	154,492	154,492
Resources deferred during the year	265,270	137,240
Amounts released from previous years	(154,492)	(154,492)
Deferred income at 31 August 2018	<u>265,270</u>	<u>137,240</u>

The deferred income included above relates to the following:

	2018 £	2017 £
ESFA universal infant free school meal funding	210,636	123,996
ESFA rates grant	5,752	13,244
ESFA MAT funding	15,339	-
Before and after school club income	8,771	-
Other	1,854	-
	<u>242,352</u>	<u>137,240</u>

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

17. Statement of funds

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Unrestricted funds						
General funds	263,820	948,849	(594,644)	475,824	-	1,093,849
Transferred in on existing academies joining the trust	-	897,345	-	(897,345)	-	-
	<u>263,820</u>	<u>1,846,194</u>	<u>(594,644)</u>	<u>(421,521)</u>	<u>-</u>	<u>1,093,849</u>
Restricted funds						
General Annual Grant (GAG)	72	6,799,186	(6,965,479)	179,849	-	13,628
Other DfE/ESFA grants	105,106	649,568	(727,674)	-	-	27,000
Other government grants	2,363	410,683	(413,046)	-	-	-
Transferred in on existing academies joining the trust	-	(783,000)	-	783,000	-	-
Pension reserve	(776,000)	-	(188,000)	(850,000)	747,000	(1,067,000)
	<u>(668,459)</u>	<u>7,076,437</u>	<u>(8,294,199)</u>	<u>112,849</u>	<u>747,000</u>	<u>(1,026,372)</u>
Restricted fixed asset funds						
DfE/ESFA capital grants	-	30,822	-	(30,822)	-	-
Tangible fixed assets	13,078,199	-	(378,171)	11,159,768	-	23,859,796
Transfer in on existing academies joining the trust	-	10,820,274	-	(10,820,274)	-	-
	<u>13,078,199</u>	<u>10,851,096</u>	<u>(378,171)</u>	<u>308,672</u>	<u>-</u>	<u>23,859,796</u>
Total restricted funds	<u>12,409,740</u>	<u>17,927,533</u>	<u>(8,672,370)</u>	<u>421,521</u>	<u>747,000</u>	<u>22,833,424</u>
Total of funds	<u>12,673,560</u>	<u>19,773,727</u>	<u>(9,267,014)</u>	<u>-</u>	<u>747,000</u>	<u>23,927,273</u>

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

General Annual Grant must be used for the normal running costs of the academy trust.

The other DfE/ESFA grants fund is used to track non-GAG grants received from the ESFA, the DfE or executive agencies of the DfE, and includes Pupil Premium and Universal Infant Free School Meal grant money and related expenditure.

The other government grants fund is used to track grants provided by government departments and includes the Individually Assigned Resources funding.

The pensions reserve is a restricted fund to account for the liability arising under The Local Government Pension Scheme.

The restricted fixed asset funds are carried forward to meet the specific costs of fixed asset projects and to cover the depreciation charges that will be required on these projects going forward and the current fixed assets held. The transfers of £308,672 from the unrestricted fund represent the total capital expenditure from that fund during the year.

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

17. Statement of funds (continued)

Analysis of academies by fund balance

Fund balances at 31 August 2018 were allocated as follows:

	Total 2018 £	Total 2017 £
Crofton Infant School	154,204	142,696
Crofton Junior School	227,057	156,790
Valley Primary School	478,163	-
Raglan Primary School	320,250	-
Central trust department	(45,197)	71,875
Total before fixed asset fund and pension reserve	1,134,477	371,361
Restricted fixed asset fund	23,859,796	13,078,199
Pension reserve	(1,067,000)	(776,000)
Total	23,927,273	12,673,560

The Central trust department is carrying a net deficit on its portion of the funds as follows:

	Amount of deficit £
Central trust department	(45,197)

The central trust department deficit is associated with costs incurred from on-going partnership work with other schools. As the trust grows and more schools join, this will reduce.

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

The trustees will be reviewing the overall revenue fund deficit of £45,197 in the 2018/19 academic year and agree on an appropriate strategy to remedy this deficit.

Analysis of academies by cost

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2018 £	Total 2017 £
Crofton Infant School	1,914,506	338,270	79,794	437,660	2,770,230	2,773,489
Crofton Junior School	2,019,582	338,314	268,037	352,289	2,978,222	3,415,446
Valley Primary School	1,120,484	258,933	115,248	256,732	1,751,397	-
Raglan Primary School	526,590	86,641	71,251	86,529	771,011	-
Central trust department	195,752	126,594	6,710	100,927	429,983	-
	5,776,914	1,148,752	541,040	1,234,137	8,700,843	6,188,935

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Notes to the Financial Statements
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17. Statement of funds (continued)

Statement of funds - prior year

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
Unrestricted funds						
General funds	349,425	666,490	(397,910)	(354,185)	-	263,820
Restricted funds						
General Annual Grant (GAG)	615	4,900,104	(5,139,637)	238,990	-	72
Other DfE/ESFA grants	47,076	527,406	(455,531)	(13,845)	-	105,106
Other government grants	3,920	188,930	(195,857)	5,370	-	2,363
Pension reserve	(1,056,000)	-	(148,000)	-	428,000	(776,000)
	<u>(1,004,389)</u>	<u>5,616,440</u>	<u>(5,939,025)</u>	<u>230,515</u>	<u>428,000</u>	<u>(668,459)</u>
Restricted fixed asset funds						
Tangible fixed assets	13,262,565	22,277	(330,313)	123,670	-	13,078,199
Total restricted funds	<u>12,258,176</u>	<u>5,638,717</u>	<u>(6,269,338)</u>	<u>354,185</u>	<u>428,000</u>	<u>12,409,740</u>
Total of funds	<u>12,607,601</u>	<u>6,305,207</u>	<u>(6,667,248)</u>	<u>-</u>	<u>428,000</u>	<u>12,673,560</u>

18. Analysis of net assets between funds

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Intangible fixed assets	-	-	13,132	13,132
Tangible fixed assets	-	-	23,846,664	23,846,664
Current assets	1,018,743	866,038	-	1,884,781
Creditors due within one year	75,106	(825,410)	-	(750,304)
Provisions for liabilities and charges	-	(1,067,000)	-	(1,067,000)
	<u>1,093,849</u>	<u>(1,026,372)</u>	<u>23,859,796</u>	<u>23,927,273</u>

Analysis of net assets between funds - prior year

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	13,078,199	13,078,199
Current assets	263,820	451,713	8,228	723,761
Creditors due within one year	-	(344,172)	(8,228)	(352,400)
Provisions for liabilities and charges	-	(776,000)	-	(776,000)
	<u>263,820</u>	<u>(668,459)</u>	<u>13,078,199</u>	<u>12,673,560</u>

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

	2018	2017
	£	£
Net income/(expenditure) for the year (as per Statement of Financial Activities)	10,506,713	(362,041)
Adjustment for:		
Depreciation charges	378,171	330,313
Dividends, interest and rents from investments	(523)	(889)
(Increase)/decrease in debtors	(108,845)	10,754
Increase/(decrease) in creditors	477,575	(295,456)
Capital grants from DfE and other capital income	(30,822)	(22,277)
Defined benefit pension scheme cost less contributions payable	138,000	128,000
Defined benefit pension scheme finance cost	50,000	20,000
Transfer in of fixed assets of existing academies	(10,820,274)	-
Transfer in of pension scheme liabilities of existing academies	850,000	-
Transfer in of other assets and liabilities of existing academies	(944,345)	-
Net cash provided by/(used in) operating activities	495,650	(191,596)

20. Analysis of cash and cash equivalents

	2018	2017
	£	£
Cash in hand	1,624,173	492,327
	1,624,173	492,327

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Notes to the Financial Statements
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21. Pension commitments

The academy trust's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by The London Borough of Bromley. 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 £18,125 were payable to the schemes at 31 August 2018 (2017 - Nil) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

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

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 September 2019. The government has warned of a rise in the employer rate, but has also indicated that any rise will be funded until March 2020 and will be thereafter reviewed.

The employer's pension costs paid to TPS in the period amounted to £519,000 (2017 - £432,000).

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).

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

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

21. Pension commitments (continued)

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £554,000 (2017 - £308,000), of which employer's contributions totalled £443,000 (2017 - £249,000) and employees' contributions totalled £111,000 (2017 - £59,000). The agreed contribution rates for future years are 23.3% for employers and 5.5 to 12.5% for employees.

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

Principal actuarial assumptions:

	2018	2017
Discount rate for scheme liabilities	2.80 %	2.50 %
Rate of increase in salaries	3.60 %	3.70 %
Rate of increase for pensions in payment / inflation	2.20 %	2.20 %
Inflation assumption (CPI)	2.10 %	2.20 %

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

	2018	2017
Retiring today		
Males	23.4	23.3
Females	26.1	26.0
Retiring in 20 years		
Males	26.1	25.9
Females	28.4	28.3

	At 31 August 2018 £	At 31 August 2017 £
Sensitivity analysis		
Discount rate +0.1%	201,000	67,000
Mortality assumption - 1 year increase	(109,000)	(50,000)
CPI rate +0.1%	(147,000)	(70,000)

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

	Fair value at 31 August 2018 £	Fair value at 31 August 2017 £
Equities	3,348,000	1,556,000
Gilts	325,000	-
Corporate bonds	325,000	286,000
Property	170,000	-
Cash and other liquid assets	-	29,000
Other	985,000	169,000
Total market value of assets	5,153,000	2,040,000

The actual return on scheme assets was £385,000 (2017 - £318,000).

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21. Pension commitments (continued)

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

	2018	2017
	£	£
Current service cost	(589,000)	(370,000)
Past service cost	22,000	-
Interest income	95,000	38,000
Interest cost	(145,000)	(58,000)
Admin expenses	(14,000)	(6,000)
Liability transferred in to the trust	(850,000)	-
Total	(1,481,000)	(396,000)

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

	2018	2017
	£	£
Opening defined benefit obligation	2,816,000	2,682,000
Transferred in on existing academies joining the trust	3,089,000	-
Current service cost	589,000	370,000
Interest cost	145,000	58,000
Employee contributions	111,000	59,000
Actuarial gains	(470,000)	(348,000)
Benefits paid	(38,000)	(5,000)
Past service costs	(22,000)	-
Closing defined benefit obligation	6,220,000	2,816,000

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

	2018	2017
	£	£
Opening fair value of scheme assets	2,040,000	1,626,000
Transferred in on existing academies joining the trust	2,239,000	-
Interest income	95,000	38,000
Actuarial gains	277,000	80,000
Employer contributions	443,000	249,000
Employee contributions	111,000	59,000
Benefits paid	(38,000)	(5,000)
Admin expense	(14,000)	(7,000)
Closing fair value of scheme assets	5,153,000	2,040,000

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22. Operating lease commitments

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

	2018 £	2017 £
Amounts payable:		
Within 1 year	11,676	14,392
Between 1 and 5 years	5,251	8,740
Total	<u>16,927</u>	<u>23,132</u>

23. Related party transactions

Owing to the nature of the academy trust and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH and with the trust's financial regulations and normal procurement procedures relating to connected and related party transactions. The following related party transactions took place in the financial period.

Income related party transactions

During the year Crofton Infant School received £12,320 (2017 - £39,036) from the Crofton Infant School PTA and Crofton Junior School received £9,474 (2017 - £26,234) from the Crofton Junior School PTA.

Crofton Junior School received £2,000 (2017 - £7,650) from the DfE for consultancy work carried out by D. Moss, a member until 7 September 2018 and a trustee, in her role as a National Leader of Governance. This arrangement exists because the DfE are unable to make payments to D. Moss personally and all amounts received have been passed on to her.

24. Controlling party

The academy trust is run by the management team on a day to day basis. Strategic decisions are made by the board of trustees. There is no ultimate controlling party.

25. Members' liability

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

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26. Transfer of existing academies into the academy trust

Valley Primary School

	Value reporting by transferring trust	Fair value adjustments	Transfer in recognised
	£	£	£
Tangible fixed assets			
Long-term leasehold property	4,687,763	-	4,687,763
Computer equipment	27,651	-	27,651
Debtors due after one year	109,828	-	109,828
Cash in bank and in hand	472,837	-	472,837
Liabilities			
Creditors due within one year	(77,803)	-	(77,803)
Pensions			
Pensions - pension scheme assets	1,256,000	-	1,256,000
Pensions - pension scheme liabilities	(1,753,000)	-	(1,753,000)
Net assets	4,723,276	-	4,723,276

Raglan Primary School

	Value reporting by transferring trust	Fair value adjustments	Transfer in recognised
	£	£	£
Tangible fixed assets			
Freehold property	5,987,100	-	5,987,100
Fixtures and fittings	77,632	-	77,632
Computer equipment	40,540	-	40,540
Debtors due after one year	99,479	-	99,479
Cash in bank and in hand	628,918	-	628,918
Liabilities			
Creditors due within one year	(269,326)	-	(269,326)
Pensions			
Pensions - pension scheme assets	983,000	-	983,000
Pensions - pension scheme liabilities	(1,336,000)	-	(1,336,000)
Net assets	6,211,343	-	6,211,343