

# **Greenwood Tree Academy Trust**

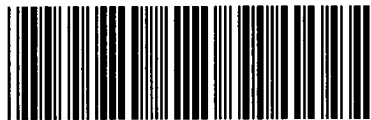
(A Company Limited by Guarantee)

## **Annual Report and Financial Statements**

**For the Year Ended 31 August 2018**

**Company Registration Number: 08066324 (England and Wales)**

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**Greenwood Tree Academy Trust**  
Reference and Administrative Details  
For the Year Ended 31 August 2018

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<b>Members</b>	K Campbell J Chambers P Cranwell P Fleetwood W Holden L Mignot	(Resigned 18 June 2018)  (Resigned 8 February 2018) (Appointed 19 June 2018) (Resigned 8 February 2018) (Appointed 20 July 2018)
<b>Trustees</b>	K Campbell P Chadwick K Connolly S Cooper T Ennion W Holden D Hunwick M Miles M Sandercock J Thorp	(Chair of trustees until 18 June 2018)    (Appointed 19 June 2018) (Resigned 15 March 2018) (Resigned 9 May 2018) (Chair of trustees from 18 June 2018)  (Resigned 9 May 2018)
<b>Company Secretary</b>	A Bonham	
<b>Senior Management Team</b>	P Chadwick T Hill D Ayling J Thorp D Hunwick J Browne S Hunt	Executive Headteacher and accounting officer Business Manager Headteacher (St Mary's CE Middle School) Headteacher (Frome Valley CE First School) Headteacher (Puddletown CE First School) Headteacher (Piddle Valley CE First School) Headteacher (Milborne St Andrew First School)
<b>Company Name</b>	Greenwood Tree Academy Trust	
<b>Principal and Registered Office</b>	Coombe Road Puddletown Dorset DT2 8SA	
<b>Company Registration Number</b>	08066324 (England and Wales)	
<b>Independent Auditor</b>	Albert Goodman LLP Mary Street House Mary Street Taunton Somerset TA1 3NW	
<b>Bankers</b>	Lloyds Plc 1-2 High West Street Dorchester Dorset DT1 1UG	
<b>Solicitors</b>	Stone King LLP 13 Queen Square Bath BA1 2HJ	

**Greenwood Tree Academy Trust**  
**Trustees' Report**  
**For the Year Ended 31 August 2018**

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The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year to 31 August 2018. The annual report serves the purposes of both a trustees' report and a directors' report under company law.

On 1st April 2015 St Mary's C of E Middle School established a multi-academy trust (MAT) with Milborne St Andrew First School, Frome Valley C of E First School, Puddletown C of E First School and Piddle Valley C of E First School. Paul Chadwick is the accounting officer and executive headteacher.

The trust operates five academies in Dorset four primaries and one middle school across the Dorchester area. Its academies have a combined pupil capacity of 1026 and had a roll of 948 in the school census on January 2018.

## **Structure, Governance and Management**

### **Constitution**

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's Memorandum and Articles of Association are the primary governing documents of the academy trust. The trustees of Greenwood Tree Academy Trust are also the trustees of the charitable company for the purposes of company law. The charitable company is known as Greenwood Tree Academy Trust.

Details of the trustees who served during the year are included in the Reference and Administrative Details page.

### **Members' Liability**

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

### **Trustees' Indemnities**

In accordance with normal commercial practice the academy trust has purchased Trustees' Liability insurance. The limit of this indemnity is £10,000,000.

### **Method of Recruitment and Appointment or Election of Trustees**

The academy trust shall have the following trustees as set out in its Articles of Association and Funding Agreement.

- up to 10 trustees who are appointed by members
- up to 3 staff trustees (until May 2018)
- up to 2 co-opted trustees who may not be an employee of the company

A review of the Articles commenced in June 2018 to accommodate the changes in requirements for Staff Trustees.

Trustees are appointed for a four year period. Subject to remaining eligible to be a particular type of trustee, any trustee can be re-appointed or re-elected.

When appointing new trustees, the board will give consideration to the skills and experience mix of existing trustees in order to ensure that the board has the necessary skills to contribute fully to the academy trust's development. An election for chair and vice chair of trustees will be held every year at the inaugural meeting in September. Trustees will be invited to either nominate others or submit a self-nomination.

## **Policies and Procedures Adopted for the Induction and training of Trustees**

The academy subscribe to Governor Services, who deliver high quality training in all areas of Governance. All trustees receive notice of all courses via the Clerk and the Local Authority Governor magazine and are encouraged to attend training to further their skills.

The training and induction provided for new trustees will depend upon their existing experience but would always include a tour of the academy trust and a chance to meet staff and pupils. All trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as trustee. Induction tends to be done informally and is tailored specifically to the individual.

The academy trust has a central clerk/company secretary that administers four of the academies as well as the Trust Board and its sub committees. This individual is also a point of call for all new Trustees and Governors.

## **Organisational Structure**

The board of trustees normally meets at least once each term, during 2017/18 there were four meetings. The board establishes an overall framework for the governance of the academy trust and determines membership, terms of reference and procedures of committees and other groups. It receives reports including policies from its committees for ratification. It monitors the activities of the committees through the minutes of their meetings. The board may from time to time establish working groups to perform specific tasks over a limited timescale.

There are three committees and their key responsibilities are as follows:

### *Performance and Standards*

- shall exercise the powers, responsibilities and duties delegated by the Trust Board and set within the Scheme of Delegation.
- guide and support the Trust Board in fulfilling its legal and regulatory responsibilities for the education of pupils in ways that are appropriate to the vision, ethos and values.
- guide and support the Trust Board in understanding and responding to government policy, best practice, research and innovation in the education of pupils.
- review and make recommendations to the Trust Board on issues relating to performance targets, development plans and reviews proposed by the local governing bodies (LGBs). The committee considers national, local and comparative standards and benchmarks for collective and individual pupil achievement.
- review, monitor and approve policies relating to the education of pupils implemented by LGBs.
- seek to identify, understand and share good practice between member academies.
- review and monitor policies and plans for the use of pupil premium funding. The Committee will seek to identify, understand and share good practice in respect of vulnerable groups between member academies.

### *Finance and Resources*

- shall exercise the powers, responsibilities and duties delegated by the Trust Board and as detailed within the Scheme of Delegation.
- prepare and recommend to the Trust Board the Trust and Academy Financial Regulations and Procedures to comply with relevant statute and regulation, the Trust's Scheme of Delegation and the decisions of the Directors.
- review and recommend to the Trust Board and monitor the individual academy annual budgets that are proposed, by each LGB with a specific responsibility to ensure that budgets do not go into deficit.

- review, recommend to the Trust Board and monitor the Trust annual budget that consolidates individual academy budgets with Trust central costs and charges, with a specific responsibility to ensure the Trust budget does not go into deficit.
- review and approve the Trust and Academy Interim Year-end financial reports prior to audit.
- review and recommend to the Trust Board the audited Annual Accounts and Financial Statements in accordance with relevant statute and regulation.
- review and approve the annual Accounts Return to the Education Funding Agency.
- prepare and approve policies relating to the Trust's financial governance, operation and employment of Trust staff.
- guide and support the Trust Board in fulfilling its legal and regulatory responsibilities for the employment of staff in ways that are appropriate to the Trust's vision, ethos and values.
- guide and support the Trust Board in developing a staff body with appropriate knowledge, skills and expertise to enable the Trust to fulfil its vision and achieve its strategic objectives.
- guide and support the Trust Board in monitoring and managing the working conditions, work/life balance and well-being of Trust employees including absence and sickness.
- review and recommend to the Trust Board the annual pay awards for central GTAT Teachers and Support staff, having considered the financial implications of the proposals and considering relevant local and national agreements, policies and procedures.
- review and recommend to the Trust Board proposals for the restructuring and redundancy of staff, considering the financial implications of the proposals and relevant legal and regulatory requirements.
- establish a sub-group of non-Executive Directors and Committee members for the performance management and remuneration of the Executive Headteacher and Trust Business Manager.
- approve expenditure or contracts between the Upper Limit and the OJEU limit in force at the time and recommend to the Trust Board expenditure above the OJEU limit.
- approve disposals and write-offs of stock and assets between the Lower Limit and Upper limit and to recommend disposals, write-offs and assets between the Upper Limit and the limit set by the Education Funding Agency.

#### *Audit Committee*

- undertake such activities as deemed necessary to provide assurance to the Trust Board regarding the management and identification of risk, and the sound management and control of the Trust's finances and other resources.
- ensure that the Trust abides by all the requirements of the Academies Financial Handbook (AFH).
- identify the risk to internal financial controls across the Trust and agree a programme of work that will address these risks, inform the statement of internal control and, so far as is possible, provide assurance to the external auditors.
- ensure there is a continuous and sufficient review of the risks and agree a programme of work that will address the risks identified and determine the most appropriate method of doing so.
- drive the process for independent checking of financial controls, systems, transactions and contracts. It should ensure that arrangements for protecting the Trust's assets are in place.
- ensure that information submitted to DfE and EFA that affects funding, including pupil number returns and funding claims completed by the Trust and Trust schools are accurate and in compliance with funding criteria.
- ensure that the Trust manages their programme of risk review and checking of financial controls in the way that is deemed most appropriate.
- advise the Trust Board on the minimum and optimum level of internal and external audit arrangements.
- ensure regular audits cover the following areas: legal, risk, financial (including statutory annual audits, VAT, PAYE), health and safety, investments and insurance, and to contribute to these reviews.

- Monitor internal audit reviews and to advise the Trust Board accordingly. To investigate on behalf of the Board any financial or administrative matter which may put the Trust at risk.
- examine reports on special investigations and to advise the Trust Board accordingly.
- consider the appropriateness of executive action following internal audit reviews and to advise senior leadership on any additional or alternative steps to be taken.
- ensure there is coordination between internal audit and external audit and any other review bodies that have been set up.
- recommend to the Trust Board the appointment or reappointment of the auditors.
- review the findings of the external auditors and agree any action plan arising from it.
- review and consider the auditor's management letter in order to ensure it is based on a good understanding of the Trust's business and to establish whether any recommendations have been acted upon.
- Monitor the Trust's risk management plan and risk register and advise the Trust Board on its adequacy and effectiveness.
- Monitor the Trust's whistleblowing procedures and advise the Trust Board on their effectiveness.

The Trustees at their meeting in September 2017 reviewed and approved the terms of reference of their Finance and Resources Committee. All other terms of reference were reviewed during the summer holidays 2018 for submission to the September 2018 meeting.

The trustees are responsible for setting general policy, adopting an annual plan and budget, approving statutory accounts, monitoring the use of the trust's budgets and other data, and making major decisions about the direction of the multi academy trust, capital expenditure and staff appointments.

The leadership team consists of the Executive Headteacher, Business Manager and five Headteachers of the five Greenwood Tree Academy Trust schools. The leadership team implements the policies laid down by the trustees and reports back to them. The Executive Headteacher, Business Manager, Headteachers, local governing bodies and academy Finance and Resources Committee are responsible for the authorisation of spending within agreed budgets; a summary of this is in the Scheme of Delegation. Some spending control is devolved to Budget Holders which must be authorised in line with the Scheme of Delegation and Financial Regulations.

#### **Arrangements for setting pay and remuneration of key management personnel**

Members, Directors and school governors are not remunerated other than the Executive Headteacher and Headteachers. Pay and remuneration is set under the Trust's pay policies which are reviewed annually by the Trust Board. The Trust's teachers' pay policy closely follows Dorset County Council policy which is consistent with the annually issued School Teachers' Pay and Conditions Document. The Trust's support staff pay policy closely follows Dorset County Council policy. The Trust follows advice and guidance from Dorset County Council's Human Resources Team regarding pay matters. The leadership pay range is set in accordance with individual school ranges as part of the Trust's pay policy.

#### **Trade Union Facility Time**

Greenwood Tree Academy Trust does not have any union representatives.

#### **Related Parties and other Connected Charities and Organisations**

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

Each of the schools in the MAT is also part of the Dorchester Area Partnership of Schools, locally known as DASP. This partnership of nineteen schools was established in 1992 and operates cooperatively as a loose

federation of schools. Its mission is simple: to provide the best education for all the students who are educated in the Dorchester area. DASP has clear objectives; all of the schools are committed to working together to provide a coherent education for the children. This involves the sharing of expertise and resources, using common systems of recording pupil progress and ensuring smooth transitions across the various phases.

### **St Mary's Mini-Pyramid**

The five schools within the MAT are also part of the St Mary's pyramid of schools, of which there are seven in total, six first schools and one middle school. This pyramid has its own aims and objectives and its own raising attainment plans. These plans focus on the specific needs of children within this particular geographical area.

## **Objectives and Activities**

### **Objects and Aims**

The principal object and aim of the charitable company is the operation of The Greenwood Tree Academy to provide free education and care for pupils of all abilities between the ages of three and thirteen. The specific aims of the academy trust during the period ended 31 August 2018 are summarised below.

The aim is to create a family of sustainably good schools with clear purpose, direction and objectives. The development of high quality teaching and learning is at the forefront of our thinking and of our actions. Our vision is to develop schools where children enjoy and are engaged in a rich and relevant curriculum tailored to their individual needs and which empowers them to achieve their full potential. The Greenwood Tree Academy Trust is committed to creating and fostering a culture of high aspiration amongst all pupils, regardless of their social, economic or cultural background.

### **Objectives, Strategies and Activities**

The Middle School within the academy trust was judge RI in its inspection in June 2017. The lead HMI identified that the school had chosen the right priorities to work on and when they have had time to embed would see that the school would return to the Good category. A detailed plan has been rigorously followed and in line with Trust evaluation and improved pupil outcomes we are confident that S Mary's is now in a Good category. This is further substantiated by the LA risk assessment which has lowered the category relating to only the Ofsted judgement.

Three of the first schools were inspected in 2017-18 achieving a Good category; the one remaining school will receive focussed support in preparation for its next inspection.

Key priorities for the year are contained in our Academy Development Plan and also in the DASP Plan. Improvement focuses identified for this period include: Improvements in the overall achievement of pupils. All Trust schools are focussing on improving the quality of writing and a series of activities and training has been planned to support this. Working collaboratively with staff within the Trust we aim to improve the quality and consistency of teaching, develop the capability of leaders and ensure consistency of standards of behaviour.

The Performance and Standards Committee expect detailed scrutiny of the performance of all groups of pupils. There is a particular focus on those groups who are disadvantaged. The progress made by those pupils is expected to be the same as those who are not disadvantaged. This includes pupils with lower and higher prior attainment.

We continue to develop and improve the financial management of the Trust with the aim of improving pupil outcomes and standardising processes.



The academy trust also aims to provide a curriculum that is broad, rich, balanced and fit for purpose. It will continue to develop appropriate methods of monitoring teaching and learning to ensure that high levels of attainment and achievement are being maintained. It will also continue to develop staff knowledge and expertise through quality CPD. It will review and develop relevant policies and planning strategies for the teaching of the school's curriculum and ensure that all children achieve to the best of their ability and are monitored through regular assessments and tracking.

The MAT has adopted Sir David Carter's nine steps to becoming an effective MAT as a way of monitoring overall strategic progress.

## **Public Benefit**

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

## **Strategic Report**

### **Achievements and Performance**

#### **EYFS Outcomes**

% Expected in all 12 scales (Good Level of Development)	2018
GTAT	76%
Dorset	70%
National	72%

<b>Writing</b>	Expected	Exceeding
GTAT	75%	18%
Dorset	73%	13%
<b>Reading</b>	Expected	Exceeding
GTAT	84%	22%
Dorset	78%	22%
<b>Maths</b>	Expected	Exceeding
GTAT	80%	24%
Dorset	79%	14%

- Broadly in line with National and Dorset.

#### **Year 1 outcomes – Phonics**

% achieving Phonics thresholds	2018
GTAT	78.5%
Dorset	82%
National	83%

- Some inconsistencies in outcomes this year, both high and low

**Key Stage 1 Outcomes – 2017**

% achieving ARE	Reading	Writing	Maths
GTAT	81%	76%	84%
Dorset	77%	70%	77%
National	76%	70%	76%

% achieving EXCEEDING ARE	Reading	Writing	Maths
GTAT	32%	14%	31%
Dorset	26%	16%	22%
National	25%	16%	22%

- Both expected and exceeding levels are above National and Dorset.
- One cohort significantly under performed.

**Key Stage 2 Outcomes – 2018**

Brackets indicate rise or fall from last year

% achieving EXPECTED standard	Reading	Writing	GPS	Maths	R/W/M
GTAT	86%(+11)	73%(+8)	86%(+13)	85%(+13)	67%(+9)
Dorset	74%	75%	75%	71%	60%
National	75%	78%	77%	75%	64%

- Significant improvement has been made in attainment in writing for the second year running, but we still fall slightly below national.
- Reading has returned to well above national.
- Significant improvement has been made in maths and we are well above Dorset and national.
- GPS has returned to well above national.
- R/W/M Significant improvement continues to be made.

% EXCEEDING expected standard	Reading	Writing	GPS	Maths	R/W/M
GTAT	30%(+6)	23%(+17)	38%(+5)	24%(+12)	12%(+10)
Dorset	28%	20%	29%	20%	3%
National (2017)	28%	20%	34%	24%	9%

- The % of pupils exceeding expected standard in writing has made a significant increase taking it above Dorset and national  
 We have improved in all subjects so that we are in line in national.

### **Key Stage 1 to 2 Progress**

Value Added Progress	Reading	Writing	Maths
St Mary's Middle	-1.1	-1.9	-2.1
Dorset	-0.8	-0.86	-1.43
National	0	0	0

- Progress from KS1 to 2 has shown steady improvement this year although progress is still below national and Dorset in all subjects.

In Key Stage 3 All subjects are assessed. The core subjects are tested through the GL scheme which is nationally recognised.

### **Key Performance Indicators**

The main financial performance indicator is the level of reserves held at the Balance Sheet date. In particular, the management of spending against General Annual Grant (GAG) requires special attention. In period under review, £202,758 of the GAG was carried forward representing 5.3% of the total GAG received during the year.

### **Going Concern**

After making appropriate enquiries, the board of trustees has 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 Review**

The academy trust's income is obtained from the DfE via the ESFA in the form of recurrent grants, the use is restricted to particular purposes. The grants received from the DfE for the year ended 31 August 2018 and the associated expenditure are shown as Restricted Funds in the Statement of Financial Activities.

The academy trust also receives grants for fixed assets from the DfE which are shown in the Statement of Financial Activities as restricted income in the Fixed Asset Fund. The Restricted Fixed Asset Fund balance is reduced by annual depreciation charges over the useful life of the assets concerned, as defined in the academy trust's accounting policies. The academy trust received a capital grant from the DfE/ESFA Conditions Improvement Fund and is recognised within donations and capital grants within the Statement of Financial Activities.

During the year ended 31 August 2018 the academy trust received revenue grants; from the DfE/ESFA of £4,176,152 (2017: £4,133,922) and further grant funding of £197,576 (2017: £211,298) from the local authority. The funding from the DfE/ESFA includes £3,800,066 (2017: £3,774,844) of General Annual Grant. There was total expenditure (including transfers) against restricted income of £4,380,762 leaving a carried forward of general restricted funds of £216,264 at the year end.

During the year, the academy received unrestricted income of £387,980, and incurred total expenditure (including transfers) of £323,881 leaving a £64,099 surplus for the year, this together with brought forward funds leaves carry forward unrestricted funds of £461,977 at the year end.

The academy trust has taken on the deficit in the Local Government Pension Scheme in respect of its non-teaching staff transferred on conversion. The deficit is incorporated within the Statement of Financial Activities.

## **Reserves Policy**

The trustees review the level of reserves of the academy trust annually. The review encompasses the nature of income and expenditure streams, the need to match income with commitments, and the nature of the reserves. As a result of this review the trustees have identified the requirement to hold an amount which is the equivalent to one month's operating cost, which currently amounts to circa £350,000.

The academy trust's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) is £461,977 (2017: £397,878). Additionally within restricted funds the academy trust holds £216,264 (2017: £223,298) of reserves (including the General Annual Grant) that are considered freely available for general purposes.

Due to the future financial cost pressures for each of the schools in the trust, the academy trust intends to retain the freely available reserves to cover the expected in year deficits of the schools over the next 3 years.

## **Investment Policy**

The academy trust holds its reserves and accounts at Lloyds Bank and uses a deposit account to accrue interest, whilst incurring no current account charges. The Finance and Resources Committee will review the scope for investment into interest bearing accounts. Trustees are mindful of the levels of interest available, the likely call on any funds directed towards interest bearing accounts, and the level of investment to be made.

## **Principal Risks and Uncertainties**

The principal risks and uncertainties facing the academy trust are as follows:

**Financial** – the academy trust has considerable reliance on continued Government funding through the ESFA. There is no assurance that the Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

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

**Reputational** – the continuing success of the multi academy trust is dependent on maintaining the highest educational standards in each establishment and external validation from Ofsted. To mitigate this risk trustees ensure that student success and achievement are closely monitored and reviewed.

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

**Staffing** – the success of the academy trust is reliant on the quality of its staff and so the trustees monitor and review the policies and procedures to ensure continued development and training of staff as well as ensuring there is clear succession planning.

**Fraud and mismanagement of funds** – the academy trust is in the process of appointing internal auditors to carry out checks on financial systems and records.

The academy trust has a risk management policy and a risk register to strengthen its risk management processes. During the year an Audit Committee was established which reviewed and updated the risk register.

## **Fundraising**

All Fundraising is currently undertaken locally by each schools' PTA which is registered as a separate charity for this purpose.

## **Plans for Future Periods**

The academy trust will continue to strive to provide outstanding education and improve the performance of all groups of pupils at all levels. The academy trust will continue to aim to attract high quality teachers and support staff in order to deliver its objectives. There is a detailed one year plan to deliver a focussed school improvement in trust wide initiatives.

There has been much success this year on raising attainment at the end of key stage two, which was one of the key drivers in forming the MAT. This has demonstrated that there is capacity to welcome further schools to enable the increase in challenge and expectation of all pupils.

The academy trust will continue to work with other partner schools and agencies to improve the educational opportunities for pupils in the wider community.

The three year strategic plan 2018-21 will include plans for increasing in size by recruiting further schools within the area. The financial management of the Trust has continued to develop and provides a strong base on which to plan expansion. This may be either by accommodating another small MAT or individual school/academy.

## **Funds held as Custodian Trustee on Behalf of Others**

The academy trust and its trustees do not act as the Custodian Trustee of any other charity.

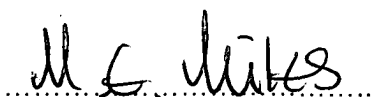
## **Auditor**

Insofar as the trustees are aware:

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

The auditor, Albert Goodman LLP, will be proposed for re-appointment at the Annual General Meeting.

Trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on .....12/12/2018..... and signed on the board's behalf by:



M Miles  
Chair of Trustees

## **Scope of Responsibility**

As trustees we acknowledge we have overall responsibility for ensuring that Greenwood Tree 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 P Chadwick, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Greenwood Tree 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 significant change in the composition of the Board resulted from the directive from the RSC to remove members of the Leadership Group, other than the Executive Headteacher. As already mentioned elsewhere, we commenced the revision of the Articles which is still on going at this time.

A particular challenge this year was the unexpected absence of the Chair owing to ill health at the beginning of the year and subsequent resignation from that role in June. The experienced Vice Chair together with the combined skills of the remaining Board members ensured continuity and adherence to the legal framework.

The Board has placed considerable emphasis on the accuracy of data received from schools in terms of both achievement and financial planning. The ESFA publication 'Understanding your data' was considered and will be forwarded to each academy at the start of the academic year.

The main priority for financial data has been to clarify key information in order to plan a more robust three year budget for individual academies to manage any possible future shortfalls. This will be addressed throughout the forthcoming year.

The Board receives extensive local and national external data to verify outcomes at all levels of attainment and undertakes benchmarking activities.

The Board is currently seeking to appoint new members under the 'Foundation' category and will complete a skills audit at the beginning of the new academic year to inform this.

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The board of trustees has formally met four times during the year to 31 August 2018. Attendance during the year at meetings of the board of trustees was as follows:

<b>Trustee</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
K Campbell (Chair of Trustees until 18/06/2018)	2	4
P Chadwick (Accounting Officer)	4	4
K Connolly	4	4
S Cooper	4	4
T Ennion (appointed 19/06/2018, previously co-opted)	2	4
W Holden (resigned 15/03/2018)	0	2
D Hunwick (resigned 09/05/2018)	2	3
M Miles (Chair of Trustees from 18/06/2018)	4	4
R Sandercock	3	4
J Thorp (resigned 09/05/2018)	3	3

**Greenwood Tree Academy Trust**  
**Governance Statement**  
**For the Year Ended 31 August 2018**

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Following the resignations listed above, we utilised the outcomes of the skills audit to inform the recruitment of one additional trustee who was approved by the Members.

As referenced earlier, we have commenced a review of the original Articles of Association in consultation with the Diocese and following a meeting with the RSC.

The Board considered the cycle of meetings and increased the annual FTB meetings to 7 for the following academic year 2018/19. This will ensure more regular feedback and enable the strategic direction of the Trust to be more focussed which also supports the recommendations of the Academies Financial Handbook to take effect from 2018/19.

The updated Scheme of Delegation together with the Terms of Reference for each committee, have been re-considered and updated as required in order to meet the identified needs of the Trust. A comprehensive list of relevant policies has been approved which includes the person/s with responsibility for completion. These were all subject to full consultation with member academies and is a working document.

Following the outcomes of the internal audit, we have reviewed our meeting cycle and implemented a comprehensive overview for Board and some committee meetings. The LGB cycle will be introduced in the next financial year.

The committee structure comprises:

- Performance and Standards
- Finance and Resources
- Audit

The membership of each committee has been constituted to reflect a balance of skills and experience and the Chairs form a senior team of Directors, together with the Executive Headteacher and Trust Business Manager to plan the strategic direction of the Trust.

The Audit Committee maintain an oversight of governance, risk management, internal control and value for money framework. There is no overlap between members of the Audit and Finance and Resources Committees. Attendance at the Greenwood Tree Academy Trust Audit Committee for the year to 31 August 2018 was as follows:

<b>Trustee</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
K Connolly (Chair)	1	1
M Sandercock	1	1
T Ennion	1	1

The Finance Committee is a sub-committee of the main board of trustees with delegated executive powers. Its purpose is to assist the decision making of the board of trustees, by enabling more detailed consideration of the academy's finances, resources, including proper planning, monitoring and probity and to make appropriate comments and recommendations on such matters to the board of trustees on a regular basis. The committee also fulfils the role of an audit committee to maintain an oversight of governance, risk management, internal control and value for money framework.

Attendance at the Greenwood Tree Academy Trust Finance Committee for year to 31 August 2018 was as follows:

<b>Trustee</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
K Campbell	4	7
P Chadwick (Accounting Officer)	7	7
S Cooper	4	7
M Miles (Chair)	7	7
J Thorp	5	5

## **Review of Value for Money**

As accounting officer P Chadwick 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:

- Further developing trust policies to ensure consistency across all schools. This has supported the Headteachers to focus on teaching and learning within their school.
- Competitive tendering to reduce costs i.e. Broadband, insurance and photocopiers
- Conducting a review of the finance system to enable the provision of enhanced reporting, clear consolidation and efficiencies across the MAT. In addition, ensuring value for money and cost savings for the MAT

## **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 on-going 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 Greenwood Tree Academy Trust for the year 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 on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the year 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 of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks.

The board of trustees has considered the need for a specific internal audit function and has decided to appoint South West Audit Partnership as internal auditor for the trust.



**Greenwood Tree Academy Trust**  
Governance Statement  
For the Year Ended 31 August 2018

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The internal auditor's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. In particular the checks carried out in the current period included:

- Review of governance and reporting structures
- Review of banking and investment processes

On an 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.

There were no material controls or other issues reported by the internal auditor to date.


### **Review of Effectiveness**

As accounting officer, the principal has responsibility for reviewing the effectiveness of the system of internal control. During the period in question the review has been informed by:

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

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the board of trustees and a plan to ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on 12/12/2018 and signed on its behalf by:



M Miles  
Chair of Trustees



P Chadwick  
Accounting Officer

**Greenwood Tree Academy Trust**  
**Statement on Regularity, Propriety and Compliance**  
**For the Year Ended 31 August 2018**

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As accounting officer of Greenwood Tree 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 all 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.

.....

P Chadwick  
Accounting Officer

Date: 12/12/2018 .....

**Greenwood Tree Academy Trust**  
**Statement of Trustees' Responsibilities**  
**For the Year Ended 31 August 2018**

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The trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Academies Accounts Direction published 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 in the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018
- make judgments and accounting estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business

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

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

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

Approved by order of the members of the board of trustees on 12/12/2018... and signed on its behalf by:



M Miles  
Chair of Trustees

## **Greenwood Tree Academy Trust**

### **Independent Auditor's Report on the Financial Statements to the Members of Greenwood Tree Academy Trust**

**For the Year Ended 31 August 2018**

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#### **Opinion**

We have audited the financial statements of Greenwood Tree Academy Trust ('the charitable company') for the year ended 31 August 2018 which comprise the Statement of Financial Activities including the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102; the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice). The financial statements have been prepared under the Academies Accounts Direction 2017 to 2018 issued by the Education and Skills Funding Agency.

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 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;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been properly prepared in accordance with the Charities SORP 2015 and Academies Accounts Direction 2017 to 2018.

#### **Basis for opinion**

We have been appointed as auditor under the Companies Act 2006 and report in accordance with regulations made under that act. We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **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 charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least 12 months from the date when the financial statements are authorised for issue.

## **Greenwood Tree Academy Trust**

### **Independent Auditor's Report on the Financial Statements to the Members of Greenwood Tree Academy Trust**

**For the Year Ended 31 August 2018**

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#### **Other information**

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

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

We have nothing to report in this regard.

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

#### **Matters on which we are required to report under the Companies Act 2006**

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

#### **Matters on which we are required to report by exception**

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 set out on page 18, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable to preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

## **Greenwood Tree Academy Trust**

Independent Auditor's Report on the Financial Statements to the Members of Greenwood Tree Academy Trust

For the Year Ended 31 August 2018

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### **Our 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 a Report of the Independent Auditors 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of Independent Auditors.

### **Use of our report**

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



Joseph Doggrell ACA  
Senior Statutory Auditor  
for and on behalf of  
Albert Goodman LLP  
Chartered Accountants  
Statutory Auditor

Date: 13/12/2018

## **Greenwood Tree Academy Trust**

### **Independent Reporting Accountant's Assurance Report on Regularity to Greenwood Tree Academy Trust and the Education and Skills Funding Agency For the Year Ended 31 August 2018**

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In accordance with the terms of our engagement letter dated October 2018 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 Greenwood Tree Academy Trust during the year 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 Greenwood Tree Academy Trust and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Greenwood Tree Academy Trust and 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 Greenwood Tree Academy Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

#### **Respective responsibilities of Greenwood Tree Academy Trust's accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of Greenwood Tree 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 to 31 August 2018 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

#### **Approach**

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

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

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

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

## Greenwood Tree Academy Trust

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

For the Year Ended 31 August 2018

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The work undertaken to draw our conclusion includes:

- Reviewing compliance against the requirements of the Academies Financial Handbook (September 2017);
- A review of the governance policies and procedures with specific consideration for financial planning, monitoring and control;
- Gaining assurance that the lines of delegation and the limits set both internally by the academy and by ESFA have been adhered to;
- A review of all meeting minutes of the board of trustees;
- An examination of financial transactions to identify any unusual items which may be improper; and
- A review of the declaration of interests completed by the trustees.

### 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 to 31 August 2018 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Reporting Accountant

Albert Goodman LLP  
Chartered Accountants

Mary Street House  
Mary Street  
Taunton  
Somerset  
TA1 3NW

Date: 13/12/2018



# Greenwood Tree Academy Trust

## Statement of Financial Activities (including Income and Expenditure Account)

For the Year Ended 31 August 2018

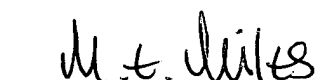
		Unres- tricted	Res- tricted General	Restricted Fixed Asset	2018 Total	2017 Total
	Note	£	£	£	£	£
<b>Income and endowments from:</b>						
Donations and capital grants	2	55,873	-	50,639	106,512	103,243
Charitable activities:						
Funding for the academy trust's						
educational operations	3	-	4,373,728	-	4,373,728	4,345,220
Other trading activities	4	331,599	-	-	331,599	352,363
Investments	5	508	-	-	508	688
<b>Total</b>		<u>387,980</u>	<u>4,373,728</u>	<u>50,639</u>	<u>4,812,347</u>	<u>4,801,514</u>
<b>Expenditure on:</b>						
Academy trust educational						
operations	6	278,428	4,773,918	64,524	5,116,870	5,198,865
<b>Total</b>		<u>278,428</u>	<u>4,773,918</u>	<u>64,524</u>	<u>5,116,870</u>	<u>5,198,865</u>
<b>Net income / (expenditure)</b>		109,552	(400,190)	(13,885)	(304,523)	(397,351)
<b>Transfers between funds</b>	15	(51,010)	59,156	(8,146)	-	-
<b>Other recognised gains / (losses):</b>						
Actuarial (losses) / gains on defined						
benefit pension schemes		-	427,000	-	427,000	167,000
<b>Net movement in funds</b>		58,542	85,966	(22,031)	122,477	(230,351)
<b>Reconciliation of funds</b>						
Total funds brought forward		446,245	(1,601,702)	2,081,061	925,604	1,155,955
<b>Total funds carried forward</b>		<u>504,787</u>	<u>(1,515,736)</u>	<u>2,059,030</u>	<u>1,048,081</u>	<u>925,604</u>

All of the academy's activities derive from continuing operations during the above two financial periods.

The Statement of Financial Activities for the prior year is shown in Note 24.

	Note	2018 £	2018 £	2017 £	2017 £
<b>Fixed assets</b>					
Tangible assets	12		2,098,974		2,121,242
<b>Current assets</b>					
Debtors	13	150,369		157,548	
Cash at bank and in hand	20	831,126		804,292	
		<u>981,495</u>		<u>961,840</u>	
<b>Liabilities</b>					
Creditors: Amounts falling due within one year	14	(300,388)		(332,478)	
<b>Net current assets</b>			681,107		629,362
<b>Total assets less current liabilities</b>			<u>2,780,081</u>		<u>2,750,604</u>
Creditors: Amounts falling due after more than one year			-		-
<b>Net assets excluding pension liability</b>			<u>2,780,081</u>		<u>2,750,604</u>
Defined benefit pension scheme liability	22		(1,732,000)		(1,825,000)
<b>Total assets</b>			<u><u>1,048,081</u></u>		<u><u>925,604</u></u>
<b>Funds of the academy trust:</b>					
<b>Restricted funds</b>					
Fixed asset fund	15	2,059,030		2,081,061	
Restricted income fund	15	216,264		223,298	
Pension reserve	15	(1,732,000)		(1,825,000)	
<b>Total restricted funds</b>			543,294		479,359
<b>Unrestricted income funds</b>	15		504,787		446,245
<b>Total funds</b>			<u><u>1,048,081</u></u>		<u><u>925,604</u></u>

The financial statements on pages 24 to 48 were approved by the trustees, and authorised for issue on 12/12/2018 and are signed on their behalf by:



M Miles

Chair of Trustees

**Greenwood Tree Academy Trust**  
**Statement of Cash Flows**  
**For the Year Ended 31 August 2018**

	Notes	2018 £	2017 £
<b>Cash flows from operating activities</b>			
Net cash provided by (used in) operating activities	23	23,500	(148,836)
<b>Cash flows from investing activities</b>	25	3,334	(72,922)
<b>Change in cash and cash equivalents in the reporting period</b>		<u>26,834</u>	<u>(221,758)</u>
<b>Cash and cash equivalents at 1 September 2017</b>		804,292	1,026,050
<b>Cash and cash equivalents at 31 August 2018</b>	26	<u>831,126</u>	<u>804,292</u>

## **1 Statement of Accounting Policies**

### **1.1 Basis of preparation**

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.

### **1.2 Going concern**

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

### **1.3 Income**

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

- **Grants**

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

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

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

- **Donations**

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

- **Other income**

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the academy trust has provided the goods or services.

- **Donated goods, facilities and services**

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from

other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

#### **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.

- **Charitable Activities**

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

All resources expended are inclusive of irrecoverable VAT.

#### **1.5 Tangible fixed assets**

Assets costing £3,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

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

Long leasehold land	over 125 years
Long leasehold buildings	2%
Furniture & equipment	20%
Computer equipment and software	20%
Motor vehicles	20%

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

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

**1.6 Liabilities**

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the 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.

**1.7 Provisions**

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

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

**1.8 Leased assets**

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

**1.9 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. Prepayments are not financial instruments.

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

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

**1.10 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 part 11, chapter 3 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

**1.11 Pensions Benefits**

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective

unit credit method. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

#### **1.12 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.

#### **1.13 Critical accounting estimates and areas of judgement**

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

##### *Critical accounting estimates and assumptions*

The 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 22, 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.

**Greenwood Tree Academy Trust**  
**Notes to the Financial Statements**  
**For the Year Ended 31 August 2018**

**2 Donations and capital grants**

	<b>Unrestricted Funds £</b>	<b>Restricted Funds £</b>	<b>2018 Total £</b>	<b>2017 Total £</b>
Capital grants	-	50,639	50,639	54,850
Other donations	55,873	-	55,873	48,393
	<u>55,873</u>	<u>50,639</u>	<u>106,512</u>	<u>103,243</u>

**3 Funding for the academy trust's educational operations**

	<b>Unrestricted Funds £</b>	<b>Restricted Funds £</b>	<b>2018 Total £</b>	<b>2017 Total £</b>
<b>DfE/ESFA grants</b>				
General Annual Grant (GAG)	-	3,800,066	3,800,066	3,774,844
Other DfE/ESFA grants	-	376,086	376,086	359,078
	<u>-</u>	<u>4,176,152</u>	<u>4,176,152</u>	<u>4,133,922</u>
<b>Other Government grants</b>				
Local authority grants	-	197,576	197,576	211,298
	<u>-</u>	<u>197,576</u>	<u>197,576</u>	<u>211,298</u>
	<u>-</u>	<u>4,373,728</u>	<u>4,373,728</u>	<u>4,345,220</u>

**4 Other Trading activities**

	<b>Unrestricted Funds £</b>	<b>Restricted Funds £</b>	<b>2018 Total £</b>	<b>2017 Total £</b>
Facilities and services income	200,615	-	200,615	203,342
Educational trips and activities	113,514	-	113,514	116,499
Other income	17,470	-	17,470	32,522
	<u>331,599</u>	<u>-</u>	<u>331,599</u>	<u>352,363</u>

**5 Investment income**

	<b>Unrestricted Funds £</b>	<b>Restricted Funds £</b>	<b>2018 Total £</b>	<b>2017 Total £</b>
Short term deposits	508	-	508	688
	<u>508</u>	<u>-</u>	<u>508</u>	<u>688</u>



**Greenwood Tree Academy Trust**  
**Notes to the Financial Statements**  
**For the Year Ended 31 August 2018**

**6 Expenditure**

	<b>Staff Costs £</b>	<b>Premises £</b>	<b>Other £</b>	<b>Total 2018 £</b>	<b>Total 2017 £</b>
Academy's educational operations:					
Direct costs	3,518,391	-	372,612	3,891,003	3,835,212
Allocated support costs	613,754	102,812	509,301	1,225,867	1,363,653
	<u>4,132,145</u>	<u>102,812</u>	<u>881,913</u>	<u>5,116,870</u>	<u>5,198,865</u>

Net income/(expenditure) for the period includes:

	<b>2018 £</b>	<b>2017 £</b>
Depreciation	70,081	93,953
Fees payable to auditor for:		
- audit	7,000	6,800
- other services	1,750	3,250

**7 Charitable activities**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Direct costs - educational operations	3,891,003	3,835,212
Support costs - educational operations	1,225,867	1,363,653
	<u>5,116,870</u>	<u>5,198,865</u>

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
<b>Direct costs - educational operations</b>		
Teaching and educational support staff	3,462,743	3,453,979
Technology costs	65,203	56,755
Educational supplies	145,791	125,941
Staff development	23,408	22,248
Educational consultancy	22,740	14,403
Trip costs	103,051	116,726
Supply teacher costs	55,648	33,909
Other direct costs	12,419	11,251
<b>Support costs - educational operations</b>		
Support staff costs	613,754	632,698
Depreciation	70,081	93,953
Recruitment and support	988	2,259
Rent and rates	44,026	50,245
Energy costs	45,540	42,114
Insurance	49,280	87,200
Catering	83,513	75,181
Maintenance of premises and equipment	74,728	82,770
Cleaning	13,246	20,017
Technology	77,913	77,832
Legal and professional	37,798	54,672
Other support costs	99,898	128,627
Governance costs	15,102	16,085
	<u>5,116,870</u>	<u>5,198,865</u>

**8 Staff**

**a. Staff costs**

	<b>2018</b>	<b>2017</b>
	<b>Total</b>	<b>Total</b>
	<b>£</b>	<b>£</b>
Wages and salaries	2,995,584	3,082,224
Social security costs	249,319	247,681
Pension Costs	831,594	755,132
	<u>4,076,497</u>	<u>4,085,037</u>
Agency staff costs	55,648	33,909
Staff restructuring costs	-	1,640
	<u>4,132,145</u>	<u>4,120,586</u>
Staff restructuring costs comprise:		
Severance payments	-	1,640
	<u>-</u>	<u>1,640</u>

**b. Staff numbers**

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

	<b>2018</b>	<b>2017</b>
	<b>No.</b>	<b>No.</b>
Teachers	57	62
Administration and support	105	115
Management	6	6
	<u>168</u>	<u>183</u>

**c. Higher paid staff**

No staff member received benefits in excess of £60,000 in the year.

**d. Key management personnel**

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 2. The total amount of employee benefits (including employer pension and employer national insurance contributions) paid by the academy for key management personnel services to the academy trust was £455,244 (2017: £452,171).

## **9 Central Services**

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

- Executive headteacher
- Trust business manager
- Professional and legal services
- Financial services

The academy trust charges for these services as a percentage of the GAG funding. The actual amounts charged during the period were as follows:

	<b>Total 2018 £</b>	<b>Total 2017 £</b>
Frome Valley C of E First School	14,958	15,005
Milborne St Andrew First School	10,247	10,018
Piddle Valley C of E First School	12,240	11,455
Puddletown C of E First School	16,075	16,086
St Mary's CE Middle School	74,494	75,469
	<u>128,014</u>	<u>128,033</u>

## **10 Related party transactions – trustees' remuneration and expenses**

One or more trustees have been paid remuneration or have received other benefits from an employment with the academy trust. The Executive Headteacher and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of Executive Headteacher and staff members under their contracts of employment. The value of trustees' remuneration and other benefits was as follows:

P Chadwick, Staff trustee	(Executive Headteacher and accounting officer)
Remuneration	£40,000 - £45,000 (2017: £40,000 - £45,000)
Employer's pension contributions	£5,000 - £10,000 (2017: £5,000 - £10,000)
J Thorpe, Staff trustee	(Resigned 09/05/2018)
Remuneration	£40,000 - £45,000 (2017: £55,000 - £60,000)
Employer's pension contributions	£5,000 - £10,000 (2017: £5,000 - £10,000)
D Hunwick, Staff trustee	(Resigned 09/05/2018)
Remuneration	£40,000 - £45,000 (2017: £55,000 - £60,000)
Employer's pension contributions	£5,000 - £10,000 (2017: £5,000 - £10,000)

During the year ended 31 August 2018, no expenses (2017: £nil) were reimbursed to the trustees of the academy.

## **11 Trustees' and officers' insurance**

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £10,000,000 on any one claim. The cost of this insurance is included in the total insurance cost.

## 12 Tangible fixed assets

	Leasehold Land and Buildings £	Property Imp- rovements £	Furniture and Equipment £	Computer Hardware £	Motor Vehicles £	Total £
<b>Cost</b>						
At 1 September 2017	1,660,000	349,079	249,123	247,692	9,000	2,514,894
Additions	-	24,581	15,532	7,700	-	47,813
At 31 August 2018	<u>1,660,000</u>	<u>373,660</u>	<u>264,655</u>	<u>255,392</u>	<u>9,000</u>	<u>2,562,707</u>
<b>Depreciation</b>						
At 1 September 2017	38,593	2,642	192,855	150,562	9,000	393,652
Charged in year	13,280	1,967	25,548	29,286	-	70,081
At 31 August 2018	<u>51,873</u>	<u>4,609</u>	<u>218,403</u>	<u>179,848</u>	<u>9,000</u>	<u>463,733</u>
<b>Net book values</b>						
At 31 August 2017	<u>1,621,407</u>	<u>346,437</u>	<u>56,268</u>	<u>97,130</u>	<u>-</u>	<u>2,121,242</u>
At 31 August 2018	<u>1,608,127</u>	<u>369,051</u>	<u>46,252</u>	<u>75,544</u>	<u>-</u>	<u>2,098,974</u>

The academy trust occupies land and buildings provided to it by site trustees under a mere licence (also referred to as a Church Supplemental Agreement) which contains a two year notice period. Having considered the fact that the academy trust occupies the land and buildings as may be, or may come to be, erected on it by a mere licence that transfers to the academy no rights or control over the site save that of occupying it at the will of the site trustees under the terms of the relevant site trust, the trustees of the academy trust have concluded that the value of the land and buildings occupied by the academy trust will not be recognised on the balance sheet of the academy trust.

## 13 Debtors

	2018 £	2017 £
Trade debtors	10,022	2,724
VAT recoverable	18,110	18,527
Prepayments and accrued income	122,237	136,297
	<u>150,369</u>	<u>157,548</u>

**14 Creditors: amounts falling due within one year**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Trade creditors	48,587	48,370
Other taxation and social security	61,871	87,290
Other creditors	61,005	60,848
Accruals and deferred income	128,925	135,970
	<u>300,388</u>	<u>332,478</u>
	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Deferred income at 1 September 2017	84,453	100,284
Released from previous years	(84,453)	(100,284)
Resources deferred in the year	76,789	84,453
Deferred income at 31 August 2018	<u>76,789</u>	<u>84,453</u>

At the balance sheet date the academy trust was holding funds received in advance for UIFSM, trip income and Early Years funding.

15 Funds

	Balance At 1 September 2017 £	Income £	Expenditure £	Gains, Losses and Transfers £	Balance At 31 August 2018 £
<b>Restricted general funds</b>					
General Annual Grant (GAG)	212,087	3,800,066	(3,865,551)	56,156	202,758
Other DfE/ESFA grants	11,211	376,086	(376,791)	3,000	13,506
Other Local Authority grants	-	197,576	(197,576)	-	-
Pension reserve	(1,825,000)	-	(334,000)	427,000	(1,732,000)
	<u>(1,601,702)</u>	<u>4,373,728</u>	<u>(4,773,918)</u>	<u>486,156</u>	<u>(1,515,736)</u>
<b>Restricted fixed asset funds</b>					
Inherited fixed assets	1,666,374	-	(32,971)	-	1,633,403
DfE/ESFA capital grants	261,493	37,772	(5,584)	(15,380)	278,301
Capital expenditure from GAG	101,384	-	(16,973)	5,496	89,907
Capital expenditure from other restricted funds	51,810	12,867	(8,996)	1,738	57,419
	<u>2,081,061</u>	<u>50,639</u>	<u>(64,524)</u>	<u>(8,146)</u>	<u>2,059,030</u>
<b>Total restricted funds</b>	<u>479,359</u>	<u>4,424,367</u>	<u>(4,838,442)</u>	<u>478,010</u>	<u>543,294</u>
<b>Unrestricted funds</b>					
General	397,878	387,980	(272,871)	(51,010)	461,977
Capital expenditure	48,367	-	(5,557)	-	42,810
<b>Total unrestricted funds</b>	<u>446,245</u>	<u>387,980</u>	<u>(278,428)</u>	<u>(51,010)</u>	<u>504,787</u>
<b>Total funds</b>	<u>925,604</u>	<u>4,812,347</u>	<u>(5,116,870)</u>	<u>427,000</u>	<u>1,048,081</u>

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

	Balance At 1 September 2016 £	Income £	Expenditure £	Gains, Losses and Transfers £	Balance At 31 August 2017 £
<b>Restricted general funds</b>					
General Annual Grant (GAG)	204,727	3,774,844	(3,915,210)	147,726	212,087
Other DfE/ESFA grants	46,497	359,078	(390,108)	(4,256)	11,211
Other Local Authority grants	-	211,298	(211,298)	-	-
Pension reserve	(1,703,000)	-	(289,000)	167,000	(1,825,000)
	<u>(1,451,776)</u>	<u>4,345,220</u>	<u>(4,805,616)</u>	<u>310,470</u>	<u>(1,601,702)</u>
<b>Restricted fixed asset funds</b>					
Inherited fixed assets	1,697,061	-	(30,687)	-	1,666,374
DfE/ESFA capital grants	238,997	22,496	-	-	261,493
Capital expenditure from GAG	67,591	-	(17,632)	51,425	101,384
Capital expenditure from other restricted funds	56,706	32,354	(41,745)	4,495	51,810
	<u>2,060,355</u>	<u>54,850</u>	<u>(90,064)</u>	<u>55,920</u>	<u>2,081,061</u>
<b>Total restricted funds</b>	<u>608,579</u>	<u>4,400,070</u>	<u>(4,895,680)</u>	<u>366,390</u>	<u>479,359</u>
<b>Unrestricted funds</b>					
General	520,158	401,444	(299,297)	(224,427)	397,878
Capital Expenditure	27,218	-	(3,888)	25,037	48,367
<b>Total unrestricted funds</b>	<u>547,376</u>	<u>401,444</u>	<u>(303,185)</u>	<u>(199,390)</u>	<u>446,245</u>
<b>Total funds</b>	<u>1,155,955</u>	<u>4,801,514</u>	<u>(5,198,865)</u>	<u>167,000</u>	<u>925,604</u>



**15 Funds (continued)**

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

**General Annual Grant (GAG)** – Funding from the Education and Skills Funding Agency to support the education and running costs of the academy. Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2018.

**Other DfE/ESFA grants** – Grants from the Education and Skills Funding Agency to support PE activities and pupils from low income families and provide universal infant free school meals.

**Other local authority grants** – Funding from Dorset County Council towards the cost of employing a parent/family support advisor, crossing patrol and support towards the soft playroom refurbishment.

**General restricted** – Funding from other organisations to support specific projects undertaken by the Academy Trust.

**Pension Reserve** – This fund represents the pension deficit for the Local Government Pension Scheme and its associated costs for the period.

**Inherited Fixed Assets** – This fund is to recognise the value of the donated fixed assets at the conversion of the school to an Academy. The expenditure is the depreciation on those assets.

**DfE/ESFA capital grants** – This is funding from the DfE/ESFA to support capital projects undertaken by the academy.

**Capital expenditure from GAG** – This represents the amount of the General Annual Grant allocated towards capital expenditure during the period and its associated depreciation.

**Capital expenditure from other restricted funds** – This represents the amount of Devolved Formula Capital Grant and other DfE/ESFA grants allocated towards capital and its associated depreciation.

**General unrestricted** – This represents funds which may be used towards meeting any of the charitable objectives of the academy trust at the discretion of the trustees.

**Capital expenditure from unrestricted funds** - This represents the amount of unrestricted funds allocated towards capital and its associated depreciation.

**15 Funds (continued)**

**Analysis of academies by fund balance**

Fund balances at 31 August 2018 were allocated as follows:

	<b>Total 2018 £</b>	<b>Total 2017 £</b>
Frome Valley C of E First School	138,968	126,945
Milborne St Andrew First School	27,503	43,938
Piddle Valley C of E First School	56,098	29,316
Puddletown C of E First School	204,667	191,555
St Mary's CE Middle School	106,046	124,975
Central Services	144,959	104,447
Total before fixed assets and pension reserve	<u>678,241</u>	<u>621,176</u>
Restricted fixed asset fund	2,059,030	2,081,061
Unrestricted fixed asset fund	42,810	48,367
Pension Reserve	(1,732,000)	(1,825,000)
Total	<u>1,048,081</u>	<u>925,604</u>

**15 Funds (continued)**

**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 £
Frome Valley C of E First School	479,629	63,210	37,612	104,404	684,855	689,312
Milborne St Andrew First School	282,204	41,527	19,462	96,671	439,864	432,567
Piddle Valley C of E First School	389,399	50,453	15,237	112,508	567,597	569,233
Puddletown C of E First School	445,210	69,992	23,092	134,884	673,178	657,279
St Mary's CE Middle School	1,537,005	195,516	50,264	349,980	2,132,765	2,289,703
Central Services	53,954	134,398	124	26,054	214,530	177,819
Local Government Pension Scheme	275,342	58,658	-	-	334,000	289,000
Academy Trust	<u>3,462,743</u>	<u>613,754</u>	<u>145,791</u>	<u>824,501</u>	<u>5,046,789</u>	<u>5,104,913</u>

**16 Analysis of net assets between funds**

Fund balances at 31 August 2018 are represented by:

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total Funds £
Tangible fixed assets	42,810	-	2,056,164	2,098,974
Current assets	461,977	516,652	2,866	981,495
Current liabilities	-	(300,388)	-	(300,388)
Pension scheme liability	-	(1,732,000)	-	(1,732,000)
Total net assets	<u>504,787</u>	<u>(1,515,736)</u>	<u>2,059,030</u>	<u>1,048,081</u>

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

	<b>Unrestricted Funds</b>	<b>Restricted General Funds</b>	<b>Restricted Fixed Asset Funds</b>	<b>Total Funds</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Tangible fixed assets	48,367	-	2,072,875	2,121,242
Current assets	397,878	555,776	8,186	961,840
Current liabilities	-	(332,478)	-	(332,478)
Pension scheme liability	-	(1,825,000)	-	(1,825,000)
<b>Total net assets</b>	<b>446,245</b>	<b>(1,601,702)</b>	<b>2,081,061</b>	<b>925,604</b>

## 17 Commitments under operating leases

### Operating leases

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

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Amounts due within one year	15,533	16,476
Amounts due between one and five years	10,094	26,575
	<b>25,627</b>	<b>43,051</b>

## 18 Reconciliation of net income/(expenditure) to net cash flow from operating activities

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	(304,523)	(397,351)
Adjusted for:		
Depreciation charges (note 12)	70,081	93,953
Capital grants from DfE and other capital income	(50,639)	(54,850)
Interest receivable (note 5)	(508)	(688)
Defined benefit pension scheme costs	334,000	289,000
(Increase)/decrease in debtors	7,179	47,700
Increase/(decrease) in creditors	(32,090)	(126,600)
<b>Net cash provided by/(used in) operating activities</b>	<b>23,500</b>	<b>(148,836)</b>

**19 Cash flows from investing activities**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Dividends, interest and rents from investments	508	688
Purchase of tangible fixed assets	(47,813)	(128,460)
Capital grants from DfE/ESFA	50,639	54,850
<b>Net cash provided by / (used in) investing activities</b>	<b><u>3,334</u></b>	<b><u>(72,922)</u></b>

**20 Analysis of cash and cash equivalents**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Cash in hand and at bank	831,126	804,292
<b>Total cash and cash equivalents</b>	<b><u>831,126</u></b>	<b><u>804,292</u></b>

**21 Members' Liability**

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

**22 Pension and similar obligations**

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013. Contributions amounting to £41,556 were payable to the schemes at 31 August 2018 (2017: £42,431) 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' 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. The most recent communication received from the Department for Education suggested the new contribution rate is expected to be 23.6% payable from 1 September 2019.

The employer's pension costs paid to TPS in the period amounted to £306,000 (2017: £316,000).

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

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

### **Local Government Pension Scheme**

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £251,000 (2017: £248,000), of which employer's contributions totalled £193,000 (2017: £189,000) and employees' contributions totalled £58,000 (2017: £59,000). The agreed contribution rates for future years are 18.8 per cent for employers and 6.5 per cent 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.

	2018	2017
Rate of increase in salaries	3.80%	4.20%
Rate of increase for pensions in payment/inflation	2.30%	2.70%
Discount rate for scheme liabilities	2.65%	2.60%
Inflation assumption (CPI)	2.30%	2.70%

**Greenwood Tree Academy Trust**  
**Notes to the Financial Statements**  
**For the Year Ended 31 August 2018**

The current mortality assumptions include sufficient allowance for future improvements in mortality rates.

The assumed life expectations on retirement age 65 are:

	2018	2017
<i>Retiring today</i>		
Males	24.0	23.9
Females	26.1	26.0
<i>Retiring in 20 years</i>		
Males	26.3	26.2
Females	28.5	28.3

**Sensitivity analysis**

	2018 £	2017 £
Discount rate +0.1%	3,345,000	3,178,000
Discount rate -0.1%	3,505,000	3,330,000
Mortality assumption - 1 year increase	3,535,000	3,359,000
Mortality assumption - 1 year decrease	3,316,000	3,151,000

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

	2018 £	2017 £
Equities	924,000	787,000
Gilts	212,000	190,000
Corporate bonds	117,000	162,000
Property	172,000	126,000
Diversified Growth Fund	101,000	62,000
Infrastructure	72,000	63,000
Cash	16,000	38,000
Other	78,000	-
Total market value of assets	<u>1,692,000</u>	<u>1,428,000</u>

The actual return on scheme assets was £34,000 gain (2017: £127,000).

**Amounts recognised in the Statement of Financial Activities**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Current service cost	(441,000)	(442,000)
Interest cost	(45,000)	(35,000)
	<u>(486,000)</u>	<u>(477,000)</u>

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

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
<b>At 1 September</b>	(3,253,000)	(2,470,000)
Current service cost	(441,000)	(442,000)
Interest cost	(85,000)	(55,000)
Employee contributions	(58,000)	(59,000)
Actuarial (gain)/loss	393,000	(232,000)
Benefits paid	20,000	5,000
<b>At 31 August</b>	<u>(3,424,000)</u>	<u>(3,253,000)</u>

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

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
<b>At 1 September</b>	1,428,000	767,000
Interest income	40,000	20,000
Return on assets less interest	(6,000)	107,000
Employer contributions	193,000	189,000
Employee contributions	58,000	59,000
Actuarial gain/(loss)	(1,000)	291,000
Benefits paid	(20,000)	(5,000)
<b>At 31 August</b>	<u>1,692,000</u>	<u>1,428,000</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 the trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH and with the academy trust's financial regulations and normal procurement procedures.

There have been no related party transactions with the exception of certain Trustee's receiving remuneration as detailed in note 10.



**24 Prior year Statement of Financial Activities**

	Unres- tricted	Restricted General	Restricted Fixed Asset	2017 Total
	£	£	£	£
<b>Income and endowments from:</b>				
Donations and capital grants	48,393	-	54,850	103,243
<b>Charitable activities:</b>				
Funding for the academy trust's educational operations	-	4,345,220	-	4,345,220
Other trading activities	352,363	-	-	352,363
Investments	688	-	-	688
<b>Total</b>	<u>401,444</u>	<u>4,345,220</u>	<u>54,850</u>	<u>4,801,514</u>
<b>Expenditure on:</b>				
Academy trust educational operations	303,185	4,805,616	90,064	5,198,865
<b>Total</b>	<u>303,185</u>	<u>4,805,616</u>	<u>90,064</u>	<u>5,198,865</u>
<b>Net income / (expenditure)</b>	98,259	(460,396)	(35,214)	(397,351)
<b>Transfers between funds</b>	(199,390)	143,470	55,920	-
<b>Other recognised gains / (losses):</b>				
Actuarial (losses) / gains on defined benefit pension schemes	-	167,000	-	167,000
<b>Net movement in funds</b>	(101,131)	(149,926)	20,706	(230,351)
<b>Reconciliation of funds</b>				
Total funds brought forward	547,376	(1,451,776)	2,060,355	1,155,955
<b>Total funds carried forward</b>	<u>446,245</u>	<u>(1,601,702)</u>	<u>2,081,061</u>	<u>925,604</u>