

REGISTRAR OF COMPANIES

Aurora Academies Trust

Annual Report and Financial Statements

31 August 2018

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

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Reference and administrative information

Members

Aurora Education Trust
Antony Blaker
Ron Packard
Geoff Palmer
Margaret Pleasants

Directors

Christine Bayliss (Vice Chair)
Antony Blaker (Chair until 1 October 2018)
Martha Burnige
Stephen Dawson
Jonathan Hodson
Tim McCarthy (resigned 1 October 2018)
Ron Packard (Chair from 1 October 2018)
Karen Rolfe
Maria Szalay
David Wootton

Company Secretary

Martha Burnige

Senior Management Team

Chief Executive Officer	Tim McCarthy
Director of Education	Paul Reilly
Regional Director	John Greenwood (retired 31 August 2018)
Financial Director	David Baron

Registered address

Glenleigh Park Primary Academy
Gunter's Lane
Bexhill on Sea
East Sussex
TN39 4ED

Company registration number

08107711 (England and Wales)

Auditor

Buzzacott LLP
130 Wood Street
London
EC2V 6DL

Reference and administrative information

Bankers Lloyds Bank plc
25 Gresham Street
London
EC2V 7HN

Solicitors Veale Wasbrough Vizards
Narrow Quay House
Narrow Quay
Bristol
BS1 4QA

Directors' report Year to 31 August 2018

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

The financial statements have been prepared in accordance with the accounting policies set out on pages 34 to 40 of the attached financial statements and comply with the Academy'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.

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.

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.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

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 caters for pupils aged 4-16 and which opened in 2014. The Gatwick School's student roll has risen from just 44 in 2014 to 651 as at September 2018. During the financial year, on 1 September 2017, City Academy Whitehawk, a primary academy in Brighton, 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/Brighton and Hove/Surrey, as well as to grow the number of schools in the East Sussex cluster.

In 2017 the Company was successful in its bid to open and operate a new basic need provision primary school for children aged 2-11 at Westvale Park in Horley, Surrey and which is planned to open in September 2020. Although this takes the Company's portfolio of schools to seven across four different Local Authority areas, Westvale Park is geographically very close to The Gatwick School in Crawley meaning that there is the development of a second cluster in that area.

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 of 12 schools located in two (or possibly three) geographic clusters within the South East & South London Region (SESL).

Directors

The directors are trustees of the Company for the purposes of the charity law. The following directors were in office at 31 August 2018 and served throughout the year except where shown.

Director	Appointed/Resigned	Appointing body
Ms Christine Bayliss	Appointed 28 September 2017	Directors
Mr Stephen Dawson		Directors
Mr Ronald Packard		Principal Sponsor
Ms Maria Szalay		Principal Sponsor
Ms Martha Burnige		Principal Sponsor
Mr Tim McCarthy	Resigned 1 October 2018	Ex officio
Assistant Chief Constable		Directors
Antony Blaker		
Ms Karen Rolfe		Directors
Mr David Wootton		Directors
Mr Jonathan Hodson		Directors

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Method of recruitment and appointment or election of directors

One new director has been appointed this year who joined the board following the transfer of City Academy Whitehawk. He was previously chair of its local governing body and a director of City Education Trust. The Company has been in touch with Academy Ambassadors to identify new potential new directors with particular skills including human resources

Policies and procedures adopted for the induction and training of directors

New directors are provided with copies of key documents and have received a full induction programme led by the Chief Executive Officer.

Directors are invited to the Company's internal Global Leadership Institute training sessions for Local Academy Board members. Directors have also undergone training for the new General Data Protection Regulation.

Organisational structure

The Company has five members including the Principal Sponsor, Aurora Education Trust. The members include the chair of the directors. The members have no legal or operational responsibility for the Company but under company law are entitled to appoint and remove directors.

During the period the Company had ten directors. 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. On 1 October 2018 it was agreed that the Chief Executive Officer should no longer serve as an ex officio director in line with the new Department for Education policy.

The directors have formed a Finance, Audit and HR Committee which receives the monthly management accounts and scrutinises the budget. It also considers the reports of the internal auditor. The Company is not yet of a size which requires a separate audit committee.

The Company also has two advisory bodies called Regional Standards Councils, one for the east region and one for the west region, which look at standards across groups of academies. The chair of each Council is a director.

During the year the directors delegated day-to-day responsibility for the management of the Company to the Chief Executive Officer, two Regional Directors of Education and the Financial Director. Following the retirement of one of the Regional Directors in August 2018, from 1 September 2018 responsibility is delegated to the Chief Executive Officer, the Director of Education and the Financial Director.

Arrangements for setting pay and remuneration of key management personnel

The directors have delegated responsibility to a group of three directors 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 and Audit and HR Committee who then approve or reject any such recommendations.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Trade union facility time

Relevant union officials

Number of employees who were relevant union officials during the period	Full-time equivalent employee number
One	One

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	One
1% - 50%	
51% - 99%	
100%	

Percentage of pay bill spent on facility time

Total cost of facility time	Nil
Total pay bill	
Percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) x 100	

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) x 100	Nil
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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.

Ron Packard and Maria Szalay are directors and shareholders of Pansophic Learning Holdings Ltd. which provides educational resources and services to the Company including the Paragon curriculum. 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

Early Years Foundation Stage/KS1 Test Results 2018

GLD = Good level of development, **EXS** = Working at the expected standard, **GDS** = Working at greater depth within the expected standard

Academy	YR GLD	Y1 Phonics	Reading EXS	Reading GDS	Writing EXS	Writing GDS	Maths EXS	Maths GDS
City Academy Whitehawk	62%	78%	61%	11%	60%	7%	68%	11%
Glenleigh Park Primary Academy	76%	77%	67%	4%	76%	7%	74%	4%
Heron Park Primary Academy	67%	72%	71%	30%	64%	3%	78%	8%
King Offa Primary Academy	75%	75%	74%	30%	73%	16%	74%	22%
Oakwood Primary Academy	62%	72%	63%	19%	63%	8%	63%	6%
The Gatwick School	71%	78%	70%	23%	47%	7%	58%	13%
Aurora average	67%	75%	68%	20%	64%	8%	69%	11%
National average 2017	70.7%	81%	76%	25%	68%	16%	75%	21%

STRATEGIC REPORT (continued)

Outcomes in EYFS and KS1 continue to improve and although still below the national averages overall they are getting closer to it – specific areas for improvement include enabling more pupils to work at greater depth, particularly in Writing and Maths.

AAT KS2 Provisional (unvalidated) SAT Test Results 2018

Academy	Reading EXS+	Writing EXS+	Grammar, Punctuation, Spelling EXS+	Maths EXS+	Triple (Reading, Writing, Maths) (2017)
City Academy Whitehawk	58%	71%	44%	63%	48% (33%)
Glenleigh Park Primary Academy	68%	60%	49%	63%	46% (43%)
Heron Park Primary Academy	77%	62%	62%	73%	52% (25%)
King Offa Primary Academy	67%	83%	90%	93%	63% (69%)
Oakwood Primary Academy	68%	70%	56%	73%	61% (42%)
The Gatwick School	n/a	n/a	n/a	n/a	n/a
Aurora average	69%	69%	61%	74%	54% (43%)
National average 2018 (provisional)	75%	78%	78%	76%	64% (63%)

All academies (except King Offa) increased their "triple" scores from 2017 – in some instances dramatically – most notably at Heron Park Primary Academy, Oakwood Primary Academy and City Academy Whitehawk. The overall Aurora "triple" average increased significantly from 43% in 2017 to 54% this year (against a national increase of 1% from 63% to 64%).

STRATEGIC REPORT (continued)

KS1-KS2 Progress Measures 2018 (source: NCER)

Academy	Reading	Writing	Maths
City Academy Whitehawk	2.1	3.2	1.7
Glenleigh Park Primary Academy	-0.6	-3	-1
Heron Park Primary Academy	4	-0.3	2.8
King Offa Primary Academy	-1	1.4	4.8
Oakwood Primary Academy	0	-0.3	-0.4
The Gatwick School	n/a	n/a	n/a

These progress scores evidence strong performance across the academies. At City Academy Whitehawk scores were well above the national average in all three areas (significantly so in Writing). Heron Park Primary Academy's Reading and Maths were also significantly above the national average as was King Offa Primary Academy's Maths progress. The only area that was well below national averages was Glenleigh Park Primary Academy's Writing. All other progress scores were in line with national averages. The Gatwick School had no data as it had no Year 6 pupils in 2018.

Ofsted inspections at Glenleigh Park Primary Academy and King Offa Primary Academy

During the period there were single day Section 8 short Ofsted inspections at two academies, both of which had previously been judged to be Good at their last Section 5 full inspection. At Glenleigh Park Primary Academy the judgement was that the academy remains Good overall and is Good in all areas. At King Offa Primary Academy the same judgement of remaining Good in all areas was made, however the report further noted that, in the opinion of the inspector, the academy had demonstrated "*strong practice and marked improvement in many areas [which] may indicate that it has improved significantly overall*". Ofsted therefore recommended that the next inspection be a full section 5 inspection giving the academy the opportunity to achieve an "Outstanding" judgement.

Both of these very positive reports highlighted strong Leadership and Management, high quality Teaching and Learning at all stages, good pupil behaviour and outcomes and they also noted the excellent curriculum provision on offer, with both reports highlighting by name specific praise for the *Paragon* Curriculum which is used in all the academies.

Attendance

Academy	July 2012 (predecessor schools)	July 2018
City Academy Whitehawk	N/A	94.2%
Glenleigh Park Primary Academy	92.1%	94.3%
Heron Park Primary Academy	92.4%	94.6%
King Offa Primary Academy	93.1%	96.2%
Oakwood Primary Academy	91.8%	94.7%
The Gatwick School	N/A	94.2%

Enrolment has continued to increase

Academy	Sept 2012	July 2018
City Academy Whitehawk	N/A	373
Glenleigh Park	184	401
Heron Park	296	436
King Offa	283	493
Oakwood	343	430
The Gatwick School	N/A	451
TOTAL	1,106	2,584

STRATEGIC REPORT (continued)

Trust Educational Performance Objectives

The directors have set the following educational performance objectives for the Company for 2018-19:

1. To meet or 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 attainment and above national average for progress at KS2 across the academies;
3. For the academies to become the top performing schools for progress in their areas;
4. For 90% of all teaching to be graded at least "Good";
5. All academies to achieve at least 95.5% 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 in West Sussex.

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.

Financial report for the year

Net income for the year was £8,963,000 (2017 - £10,964,000). This is excluding a positive movement on the defined benefit pension scheme of £1,491,000 (2017 - £1,711,000).

At 31 August 2018, the balance of unrestricted funds and general restricted funds (excluding the pension reserve) was £42,657,000 (2017 - £32,646,000).

On 1 September 2017, City Academy Whitehawk transferred into the Company with net assets valued at £8,652,000

The results for the year are shown on page 30.

Financial and risk management objectives and policies

The Company has limited financial risks given that its principal source of income is the Department for 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.

STRATEGIC REPORT (continued)

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 reserves as at 31 August 2018 amounted to £41,384,000 (2017 - £30,930,000) which comprised primarily of restricted fixed asset reserves. The free reserves amounted to £748,000 (2017 - £580,000).

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.

PRINCIPAL RISKS AND UNCERTAINTIES

Risk management

The Company has prepared a risk register which highlights strategic, operational, reputational 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 overall performance at Heron Park Primary Academy as it remains the only academy that is with an Ofsted judgement of "Requires Improvement". Mitigating factors include the appointment of a new and very experienced Headteacher who took up post in September 2018, a new Maths scheme that led to vastly improved outcomes at KS2 in Mathematics in 2018 compared with 2017 and strategic oversight by both the Chief Executive Officer and Director of Education.

STRATEGIC REPORT (continued)

2. The principal financial risk over the next few years is the increasing on-costs associated with staffing, especially around pension contributions (likely to increase by up to 8%) 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 LGPS schemes 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 (for example 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 during the year include the successful Condition Improvement Fund bids for three schools; City Academy Whitehawk, Oakwood Primary Academy and Glenleigh Park Primary Academy. New bids are being prepared for Heron Park Primary Academy and Glenleigh Park Primary Academy in 2018-19.

FUNDRAISING

The Company received £24,000 of donations and third party grants during the year, with £18,000 of these obtained as a result of the work undertaken by staff at Oakwood Primary Academy.

The Company successfully applied for Condition Improvement Fund grants during the year amounting to £997,534 for three roof replacement projects at Glenleigh Park Primary Academy, Oakwood Primary Academy and City Academy Whitehawk. The bids were formulated on behalf of the Company by two professional building services organisations. The Glenleigh Park Primary Academy project was completed by 31 August 2018 and the other two are due to be completed by the end of December 2018.

The Financial Director monitors and encourages all external fundraising and reports such activities to the Finance, Audit and HR committee.

There were no fundraising complaints received in the year. All fundraising is voluntary and no unreasonably persistent approaches or undue pressure to donate are made.

PLANS FOR FUTURE PERIODS

In November 2017 the Company was approved to open and operate a new basic need provision school in Horley, Surrey. The purpose built two form entry school will be called Westvale Park Primary Academy and it will cater for pupils aged 2-11 including an integrated nursery. This means that the school will be able to operate a Foundation Village approach to EYFS as is the case in its other schools. Plans are already well advanced and the building works will commence in 2019 with an opening date of September 2020.

Directors' report Year to 31 August 2018

AUDITOR

In so far as the directors' are aware:

- ♦ there is no relevant audit information of which the charitable 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.

Directors' report, incorporating a strategic report, approved by order of the members of the board of Directors on 13 December 2018 and signed on its behalf by:



Jonathan Hodson
Director
Date:

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 board of 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 board of 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 have formally met four times during the year. Attendance during the year at meetings of the directors was as follows:

Director	Meetings attended	Out of a possible
Christine Bayliss (Vice Chair)	4	4
Antony Blaker (Chair until 1 October 2018)	4	4
Martha Burnige	4	4
Stephen Dawson (from 27 September 2017)	3	4
Jonathan Hodson	4	4
Tim McCarthy	4	4
Ronald Packard (Chair from 1 October 2018)	0	4
Karen Rolfe	4	4
Maria Szalay	4	4
David Wootton	4	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.
- ◆ *Survey Monkey* evaluations demonstrate not only the quality of the sessions but also the value placed on GLI by colleagues.
- ◆ 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.

Governance statement 31 August 2018

- ♦ The Company has run three GLI sessions for LAB members that have been well received by participants.
- ♦ Themes for the LAB GLI sessions included: the Paragon Curriculum; Understanding data; Taking part in Disciplinary and other Panels.
- ♦ The Company has planned a Training Day for all LAB members for 15 March 2019.

The Finance, Audit and HR committee is a sub-committee of the main board of directors. Its purpose is to ensure that the Company has strategic plans in place to deliver effective teaching and learning within the budget. In addition, the Academies Financial Handbook requires that the Company 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.

During the year, the committee co-opted two additional members, Mark Brunet and Jignash Patel.

Attendance at meetings in the year was as follows:

	Meetings attended	Out of a possible
Christine Bayliss	3	5
Mark Brunet	5	5
Martha Burnige	4	5
Jonathan Hodson (Chair)	5	5
Tim McCarthy	5	5
Jignash Patel	1	3

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 the academic year, and reports to the board of directors where value for money can be improved, including the use on benchmarking data where available. The accounting officer for the Company has delivered and improved value for money during the year by:

Improving educational results

Targeted school improvement

At Heron Park Primary Academy, Glenleigh Park Primary Academy and Oakwood Primary Academy, revenue 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*, *Lexia* and *Reading Recovery*) and results evidence that across the academies these pupils did at least as well as their peers and in some instances, e.g. at City Academy Whitehawk, these pupils outperformed other pupils.

Collaboration

The Company received very positive comments from Ofsted at both Glenleigh Park Primary Academy and King Offa Primary Academy 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 42 members of staff. The commercial cost of GLI at a competitive rate of £400 per delegate per day can be calculated as follows:

$$42 \times 6 \times 400 = £100,800$$

This training and development provides significant value for money.

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 year ended 31 August 2018 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The board of directors has 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 board of directors is 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 year ended 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of 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 board of directors;
- ◆ regular reviews by the finance, audit and HR committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- ◆ setting targets to measure financial and other performance;
- ◆ clearly defined purchasing (asset purchase or capital investment) guidelines;
- ◆ delegation of authority and segregation of duties; and
- ◆ identification and management of risks.

The board of directors has considered the need for a specific internal audit function and has appointed Carpenter Box as internal auditors. In addition, the external auditor has been appointed to perform internal control checks.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the Company's financial systems. On a six monthly basis, the auditors reports to the board of directors, through the Finance, Audit and HR committee on the operation of the systems of control and on the discharge of the board of directors' financial responsibilities.

The Company confirms that the internal auditors have delivered their schedule of work as planned, provide details of any material control issues arising as a result of the internal auditor's work and remedial action has been taken immediately to resolve any reported issues.


Review of effectiveness

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

- ◆ the work of the internal auditor;
- ◆ the work of the external auditor;
- ◆ the financial management and governance self assessment process;
- ◆ the work of the financial director who has responsibility for the development and maintenance of the internal control framework.

The accounting officer has advised the finance, audit and HR committee of the implications of the review of the system of internal control by the finance, audit and HR committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the board of directors on 13 December 2018 and signed on their behalf by:



Jonathan Hodson
Director

T McCarthy
Chief Executive Officer
and Accounting Officer



Approved on:

Statement on regularity, propriety and compliance 31 August 2018

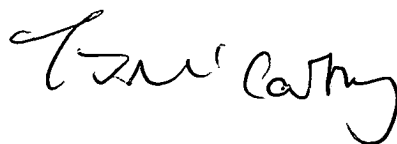
As accounting officer of Aurora Academies Trust I have considered my responsibility to notify the directors and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the Company and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

I confirm that I and the 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 2017.

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

T McCarthy
Accounting Officer

Date:


13/12/18

Statement of Directors' responsibilities 31 August 2018

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

Company law requires the 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 2017 to 2018;
- ◆ 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 Academy 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/DfE have been applied for the purposes intended.

The directors are responsible for the maintenance and integrity of the charity 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 December 2018 and signed on its behalf by:

Jonathan Hodson
Director

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 2018 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 2017 to 2018.

In our opinion, the financial statements:

- ◆ give a true and fair view of the state of the charitable company's affairs as at 31 August 2018 and of its 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 2017 to 2018.

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

Conclusions relating to going concern (continued)

- ◆ 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
- ◆ 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

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

- ◆ 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.

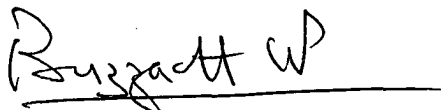
Auditor's responsibilities for the audit of the financial statements

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. This description forms part of our auditor's report.

Use of our report

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



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

Date: 18 December 2018

Independent reporting accountant's report on regularity 31 August 2018

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 13 July 2018 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Aurora Academies Trust during the period from 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to 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 auditor

The accounting officer is responsible, under the requirements of Aurora Academies Trust's funding agreement with the Secretary of State for Education dated 30 August 2012 and the Academies Financial Handbook, extant from 1 September 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

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

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

Independent reporting accountant's report on regularity 31 August 2018

Approach (continued)

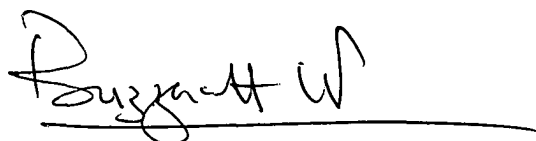
Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the academy trust's income and expenditure.

The work undertaken to draw to our conclusion includes:

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

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 2017 to 31 August 2018 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Reporting Accountant
Buzzacott LLP
Chartered Accountants
130 Wood Street
London
EC2V 6DL

18 December 2018

Statement of financial activities (including income and expenditure account) Year to 31 August 2018

			Restricted funds				
	Notes	Unrestricted general fund £'000	General £'000	Other £'000	Fixed assets fund £'000	2018 Total funds £'000	2017 Total funds £'000
Income from:							
Donations and capital grants	1	24	—	—	2,016	2,040	3,889
Transfer on one academy joining the Company	1	51	(275)	—	8,876	8,652	8,230
Charitable activities							
Funding for the academies' educational operations	2	—	12,236	—	—	12,236	8,944
Other trading activities	3	464	90	—	—	554	571
Investments	4	4	-	—	—	4	1
Total		543	12,051	—	10,892	23,486	21,635
Expenditure on:							
Other trading activities	5	375	—	—	—	375	134
Charitable activities							
Academy's educational operations	7	—	12,837	—	1,311	14,148	10,537
Total		375	12,837	—	1,311	14,523	10,671
Net income (expenditure)		168	(786)	—	9,581	8,963	10,964
Transfers between funds	16	—	(63)	—	63	—	—
Other recognised gains and losses							
Actuarial gains on defined benefit pension scheme	21	—	1,491	—	—	1,491	1,711
Net movement in funds		168	642	—	9,644	10,454	12,675
Reconciliation of funds							
Total fund balances brought forward at 1 September 2017		580	(1,716)	—	32,066	30,930	18,255
Total fund balances carried forward at 31 August 2018		748	(1,074)	—	41,710	41,384	30,930

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

Balance sheet 31 August 2018

	Notes	2018 £'000	2018 £'000	2017 £'000	2017 £'000
Fixed assets					
Tangible fixed assets	12		41,567		32,050
			41,567		32,050
Current assets					
Stock	13	3		6	
Debtors	14	769		1,948	
Cash at bank and in hand		1,966		782	
		2,738		2,736	
Liabilities					
Creditors: amounts falling due within one year	15	(1,648)		(2,140)	
Net current assets (liabilities)					
			1,090		596
Total assets less current liabilities			42,657		32,646
Pension scheme liability	21		(1,273)		(1,716)
Total net assets			41,384		30,930
Funds of the Academy					
Restricted funds					
. Fixed assets fund	16		41,710		32,066
. Restricted income fund	16		199		—
. Pension reserve	16		(1,273)		(1,716)
			40,636		30,350
Unrestricted funds					
. General fund	16		748		580
Total funds			41,384		30,930

The financial statements on page 30 to 60 were approved by the directors, and authorised for issue on 13 December 2018 and are signed on their behalf by:

Signed



Jonathan Hodson
Director

Aurora Academies Trust
Company Limited by Guarantee
Registration Number: 08107711 (England and Wales)

Statement of cash flows Year to 31 August 2018

	Note	2018 £'000	2017 £'000
Net cash inflow from operating activities			
Net cash provided by operating activities	A	569	144
Cash inherited on transfer		565	111
Cash flows from investing activities	B	50	(171)
Change in cash and cash equivalents in the year		1,184	84
Reconciliation of net cash flow to movement in net funds:			
Cash and cash equivalents at 1 September 2017		782	698
Cash and cash equivalents at 31 August 2018	C	1,966	782

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

	2018 £'000	2017 £'000
Net income (expenditure) for the year (as per the statement of financial activities)	8,963	10,964
Adjusted for:		
Inherited pension (surplus)/deficit	302	34
Assets inherited on transfer	(8,954)	(8,264)
Depreciation (note 12)	1,311	865
Capital grants from DfE and other capital income	(1,796)	(3,889)
Interest receivable (note 4)	(4)	(1)
Defined benefit pension scheme cost less contributions payable (note 21)	608	367
Defined benefit pension scheme finance cost (note 21)	60	67
Decrease in stocks	7	17
(Increase) decrease in debtors	1,078	(548)
(Decrease) increase in creditors	(1,006)	532
Net cash provided by operating activities	569	144

B Cash flows from investing activities

	2018 £'000	2017 £'000
Dividends, interest and rents from investments	4	1
Purchase of tangible fixed assets	(1,750)	(4,061)
Capital grants from DfE/ESFA	1,796	3,889
Net cash provided by (used in) investing activities	50	(171)

Statement of cash flows Year to 31 August 2018

C Analysis of cash and cash equivalents

	2018 £'000	2017 £'000
Cash at bank and in hand	1,966	782
Total cash and cash equivalents	1,966	782

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 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

The Company meets the definition of a public benefit entity under FRS 102.

The financial statements have been rounded to the nearest thousand pounds sterling.

Going concern

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

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.

Income (continued)

Grants (continued)

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.

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'.

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.

Income (continued)

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 fair value 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 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:

♦ Freehold buildings	2% per annum
♦ Long leasehold buildings	2% per annum
♦ Fixtures, fittings and equipment	14-20% per annum
♦ IT equipment	33% per annum

Depreciation is charged from the month of acquisition.

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

Pensions benefits (continued)

The LGPS is a funded scheme and the assets are held separately from those of the company 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 income funds comprise all other grants received from the Education and Skills Funding Agency/Department for Education.

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

Critical accounting estimates and areas of judgement (continued)

Critical accounting estimates and assumptions (continued)

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 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

The values attributable to properties transferred into the Company are initially recognised at net book value, which is deemed to constitute fair value. The property's condition, the nature of educational use, and the geographical location are taken into consideration in considering the fair value.

The estimates of useful economic lives of tangible fixed assets used to determine the annual depreciation charge.

Critical areas of judgement

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

1 Donations and capital grants

	Unrestricted funds £'000	Restricted funds £'000	2018 Total funds £'000	2017 Total funds £'000
Capital grants	—	2,016	2,016	3,889
Donated assets – City Academy Whitehawk (note 22)	51	8,601	8,652	8,230
Other Donations	24	—	24	—
2018 Total funds	75	10,617	10,692	12,119

2 Funding for the academy's educational operations

	Unrestricted funds £'000	Restricted funds £'000	2018 Total funds £'000	2017 Total funds £'000
DfE / ESFA revenue grants				
General Annual Grant (GAG)	—	9,623	9,623	6,902
Start Up grants	—	127	127	95
Other DfE / ESFA	—	1,789	1,789	1,284
	—	11,539	11,539	8,281
Other government grants				
Local authority grants	—	207	207	217
Nursery grants	—	490	490	446
	—	697	697	663
2018 Total funds	—	12,236	12,236	8,944

3 Other trading activities

	Unrestricted funds £'000	Restricted funds £'000	2018 Total funds £'000	2017 Total funds £'000
Hire of facilities	31	—	31	18
School Trip Income	—	79	79	87
Sale of Uniform & Books	21	—	21	32
School Clubs	110	—	110	94
Services provided to other schools	—	—	—	33
Catering income	—	11	11	0
Miscellaneous income	111	—	111	67
Family Support Workers - third parties	30	—	30	37
Other Nursery income	161	—	161	203
2018 Total funds	464	90	554	571

4 Investment Income

	Unrestricted funds £'000	Restricted funds £'000	2018 Total funds £'000	2017 Total funds £'000
2018 Total funds: Interest receivable	4	—	4	1

5 Expenditure

		Non pay expenditure			
	Staff costs £'000	Premises £'000	Other costs £'000	2018 Total funds £'000	2017 Total funds £'000
Expenditure on raising funds					
. Direct Costs	267	—	108	375	134
. Support costs	—	—	—	—	—
Charitable activities					
. Company's educational operations					
.. Direct costs	7,700	—	894	8,594	6,453
.. Allocated support costs	2,457	2,103	994	5,554	4,084
2018 Total funds	10,424	2,103	1,996	14,523	10,671

	2018 £'000	2017 £'000
Net income (expenditure) for the year includes:		
Operating leases	37	34
Depreciation	1,311	865
Fees payable to auditor		
. Statutory audit	27	23
. Non statutory audit	7	7
. Other services	1	10

6 Charitable activities - academy's educational operations

	2018 Total funds £'000	2017 Total funds £'000
Direct costs	8,594	6,453
Support costs	5,554	4,084
	14,148	10,537

	2018 Total funds £'000	2017 Total funds £'000
Analysis of support costs		
Support staff costs	2,457	1,962
Depreciation	1,311	865
Technology costs	137	85
Premises costs	792	457
Other support costs	800	643
Governance costs	57	72
Total support costs	5,554	4,084

7 Comparative information

Analysis of income and expenditure in the year ended 31 August 2017 between restricted and unrestricted funds:

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

8 Staff

(a) Staff costs

Staff costs during the year were:

	2018 Total funds £'000	2017 Total funds £'000
Wages and salaries	7,607	5,704
Social security costs	681	488
Pension costs	1,878	1,302
	10,166	7,494
Supply teacher costs	258	90
	10,424	7,584

(b) Staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £1,890 (2017 – Nil). There was one payment was for £1,890.

(c) Staff numbers

The average numbers of people employed by the Company during the year was as follows:

Charitable activities	2018 No.	2017 No.
Teachers	121	93
Administration and support	216	188
Management	20	14
Family Support Workers	2	2
	359	297

Charitable activities	2018 FTE	2017 FTE
Teachers	111	83
Administration and support	152	120
Management	19	14
Family Support Workers	2	2
	284	219

8 Staff (continued)

(d) Higher paid staff

The number of employees whose employee benefits (excluding employer pension costs) fell within the following bands was:

	2018 No.	2017 No.
£60,001 - £70,000	1	2
£70,001 - £80,000	3	1
£80,001 - £90,000	1	1
£90,001 - £100,000	1	1
£120,001 - £130,000	1	1

(e) 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 employer pension contributions and national insurance contributions) received by key management personnel for their services to the Company was £460,000 (2017 - £483,000).

9 Directors' remuneration and expenses

During the year Chief Executive Officer also acted as an ex officio director. He received remuneration in respect of his role as Chief Executive Officer. The Company paid Pansophic Learning UK Limited a fee for company secretarial and other services which were undertaken by a director. Other directors did not receive any payments, other than expenses. The value of directors' remuneration and other benefits was as follows:

	2018 £'000	2017 £'000
Tim McCarthy, Chief Executive Officer and Director		
· Remuneration	120-130	120-130
· Employer's pension contributions	25	8
Martha Burnige, Company Secretary and Director		
· Fees for services paid to Pansophic Learning UK	50-55	40-45
· Employer's pension contributions	—	—

During the year ended 31 August 2018, travel and subsistence expenses totalling £6,991 (2017 - £3,626) were reimbursed to four directors (2017 – two).

Other related party transactions involving the directors are set out in note 22.

10 Directors' and Officers' insurance

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

11 Central services

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

- ◆ Financial management services provided by the financial director;
- ◆ Legal services provided by external solicitors;
- ◆ Paragon curriculum;
- ◆ Specialist safeguarding support and training;
- ◆ Specialist support for nurseries and early years;
- ◆ Specialist support and training for behaviour;
- ◆ Company secretarial support;
- ◆ Data Protection Officer and GDPR training;
- ◆ Others as arising.

The Company charges for these services on the following basis:

- ◆ Curriculum: in 2018 the charge was made at cost, for the specific resources required to maintain the software, together with the cost of the licence fee. In 2017 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 six academies or charged pro-rata, based on pupil numbers.

The actual amounts charged during the year were as follows:

	2018 Total £'000	2017 Total £'000
City Academy Whitehawk	106	—
Glenleigh Park Primary Academy	95	130
Heron Park Primary Academy	124	163
King Offa Primary Academy	110	157
Oakwood Primary Academy	103	153
The Gatwick School	126	157
	664	760

12 Tangible fixed assets

	Freehold land and buildings £'000	Leasehold land and buildings £'000	Furniture and equipment £'000	Computer equipment £'000	Total funds £'000
Cost/valuation					
At 1 September 2017	11,439	22,049	715	524	34,727
Donated assets on acquisition	—	8,516	306	54	8,876
Additions	1,031	431	180	310	1,952
At 31 August 2018	12,470	30,996	1,201	888	45,555
Depreciation					
At 1 September 2017	157	2,143	149	228	2,677
Charge in year	246	584	225	256	1,311
At 31 August 2018	403	2,727	374	484	3,988
Net book value					
At 31 August 2018	12,067	28,269	827	404	41,567
At 31 August 2017	11,282	19,906	566	296	32,050

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 into school use.

Donated assets represent the fixed assets inherited from City Academy Whitehawk on 1 September 2017. Further details of this transfer are included in note 23.

13 Stock

	2018 £'000	2017 £'000
Uniforms	3	6
	3	6

14 Debtors

	2018 £'000	2017 £'000
Trade debtors	49	9
Prepayments and accrued income	591	1,135
VAT Debtor	127	801
Other debtors	2	3
	769	1,948

15 Creditors: amounts falling due within one year

	2018 £'000	2017 £'000
Trade creditors	604	1,604
ESFA creditor: abatement of GAG	165	—
Other creditors	169	32
Accruals and deferred income	710	504
	1,648	2,140
Deferred income		
Deferred Income at 1 September 2017	234	194
Resources deferred in the year	283	234
Amounts released from previous years	(234)	(194)
Deferred Income at 31 August 2018	283	234

Deferred income for the year ended 31 August 2018 relates to income received in advance for Universal Infant Free School Meals of £174k, local authority grants of £50k, Family Support Workers of £21k and school trip income of £38k.

16 Funds

	Balance at 1 September 2017 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2018 £'000
Restricted general funds					
General Annual Grant (GAG)	—	9,622	(9,360)	(63)	199
Start up Grant	—	127	(127)	—	—
Pupil Premium	—	1,236	(1,236)	—	—
Donated current assets on acquisition	—	105	(105)	—	—
Other grants	—	553	(553)	—	—
Pension reserve	(1,716)	(380)	(668)	1,491	(1,273)
	<u>(1,716)</u>	<u>11,264</u>	<u>(12,050)</u>	<u>1,428</u>	<u>(1,074)</u>
Restricted fixed asset funds					
Donated assets on transfer	8,235	8,876	—	—	17,111
DfE Group capital grants	23,831	2,016	(1,311)	—	24,536
Capital expenditure from GAG	—	—	—	63	63
	<u>32,066</u>	<u>10,892</u>	<u>(1,311)</u>	<u>63</u>	<u>41,710</u>
Other restricted funds					
Local authority grants	—	697	(697)	—	—
Other restricted funds	—	90	(90)	—	—
	<u>—</u>	<u>787</u>	<u>(787)</u>	<u>—</u>	<u>—</u>
Total restricted funds	<u>30,350</u>	<u>22,943</u>	<u>(14,148)</u>	<u>1,491</u>	<u>40,636</u>
Unrestricted funds					
General Funds	580	543	(375)	—	748
Total unrestricted funds	<u>580</u>	<u>543</u>	<u>(375)</u>	<u>—</u>	<u>748</u>
Total funds	<u>30,930</u>	<u>23,486</u>	<u>(14,523)</u>	<u>1,491</u>	<u>41,384</u>

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

ESFA revenue grant fund and other restricted funds***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 2018. The transfer relates to amounts spent from GAG for maintenance which have been funded by a capital grant.

16 Funds (continued)

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 academies' 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 2018 were allocated as follows:

	2018 Total £'000	2017 Total £'000
City Academy Whitehawk	270	—
Glenleigh Park Primary Academy	250	253
Heron Park Primary Academy	17	2
King Offa Primary Academy	166	119
Oakwood Primary Academy	215	127
The Gatwick School	28	21
Central services	1	58
Total before fixed assets and pension reserve	947	580
Restricted fixed assets fund	41,710	32,066
Pension reserve	(1,273)	(1,716)
Total	41,384	30,930

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	2018 Total £'000	2017 Total £'000
City Academy Whitehawk	1,276	356	112	380	2,124	—
Glenleigh Park Primary Academy	1,081	365	151	362	1,959	1,840
Heron Park Primary Academy	1,144	317	108	384	1,953	1,957
King Offa Primary Academy	1,144	409	89	383	2,025	1,960
Oakwood Primary Academy	1,120	365	80	382	1,947	1,932
The Gatwick School	1,288	429	155	576	2,448	1,565
Central services	393	154	31	197	775	1,045
Total	7,446	2,395	726	2,664	13,231	10,299

16 Funds (continued)

Comparative information

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

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

16 Funds (continued)

Comparative information (continued)

A current year 12 months and prior year 12 months combined position is as follows:

	Balance at 1 September 2016 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2018 £'000
Restricted general funds					
General Annual Grant (GAG)	—	16,525	(16,454)	128	199
Start up Grant	—	127	(127)	—	—
Pupil Premium	—	2,122	(2,122)	—	—
Donated current assets on acquisition	—	208	(208)	—	—
Other grants	—	1,046	(1,046)	—	—
Pension reserve	(2,959)	(414)	(1,102)	3,202	(1,273)
	<u>(2,959)</u>	<u>19,614</u>	<u>(21,059)</u>	<u>3,330</u>	<u>(1,074)</u>
Restricted fixed asset funds					
Donated assets on transfer	—	17,111	—	—	17,111
DfE Group capital grants	20,624	5,905	(2,176)	246	24,599
Capital expenditure from GAG	—	—	—	—	—
	<u>20,624</u>	<u>23,016</u>	<u>(2,176)</u>	<u>246</u>	<u>41,710</u>
Other restricted funds					
Local Authority grants	—	1,360	(1,350)	(10)	—
Other restricted funds	—	178	(178)	—	—
	<u>—</u>	<u>1,538</u>	<u>(1,528)</u>	<u>(10)</u>	<u>—</u>
Total restricted funds	<u>17,665</u>	<u>44,168</u>	<u>(24,763)</u>	<u>3,566</u>	<u>40,636</u>
Unrestricted funds					
General fund	590	1,031	(509)	(364)	748
Total unrestricted funds	<u>590</u>	<u>1,031</u>	<u>(509)</u>	<u>(364)</u>	<u>748</u>
Total funds	<u>18,255</u>	<u>45,199</u>	<u>(25,272)</u>	<u>3,202</u>	<u>41,384</u>

17 Analysis of net assets between funds

	Unrestricted funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Fund £'000	Total 2018 £'000
Fund balances at 31 August 2018 are represented by:				
Tangible fixed assets	—	—	41,567	41,567
Current assets	748	1,847	143	2,738
Current liabilities	—	(1,648)	—	(1,648)
Pension scheme liability	—	(1,273)	—	(1,273)
Total net assets	748	(1,074)	41,710	41,384

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

	Unrestricted funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Fund £'000	2017 Total £'000
Fund balances at 31 August 2017 are represented by:				
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)
Total net assets	580	(1,716)	32,066	30,930

18 Capital commitments

	2018 £'000	2017 £'000
Contracted for, but not provided in the financial statements	567	660

19 Commitments under operating leases

Operating leases

At 31 August 2018, the total of the Company's future minimum lease payments under non-cancellable operating leases was as follows:

	2018 £'000	2017 £'000
Amounts due within one year	44	40
Amounts due between two and five years inclusive	24	43
	68	83

20 Members' Liability

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

21 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 East Sussex County Council, West Sussex County Council and Brighton and Hove Council. Both are multi-employer defined benefit schemes.

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

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions 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)

21 Pension and similar obligations (continued)

Teachers' Pension Scheme (continued)

Valuation of the Teachers' Pension Scheme (continued)

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

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

The employer's pension costs paid to TPS in the period amounted to £693,000 (2017 - £420,000).

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

Under the definitions set out in FRS 102, the TPS is a multi-employer pension scheme. The Company has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Company 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 2018 was £769,000, of which employer's contributions totalled £594,000 and employees' contributions totalled £175,000. The agreed employer contribution rates for future years are 20.9% for East Sussex and 21% for West Sussex and tiered contribution rates for employees, dependent on their remuneration.

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.

21 Pension and similar obligations (continued)**Local Government Pension Scheme (LGPS) (continued)**

Principal Actuarial Assumptions	At 31 August 2018	At 31 August 2017
Rate of increase in salaries	2.8%	3.0%
Rate of increase for pensions in payment / inflation	2.3%	2.4%
Discount rate for scheme liabilities	2.8%	2.5%

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 2018	At 31 August 2017	At 31 August 2018	At 31 August 2017
<i>Retiring today</i>				
Males	22.1	22.1	23.6	23.6
Females	23.8	24.4	26.0	25.0
<i>Retiring in 20 years</i>				
Males	24.4	23.8	25.0	26.0
Females	26.3	26.3	27.8	27.8

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

	East Sussex		West Sussex	
	Fair value at 31 August 2018 £	Fair value at 31 August 2017 £	Fair value at 31 August 2018 £	Fair value at 31 August 2017 £
Equities	6,174	4,293	150	85
Gilts	1,184	835	97	61
Corporate bonds	—	—	—	—
Property	846	596	22	13
Cash and other liquid assets	254	238	8	5
Total market value of assets	8,458	5,962	277	164

The actual return on scheme assets was £161,000 (2017: £105,000).

Sensitivity analysis	2018 £'000	2017 £'000	2018 £'000	2017 £'000
0.5% decrease in Real Discount rate	1,331	1,037	60	37
0.5% increase in the Salary Increase Rate	235	202	0	0
0.5% increase in the Pension Increase Rate	1,079	816	59	36

21 Pension and similar obligations (continued)**Local Government Pension Scheme (LGPS) (continued)**

	East Sussex		West Sussex	
Amounts recognised in statement of financial activities	2018 £'000's	2017 £'000's	2018 £'000's	2017 £'000's
Current service cost	1,045	690	157	119
Past service cost	—	—	—	—
Interest income	—	—	—	—
Interest cost	57	65	3	2
Benefit changes, gain/(loss) on curtailment and gain/(loss) on settlement	—	—	—	—
Admin expenses	—	—	—	—
Total amount recognised in the SOFA	1,102	755	160	121

	East Sussex		West Sussex	
Changes in the present value of defined benefit obligations were as follows:	2018 £'000's	2017 £'000's	2018 £'000's	2017 £'000's
At 1 September 2017	(7,611)	(7,629)	(231)	—
Conversion of academy trusts	—	—	—	—
Transferred in on existing academies joining the Company	(1,711)	—	—	(104)
Transferred out on existing academies leaving the Company	—	—	—	—
Current service cost	(1,045)	(690)	(157)	(119)
Interest cost	(247)	(168)	(8)	(4)
Employee contributions	(153)	(115)	(22)	(17)
Actuarial (gain)/loss	1,061	939	48	13
Benefits paid	68	52	—	—
At 31 August 2018	(9,638)	(7,611)	(370)	(231)

	East Sussex		West Sussex	
Changes in the fair value of the Company's share of scheme assets:	2018 £'000's	2017 £'000's	2018 £'000's	2017 £'000's
At 1 September 2017	5,962	4,670	164	—
Transferred in on existing academies joining the Company	1,331	—	—	70
Interest income	—	—	—	—
Actuarial gain/(loss)	373	744	9	15
Expected return on assets	190	103	5	2
Employer contributions	517	382	77	60
Employee contributions	153	115	22	17
Benefits paid	(68)	(52)	—	—
Effect of non-routine settlements	—	—	—	—
At 31 August 2018	8,458	5,962	277	164

22 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:

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, company secretarial and management services. Fees totalling £78,321 (2016 - £157,973) were payable to PLUK in the period to 31 August 2018. These fees include the following services:

- ◆ Company secretarial and management services, £56,233 (2017 - £40,104); and
- ◆ Curriculum fee, £22,088 (2017 - £117,869).

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. These expenditures are incurred on an at cost basis.

23 Transfer of an existing academy into the Company – City Academy Whitehawk

On 1 September 2017 City Academy Whitehawk was transferred into the Company from City Education Trust. The analysis of net assets transferred into the Company is shown below.

	Value reported by transferring trust £'000	Fair value adjustments £'000	Transfer in recognised £'000
Tangible fixed assets			
Leasehold land and buildings	8,516	—	8,516
Furniture and equipment	55	—	55
Computer equipment	305	—	305
Other assets			
Stock	4	—	4
Debtors due in less than one year	101	—	101
Cash in bank and in hand	565	—	565
Liabilities			
Creditors due in less than one year	(514)	—	(514)
Pensions			
Pensions – pension scheme assets	1,331	—	1,331
Pensions – pension scheme liabilities	(1,711)	—	(1,711)
Net assets / (liabilities)	8,652	—	8,652

24 Post balance sheet events

The Company has been approved to open and operate a new basic need provision school in Horley, Surrey which will be called Westvale Park Primary Academy. The school is expected to open in September 2020.