

# REGISTRAR OF COMPANIES

## Aurora Academies Trust

### Annual Report and Financial Statements

31 August 2017

Company Limited by Guarantee  
Registration Number  
08107711 (England and Wales)

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## Reference and administrative information

<b>Members</b>	Antony Blaker Ron Packard Margaret Pleasants Geoff Palmer Aurora Education Trust
<b>Directors</b>	Ron Packard Maria Szalay (resigned 22 March 2017) Antony Blaker (Chair) David Wootton Jonathan Hodson Karen Rolfe Tim McCarthy Martha Burnige Nathan Russell (resigned 16 March 2017) Christine Bayliss (appointed 1 October 2016) Paul Jobson (resigned 12 December 2016) Stephen Dawson (appointed 28 September 2017)
<b>Company Secretary</b>	Martha Burnige
<b>Chief Executive Officer</b>	Tim McCarthy
<b>Senior Management Team</b>	
Regional Directors	John Greenwood Paul Reilly
Financial Director	David Baron
<b>Registered address</b>	Glenleigh Park Academy Gunter's Lane Bexhill on Sea East Sussex TN39 4ED
<b>Company registration number</b>	08107711 (England and Wales)
<b>Independent auditor</b>	Buzzacott LLP 130 Wood Street London EC2V 6DL
<b>Bankers</b>	Lloyds Bank plc 25 Gresham Street London EC2V 7HN

## Reference and administrative information

### Solicitors

Veale Wasbrough Vizards LLP  
Orchard Court  
Orchard Lane  
Bristol  
BS1 5WS

The directors of Aurora Academies Trust ("the Company") present their annual report together with the financial statements and the auditor's report of the Company for the year ended 31 August 2017. The annual report serves the purposes of both a trustees report and a directors' report under company law.

The financial statements have been prepared in accordance with the accounting policies set out on pages 31 to 36 of the attached financial statements and comply with the Company's memorandum and articles of association, applicable laws and 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 United Kingdom and Republic of Ireland (FRS 102), effective from accounting periods commencing 1 January 2015 or later.

## **STRUCTURE, GOVERNANCE AND MANAGEMENT**

### **Constitution**

The Company is incorporated as a company limited by guarantee and is an exempt charity under the Charities Act 2011. The Company's governing document is its articles of association. The Company was incorporated on 15 June 2012 and now operates six schools in East Sussex, West Sussex and Brighton and Hove with the sixth school, City Academy Whitehawk joining on 1 September 2017.

### **Organisational structure**

During the period the Company had a board of 10 directors also known as the trustees. The directors have formed a committee for each of the academies, known as the Local Academy Boards. Each Local Academy Board includes staff and parent representatives and their focus is to monitor teaching and learning standards in the academy. The Company also has two Regional Standards Councils, one for the east region and one for the west region which look at standards across groups of schools.

The directors have delegated day-to-day responsibility for the management of the Company to the Chief Executive Officer, its two Regional Directors and the Financial Director.

The Company has five members: Aurora Education Trust as Principal Sponsor, Antony Blaker (in his capacity as chair of the directors), Ron Packard, Geoff Palmer and Margaret Pleasants. The members have no legal or operational responsibility for the Company but under company law are entitled to appoint and remove directors.

### **Members' liability**

Every member of the Company undertakes to contribute such amount as may be required (not exceeding £10) to the Company's assets if it should be wound up whilst he or she is a member or within one year after he or she ceases to be a member, for payment of the Company's debts and liabilities before he or she ceases to be a member, and of the costs charges and expenses of winding up and for the adjustments of the rights of the contributories themselves.

## STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

### Directors' indemnities

Subject to the provisions of the Companies Act 2006, every director or other officer or auditor of the Company shall be indemnified out of the assets of the Company against any liability incurred by him in that capacity in defending any proceedings, whether civil or criminal, in which judgement is given in favour or in which he is acquitted or in connection with any application in which relief is granted to him by the court from liability or negligence, default, breach of duty or breach of trust in relation to the affairs of the Company.

### Principal activities

The Company is a multi-academy trust which operates academies and free schools in the UK.

The Company operates four primary academies in East Sussex: Oakwood Primary Academy and Heron Park Primary Academy in Eastbourne and King Offa Primary Academy and Glenleigh Park Primary Academy in Bexhill on Sea. All four schools converted to academy status on 1 September 2012.

The Company also operates The Gatwick School, an all-through free school in Crawley, West Sussex which opened in 2014. The Gatwick School was transferred to the Trust on 1 October 2016.

On 1 September 2017, City Academy Whitehawk, a primary academy in Brighton and Hove, was transferred to the Company from its previous sponsor, City Education Trust. The strategic plan for the growth of the Company is to develop a second cluster of schools in West Sussex/Surrey as well as to grow the number of schools in the East Sussex cluster. Through carefully considered growth the medium-long term strategy is for the Company to grow by 2 or 3 schools per year so that by 2020 there will be a total 12 schools located in two or three geographic clusters within the South East & South London Region (SESL).

### Directors

The directors are trustees of the Company for the purposes of the Charities Act. The following directors were in office at 31 August 2017 and served throughout the period except where shown.

Director	Position	Appointed/ Resigned	Appointing body
Mr Ronald Packard	Vice Chair		Principal Sponsor
Ms Maria Szalay			Principal Sponsor
Ms Martha Burnige			Principal Sponsor
Mr Tim McCarthy	Accounting Officer and Chief Executive Officer		Ex officio
Assistant Chief Constable Antony Blaker	Chair		Directors
Ms Karen Rolfe	Chair of Regional Standards Council (East)		Directors
Mr David Wootton			Directors

## STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

### Directors (continued)

Director	Position Held	Appointed/ Resigned	Appointing body
Mr Jonathan Hodson	Chair of the Finance, Audit and HR Committee		Directors
Mr Russell Nathan		Resigned 22 March 2017	Directors
Mrs Christine Bayliss		Appointed 1 October 2016	Directors
Mr Paul Jobson		Resigned 12 December 2016	Directors
Mr Stephen Dawson	Chair of Regional Standards Council (West)	Appointed 31 August 2017	Directors

### Method of recruitment and appointment or election of directors

The Principal Sponsor of the Company, is entitled to appoint up to eight directors, known as Sponsor Directors. The Chief Executive Officer is an ex officio director of the Company. The directors also appoint further directors for their specific experience or skills. They have appointed Antony Blaker, Assistant Chief Constable of Kent Police and David Wootton and he is the former chair of the Independent Academies Association.

### Policies and procedures adopted for the induction and training of directors

Throughout the period directors have taken part in the Global Leadership Institute (GLI) training which has had leadership, governance, safeguarding responsibilities and analysing data as its foci. The Chief Executive Officer (CEO), the Company Secretary, Regional Directors and two of the Company's academy Headteachers led training in October 2016 and in , March and June 2017. Topics included *Understanding the new Ofsted Framework; Analysing Data and; Prevent & Safeguarding*. There is a planned regular GLI training conference for Spring 2018.

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

The board of directors of the Company has delegated responsibility to a group of three directors (Antony Blaker, Jonathan Hodson and Martha Burnige) to set targets and to annually review the performance of the Chief Executive Officer. This group then recommends any (or no) pay award based on the successful meeting of performance targets by the Chief Executive Officer. The Chief Executive Officer sets the targets and reviews the performance of the two Regional Directors and the Finance Director. The Chief Executive Officer then recommends any pay awards to the Company's Finance, Audit and HR Committee who then approve or reject any such recommendations.

### Connected organisations, including related party relationships

The Principal Sponsor of the Company is Aurora Education Trust (AET), a UK charitable company. The directors of AET are Ron Packard, Maria Szalay and Martha Burnige.

## **STRUCTURE, GOVERNANCE AND MANAGEMENT** (continued)

### **Connected organisations, including related party relationships** (continued)

Ron Packard and Maria Szalay are directors and shareholders of Pansophic Learning Holdings Ltd. which provides educational resources and services to the Company. They are also directors of its subsidiary Pansophic Learning UK Limited (PLUK). Martha Burnige is an employee of PLUK.

## **OBJECTIVES AND ACTIVITIES**

### **Objects and aims**

The Company's charitable objects as set out in its articles of association are:

- ♦ "to advance for the public benefit education in the United Kingdom in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing schools offering a broad and balanced curriculum, and
- ♦ the provision of facilities for recreation or other leisure time occupation for individuals who have need for such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances or for the public at large in the interests of social welfare and with the object of improving their condition of life."

### **Objectives, strategies and activities**

The Company was established to provide:

**Improved teaching and learning** – the Company's focus is on improving standards throughout its academies at a rapid pace, and improving the quality of teaching and learning through the introduction of a comprehensive staff training programme and online assessment.

**More opportunities** – to make sure every pupil achieves the very best that they can, the Company's focus is on working with the senior leaders and teachers in its academies to raise achievement through the curriculum innovation, online assessment programmes, increased attendance and individualised paths for personal growth and development.

**More choice** – the Company's academies work together with schools locally and internationally, sharing resources and experiences. The Company works with partners both locally and internationally, meaning that pupils enjoy a wider range of learning and recreational experiences.

The Company aims to:

**Improve standards** – by aiming for 1.5 years' progress for each child in each academy.

**Raise aspirations** – through the introduction of a philosophy and ethos to bring educational improvements to the academies, pupils and communities. All pupils have individualised paths for personal growth and development, with a focus on pupil self-awareness and self-esteem.



## OBJECTIVES AND ACTIVITIES (continued)

### Objectives, strategies and activities (continued)

**Train staff** – the professional development of all staff is given a high priority and each has an individual professional development plan (IPDP) which maps out their targets and the professional development and support needed for them to achieve their targets. Teachers are entitled to 90 hours of professional development training each year. In addition the Global Leadership Institute leadership training provides 6 days of high quality professional development for senior and middle leaders in all of the academies. This training has been evaluated by all participants and is currently rated as Good with Outstanding features.

**Increase parental engagement and involvement** – through regular community events where parents and other members of the local community are invited to see what the children have been learning, meet with staff and become more engaged in their child's education. In particular there were six occasions during the year in which parents were invited into each academy to celebrate what their child has been learning in Paragon lessons. Parental attendance at these events has been a huge success with well over 90% attendance being achieved at each academy. Parent surveys have also shown a high degree of satisfaction with 80%+ indicating that they are very happy with the education being provided for their child.

### Public Benefit

In setting the Company's objectives and planning its activities, the directors have given careful consideration to the Charity Commission's general guidance on public benefit.

## STRATEGIC REPORT

### Achievements and performance

In the Multi-Academy Trust (MAT) Performance Tables published by the Department for Education (DfE) in Jan 2017 regarding the 2016 Key Stage 2 results, the Company was ranked as the number one Trust operating schools solely in the South East, South London Region for reading progress (and 8<sup>th</sup> highest nationally) and was ranked the number two Trust in the same region for Maths progress (and 11<sup>th</sup> highest nationally)

#### 1. Key Stage 1 Results 2017

Reception and Key Stage 1 results across the Company's schools continued to improve with most figures being at or around national averages

#### *Good Levels of Development (GLD) and Year 1 Phonic Test results*

School/Academy	% GLD at end of Reception (c.f. Nat. Av. 2016)	% Phonics Screening Tests Y1 (c.f. Nat. Av. 2016)
Glenleigh Park (GPPA)	77	77
Heron Park (HPPA)	72	68
King Offa (KOPA)	81	84
Oakwood (OPA)	75	75
The Gatwick School (TGS)	90	86
TRUST AVERAGE (AAT)	79	78

**STRATEGIC REPORT** (continued)

**Achievements and performance** (continued)

**1. Key Stage 1 Results 2017** (continued)

*2017 KS1 Subject Attainment at Age related Expectation*

	% Reading Expected	% Writing Expected	% Maths Expected
GPPA	76	74	72
HPPA	61	52	68
KOPA	81	81	81
OPA	73	64	70
TGS	69	34	64
AAT	78	61	71

These KS1 results evidence that AAT academies continue to provide a very solid bedrock upon which future years' academic attainment will be built. Most of our schools are achieving at or above national averages.

**2. Key Stage 2 Results 2017**

King Offa continued to make sustained improvements at KS2 and its attainment placed it in the top 20% of schools nationally for reading and writing and in the top 10% nationally for Maths. Progress figures were even more impressive placing King Offa in the top 5% nationally. Glenleigh Park continued its improving trajectory with increases in attainment in all elements that matched national increases. Oakwood's progress was at least at or above expected in all elements although cohort changes in Year 6 led to a decrease in attainment in reading, leading to a corresponding 'dip' in its triple attainment score. Heron Park achieved reading results much closer to national averages than in the past but had disappointing maths results which adversely affected its triple attainment score. There are no reported figures for The Gatwick School as it did not have any Year 6 pupils in this reporting period.

## STRATEGIC REPORT (continued)

### Achievements and performance (continued)

#### 2. Key Stage 2 Results 2017 (continued)

##### % at Age related Expectation (ARE) in 2017 KS2 Results

Academy	Reading	Writing	Maths	Triple
GPPA	52	74	66	48
HPPA	65	62	37	25
KOPA	72	83	83	69
OPA	58	58	60	44
AAT	62	71	62	47

#### 3. Ofsted Inspections at The Gatwick School

The Gatwick School received its first Ofsted Inspection in May 2017 and was judged to be Good in all areas, with some areas close to Outstanding

This was a very positive result for The Gatwick School and provided a much needed boost for the school community. The Gatwick School opened its doors to reception and Year 7 students in Sept 2014 and at that time there were only 44 children in total and 6.4 FTE staff. As at 31<sup>st</sup> Aug 2017 there were 353 children on roll and staffing figures are 36 FTE

#### 4. Attendance continued to improve in 2017.

The figures show the improvement since the last year of predecessor schools.

Academy	July 2012 (predecessor schools)	July 2017
GPPA	92.1%	95.1%
HPPA	92.4%	94.9%
KOPA	93.1%	95.0%
OPA	91.8%	93.8%
TGS	N/A	95.2%

**STRATEGIC REPORT** (continued)

**Achievements and performance** (continued)

**5. Enrolment has increased rapidly in 2017**

These figures show the improvement from 2012.

Academy	Sept 2012	July 2017
GPPA	184	354
HPPA	296	394
KOPA	283	405
OPA	343	385
TGS	N/A	353

**Going concern**

After making appropriate enquiries, the directors have a reasonable expectation that the Company 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.

**Key financial performance indicators**

The directors have set the following key performance indicators for the Company for 2017-18:

1. To exceed national averages for academic performance for both attainment and progress at KS1 across the academies;
2. To be at or around national averages for academic performance for both attainment and progress at KS2 across the academies;
3. For the academies to become the top performing schools in their areas;
4. For 90% of all teaching to be graded at least "Good";
5. All academies to achieve at least 95% pupil attendance;
6. Each academy to carry forward a budget surplus of 3%; and
7. To grow the number of schools in East Sussex and to develop a further cluster in and around the Gatwick School, West Sussex.
8. To integrate City Academy Whitehawk, Brighton & Hove into the Company

## **PRINCIPAL RISKS AND UNCERTAINTIES**

### **Risk management**

The Company has prepared a risk register which highlights strategic, operational, reputation and financial risks.

Each risk has been allocated a risk value, a risk owner and an action plan to minimise the risk. Key risks include poor academic results at the academies, a decline in the condition of the building and facilities and the effect of industrial action in particular linked to changes in teachers' pay. It is the intention that the risk register is reviewed termly.

The principal risks and uncertainties in relation to the Company have been identified in the risk register which is updated regularly.

The Company maintains a comprehensive risk register that is monitored by the Company's executive team and the Finance, Audit and HR Committee. There are four identified category areas of risk: strategic; operational; compliance and financial. The three highest risks are:

1. The principal strategic risk is the lower-than-national average pupil attainment at Heron Park Primary Academy in Eastbourne. Whilst Key Stage 1 outcomes are close to national averages, the Key Stage 2 attainment scores particularly in mathematics need to improve and the Company has put in place many intervention strategies, including an external review, providing additional staffing for intervention work and the formation of a Termly Review Panel, specifically to examine and analyse Year 6 progress and attainment data.
2. The principal financial risk over the next few years is the increasing on-costs associated with staffing, especially around pension contributions and the pension deficit. This remains a key priority for the Company and is an ongoing focus for the Financial Director and also the Headteachers' group that meets fortnightly. Mitigating actions around the pension deficit include the review of the annual actuarial report and liaison with Local Government Pension Scheme (LGPS) to ensure that the company is being treated equitably and that latest legislation is understood so that the Company is best placed as a result to minimise pension contribution costs. The Headteachers' group reviews staffing levels and structures to ensure that efficiencies can be made and economies of scale (e.g. by making cross-Company appointments) can be achieved.
3. The principal operational risk is the upkeep and maintenance of the Company's buildings, some of which are in a deteriorating condition. Mitigating actions taken by the Company include a planned annual maintenance regime at each school; the preparation of strategic asset management plans at each site and the commissioning of an external company to assist the Company to bid for Condition Improvement Funds (CIF) in order for us to carry out our building priorities.

### **Financial and risk management objectives and policies**

The Company has limited financial risks given that its principal source of income is the Department of Education. It is not exposed to high levels of risk in connection with cash flow, creditors or bad debtors. Changes to the employer contribution rate for the Local Government Pension Scheme is an identified risk to the Company in light of the deficit.

## **FINANCIAL REVIEW**

### **Financial report for the year**

The net movement on funds for the period amounted to a surplus of £12,675,000 (2016 – deficit of £1,766,000).

The majority of the Company's funding was provided by the Education and Skills Funding Agency (ESFA). The Company's income for the period was £21,635,000 (2016 - £7,558,000). £8,944,000 (2016 - £6,958,000) related to funding for educational operations, £8,230,000 related to donated assets on the transfer of The Gatwick School into the Trust and £3,894,000 (2016 - £37,000) of capital grants were received. Expenditure for the period totalled £10,671,000 (2016 - £8,047,000).

Excluding movements on the fixed asset fund acquisition of The Gatwick School and LGPS costs, the operational deficit for the period was £44,000 (2016 - deficit £2,000).

The Company held fund balances of £30,930,000 (2016 - £18,255,000) at 31 August 2017 which included unrestricted funds of £580,000 (2016 - £590,000) and restricted funds of £30,350,000 (2016 - £17,665,000), including a deficit of £1,716,000 (2016 - £2,959,000) on Local Government Pension Schemes.

The results for the year are shown on page 27.

### **Reserves policy**

The policy of the directors is to maintain a level of reserves that will be adequate to provide a stable base for the continuing operation of the Company whilst ensuring that excessive funds are not accumulated. The directors are satisfied that the Company's reserves are sufficient for its current purposes.

The Company has a pension scheme liability of £1,716,000 (2016 - £2,959,000) as at 31 August 2017 which is included in the restricted reserves. The disclosure does not mean that the liability is already committed and is no longer available to the directors to further the Company's objectives. In the event of academy closure, outstanding Local Government Scheme liabilities would be met by the Department for Education. This guarantee came into force on 18 July 2013 following Parliamentary approval. In the short term, the cash flow impact of having a pension scheme liability may be that employer contributions may increase in order to reduce the liability. The Company will always pay the employer contribution rates set by the pension scheme administrators.

**Investment policy**

The monies received by the Company are largely public funds provided for the education of children and young people. Consequently the directors take a conservative view on the investment of any surpluses. This takes the form of keeping such funds on deposit in interest bearing accounts. The object of this policy is to protect the funds that the Company holds whilst taking opportunities to maximise them where possible.

**PLANS FOR FUTURE PERIODS**

In March 2016 the Regional Schools Commissioner approved the re-brokerage of City Academy Whitehawk (CAW) in Brighton & Hove from its then sponsor, City Education Trust, to the Company. The transfer will take place on 1<sup>st</sup> Sept 2017 – however the Company has been providing services pro-bono in advance of the transfer. These services have included two days a week of one of the Company's Regional Directors; one half day per week of the Company's Financial Director; one day per fortnight of the Company's CEO and; work as required by the Company Secretary. These services from the Company's Executive Team has been supported by other Company Staff, including Headteachers who have been to the school to train staff at all levels prior to transfer.

CAW is currently the only primary academy in Brighton & Hove and its inclusion as part of the Company is seen as a welcome step in helping the school to improve.

**AUDITOR**

In so far as the directors are aware:

- ◆ there is no relevant audit information of which the Company's auditor is unaware; and
- ◆ the directors 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.

Director's report, incorporating a strategic report, approved by order of the members of the Board of Directors and signed on its behalf by:



Jonathan Hodson

Director

Date 13/12/17

**Scope of responsibility**

As directors, we acknowledge we have overall responsibility for ensuring that the Company 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 directors have delegated the day-to-day responsibility to the Chief Executive Officer, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between the Company and the Secretary of State for Education. The Chief Executive Officer is also responsible for reporting to the directors any material weaknesses or breakdowns in internal control.

**Governance**

The information on governance included here supplements that described in the directors' report and in the statement of directors' responsibilities. The directors has formally met four times during the period. Attendance during the year at meetings of the directors was as follows:

Director	Meetings attended	Out of a possible
Ronald Packard	2	4
Maria Szalay	3	4
Martha Burnige	4	4
Tim McCarthy	4	4
Antony Blaker	4	4
Karen Rolfe	3	4
David Wootton	2	4
Jonathan Hodson	4	4
Christine Bayliss	4	4
Stephen Dawson	0	0

***Finance, Audit and HR Committee***

***Purpose statement***

To ensure the Trust has strategic plans in place to deliver effective teaching and learning within the budget. In addition, the Academies Financial Handbook requires that the Trust has a committee to review the risks to internal financial control and must agree a programme of work that will address these risks, to inform the governance statement that accompanies the Company's annual accounts and, so far as is possible, provide assurance to the external auditors.

***General Procedures***

At least two Committee members will be appointed by the directors and the chair of the Committee (who shall be a director) will be appointed by the Committee members on an annual basis.



**Governance (continued)**

***Finance, Audit and HR Committee (continued)***

***General Procedures (continued)***

The committee members will include the trust Accounting Officer, Chief Financial Officer, three Trust Board members and co-opted members as required. The number of co-opted committee members shall not exceed the number of Trust Board members on the committee.

A quorum shall be two members and the committee shall meet at least three times per year.

Minutes will be kept of all meetings and distributed to the directors once agreed as a correct record by the chair. Apart from confidential items these are open for public inspection.

***Remit***

**Finance**

- a) To agree the annual Company and academy budgets prior to the beginning of the financial year, which will be recommended to the Trust board for approval.
- b) To monitor and review the finances of the Company and to comment on how this may affect the development of the Company and the strategic plan.
- c) To prepare the audited financial report for approval of the directors and submission in accordance with the Companies Act / ESFA.

**Risk Management**

- a) To assess the risks arising from the Company's operations including the likelihood and materiality of each risk, regularly reviewing the Company's risk register.

**Audit**

- a) To agree the expected practice, financial policies and segregation of duties as outlined in the financial regulations document and authorisations policy; ensuring this is in line with the latest guidance from the Department for Education as published in the Academies Financial Handbook.
- b) To review the risks to internal financial control and plans to address any issues identified.
- c) To agree the remit and programme of works of the Responsible Officer (if appointed), to monitor, review and ensure all accounting and banking practices conform to regulations and good practice.
- d) To maintain and ensure there is a central register of business interests and that all directors and senior management have declared any related party interests.

**Governance** (continued)

**Finance, Audit and HR Committee** (continued)

Human Resources

- a) To review staffing structures across the trust as part of the annual budget review.
- b) To receive HR reports for each trust location that includes reference to: joiners, leavers, contract of employment changes, sickness absence data, any disciplinary or other HR issues, etc.
- c) To discuss the financial implications of HR issues.

Asset Management Plans

- a) To review asset management plans for each school in the trust.
- b) To review and agree any capital grant bids.
- c) To monitor spend against capital grants to ensure best value is being achieved.
- d) To monitor significant building projects to ensure the project specification is being met, to the required timetable and within budget.

Attendance during the year at meetings of this Committee was as follows:

Director	Meetings attended	Out of a possible
Jonathan Hodson (Chair)	5	5
Antony Blaker	1	1
Tim McCarthy	5	5
Martha Burnige	5	5
Christine Bayliss	3	4

**Governance reviews:**

- ◆ The training of directors has been a key feature of the Company's professional development programme known as Global Leadership Institute (GLI) which has yet again proven itself to be one of the Company's unique selling points.
- ◆ This year the theme has been on developing Leadership at team level.
- ◆ *Survey Monkey* evaluations demonstrate not only the quality of the sessions but also the value placed on GLI by colleagues.

**Governance reviews** (continued)

- ◆ Each Local Academy Board has conducted a skills audit and has run a self-assessment session looking at 20 questions for an effective LAB. This has led to a LAB action plan at each academy. The directors of the Company have also conducted a skills audit and as a result some new directors (with relevant skills identified by this process) have joined the Company.
- ◆ The Company has also run three GLI sessions for Governors that have been well received by participants.
- ◆ Themes for the Governors GLI sessions included: The New Ofsted Framework; Analysing Data; and Safeguarding and *Prevent* Training.
- ◆ The Company has planned a GLI programme for Governors in 2017-18.

**Review of Value for Money**

As Accounting Officer, the Chief Executive Officer has responsibility for ensuring that the Company 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 Company's use of its resources has provided good value for money during each academic year, and reports to the directors where value for money can be improved, including the use of benchmarking data where available. The Accounting Officer for the Company has delivered improved value for money during the year by:

***Improving educational results***

*Targeted school improvement*

At Heron Park, Glenleigh Park and Oakwood, General Annual Grant (GAG) funding was targeted to increase staffing numbers in Years 5 and 6. This led to smaller groups sizes and the ability to set pupils for key subject areas e.g. Mathematics. These appointments are sustainable due to increased pupil enrolment at each academy which ensures even further value for money.

*Focus on Individual Pupils*

Individual pupils in all four academies who attracted pupil premium funding were targeted for additional support (e.g. through *Accelerated Reader*) and results evidence that across the Company's schools these pupils did at least as well as their peers (and in some instances, e.g. at Glenleigh, these pupils outperformed other pupils).

*Collaboration*

The Company received very positive comments from Ofsted at The Gatwick School inspection and one area that was particularly singled out was the professional development of staff provided through the Company's *Global Leadership Institute* (GLI) professional development programme. This programme provides significant value for money as it constitutes 6 days of high quality leadership training for 36 colleagues in the Company. The commercial cost of GLI at a competitive rate of £400 per delegate per day can be calculated as follows:

36 x 6 x 400 = £86,400

This training and development provides significant value for money.

### **Financial Oversight and Governance**

The Company monitors its finances through a planned series of checks-and-balance processes. Weekly meetings are held at academy level between Regional Directors, Heads and the School Business Managers. The Company's Executive Team, consisting of the Chief Executive Officer, the Company Secretary, the two Regional Directors and the Financial Director then oversee the consolidated accounts on a monthly basis. Consolidated management accounts are then scrutinised by the Company's Finance, Audit and HR Committee at their meetings, who also scrutinise work carried out by the Company's independent and external auditors. Finance is a standing item on each of the Company's Trust Board meeting agenda and directors are able to hold the Chief Executive Officer to account on all aspects of finance.

The Company has an agreed scheme of delegation and uses competitive tendering when that scheme dictates and in accordance with the Academies Financial Handbook. In this period the Trust has reviewed the services it purchases and some significant savings have been made allowing more financial resources to be deployed for the education of children. The Company continues to keep its finances and the services it purchases under review in order that best value for money can be achieved. Staffing structures and appointments have been reviewed and during this period several, shared appointments have been made across all 4 academies, including Lead Practitioners for English and for Behaviour and Nurture, which achieves further value for money for all the Trust's academies.

### **The purpose of the system of internal control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Company's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place at the Company for the period ended 31 August 2017 and up to the date of approval of the annual report and financial statements.

### **Capacity to handle risk**

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

### **The risk and control framework**

The Company'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 directors;
- ◆ 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 directors have considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the directors have appointed Buzzacott, the external auditor, to perform Responsible Officer (RO) checks.

The RO's role includes giving advice on financial matters and performing a range of checks on the Company's financial systems. On a regular basis, the external auditor reports to the directors on the operation of the systems of control and on the discharge of the directors' financial responsibilities.

### **Review of effectiveness**

As Accounting Officer, the Chief Executive Officer 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 Buzzacott in relation to the RO checks and the work of Carpenter Box in relation to the RO checks of The Gatwick School;
- ◆ the financial management and governance self-assessment process;
- ◆ the work of the Senior Management Team within the Company who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has advised the directors of the implications of his review of the system of internal control and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the Board of Directors and signed on their behalf by:

Director  Jonathan Hodson

Approved on: 13/12/17

Chief Executive Officer  
and Accounting Officer

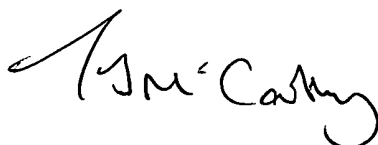
  
Tim McCarthy  
Aurora Academies Trust 19

**Statement on regularity, propriety and compliance 31 August 2017**

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

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

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

 Tim McCarthy

Accounting Officer

Date:

13/12/17

## Statement of directors' responsibilities 31 August 2017

The directors (who act as governors of the Company and are also the trustees of the Company for the purposes of charity law) are responsible for preparing the directors' report and the financial statements in accordance with the Annual Accounts Requirements issued by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under company law, the directors 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 Company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the directors are required to:

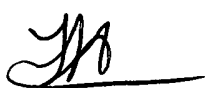
- ◆ select suitable accounting policies and then apply them consistently;
- ◆ observe the methods and principles in the Charities' SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- ◆ make judgments and estimates that are reasonable and prudent;
- ◆ state whether applicable United Kingdom Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements; and
- ◆ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in operation.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the 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 Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the 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 Directors on 13/12/17 and signed on its behalf by:

  
Director  
Date: 13/12/17

## **Independent auditor's report to the members of Aurora Academies Trust**

### **Opinion**

We have audited the financial statements of Aurora Academies Trust (the 'charitable company') for the year ended 31 August 2017 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), 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) (the Charities SORP 2015) and the Academies Accounts Direction 2016 to 2017.

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.

In our opinion, the financial statements:

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

### **Basis for opinion**

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

**Other information**

The directors 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.

**Opinions 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 directors' report including the strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report including the strategic report has been prepared in accordance with applicable legal requirements.

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

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 directors' report including the strategic report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or

**Matters on which we are required to report by exception (continued)**

- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**Responsibilities of directors**

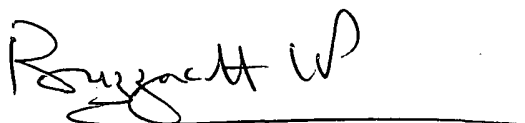
As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors 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 directors either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

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

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



Avnish Savjani (Senior Statutory Auditor)  
For and on behalf of Buzzacott LLP, Statutory Auditor  
130 Wood Street  
London  
EC2V 6DL

18 December 2017

**Independent reporting accountant's assurance report on regularity to Aurora Academies Trust and the Education and Skills Funding Agency**

In accordance with the terms of our engagement letter dated 15 June 2016 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Aurora Academies Trust during the period from 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

**Respective responsibilities of Aurora Academies Trust's Accounting Officer and the reporting accountant**

The Accounting Officer is responsible, under the requirements of the Company's funding agreement with the Secretary of State for Education dated 30 August 2012 and the Academies Financial Handbook 2016, extant from 1 September 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

**Approach**

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

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

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

## Independent reporting accountant's report 31 August 2017

### Approach (continued)

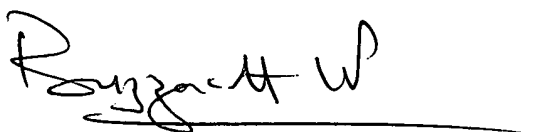
Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the Company's income and expenditure.

The work undertaken to draw to our conclusion includes:

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

### Conclusion

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



Buzzacott LLP  
Chartered Accountants  
130 Wood Street  
London  
EC2V 6DL

18 December 2017

**Statement of financial activities for the year ended 31 August 2017**  
**(including income and expenditure account)**


	Notes	Unrestricted general fund £'000	Restricted funds		2017 Total funds £'000	2016 Total funds £'000
			General £'000	Fixed assets fund £'000		
<b>Income from:</b>						
Donations and capital grants	1	—	—	3,889	<b>3,889</b>	47
Donated assets on transfer	1	4	(9)	8,235	<b>8,230</b>	—
Charitable activities:		—				
Funding for the academy trust's educational operations	4	—	8,944	—	<b>8,944</b>	6,958
Other trading activities	2	483	88	—	<b>571</b>	552
Investments	3	1	—	—	<b>1</b>	1
<b>Total income</b>		<b>488</b>	<b>9,023</b>	<b>12,124</b>	<b>21,635</b>	<b>7,558</b>
<b>Expenditure on:</b>						
Raising funds		134	—	—	<b>134</b>	85
Charitable activities						
Company's educational operations	6	—	9,672	865	<b>10,537</b>	7,962
<b>Total expenditure</b>	5	<b>134</b>	<b>9,672</b>	<b>865</b>	<b>10,671</b>	<b>8,047</b>
<b>Net income (expenditure)</b>		<b>354</b>	<b>(649)</b>	<b>11,259</b>	<b>10,964</b>	<b>(489)</b>
Transfers between funds	16	(364)	181	183	—	—
<b>Other recognised gains and losses</b>						
Actuarial gains (losses) on defined benefit pension scheme	20	—	1,711	—	<b>1,711</b>	(1,277)
<b>Net movement in funds</b>		<b>(10)</b>	<b>1,243</b>	<b>11,442</b>	<b>12,675</b>	<b>(1,766)</b>
<b>Reconciliation of funds</b>						
Total fund balances carried forward at 1 September 2016		590	(2,959)	20,624	<b>18,255</b>	20,021
<b>Total fund balances carried forward at 31 August 2017</b>		<b>580</b>	<b>(1,716)</b>	<b>32,066</b>	<b>30,930</b>	<b>18,255</b>

All of the Company's activities derived from continuing operations during the above financial periods.

**Balance sheet** 31 August 2017

	Notes	2017 £'000	2017 £'000	2016 £'000	2016 £'000
<b>Fixed assets</b>					
Tangible fixed assets	13		32,050		20,624
<b>Current assets</b>					
Stock		6		13	
Debtors	14	1,948		370	
Cash at bank and in hand		782		698	
		<u>2,736</u>		<u>1,081</u>	
<b>Liabilities</b>					
Creditors: amounts falling due within one year	15	(2,140)		(491)	
<b>Net current assets</b>			<u>596</u>		<u>590</u>
<b>Total assets less current liabilities</b>			<u>32,646</u>		<u>21,214</u>
<b>Net assets excluding pension scheme liability</b>			<u>32,646</u>		<u>21,214</u>
Defined benefit pension scheme liability	20		(1,716)		(2,959)
<b>Total net assets</b>			<u>30,930</u>		<u>18,255</u>
<b>Funds of the academy trust</b>					
<b>Restricted funds</b>					
. Fixed assets fund	16		32,066		20,624
. Restricted income fund			—		—
. Pension reserve	16		(1,716)		(2,959)
<b>Total restricted funds</b>			<u>30,350</u>		<u>17,665</u>
<b>Unrestricted funds</b>					
. General fund	16		580		590
<b>Total funds</b>			<u>30,930</u>		<u>18,255</u>

The financial statements on page 27 to 51 were approved by the directors, and authorised for issue on 13 December 2017 and are signed on their behalf by:

Director  Jonathan Hudson  
Date: 13/12/17  
Aurora Academies Trust  
Company Limited by Guarantee  
Registration Number: 08107711 (England and Wales)

**Statement of cash flows** for the year ended 31 August 2017

		2017 £'000	2016 £'000
<b>Cash flows from operating activities</b>			
Net cash provided by operating activities	A	144	197
Cash inherited on transfer		111	—
<b>Cash flows from investing activities</b>	B	(171)	(137)
<b>Change in cash and cash equivalents in the year</b>		<b>84</b>	<b>60</b>
<b>Reconciliation of net cash flow to movement in net funds:</b>			
Cash and cash equivalents at 1 September 2016		698	638
Cash and cash equivalents at 31 August 2017	C	782	698

**A Reconciliation of income (expenditure) to net cash flow from operating activities**

	2017 £'000	2016 £'000
<b>Net income (expenditure) for the year (as per the statement of financial activities)</b>	<b>10,964</b>	<b>(489)</b>
<b>Adjusted for:</b>		
Defined benefit pension scheme obligation inherited	34	—
Inherited tangible assets	(8,264)	—
Depreciation (note 13)	865	501
Capital grants from DfE and other capital income	(3,889)	(37)
Interest receivable (note 3)	(1)	(1)
Defined benefit pension scheme cost less contributions payable (note 20)	367	102
Defined benefit pension scheme finance cost (note 20)	67	59
(Increase) decrease in stocks	17	(13)
(Increase) decrease in debtors	(548)	(135)
Increase (decrease) in creditors	532	210
<b>Net cash provided by operating activities</b>	<b>144</b>	<b>197</b>

**B Cash flows from investing activities**

	2017 £'000	2016 £'000
Dividends, interest and rents from investments	1	1
Purchase of tangible fixed assets	(4,061)	(175)
Capital grants from DfE/ESFA	3,889	37
<b>Net cash used in investing activities</b>	<b>(171)</b>	<b>(137)</b>

**Statement of cash flows** for the year ended 31 August 2017

**C Analysis of cash and cash equivalents**

	2017 £'000	2016 £'000
Cash at bank and in hand	782	698
<b>Total cash and cash equivalents</b>	<b>782</b>	<b>698</b>



**Statement of accounting policies**

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

**Basis of preparation**

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

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

**Income**

All incoming resources are recognised when the Company 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.

The General Annual Grant is recognised in full in the statement of financial activities in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

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

Where an asset is being constructed under the ESFA Free School or Priority Schools Building Programme, and the Company is recognising an asset on balance sheet for the development from ESFA funding, then the policy for this should be disclosed.

Where a Company is recognising an asset under these programmes, it should not be accrued on the basis of the funding letter, which does not give rise to an unconditional entitlement.

**Income (continued)**

***Sponsorship income***

Sponsorship income provided to the Company which amounts to a donation is recognised in the statement of financial activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

***Donations***

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

***Other income***

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the Company 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'.

***Transfer of existing academies into the Company***

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

***Donated fixed assets (excluding transfers on conversion/into the Company)***

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

### **Expenditure**

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

### ***Expenditure on raising funds***

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

### ***Charitable activities***

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

All resources expended are stated net of recoverable VAT.

### **Tangible fixed assets**

Assets costing £1,000 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. 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 such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Company's depreciation policy.

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

- |                                    |                   |
|------------------------------------|-------------------|
| ◆ Leasehold buildings              | 2% per annum      |
| ◆ Fixtures, fittings and equipment | 14%-20% per annum |
| ◆ Computer equipment               | 33% per annum     |

Depreciation is charged from the month of acquisition.

**Expenditure (continued)**

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

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.

**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 Company 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.

**Leased assets**

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

**Financial instruments**

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

*Financial assets* – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 14. 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 as detailed in note 15. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

**Stock**

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

### **Taxation**

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

### **Pensions benefits**

Retirement benefits to employees of the Company 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. As stated in note 20, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

**Fund accounting**

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Education and Skills Funding Agency, Department for Education or other funders where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other grants received from the Education and Skills Funding Agency.

Restricted other funds comprise all other restricted funds received and include grants from the Local Authorities, East Sussex County Council and West Sussex County Council.

**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 Company 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 20, 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 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

***Critical areas of judgement***

There were no areas of judgement that had a significant effect on the amounts recognised in the financial statements.

## Notes to the Financial Statements 31 August 2017

### 1 Donations and capital grants

	Unrestricted funds £'000	Restricted funds £'000	Restricted fixed assets funds £'000	2017 Total funds £'000	2016 Total funds £'000
Capital grants			3,889	3,889	37
Donated assets - Gatwick	4	(9)	8,235	8,230	—
Other donations					10
	4	(9)	12,124	12,119	47

### 2 Other trading activities

	Unrestricted funds £'000	Restricted funds £'000	2017 Total £'000	2016 Total £'000
Hire of facilities	18	-	18	16
School trip income		87	87	70
Sale of uniform and books	32	-	32	22
School clubs	94	-	94	85
Services provided to other schools	32	1	33	146
Miscellaneous income	67	-	67	16
Family Support Worker – third parties	37	-	37	13
Other Nursery income	203	-	203	184
	483	88	571	552

### 3 Investment income

	Unrestricted funds £'000	Restricted funds £'000	2017 Total £'000	2016 Total £'000
Interest receivable	1	-	1	1

### 4 Funding for the academy trust's educational operations

	Unrestricted funds £'000	Restricted funds £'000	Restricted fixed assets funds £'000	2016 Total funds £'000	2015 Total funds £'000
<b>DfE/ESFA grants</b>					
General Annual Grant (GAG)	—	6,902	—	6,902	5,071
Other DfE/ESFA grants	—	1,379	—	1,379	1,096
	—	8,281	—	8,281	6,167
<b>Other Government grants</b>					
Local Authority grants	—	217	—	217	371
Nursery grants	—	446	—	446	420
	—	663	—	663	791
<b>2017 total funds</b>	—	8,944	—	8,944	6,958

**5 Expenditure**

	Staff costs £'000	Non pay expenditure		2017 Total funds £'000	2016 Total funds £'000
		Premises £'000	Other costs £'000		
Expenditure on raising funds	43	—	91	134	85
Company's educational operations					
· Direct costs	5,579	—	874	6,453	5,147
· Allocated support costs	1,962	1,322	800	4,084	2,815
<b>2017 total funds</b>	<b>7,584</b>	<b>1,322</b>	<b>1,765</b>	<b>10,671</b>	<b>8,047</b>

	2017 £'000	2016 £'000
<b>Net income (expenditure) for the year includes:</b>		
Operating lease rentals	34	31
Depreciation	865	501
Fees payable to auditor		
· Audit	23	22
· Other audit services	7	6
· Other services	10	7

**6 Charitable activities – Academy trust's educational operations**

	2017 Total funds £'000	2016 Total funds £'000
Direct costs	6,453	5,147
Support costs	4,084	2,815
	<b>10,537</b>	<b>7,962</b>

	2017 Total funds £'000	2016 Total funds £'000
<b>Analysis of support costs</b>		
Support staff costs	1,962	1,359
Depreciation	865	501
Technology costs	85	29
Premises costs	457	395
Other support costs	643	489
Governance costs (note 7)	72	42
<b>Total support costs</b>	<b>4,084</b>	<b>2,815</b>



## 7 Governance costs

	2017 Total £'000	2016 Total £'000
Legal and professional fees	32	7
Auditor's remuneration:		
. Audit of financial statements	23	22
. Other audit services	7	6
. Other services	10	7
	<b>72</b>	<b>42</b>

## 8 Comparative information

	Unrestricted general fund £'000	Restricted funds		2016 Total funds £'000
		General £'000	Fixed assets fund £'000	
<b>Income from:</b>				
Donations and capital grants	10	—	37	47
Charitable activities:				
Funding for the academy trust's educational operations	—	6,958	—	6,958
Other trading activities	355	197	—	552
Investments	1	—	—	1
<b>Total income</b>	<b>366</b>	<b>7,155</b>	<b>37</b>	<b>7,558</b>
<b>Expenditure on:</b>				
Raising funds	85	—	—	85
Charitable activities				
. Company's educational operations	—	7,461	501	7,962
<b>Total expenditure</b>	<b>85</b>	<b>7,461</b>	<b>501</b>	<b>8,047</b>
<b>Net income (expenditure)</b>	<b>281</b>	<b>(306)</b>	<b>(464)</b>	<b>(489)</b>
Transfers between funds	(283)	145	138	—
<b>Other recognised gains and losses</b>				
Actuarial (losses) gains on defined benefit pension scheme	—	(1,277)	—	(1,277)
<b>Net movement in funds</b>	<b>(2)</b>	<b>(1,438)</b>	<b>(326)</b>	<b>(1,766)</b>
<b>Reconciliation of funds</b>				
Total fund balances carried forward at 1 September 2015	592	(1,521)	20,950	20,021
<b>Total fund balances carried forward at 31 August 2016</b>	<b>590</b>	<b>(2,959)</b>	<b>20,624</b>	<b>18,255</b>

**9 Staff****a) Staff costs**

Staff costs during the period were:

	2017 Total £'000	2016 Total £'000
Wages and salaries	5,704	4,704
Social security costs	488	333
Pension costs	1,296	859
Apprenticeship levy	6	—
	<b>7,494</b>	<b>5,896</b>
Supply staff costs	90	72
	<b>7,584</b>	<b>5,968</b>

**b) Staff numbers**

The average number of persons (including the senior management team) employed by the Company during the year ended 31 August 2017 was as follows:

Charitable activities	2017 Average	2016 Average	2017 FTE	2016 FTE
Teachers	93	74	83	65
Administration and support	188	169	120	111
Management	14	13	14	10
Family Support Workers	2	1	2	1
	<b>297</b>	<b>257</b>	<b>219</b>	<b>187</b>

**c) Higher paid staff**

The number of employees whose emoluments fell within the following bands were:

	2017 Number	2016 Number
£60,001 - £70,000	2	2
£70,001 - £80,000	1	—
£80,001 - £90,000	1	1
£90,001 - £100,000	1	1
£100,001 - £110,000	—	—
£110,001 - £120,000	—	1
£120,001 - £130,000	1	—

**d) Key management personnel**

The key management personnel of the Company comprise the Directors and the senior management team as listed on page 1. The total amount of employee benefits (including employee pension contributions) received by key management personnel for their services to the Company was £434,662 (2016: £408,614).

**10 Related Party Transactions – Directors' remuneration and expenses**

One or more directors has been paid remuneration or has received other benefits from an employment with the multi academy trust. The Chief Executive Officer only receives remuneration in respect of services he provides undertaking the role of the Chief Executive Officer under his contract of employment. In addition the Company pays PLUK (see note 21) for services provided by one of the directors. That director is remunerated by PLUK. The value of directors' remuneration and other benefits was as follows:

	2017 £'000	2016 £'000
Mr Tim McCarthy, Chief Executive Officer and Director		
Remuneration	120-130	110-115
Employer's pension contributions	8	—
Martha Burnige, Director (from 15 March 2016)		
Fees for services paid to PLUK (see note 21)	40-45	25-30

During the year ended 31 August 2017 travel and subsistence expenses totalling £3,626 (2016 - £485) were reimbursed to three directors (2016 – two).

Other related party transactions involving the directors are set out in note 21.

**11 Trustees' and Officers' insurance**

The Company has opted into the Department for Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects Trustees and Officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business and provides cover up to £10,000,000. It is not possible to quantify the Trustee and Officers' indemnity element from the overall cost of the RPA.

**12 Central services**

The Company has provided the following central services to its academies during the period.

- ◆ Financial services;
- ◆ Legal services;
- ◆ Provision of curriculum;
- ◆ Education support services; and
- ◆ Others as arising.

The Company charges for these services on the following basis:

- ◆ Curriculum: in 2016/17 the charge was made at cost, for the specific resources supporting the development of the curriculum, together with a software licence and maintenance fee.
- ◆ All other services are split equally between the five academies or charged pro-rata, based on pupil numbers.

**12 Central services (continued)**

The actual amounts charged during the year were as follows:

	2017 Total £'000	2016 Total £'000
Glenleigh Park Primary Academy	130	108
King Offa Primary Academy	157	171
Oakwood Primary Academy	153	174
Heron Park Primary Academy	163	193
The Gatwick School	157	—
Central services	—	—
	<b>760</b>	<b>646</b>

**13 Tangible fixed assets**

	Freehold land and buildings £'000	Leasehold land and buildings £'000	Furniture and equipment £'000	Computer equipment £'000	2017 Total £'000
<b>Cost/valuation</b>					
At 1 September 2016	—	22,036	293	107	<b>22,436</b>
Donated assets on transfer	7,909	—	169	152	<b>8,230</b>
Additions	3,530	13	253	265	<b>4,061</b>
At 31 August 2017	<b>11,439</b>	<b>22,049</b>	<b>715</b>	<b>524</b>	<b>34,727</b>
<b>Depreciation</b>					
At 1 September 2016	—	1,702	46	64	<b>1,812</b>
Charge in year	157	441	103	164	<b>865</b>
At 31 August 2017	<b>157</b>	<b>2,143</b>	<b>149</b>	<b>228</b>	<b>2,677</b>
<b>Net book value</b>					
At 31 August 2017	<b>11,282</b>	<b>19,906</b>	<b>566</b>	<b>296</b>	<b>32,050</b>
At 31 August 2016	<b>—</b>	<b>20,334</b>	<b>247</b>	<b>43</b>	<b>20,624</b>

The development of the Gatwick School site has not been separately classified as an 'asset under construction' on the basis that the building already exists and is being renovated to bring it into use as a school building.

Donated assets represent the fixed asset acquired in relation to The Gatwick School on 1 October 2016.

**14 Debtors**

	2017 Total £'000	2016 Total £'000
Trade debtors	9	20
VAT recoverable	801	71
Other debtors	3	23
Prepayments and accrued income	1,135	256
	<b>1,948</b>	<b>370</b>

# 15 Creditors: amounts falling due within one year

	2017 Total £'000	2016 Total £'000
Trade creditors	1,604	192
Other creditors	32	1
Accruals and deferred income	504	298
	<b>2,140</b>	<b>491</b>
<b>Deferred income</b>		
Deferred income at 1 September 2016	194	82
Resources deferred in the period	234	194
Amounts released from previous years	(194)	(82)
Deferred income at 31 August 2017	<b>234</b>	<b>194</b>

Deferred income relates to income received in advance for Universal Infant Free School Meals of £165k, Health Improvement grants of £31k, Family Support Workers of £32k and other income of £6k.

# 16 Funds

	Balance at 1 September 2016 £'000	Incoming resources £'000	Resources expended £'000	Gains, losses and transfers £'000	Balance at 31 August 2017 £'000
<b>Restricted general funds</b>					
General Annual Grant (GAG)	—	6,902	(7,093)	191	—
Pupil premium	—	886	(886)	—	—
Other DfE grants	—	493	(493)	—	—
Donated current assets on transfer	—	25	(25)	—	—
Pension reserve	(2,959)	(34)	(434)	1,711	(1,716)
	<b>(2,959)</b>	<b>8,272</b>	<b>(8,931)</b>	<b>1,902</b>	<b>(1,716)</b>
<b>Restricted fixed asset funds</b>					
Donated assets on transfer	—	8,235	—	—	8,235
DfE/ESFA Capital Grants	20,624	3,889	(865)	183	23,831
Capital expenditure from GAG	—	—	—	—	—
	<b>20,624</b>	<b>12,124</b>	<b>(865)</b>	<b>183</b>	<b>32,066</b>
<b>Other restricted funds</b>					
Local authority grants	—	663	(653)	(10)	—
Other restricted funds	—	88	(88)	—	—
	<b>—</b>	<b>751</b>	<b>(741)</b>	<b>(10)</b>	<b>—</b>
<b>Total restricted funds</b>	<b>17,665</b>	<b>21,147</b>	<b>(10,537)</b>	<b>2,075</b>	<b>30,350</b>
<b>Unrestricted funds</b>					
General funds	590	488	(134)	(364)	580
<b>Total unrestricted funds</b>	<b>590</b>	<b>488</b>	<b>(134)</b>	<b>(364)</b>	<b>580</b>
<b>Total funds</b>	<b>18,255</b>	<b>21,635</b>	<b>(10,671)</b>	<b>1,711</b>	<b>30,930</b>

**16 Funds (continued)**

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

**ESFA revenue grant fund and other restricted funds**

These grants relate to the Company's development and operational activities.

**General Annual Grant (GAG)**

Under the funding agreement with the Secretary of State, the Company was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2017. The transfer relates to amounts spent from GAG for maintenance which have been funded by a capital grant.

**Fixed asset fund**

These grants relate to funding received from DfE and other third parties to carry out works of a capital nature.

**Pension reserve**

The pension reserve relates to the Company's share of the deficit of the Local Government Pension Schemes overseen by their respective Local Authorities.

**Analysis of academies by fund balance**

Fund balances at 31 August 2017 were allocated as follows:

	2017 Total £'000	2016 Total £'000
Glenleigh Park Primary Academy	253	274
King Offa Primary Academy	119	127
Oakwood Primary Academy	127	115
Heron Park Primary Academy	2	1
The Gatwick School	21	—
Central services	58	73
Total before fixed assets and pension reserve	580	590
Restricted fixed assets fund	32,066	20,624
Pension reserve	(1,716)	(2,959)
<b>Total</b>	<b>30,930</b>	<b>18,255</b>

**Analysis of academies by cost**

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

	Teaching and educational support costs £'000	Other support staff costs £'000	Educational supplies £'000	Other costs (excluding depreciat- ion and LGPS adjustments) £'000	2017 Total £'000	2016 Total £'000
Glenleigh Park Primary Academy	998	296	189	357	1,840	1,617
King Offa Primary Academy	1,051	383	141	385	1,960	1,723
Oakwood Primary Academy	1,052	367	147	366	1,932	1,733
Heron Park Primary Academy	1,153	282	178	344	1,957	1,694
The Gatwick School	770	259	147	389	1,565	—
Central services	455	154	175	261	1,045	619
Aurora Academies Trust	5,479	1,741	977	2,102	10,299	7,386

**17 Analysis of net assets between funds**

	Unrestricted funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Fund £'000	2017 Total £'000
<b>Fund balances at 31 August 2017 are represented by:</b>				
Tangible fixed assets	—	—	32,050	32,050
Current assets	580	2,140	16	2,736
Current liabilities	—	(2,140)	—	(2,140)
Pension scheme liability	—	(1,716)	—	(1,716)
<b>Total net assets</b>	<b>580</b>	<b>(1,716)</b>	<b>32,066</b>	<b>30,930</b>

**18 Capital Commitments**

	2017 £'000	2016 £'000
<b>The Gatwick School</b>	<b>660</b>	<b>-</b>

**19 Commitments under operating leases**

**Operating leases**

At 31 August 2017, the total of the Company's future minimum lease payments under non-cancellable operating leases was as follows:

<b>Land and buildings</b>	2017 £	2016 £
Amounts due within one year	15	15
Amounts due between two and five years inclusive	19	30
	<b>34</b>	<b>45</b>
<b>Other</b>	2017 £	2016 £
Amounts due within one year	25	20
Amounts due between two and five years inclusive	24	31
	<b>49</b>	<b>51</b>

**20 Pension and similar obligations**

The Company'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 Hyman's Robertson. Both are multi-employer defined benefit schemes.

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

Contributions amounting to £524,783 were payable to the schemes in the year to 31 August 2017 (2016: £416,974). There were no outstanding contributions payable at 31 August 2017.

## 20 Pension and similar obligations (continued)

### *Teachers' Pension Scheme*

#### *Introduction*

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

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

#### *Valuation of the Teachers' Pension Scheme*

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

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

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

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



## 20 Pension and similar obligations (continued)

### *Teachers' Pension Scheme (continued)*

#### *Valuation of the Teachers' Pension Scheme*

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

#### *Local Government Pension Scheme (LGPS)*

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £574,000, of which employer's contributions totalled £442,000 and employees' contributions totalled £132,000. The agreed contribution rates for future years are unknown pending valuation information.

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

Principal Actuarial Assumptions	At 31 August 2017	At 31 August 2016
Rate of increase in salaries	3.0%	4.1%
Rate of increase for pensions in payment / inflation	2.4%	2.1%
Discount rate for scheme liabilities	2.5%	2.1%

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

	East Sussex		West Sussex	
	At 31 August 2017	At 31 August 2016	At 31 August 2017	At 31 August 2016
<i>Retiring today</i>				
Males	22.1	22.2	23.6	24.4
Females	24.4	24.4	25.0	25.8
<i>Retiring in 20 years</i>				
Males	23.8	24.2	26.0	26.9
Females	26.3	26.7	27.8	28.5

## 20 Pension and similar obligations (continued)

### Sensitivity analysis – East Sussex

	Approximate % increase to Defined Benefit Obligation	Approximate monetary amount £'000
<b>Change in assumptions at 31 August 2017:</b>		
0.5% decrease in Real Discount Rate	14	1,037
0.5% increase in the Salary Increase Rate	3	202
0.5% increase in the Pension Increase Rate	11	816

### Sensitivity analysis – West Sussex

	Approximate % increase to Defined Benefit Obligation	Approximate monetary amount £'000
<b>Change in assumptions at 31 August 2017:</b>		
0.5% decrease in Real Discount Rate	16	37
0.5% increase in the Salary Increase Rate	-	—
0.5% increase in the Pension Increase Rate	16	36

The Company's share of the assets and liabilities in the scheme were:

	East Sussex		West Sussex	
	Fair value at 31 August 2017 £'000	Fair value at 31 August 2016 £'000	Fair value at 31 August 2017 £'000	Fair value at 31 August 2016 £'000
Equities	4,293	3,269	85	51
Bonds	835	747	61	11
Corporate bonds				
Property	596	467	13	6
Cash and other liquid assets	238	187	5	2
Other	—	—	—	—
<b>Total market value of assets</b>	<b>5,962</b>	<b>4,670</b>	<b>164</b>	<b>70</b>

	East Sussex		West Sussex	
Amounts recognised in statement of financial activities	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Current service cost	690	441	119	35
Net interest cost	65	59	2	—
<b>Total amount recognised in the SOFA</b>	<b>755</b>	<b>500</b>	<b>121</b>	<b>35</b>

## 20 Pension and similar obligations (continued)

	East Sussex		West Sussex	
Analysis of pension finance income (costs)	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Expected return on pension scheme assets	103	140	2	2
Interest on pension liabilities	(168)	(199)	(4)	(2)
<b>Pension finance income (costs)</b>	<b>(65)</b>	<b>(59)</b>	<b>(2)</b>	<b>—</b>

	East Sussex		West Sussex	
Changes in the present value of defined benefit obligations were as follows:	2017 £'000	2016 £'000	2017 £'000	2016 £'000
At 1 September 2016	(7,629)	(5,003)	—	—
Transferred in on existing academies joining the Company			(104)	(30)
Current service cost	(690)	(441)	(119)	(35)
Interest cost	(168)	(199)	(4)	(2)
Employee contributions	(115)	(95)	(17)	(8)
Actuarial (gain)/loss	939	(1,914)	13	(29)
Benefits paid	52	23	—	—
<b>At 31 August 2017</b>	<b>(7,611)</b>	<b>(7,629)</b>	<b>(231)</b>	<b>(104)</b>

Changes in the fair value of the share of scheme assets:	2017 £'000	2016 £'000	2017 £'000	2016 £'000
At 1 September 2016	4,670	3,482	—	—
Transferred in on existing academies joining the Company			70	26
Actuarial gain/(loss)	744	637	15	8
Expected return on assets	103	140	2	2
Employer contributions	382	339	60	26
Employee contributions	115	95	17	8
Benefits paid	(52)	(23)	—	—
<b>At 31 August 2017</b>	<b>5,962</b>	<b>4,670</b>	<b>164</b>	<b>70</b>

## 21 Related party transactions

Owing to the nature of the Company's operations and the composition of the Board of Directors being drawn from public and private sector organisations, transactions may take place with organisations in which a director has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Company's financial regulations and normal procurement procedures.

The following related party transactions took place in the period of account:

**21 Related party transactions (continued)**

Ron Packard is a director and member of the Company and Maria Szalay is a director of the Company. They are also directors and shareholders of Pansophic Learning Holdings Ltd. (PLHL) and directors of its subsidiary Pansophic Learning UK Limited (PLUK). Martha Burnige is a director of the Company and an employee of PLUK. PLUK has provided services to the Company including curriculum, management and education support services. Fees totalling £157,973 (2016 - £94,675) were payable to PLUK in the period to 31 August 2017. These fees include the following services:

- ♦ Company secretarial and management services, £40,104 (2016 - £26,736);
- ♦ Curriculum fee, £117,869 (2016 - £67,939);

The curriculum fee comprises personnel and IT costs and is calculated on an "at cost" basis in accordance with the Academies Financial Handbook and the tripartite agreement between the Company, Aurora Education Trust and the Secretary of State. The curriculum was procured by the Company in 2012 through an open and fair process. The increased curriculum fee in the year was agreed in order to fund the development of the Paragon curriculum. The development included updating the content, extending the curriculum to Key Stage 3 and reducing the number of annual modules to six to fit in with UK academic terms. This was a one year agreement and a new agreement was negotiated for 2017/18.

During the year, one director of the Company, the Chief Executive Officer, was also a director and Chief Executive Officer of Crawley Free School Trust which transferred The Gatwick School into the Company on 1 October 2016. During the period before The Gatwick School transferred into the Company, The Gatwick School was charged £13,040 (2016: £40,902) in respect of services provided by employees of the Company and £1,750 (2016: £15,553) in respect of the provision of curriculum. At 31 August 2017, a balance of £Nil (2016: £10,993) was owed to the Company by The Gatwick School.

**22 Post balance sheet events**

During the period approval was given by the Regional Schools Commissioner for the South East & South London Region for the operation of City Academy Whitehawk to transfer to the Company. The transfer took place on 1 September 2017. City Academy Whitehawk was operated by the City Education Trust. City Academy Whitehawk is a primary academy located in Brighton and Hove.

**23 Transfer of existing academies into the Company – The Gatwick School**

Academy trusts are expected to agree the details of assets transferring between them, and to be able to reconcile the movements between cost as disclosed in the transferring trust to amounts recognised by the receiving trust. Figures reported should agree to relevant notes of the financial statements.

Details on these adjustments are required for the consolidation of the academy sector. Explanations should be provided for the principal adjustments.

**23 Transfer of existing academies into the Trust – The Gatwick School (continued)**

Typically, separate disclosures should be made for each academy transferring in.

	Value reported by transferring trust £'000	Fair value adjustments £'000	Transfer in recognised £'000
<b>Tangible fixed assets</b>			
Freehold land and buildings	7,909	—	7,909
Furniture and equipment	169	—	169
Computer equipment	152	—	152
<b>Non-current financial assets</b>			
<b>Current financial assets</b>			
<b>Other assets</b>			
Stock	10	—	10
Debtors due in less than one year	1,030	—	1,030
Cash in bank and in hand	111	—	111
<b>Liabilities</b>			
Creditors due in less than one year	(1,117)	—	(1,117)
<b>Pensions</b>			
Pensions – pension scheme assets	70	—	70
Pensions – pension scheme liabilities	(104)	—	(104)
<b>Net assets / (liabilities)</b>	<b>8,230</b>	<b>—</b>	<b>8,230</b>