

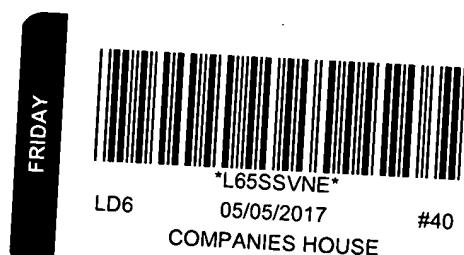


The Good Shepherd Trust

**A multi-academy trust in the Church of England
Diocese of Guildford**

**A charity exempt from registration
A company limited by guarantee, number 8366199**

**Annual Report and Financial Statements
for the year ended 31 August 2016**



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REFERENCE AND ADMINISTRATIVE INFORMATION

Members	The Guildford Diocese Educational Trust (represented by its Chairman, Canon Derek Holbird till 31 August 2016, and Canon Dr Stephen Green from 1 September 2016) Mr Peter Coles The Revd Canon Colin Matthews Mr Simon Walker
Directors	The Venerable Paul Bryer – appointed 15 June 2016 Mr Robert Burke – appointed 22 February 2016 The Very Revd Dianna Gwilliams Mrs Caroline Doherty – appointed 15 April 2016 Canon Derek Holbird – resigned 31 August 2016 Mr Anthony Lau-Walker – appointed 16 December 2015 The Revd Canon Colin Matthews – resigned 22 July 2016 Mrs Catherine Myers Mrs Susan Potter Mr Mark Powell – resigned 6 January 2016 Mr Nigel Stapleton Mr Simon Walker (Chairman) The Directors are also the Trustees for the purposes of charity law and served from 1 September 2015 to the date of this report except where otherwise stated:
Company Secretary	Mr Stephen Collyer
Clerk to the Directors	Mrs Penny Came
Management Team <ul style="list-style-type: none">• Chief Executive• Principal Officer• Head of Finance• Operating Officer• Finance Officers	Dr Peter Simpson Ms Kate Evans Mr Stephen Collyer Mr Terence Doyle Mrs Georgina Fry Mr Christopher Stanley
Company name	The Good Shepherd Trust
Principal and Registered Office	Academies Office, Larch Avenue, Guildford, GU1 1JY
Bankers	Lloyds Bank plc, High Street, Guildford, Surrey GU1 3AD
Registered Auditors	<i>haysmacintyre</i> , 26 Red Lion Square, London WC1R 4AG
Solicitors	Lee Bolton Monier-Williams, 1 The Sanctuary, Westminster, London SW1P 3JT

TRUSTEES' ANNUAL REPORT AND REPORT OF THE DIRECTORS
For the year ended 31 August 2016 (continued)

1 STRUCTURE, GOVERNANCE AND MANAGEMENT

1.1 Organisational structure

The Trust is a company limited by guarantee and a charity exempt from registration under the Charities Act 2011 by virtue of being regulated as an academy trust by the Secretary of State for Education. It was incorporated on 18 January 2013 and its governing instrument is its memorandum and articles of association.

The members of the Trust under the articles consist of the Guildford Diocese Educational Trust (the "GDET") acting corporately, represented by its chairman, Canon Derek Holbird until 31 August 2016, and Canon Dr Stephen Green from 1 September 2016, two members of the GDET appointed by the GDET, Mr Peter Coles and the Revd Canon Colin Matthews, the Chairman of the Directors of the Trust, Mr Simon Walker, and any members appointed by the Secretary of State for Education (none appointed). The liability of each of the members of the Trust in the event that it is wound up is limited to £10.

The Trust is governed by its board of Directors, which operates with the following committees, whose purposes are described in the Governance Statement on pages 17 to 19:

Ethos Committee

The Venerable Paul Bryer
The Very Revd Dianna Gwilliams
Mr Simon Walker (ex officio)
Mrs Jane Whittington (in attendance)

Effectiveness Committee

The Very Revd Dianna Gwilliams
Mr Tony Lau-Walker
Mrs Catherine Myers
Mrs Sue Potter
Mr Simon Walker (ex officio)
Dr Peter Simpson (in attendance)
Ms Kate Evans (in attendance)

Efficiency Committee

Mr Robert Burke
Mr Nigel Stapleton
Mr Simon Walker (ex officio)
Dr Peter Simpson (in attendance)
Mr Stephen Collyer (in attendance)
Mr Terence Doyle (in attendance)

Audit Committee

Given the small number of Directors the functions of this committee have been absorbed by the Efficiency Committee.

During the period the Board saw the resignation from its number Mark Powell, Derek Holbird and Colin Matthews. We are grateful for their considerable contributions in setting up the

TRUSTEES' ANNUAL REPORT AND REPORT OF THE DIRECTORS

For the year ended 31 August 2016 (continued)

Trust and steering us through our first three years of operation.

The local governing body (LGB) of each academy school within the Trust is constituted as a sub-committee of the Trust. The chairman of each LGB is appointed by the Directors, as are the other members of the LGB. During the year the following LGBs were in existence:

<i>Academy</i>	<i>Date converted</i>	<i>LGB Chair</i>
The Holme C of E Primary School, Headley	1 September 2013	Mr Jeff Batchelor
St John's C of E Primary School, Dorking	1 November 2013	Mr David Draper
St Mary's C of E Primary School, Chiddingfold	1 November 2013	Mrs Caroline Doherty
St Paul's C of E Primary School, Addlestone	1 April 2014	Mrs Julie Patterson
Ashley C of E Primary, Walton on Thames	1 September 2014	Mr Nigel Stapleton
Queen Eleanor's C of E Junior School, Guildford	1 October 2014	Mr Peter Brayne
The Weald C of E Primary School, Beare Green	1 September 2015	Ms Nikki Morgan
Christ's College, Guildford	1 December 2015	Mr Colin Henry
Waverley Abbey C of E Junior School, Tilford	1 December 2016	Mrs Yvonne McLeod

1.2 Director recruitment, selection and induction

Directors are appointed by the members, having regard to the need for the range of appropriate skills and experience on the board, as well as to their commitment to maintain the Christian ethos in our schools. During these early years of the Trust's existence, Directors are given induction and training both as individuals and as a whole board as needs are identified.

In addition to regular business meetings during the year, the Directors have devoted two days to the setting of strategic objectives and planning for the next three years.

1.3 Other organisations with which the Trust co-operates in achieving its objectives

Bishop Andrew Watson, the current Bishop of Guildford, inaugurated in February 2015 has reviewed the Diocesan vision and has launched '*Transforming churches, transforming lives*'. There are 12 transformation goals and goal 8 is specifically related to education in the Diocese of Guildford. Goal 8 states,

'together to improve the standards and develop the Christian distinctiveness of our Church schools, wholeheartedly embracing our contribution to education in the diocese. Education lies at the heart of our mission as a diocese – our Church schools, of course, as well as our wider link within the education sector from nursery school to university and all points in between. This goal affirms a commitment to education and the opportunities it offers, which is shared between the parishes, our schools, the further and higher education sectors.'

The Good Shepherd Trust, as the diocesan multi-academy trust is at the centre of the diocese's mission.

The Diocesan Board of Education, as part of the strategy to implement the diocese's mission through and in church schools, has incorporated its committee dealing with church academies

TRUSTEES' ANNUAL REPORT AND REPORT OF THE DIRECTORS

For the year ended 31 August 2016 (continued)

as The Guildford Diocese Educational Trust (GDET). This company operates principally by agreeing the diocesan policy for church academies and by appointing members of single academy trusts and multi-academy trusts.

The Trust's staff for its central services were until May 2016 employed by the Guildford Diocesan Board of Finance (GDBF) (a registered charity and company limited by guarantee) and were effectively seconded to the Trust. By September 2016 all of the GST's staff were directly employed by the Trust itself. Three staff members continue to perform duties for the GDBF, and costs are recharged. The costs of other services provided by the GDBF are invoiced to the Trust by Guildford Diocesan Services Limited, the wholly-owned trading subsidiary of the GDBF.

1.4 Delegation of day to day delivery

During the period to 31 August 2016 the Directors have delegated day to day responsibility for managing the conversion of schools to academy status under the auspices of the Trust to the Chief Executive and the School Development and Project Management Officer. The Trust delegates day to day management of each academy to its headteacher and local governing body in accordance with its scheme of delegation. With effect from 1 September 2013 the Company Secretary and Head of Finance has been engaged to administer the Trust's finance and governance affairs. In February 2014 a part time Finance Officer was engaged and in September 2014 a full time Academies Operating Officer was engaged. A further Finance Officer was engaged in May 2016, as was the Principal Officer, whose duties concentrate on school effectiveness. Additional staffing is engaged on a project basis to ensure that activities are appropriately serviced.

The remuneration of the Trust's management team is set and kept under review by the Efficiency Committee, and Chief Executive Officer.

2 OBJECTIVES AND ACTIVITIES

The Trust's object is 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 academies which shall offer a broad and balanced curriculum and which shall include:

- (i) Church of England schools designated as such which shall be conducted in accordance with the principles, practices and tenets of the Church of England both generally and in particular in relation to arranging for religious education and daily acts of worship (as required by the relevant funding agreement), and having regard to any advice issued by the Diocesan Board of Education; and
- (ii) other academies whether with or without a designated religious character; but in relation to each of the academies to recognise and support their individual character and respect the different background of each and its links to the local community which it serves.

The Trust pursues this object by developing the capacity to accept converting schools into the Trust, to project-manage the conversion process in schools that are obliged to convert or

apply to become academies under the auspices of the Trust, and to operate and improve the education in those schools which have converted, all the while maintaining and developing the Christian ethos of the schools as part of the Church's engagement with local communities.

At the date of this report there are nine schools in the Trust, eight of which are primary schools, and one a secondary school. In addition to the six academies in the Trust at 31 August 2015, the Weald C of E Primary School, Beare Green converted on 1 September 2015 (sponsored), and Christ's College, Guildford converted on 1 December 2015 (OFSTED 'Good'). Since the year-end, Waverley Abbey C of E Junior School converted on 1 December 2016 (OFSTED 'Good').

3 STRATEGIC REPORT

3.1 Priorities

In this third full year of the Trust's operation, the Directors' priorities have been to:

- continue to significantly improve pupil achievement and progress across our schools with a focus on improving the quality of education for all learners
- secure the leadership of all our schools by appointing high quality headteachers, on a substantive basis
- build the organisational infrastructure of the Trust to deliver high quality and cost effective services, including the deployment of project based staff to service the needs of individual schools and the Trust itself.
- develop and strengthen the Trust's governance, including through training, and where vacancies arise, making strategic and high quality appointments based on a needs and skills assessment
- develop our partnership networks to secure high quality school improvement support for schools, including through local Teaching Schools which provide access to networks of NLE, SLEs and LLEs and by facilitating support across the improving schools in the Trust.
- develop effective local governing bodies with clear schedules of delegation, which are well chaired and operating effectively.

3.2 Risk assessment

The major risks at this early stage in the Trust's existence continue to be in the areas of its capacity to govern and improve the educational provision in its academies in line with the Secretary of State's expectations, together with the financial risk of making sufficient educational provision to improve schools at a time of austerity when the Trust has limited reserves, and especially where not all schools are full (or nearly full). Directors have planned strategically to ensure the growth of the Trust is both sustainable and financially viable whilst maintaining and improving standards in all Trust schools.

Achievement of our aims and objectives entails taking risks. The Directors are satisfied that appropriate internal control systems and risk management processes are in place, and keep these under review. They consider that the following framework provides the Trust with adequate measures to reduce the impact of identified risks:

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For the year ended 31 August 2016 (continued)

- The Efficiency and Audit Committees reviews risk and internal controls, approve the annual audit plan, and is putting into place internal audit procedures with regular internal audit reports, progress reports and risk updates.
- The Effectiveness Committee reviews the progress of each school four times a year when judgements are made based on clear evidence.
- The Trust's senior leadership team reviews key strategic and operational risks on a regular basis. They consider progress on mitigating actions, new and emerging risks and opportunities.
- The Board itself through four full board meetings a year reviews risk relating to academy conversions, academy effectiveness, and academy operational efficiency.

4 ACHIEVEMENTS AND PERFORMANCE

The main activities of the Trust during the period have centred on the operation of all schools in the GST with a focus on improving learner outcomes while maintaining their Christian ethos and improving their overall educational provision.

Two further schools joined the Trust during the period of this report. The Weald Church of England Primary School joined as a sponsored academy on 1 September 2015 and Christ's College, Guildford converted to become an academy on 1 December, 2015

No academy received an Ofsted inspection during the academic year 2015-2016.

Two schools received a Statutory Inspection of Anglican and Methodist Schools (SIAMS) under Section 48 of the Education Act 2005. St Paul's Church of England Primary School (inspected 1 December 2015) was judged as good for overall effectiveness and good in each element. St Mary's Church of England Primary School (inspected 11 March 2016) was judged good for overall effectiveness and for each element except for leadership and management which was evaluated as outstanding.

The Trust provides its own quality assurance for all academies through several strategies including: regular monitoring by an Ofsted lead inspector, validated self-evaluation, headteacher performance management and attached consultant visits. Any reports are published to the Directors, the relevant Local Governing Body, parents and on the individual academy's and the Trust's websites. The reports are also shared with the Local Authority to enable the appropriate Director of Children's Services to exercise his/her statutory duties. These reports, which are a subject of public record, demonstrate the progress made by each school since its conversion to academy status.

Particular strengths include: improved leadership, stronger teaching, better pupil attainment and progress, and an increased rate of school improvement evidenced by improved pupil outcomes and better teaching.

The tables on the following three pages show the unvalidated 2016 key stage 1, 2 and 4 results (validated RAISE online data was not available in the period to 31 August 2016).

The Directors draw the following main conclusions from this data:

Early Years Foundation Stage

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For the year ended 31 August 2016 (continued)

- outcomes overall were ahead of national averages
- The proportion of children achieving a good level of development was ahead of national averages in all but two schools (St Mary's and The Weald),
- outcomes represent strong progress from low starting points in St John's, St Paul's and The Holme

Phonics

- outcomes overall were ahead of national averages
- scores for individual schools were within the national average range for all schools except The Weald.
- outcomes at Ashley were significantly ahead of national averages
- outcomes represent strong progress from low starting points in St John's, St Paul's, St Mary's and The Holme

Key Stage 1

- outcomes overall were ahead of national averages
- scores for individual schools were within the national average range for all schools, for the proportion of pupils achieving ARE and at above ARE, in all subjects, except at St Mary's.

Key Stage 2

- outcomes overall were ahead of national averages, except in writing, which were just below
- outcomes across schools were very varied, reflecting different contexts
- progress scores were significantly ahead of national averages, for all subjects in St John's, St Mary's and St Paul's
- progress was weak in all subjects in The Weald and The Holme, and was varied across subjects at Ashley and Queen Eleanor's

Key Stage 4 (one school)

- attainment in maths and English was below the national average for the proportion of students achieving Grade C or above, but within the national average range for attainment in the English baccalaureate subjects
- attainment in the 'Attainment 8' measure was within national average range, but progress in these subjects was just below national averages

With a new subscription to FFT Aspire, starting in January 2017, we look forward to more detailed analysis of the performance of groups of pupils across the Trust.

The following numbers of children were admitted to the reception year in September 2015:

The Holme	reception	30 (PAN 30)	
St John's	reception	29 (PAN 30)	
St Mary's	reception	30 (PAN 30)	
St Paul's	reception	60 (PAN 60)	
Ashley	reception	90 (PAN 90)	
Queen Eleanor's	year 3	112 (PAN 120)	
The Weald	reception	27 (PAN 30)	year 3 52 (PAN 60)

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For the year ended 31 August 2016 (continued)

Key Stage 1 Unvalidated Pupil Outcomes as at November 2016

School Name	EYFS		Y1 Phonics		Key Stage 1 (pupil numbers in brackets)						
	Number of pupils	% Good Level of Development	Y1 No. of pupils	% expected standard	KS1 No. of pupils	%expected standard Reading	% above exp stand Reading	%expected standard Writing	% above exp stand Writing	%expected standard Maths	% above exp stand maths
Ashley	90	76(68)	60	90(54)	60	88(53)	42(25)	92(55)	22(13)	90(54)	17(10)
Queen Eleanor's	0		0		0						
St John's Dorking	29	79(23)	30	79(24)	27	70(19)	0	67(18)	0	67(18)	0
St Paul's Addlestone	60	70(47)	44	73(32)	53	83(44)	21(11)	79(42)	21(11)	83(44)	75(40)
St Mary's Chiddingfold	28	54(15)	30	83(25)	21	67(14)	24(5)	53(11)	10(2)	62(13)	19(4)
The Holme	30	89(27)	17	82(14)	12	75(9)	50(6)	75(9)	33(4)	75(9)	25(3)
The Weald	27	63(17)	23	67(15)	28	71(20)	29(8)	68(19)	14(4)	75(21)	18(5)
National averages	(2015)	66		81		74	24	65	13	73	18
Totals for GST	264	74	204	80	201	78	27	77	17	79	31
Converter academies National Average						76		68		75	
converter academies GST						90		92		90	
sponsored academies National Average						70		62		70	
converter academies GST						72		67		71	

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TRUSTEES' ANNUAL REPORT AND REPORT OF THE DIRECTORS
For the year ended 31 August 2016 (continued)

Key Stage 2 (pupil numbers in brackets)

School Name	KS2 No. of pupils	% expected standard Reading	Average scaled score	% above 110 Reading	Mean average progress Reading	% expected standard Writing	% above expected Writing	Mean Average Progress Writing	% expected Standard Maths	average scaled score	% above 110 maths	Mean Average progress Maths	% expected standard RWM	% above 110 RWM
Ashley	60	88(53)	108	40	+0.9	83(50)	22	-0.8	80(48)	106	23	-1.3	78(47)	12
Queen Eleanor's	60	87(53)	109	45	+2.3	78(47)	25	-1	90(54)	107	35	+1.6	75(45)	23
St John's Dorking	18	61(11)	102	6	+3.6	72(13)	17	+5.0	61(11)	101	6	+2.1	39(7)	0
St Paul's Addlestone	59	70(41)	104	22	+2.8	78(46)	12	+1.3	75(44)	104	15	+2.3	56(33)	7
St Mary's Chiddingfold	15	87(13)	106.9	34	+4.7	80(12)	20	+1.7	80(12)	105.7	27%	+3.0	73(11)	7%
The Holme	9	22(2)	96	0	-5	33(3)	0	-3.9	33(3)	96	0	-4.15	22(2)	0
The Weald	57	68(39)	103	21	-1.5	47(27)	0	-5.9	63(36)	101	7	-3.1	37(21)	2

National averages		66				74			70				53
Surrey averages		73							74				58
Hampshire averages		71							71				57
Kingston averages		74							78				54
Totals for GST	278	76				71			75				58
Converters academies National Average		70				77			73				57
Converter academies GST	120	88				82.5			85				77
Sponsored academies National Average		54				71			62				43
Sponsored academies GST	158	67				64			67				50

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For the year ended 31 August 2016 (continued)

Key Stage 4

Progress 8 and Attainment 8 are key parts of the government's accountability measures for 2016. They replace the previous headline measures of at least five grades A*-C including English and mathematics and expected progress. Attainment 8 and Progress 8 measure the achievement of pupils across 8 qualifications including mathematics (double weighted) and English (double weighted), 3 further qualifications that count in the English Baccalaureate (EBacc) measure, and 3 further qualifications that can be GCSE qualifications (including EBacc subjects) or any other non-GCSE qualifications on the DfE approved list.

Christ's College	Grade C or above	
	School	National Ave
English & Maths	55%	62%
English Baccalaureate	25%	24%

Christ's College	Progress 8	Attainment 8	National Average
Overall	-0.1	48.66	49.34
English	-0.5	9.66	10.41
Maths	0.4	10.71	9.71
EBacc	-0.2	13.28	13.61
Open element	-0.3	15.00	15.61

TRUSTEES' ANNUAL REPORT AND REPORT OF THE DIRECTORS

For the year ended 31 August 2016 (continued)

5 FINANCIAL REVIEW

Financial Performance

The year 1 September 2015 to 31 August 2016 was the third full year of operation for the Trust. These financial statements cover the operation of the eight academies open during the year as well as the pre-opening activity concerning their conversion from maintained school status of the two schools which converted during the year.

	As at 1 September 2015 £,000	Incoming Resources £,000	Resources Expended £,000	Gains, Losses and Transfers £,000	As at 31 August 2016 £,000
Valuation of fixed assets on conversion	3,423	1,265	(37)	-	4,651
Valuation of pension deficit on conversion	(1,796)	-	(1,782)	(1,355)	(4,933)
Pre-opening grants	121	16	(49)	(9)	79
Capital grants	1,756	1,391	(133)	-	3,014
Revenue operations	651	12,558	(12,845)	197	561
	<u>4,155</u>	<u>15,230</u>	<u>(14,846)</u>	<u>(1,167)</u>	<u>3,372</u>

While the Trust's gross income has once again grown considerably during the year to £15,230,000, only £12,558,000 may strictly be considered as recurring in nature. Similarly, while the Trust's expenditure has also grown to £14,846,000, only £12,845,000 was recurring in nature. Although the Trust's revenue expenditure exceeded its revenue income the margin was very small, and the balances transferred by local authorities on academy conversion have enabled the Trust to carry forward a revenue balance of £561,000 at the end of the year. In the context that reserves available to meet unforeseen contingencies remain low, the Directors continue with robust budgeting and monitoring procedures to ensure that academies spend within their means, and that the Trust will in future build up a suitable general reserve. The Directors also undertake rigorous due diligence checks on prospective conversions to academy status within the Trust. The Directors are grateful for the key work of headteachers, school business managers, local governing bodies and the Trust's central staff in managing revenue budgets tightly and effectively.

In addition to academy revenue income during the year, the Trust has also received an academy pre-opening grant of £16,000 which has facilitated an academy conversion, and subsequent improvement in the academy's effectiveness over the year. The Trust has also received capital grants for building works at its academies of £1,391,000, some of which has been used for capitalised improvements to the Trust's buildings, while £133,000 has been used in repair work.

In the table above, £1,265,000 of the Trust's income is shown as attributable to the transfer to the Trust of leasehold land and buildings on conversion of schools to academy status. This, together with the related brought forward balance of £3,423,000 does not represent a spendable resource but is rather a measure of the resources for which the Trust carries responsibility. Some of the land and buildings in use by the Trust at its academies is provided

for its use by local church trustees for as long as the related academies remain open. In accordance with guidance and practice these have not been valued in the Trust's financial statements.

Shown above as expenditure in the above table is £1,782,000 relating to actuarial valuations of the Trust's share of the deficit in the Local Government Pension Scheme on transfer of schools to the Trust during the year. By the year-end the valuation of deficits in this scheme had grown to £4,933,000 in spite of the Trust's paying the contributions set by the Scheme's trustees and actuaries. While the trustees of the scheme will be setting future contributions from time to time in order to fund future pension liabilities as they accrue and to make up the actuarial deficit, the Directors take comfort from the guarantee made by Parliament in 2013 that in the event of an academy closure any outstanding local government pension scheme liabilities would be met by the Department of Education.

Balance sheet position and going concern

The balance sheet on page 26 shows that the Trust's net assets at 31 August 2016 were valued at £3,372,000. Of this amount net current assets totalled £998,000, and the Directors are content that this represented a sufficiently secure and liquid financial position, which together with robust budgetary and financial control would assure that the Trust is a going concern.

Reserves policy

The Directors plan to build up appropriate restricted reserves (although not restricted to a particular academy) in order to mitigate future financial risk. It is also intended build up reserves at academy trust level in due course.

7 PLANS FOR THE FUTURE

The Directors' strategic priorities for the 2016/17 academic year are challenging and build upon two years of successful school improvement across schools in the Trust and can be summarised as:

- 7.1 Work closely with all our academies to provide services, support and challenge which improve pupils' attainment and progress, closing the attainment gap between disadvantaged children and their more advantaged peers. Pupil outcomes for 2016 showed a significant improvement in pupil attainment. Pupils in schools across the Trust achieved better than pupils nationally and better than pupils in the local authority areas served by the schools.
- 7.2 Continue to monitor our schools' performance rigorously through: attached consultant interventions, rigorous monitoring, scrutiny of any external inspection reports (such as HMI monitoring or the Statutory Inspection of Anglican and Methodist Schools [SIAMS]) and forensic scrutiny of national and local data.
- 7.3 Build a longer term strategy for the Trust to ensure the high performance of its schools, its financial stability and capacity for growth. The improvement in schools across the Trust was strong in 2016 where several sponsored academies showed marked improvement in pupil outcomes and overall quality of education as evidenced through published monitoring reports. As schools improve the Trust is committed to increasing the challenge so that all

TRUSTEES' ANNUAL REPORT AND REPORT OF THE DIRECTORS

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schools strive to become outstanding. Most schools face financial challenges in the current age of austerity, and especially where a school is not full (or nearly full). Structures, systems and processes must be strengthened to build financial sustainability into the future.

- 7.4 Develop leadership capacity within schools by identifying, training and developing current and prospective leaders and building networks between schools. The Trust has been very effective in recruiting headteachers for all the academies. Every academy has a substantive headteacher and a deputy/assistant headteacher. Senior leadership teams attend training provided by Guildford Diocese Education designed to develop the capacity and effectiveness of each school's leadership team. Plans are in place to build leadership capacity across the Trust through a collegiate responsibility across the headteachers to develop both immediate capacity and long-term sustainability.
- 7.5 Develop further academy freedoms including in the area of curriculum. Individual schools have utilised some of the curriculum freedoms especially relating to content. Further exploration into the impact curriculum freedoms could have on improving outcomes for pupils needs to be carried out.
- 7.6 Review the Trust's governance to ensure that it is effective in setting clear strategic priorities for the Trust, monitoring outcomes and securing accountability. Directors have set priorities and have formulated a strategic plan and this will be rated with clear success criteria which can be evaluated by the Board.
- 7.7 Continue careful financial planning for the Trust to build the necessary organisational infrastructure on a cost effective basis and to develop its reserves. The Trust has developed to become accountable for eight schools (nine in December 2016) and has received approval for its growth plans from the Regional Schools' Commissioner. The Trust will establish an infrastructure growth plan to ensure that the organisation is ready to receive additional schools and is sustainable in the future.
- 7.8 Engage in succession planning for senior officers of the Trust to ensure a smooth transition for its work over the next few years so that capacity is enhanced as the Trust grows.
- 7.9 Review and where appropriate, recommission the Trust's services, to ensure that they continue to be cost effective and of high quality as part of an ongoing continuous quality assurance and improvement strategy.
- 7.10 Develop further school-to-school support within the Trust and within the wider network of diocesan schools to ensure that best practice and high quality leadership are shared as widely as possible. Negotiations are on-going with another academy trust and an alliance of schools to secure stronger school to school support.
- 7.11 Build the distinctive Christian ethos of the Trust's schools to ensure that the underpinning distinctive Christian character of each academy is central to all the educational experience.

The Directors are encouraged by the positive response from the Regional Schools' Commissioner relating to both the Trust's performance and the agreement to enable further expansion of GST

TRUSTEES' ANNUAL REPORT AND REPORT OF THE DIRECTORS

For the year ended 31 August 2016 (continued)

Since the year-end one more school has converted to academy status within the Trust: Waverley Abbey C of E Junior School, Tilford (converted 1 December 2016).

8 STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors (who are also the trustees of the Charitable Company 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 Funding Agency (EFA), 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 trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Charitable Company and of its incoming resources and application of resources, including its income and, expenditure, for that period. In preparing these financial statements, the Directors are required to:

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

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

The Directors are responsible for ensuring that in their conduct and operation of the Charitable Company they apply 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 EFA have been applied for the purposes intended.

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

9 STATEMENT OF DISCLOSURE TO THE AUDITORS

So far as the Directors are aware:

- a) there is no relevant audit information of which the charitable company's auditors are unaware, and

TRUSTEES' ANNUAL REPORT AND REPORT OF THE DIRECTORS

For the year ended 31 August 2016 (continued)

- b) they have taken all the steps that they ought to have taken as directors and trustees in order to make themselves aware of any relevant audit information and to establish that the charitable company's auditors are aware of this information.

10 APPOINTMENT OF AUDITORS

haysmacintyre were appointed as first auditors to the Trust in November 2013. A resolution to reappoint *haysmacintyre* as auditors will be made at the next Annual General Meeting.



Simon Walker
On behalf of the Directors
Chairman

14 December 2016

THE GOOD SHEPHERD TRUST

GOVERNANCE STATEMENT

For the year ended 31 August 2016

Scope of Responsibility

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

The Board has delegated 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 Good Shepherd Trust and the Secretary of State for Education. The Chief Executive Officer is also responsible for reporting to the Trust Board any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Annual Report and in the Statement of Directors' Responsibilities.

The Board has formally met four times during the period. Attendance during the period at meetings of the Board was as follows:

	Meetings attended	Out of a possible
Mr Simon Walker (Chairman)	4	4
The Venerable Paul Bryer	0	1
Mr Robert Burke	1	2
Mrs Caroline Doherty	1	2
The Very Revd Dianna Gwilliams	4	4
Canon Derek Holbird	3	4
Mr Tony Lau-Walker	2	3
The Revd Canon Colin Matthews	3	3
Mrs Catherine Myers	1	4
Mrs Sue Potter	4	4
Mr Mark Powell	2	2
Mr Nigel Stapleton	4	4

Mr Tony Lau-Walker was appointed by the members on 16 December 2015. Mr Mark Powell resigned on 6 January 2016. Mr Robert Burke was appointed by the members on 22 February 2016. Mrs Caroline Doherty was appointed by co-option on 15 April 2016. The Venerable Paul Bryer was appointed by the members on 15 June 2016. The Reverend Canon Colin Matthews resigned on 22 July 2016. Canon Derek Holbird resigned on 31 August 2016. Mr Nigel Stapleton was re-appointed by co-option on 19 October 2016. The Board also ran committees for Effectiveness, Efficiency and Ethos to ensure a proper focus on monitoring activities, leaving the Board meetings to focus largely on strategic matters.

The **Efficiency Committee** is a committee of the Board. Its purpose is to review and advise the Board on the financial performance of the Trust and the safeguarding and use of its assets. This committee also currently has the function of Audit Committee. It has formally met 4 times during the period. Attendance at those meetings was as follows:

THE GOOD SHEPHERD TRUST

GOVERNANCE STATEMENT

For the year ended 31 August 2016 (continued)

	Meetings attended	Out of a possible
Mr Robert Burke	1	2
Canon Derek Holbird	2	4
Mr Nigel Stapleton	3	4
Mr Simon Walker	4	4

The **Effectiveness Committee** is a committee of the Board. Its purpose is to review and advise the Board on the educational policies and performance of each school. It has formally met 4 times during the period. Attendance at those meetings was as follows:

	Meetings attended	Out of a possible
Canon Derek Holbird	2	3
Mr Tony Lau-Walker	0	1
Mrs Catherine Myers	3	3
The Revd Canon Colin Matthews	3	3
Mrs Sue Potter	2	3
Mr Simon Walker	2	2

The **Ethos Committee** is a committee of the Board. Its purpose is to review and advise the Board on the development of the Christian ethos of each school through its leadership development, the RE curriculum and provisions for collective worship. It has formally met two times during the period. Attendance at those meetings was as follows:

	Meetings attended	Out of a possible
Canon Derek Holbird	2	2
The Revd Canon Colin Matthews	2	2
Mrs Jane Whittington (RE specialist)	2	2

The **Local Governing Bodies** of each school are also sub-committees of the Board. They are responsible for the regular review of the financial and operating performance of the relevant academy school and making recommendations to the Board, as appropriate.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the Trust'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 in the Trust for the year ended 31 August 2016 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Directors have reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Directors are of the view that there is a formal on-going process for identifying, evaluating and

THE GOOD SHEPHERD TRUST

GOVERNANCE STATEMENT

For the year ended 31 August 2016 (continued)

managing the Trust's significant risks that has been in place for the period from 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Directors.

The Risk and Control Framework

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

- budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Trust Board;
- regular reviews by the Efficiency 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 defining purchasing guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks.

The Directors have considered the need for a specific internal audit function and have decided not to appoint an internal auditor. Upon conversion of each school to an academy the Trust will consider the needs of each school and carry out additional checks using both local governing bodies and the external auditor, *haysmacintyre*. The auditors' role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems.

Review of Effectiveness

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

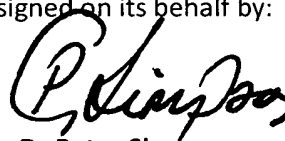
- the work of the external auditor;
- the programme of responsible officer testing;
- the financial management and governance self-assessment process;
- the work of the Principal Finance Officer within the academy trust who has responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the Directors on 14 December 2016 and signed on its behalf by:



Simon Walker
Chairman



Dr Peter Simpson
Accounting Officer

THE GOOD SHEPHERD TRUST

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

For the year ended 31 August 2016

As Accounting Officer of The Good Shepherd Trust I have considered my responsibility to notify the academy trust board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date.



Dr Peter Simpson
Chief Executive and Accounting Officer

14 December 2016

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE GOOD SHEPHERD TRUST

We have audited the financial statements of The Good Shepherd Trust for the year ended 31 August 2016 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Annual Accounts Direction 2015/14 issued by the Education Funding Agency (EFA).

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 Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members, as a body, for our audit work, for this report, or for the opinion we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

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 2016 and of its incoming resources and application of resources, including its income and expenditure, for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, and
- have been prepared in accordance with the Accounts Direction 2015/14 issued by the EFA.

Opinion on other matter prescribed by the Companies Act 2006

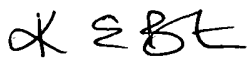
In our opinion the information given in the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
THE GOOD SHEPHERD TRUST (continued)**

Matters on which we are required to report by exception

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

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



Kathryn Burton
Senior Statutory Auditor
For and on behalf of *haysmacintyre*
Statutory Auditors

26 Red Lion Square
London WC1R 4AG

14 December 2016

INDEPENDENT AUDITOR'S ASSURANCE REPORT ON REGULARITY TO THE TRUSTEES OF THE GOOD SHEPHERD TRUST AND THE EDUCATION FUNDING AGENCY

In accordance with the terms of our engagement letter dated 17 December 2013 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by the academy trust during the year ended 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to the trustees and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the trustees and the EFA those matters we are required to state to it 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 trustees and the EFA, for our review work, for this report, or for the opinion we have formed.

Respective responsibilities of the accounting officer and Auditors

The accounting officer is responsible, under the requirements of The Good Shepherd Trust's master funding agreement with the Secretary of State for Education dated 30 August 2013 and the Academies Financial Handbook, extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2016. We report to you whether anything has come to our attention in carrying out our review which suggests that in all material respects, expenditure disbursed and income received during the period from 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Approach

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

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

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

Our engagement includes examination, on a test basis, of evidence relevant to regularity and propriety of the academy trust's income and expenditure. The work undertaken to draw our conclusion includes:

- Assessment of the control environment operated by the Academy.
- Walkthrough testing of controls to ensure operational effectiveness.

**INDEPENDENT AUDITOR'S ASSURANCE REPORT ON REGULARITY TO THE TRUSTEES OF
THE GOOD SHEPHERD TRUST AND THE EDUCATION FUNDING AGENCY (continued)**

- Substantive testing on a sample of expenditure items, ensuring expenditure is in accordance with the funding agreement and appropriately authorised.
- Detailed testing on a selection of credit card statements and expense claims.
- Review of minutes, bank correspondence and related party declarations provided by Trustees, Governors and senior management.

Conclusion

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

KS BT

Kathryn Burton, Senior Statutory Auditor,
For and on behalf of haysmacintyre, Statutory Auditors

14 December 2016

26 Red Lion Square
London
WC1R 4AG

THE GOOD SHEPHERD TRUST

STATEMENT OF FINANCIAL ACTIVITIES
For the year ended 31 August 2016

		Unrestricted funds	Restricted funds	Restricted fixed asset funds	Total 2016	Total 2015
	Note	£,000	£,000	£,000	£,000	£,000
Income and endowments from						
Donations and capital grants	3	117	1,396	-	1,513	2,287
Funds inherited on conversion	2	-	68	1,265	1,333	520
Funding for the Trust's						
educational operations	4	247	11,754	-	12,001	7,118
Other trading activities	5	315	65	-	380	218
Investment income	6	2	1	-	3	1
Total		681	13,284	1,265	15,230	10,144
Expenditure on						
Charitable activities:						
Trust's educational operations	9	273	12,754	37	13,064	8,016
Pension fund deficit inherited on conversion	2	-	1,782	-	1,782	561
Total	7	273	14,536	37	14,846	8,577
Net income/(expenditure)		408	(1,252)	1,228	384	1,567
Transfers between funds	14	(282)	282	-	-	-
Other recognised gains/(losses)						
Actuarial (losses)/gains on defined benefit pension schemes		-	(1,167)	-	(1,167)	33
Net movement in funds		126	(2,137)	1,228	(783)	1,600
Total Funds at 31 August 2015		254	478	3,423	4,155	2,555
Total funds at 31 August 2016	18	380	(1,659)	4,651	3,372	4,155

All income and expenditure derived from continuing activities.

The notes on pages 28 to 46 form part of these financial statements.

BALANCE SHEET
As at 31 August 2016

	Notes	2016 £,000	2015 £,000
Fixed assets			
Tangible fixed assets	15	7,337	4,822
Current assets			
Debtors	16	916	788
Cash at bank		1,067	1,111
		<u>1,983</u>	<u>1,899</u>
Creditors: amounts falling due within one year	17	(985)	(770)
Net current assets		<u>998</u>	<u>1,129</u>
Total assets less current liabilities		<u>8,335</u>	<u>5,951</u>
Creditors: amounts falling due after more than one year	18	(30)	-
		<u>8,305</u>	<u>5,951</u>
Pension scheme liability	25	(4,933)	(1,796)
Net assets including pension liability		<u><u>3,372</u></u>	<u><u>4,155</u></u>
The funds of the charity			
Restricted funds			
Restricted income funds		3,103	1,877
Fixed asset fund		4,651	3,423
General fund		171	397
Pension reserve	25	(4,933)	(1,796)
Unrestricted income funds:			
General funds		<u>380</u>	<u>254</u>
Total funds	19	<u><u>3,372</u></u>	<u><u>4,155</u></u>

These financial statements were approved by the Board of Directors and authorised for issue on 14 December 2016, and signed on their behalf by:



Simon Walker
Director

The notes on pages 24 to 43 form part of these financial statements.

THE GOOD SHEPHERD TRUST

CASH FLOW STATEMENT

For the year ended 31 August 2016

	Notes	2016 £,000	2015 £,000
Cash flows from operating activities			
Net cash from operating activities	21	1,369	2,117
Cash flows from investing activities	22	(1,416)	(1,371)
Cash flows from financing activities	23	3	1
Change in cash and cash equivalents in the period		<u>(44)</u>	<u>747</u>
Cash and cash equivalents at 1 September 2015		1,111	364
Cash and cash equivalents at 31 August 2016		<u><u>1,067</u></u>	<u><u>1,111</u></u>

The notes to this statement are on pages 35 and 36.

THE GOOD SHEPHERD TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2016

1 ACCOUNTING POLICIES

a) General information

The Trust is a company limited by guarantee, incorporated in England and Wales (company number: 08366199). The Company's registered office address is: The Academies Office, Larch Avenue, Guildford, Surrey, England, GU1 1JY.

b) Basis of preparation of financial statements

The financial statements of the Trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

The Good Shepherd Trust constitutes a public benefit entity as defined by FRS 102.

c) 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 Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

d) Income

All income is recognised when the Trust is legally entitled to it, receipt is probable and the amount can be measured reliably.

- i) **Interest** is recognised as income when receivable.
- ii) **Grants** receivable which are subject to pre-conditions for entitlement specified by the donor which have not been met at the year-end are included in creditors to be carried forward to the following year.

e) 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.

- i) **Expenditure on Raising Funds** This includes all expenditure incurred by the academy trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.
- ii) **Charitable Activities** These are costs incurred on the academy trust's educational operations, including support costs and costs relating to the governance of the academy trust apportioned to charitable activities.

All resources expended are inclusive of irrecoverable VAT.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2016 (continued)

f) **Operating leases**

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

g) **Fund balances**

Fund balances are split between unrestricted (general and designated), restricted and endowment funds.

- **Unrestricted funds** are the Trust's corporate funds and are freely available for any purpose within the Trust's objects, at the discretion of the Directors. There are two types of unrestricted funds:
 - **General funds** which the Directors intend to use for the general purposes of the Trust; and
 - **Designated funds** set aside out of unrestricted funds by the Directors for specific purposes.
- **Restricted funds** are income funds subject to conditions imposed by the donor as specific terms of trust.
- **Endowment funds** are those held on trust to be retained for the benefit of the charity as a capital fund. Income arising from assets held as endowment is accounted for within restricted or unrestricted funds as appropriate.

h) **Fixed assets**

All assets costing more than £3,000 are capitalised. Tangible fixed assets 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 are 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 Trust's depreciation policy.

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

- i) **Leasehold buildings** are depreciated on a straight line basis over the remaining useful life as estimated by the Trust's surveyors – 42 years.
- ii) **Computer equipment** is depreciated on a straight line basis over the expected useful life of 3 years.

i) **Debtors**

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

j) **Liabilities and provisions**

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

k) **Financial instruments**

The Trust only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2016 (continued)

measured at their settlement value.

l) Taxation

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

m) Pensions

Retirement benefits to employees of the Trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Government Pension Scheme ("LGPS"). These are defined benefit schemes and the assets are held separately from those of the Trust.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 25, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2016 (continued)

changes in these assumptions, which are disclosed in note 23, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement:

The accounting policies have been applied consistently in dealing with items which are considered material in relation to the Trust's financial statements.

2 CONVERSION TO ACADEMY STATUS WITHIN THE TRUST

The Weald Church of England Voluntary Aided Primary School, Beare Green

On 1 September 2015, The Weald Church of England Voluntary Aided Primary School, Beare Green converted to academy status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to the Good Shepherd Trust from Surrey County Council Local Authority for £nil consideration.

The transfer has been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as net income in the Statement of Financial Activities as Voluntary Income.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the SOFA.

	Unrestricted Funds £,000	Restricted General Funds £,000	Restricted Fixed Asset Funds £,000	Total Funds £,000
Tangible fixed assets				
Leasehold land and buildings	-	-	609	609
Budget surplus on LA funds	-	44	-	44
LGPS pension (deficit)	-	(451)	-	(451)
Net assets / (liabilities)	-	(407)	609	202

The above net assets include £44,000 transferred as cash.

Christ's College, Guildford (voluntary aided)

On 1 December 2015, Christ's College, Guildford - a Church of England Voluntary Aided Secondary School - converted to academy status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to the Good Shepherd Trust from the from Surrey County Council Local Authority and the local church trustees for £nil consideration.

The transfer has been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as net income in the Statement of Financial Activities as Voluntary Income.

THE GOOD SHEPHERD TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2016 (continued)

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the SOFA.

	Unrestricted Funds £,000	Restricted General Funds £,000	Restricted Fixed Asset Funds £,000	Total Funds £,000
Tangible fixed assets				
Leasehold land and buildings	-	-	656	656
Budget surplus on LA funds	-	24	-	24
LGPS pension (deficit)	-	(1,331)	-	(1,331)
Net assets / (liabilities)	-	(1,307)	656	(651)

The above net assets include £24,000 that was transferred as cash.

The following table sets out the fair values of the total identifiable assets and liabilities transferred from both schools and an analysis of their recognition in the SOFA.

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total Funds £
Tangible fixed assets				
Leasehold land and buildings	-	-	1,265	1,265
Budget surplus on LA funds	-	68	-	68
LGPS pension (deficit)	-	(1,782)	-	(1,782)
Net assets / (liabilities)	-	(1,714)	1,265	(449)

The above net assets include £68,000 that was transferred as cash. All of the figures and information relate to the current period.

3 DONATIONS AND CAPITAL GRANTS

	Unrestricted Funds £,000	Restricted Funds £,000	Restricted Asset fund £,000	Total 2016 £,000	Total 2015 £,000
Donations	97	-	-	97	180
Grants	20	313	-	333	140
Capital grants	-	1,083	-	1,083	1,967
	117	1,396	-	1,513	2,287

In 2015, of the total donations and capital grants, £190,000 was to unrestricted funds and £2,097,000 was to restricted funds.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2016 (continued)

4 FUNDING FOR THE TRUST'S EDUCATIONAL OPERATIONS

	Unrestricted Funds £,000	Restricted Funds £,000	Total 2016 £,000	Total 2015 £,000
EFA grants				
General Annual Grant (GAG)	-	10,137	10,137	5,963
Start up Grants	-	50	50	17
Transition Grants	-	16	16	165
Pupil premium	-	546	546	362
Other EFA grants	-	381	381	313
	-	11,130	11,130	6,820
Other Government grants				
Local authority revenue grants	-	624	624	262
	-	624	624	262
Other income	247	-	247	36
	247	11,754	12,001	7,118

In 2015, of the total funding for the Trust's educational operations, £13,000 was to unrestricted funds and £7,105,000 was to restricted funds.

5 OTHER TRADING ACTIVITIES

	Unrestricted Funds £,000	Restricted Funds £,000	Total 2016 £,000	Total 2015 £,000
Hire of facilities	164	-	164	85
Other	151	65	216	133
	315	65	380	218

In 2015, of the total donations and capital grants, £205,000 was to unrestricted funds and £13,000 was to restricted funds.

6 INVESTMENT INCOME

	Unrestricted Funds £,000	Restricted Funds £,000	Total 2016 £,000	Total 2015 £,000
Interest receivable	2	1	3	1
	2	1	3	1

In 2015, the total investment income of £1,000 was to unrestricted funds.

THE GOOD SHEPHERD TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2016 (continued)

7 EXPENDITURE

	Staff Costs £,000	Non Pay Premises £,000	Expenditure Other costs £,000	Total 2016 £,000	Total 2015 £,000
Academy's educational operations					
- Direct costs	8,541	-	1,124	9,665	5,464
- Allocated support costs	1,429	954	1,016	3,399	2,552
- Pension fund deficit inherited on conversion	1,782	-	-	1,782	561
	<u>11,752</u>	<u>954</u>	<u>2,140</u>	<u>14,846</u>	<u>8,577</u>

8 NET MOVEMENT IN FUNDS

	2016 £,000	2015 £,000
Net movement in funds for the year is stated after charging the following:		
Operating leases	43	17
Fees payable to auditor – audit	15	12
- other services	5	15
Gifts	1	-
	<u>63</u>	<u>44</u>

9 CHARITABLE ACTIVITIES – TRUST'S EDUCATIONAL OPERATIONS

	Unrestricted Funds £,000	Restricted Funds £,000	Total 2016 £,000	Total 2015 £,000
Direct costs				
Teaching and educational support staff costs	15	8,527	8,542	4,874
Technology costs	-	209	209	91
Educational supplies	9	288	297	138
Staff development	-	107	107	60
Educational consultancy	-	277	277	162
Trips and visits	168	44	212	123
Other direct costs	-	21	21	17
	<u>192</u>	<u>9,473</u>	<u>9,665</u>	<u>5,465</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2016 (continued)

	Unrestricted Funds £,000	Restricted Funds £,000	Total 2016 £,000	Total 2015 £,000
Allocated support costs				
Support staff costs	70	1,359	1,429	893
Depreciation	-	165	165	54
Technology costs	-	301	301	35
Recruitment and support	-	31	31	62
Maintenance of premises and Equipment	-	323	323	583
Cleaning	-	231	231	113
Rates	-	75	75	25
Energy	-	188	188	99
Water	-	32	32	20
Insurance	1	104	105	113
Security and transport	-	-	-	4
Catering	-	272	272	184
Bank interest and charges	-	6	6	-
Liability for defined benefit pension scheme at conversion	-	1,782	1,782	561
Pension finance costs	-	188	188	104
Other support costs	10	7	17	220
Legal and professional fees	-	-	-	9
Auditor's remuneration				
- audit of financial statements	-	15	15	12
- other services	-	5	5	15
Trustees reimbursed expenses	-	4	4	6
Other governance costs	-	12	12	-
	<u>81</u>	<u>5,100</u>	<u>5,181</u>	<u>3,112</u>

11 STAFF

a) Staff Costs

	2016 £	2015 £
Staff costs during the period were:		
Wages and salaries	7,624	4,496
Social security costs	573	287
Pensions costs	1,358	735
	<u>9,555</u>	<u>5,518</u>
Supply staff costs	416	249
Staff restructuring costs	-	-
	<u>9,971</u>	<u>5,767</u>

b) Non-statutory/non-contractual staff severance payments

Included in staff costs are three non-statutory/non-contractual severance payments totalling £11,100 (2015 total: £5,500). Individually the payments were £5,100, £5,000 and £1,000.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2016 (continued)

c) **Staff numbers**

The average number of persons employed by the Trust during the period was as follows:

	2016	2015
	No.	No.
Charitable activities		
Teachers	179	102
Education Support	162	110
Administration and support	49	33
Management	5	4
	<hr/>	<hr/>
Management	395	249
	<hr/>	<hr/>

d) **Higher paid staff**

The number of employees whose emoluments during the year exceeded £60,000 is as follows:

	2016	2015
	No.	No.
£60,001 - £70,000	4	1
£70,001 - £80,000	3	2

e) **Key management personnel**

The key management personnel of the Trust comprise the senior management team as listed on page 2, together with the headteachers of academies within the Trust. The total amount of employee benefits (including pension contributions) received by key management personnel for their services to the Trust was

	2016	2015
	£,000	£,000
Senior leadership team	224	170
Headteachers	652	501

12 RELATED PARTY TRANSACTIONS INCLUDING TRUSTEES' REMUNERATION AND EXPENSES

No director received any remuneration from the Trust during the year. During the year the Trust reimbursed travelling and other out of pockets expenses to trustees in the amount of £715 (2015: £143).

The Directors consider that the following bodies are related parties in respect of the Trust

- The Guildford Diocesan Board of Education (GDBE) is the sponsor in cases where Church of England voluntary aided or voluntary controlled schools are required to convert to academy status. The GDBE is constituted under the Diocesan Boards of Education Measure 1991 and is not an incorporated body, but conducts all its business through the Guildford Diocesan Board of Finance (GDBF) (a company limited by guarantee and a registered charity) and the GDBF's trading subsidiary, Guildford Diocesan Services Limited.
- The Guildford Diocese Educational Trust (GDET) is a company limited by guarantee and a charity, set up to be the incorporated sub-committee of the GDBE dealing with church academies in the Diocese of Guildford (an "umbrella" trust). It has no financial transactions. GDET is a corporate member of the Good Shepherd Trust and appoints other members of the Good Shepherd Trust.
- The GDBF employs the Trust's non-academy-based officers, and seconded them to the Trust; the GDBF has also paid suppliers and consultants on behalf of the Trust in the period before the Trust had its own bank account, which the Trust has reimbursed; during the year the Trust has reimbursed £185,315 of expenditure in this way (2015: £171,048). The GDBF also acts as the Trust's agent in holding unexpended balances of academy devolved formula capital and academies capital and maintenance fund grants. During the year the Trust passed over to the GDBF for this purpose £917,319 (2015: £1,140,507). At the balance sheet date the GDBF held on behalf of the Trust an unexpended balance of £346,148 (2015: £623,119).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2016 (continued)

- d) Guildford Diocesan Services Limited is the wholly owned trading subsidiary of the GDBF. During the year the Trust paid £100,845 (2015: £29,748) to GDSDL for property services and school improvement services at cost, and £11,276 was outstanding at the year-end (2015: £Nil).

13 CENTRAL SERVICES

The Trust has provided the following central services to its Schools during the year:

- Finance and payroll services;
- Human resources services;
- Management and educational support services
- Estates management

The Trust funded these services by holding back 6% of the general academy grant for sponsored conversion academies, and 3.5% for voluntary conversion academies.

	2016 £,000	2015 £,000
The actual amounts charged during the year were as follows:		
The Home Church of England Primary School, Headley	32	32
St John's Church of England Primary School, Dorking	61	63
St Mary's Church of England Primary School, Chiddingfold	36	41
St Paul's Church of England Primary School, Addlestone	79	92
Ashley Church of England Primary School, Walton-on-Thames	48	46
Queen Eleanor's Church of England Junior School, Guildford	36	31
The Weald Church of England Primary School, Beare Green	85	-
Christ's College, Guildford	94	-
	<u>471</u>	<u>305</u>

14 FUND TRANSFERS

	Unrestricted Funds £	Restricted Funds £	Total 2016 £	Total 2015 £
From unrestricted funds to GAG funds to cover a deficit	(282)	282	-	-
From LGPS reserve to GAG funds to offset the net cost of contributions	-	188	188	104
	-	(188)	(188)	(104)
	<u>(282)</u>	<u>282</u>	<u>-</u>	<u>-</u>

15 TANGIBLE FIXED ASSETS

The cost of leasehold land and buildings at each school on conversion is stated at professional valuation provided by FHP Property Consultants in April 2016. Where land and buildings at former maintained schools has been provided by way of a church supplemental agreement by the local church trustees for use by the Trust for the purposes of the successor academy, these land and buildings have not been valued in the financial statements.

THE GOOD SHEPHERD TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2016 (continued)

	Leasehold land and buildings £,000	Leasehold improvements £	Furniture And equipment £	Computer Equipment £'	Total £
Cost					
At 1 September 2015	3,499	1,274	90	52	4,915
Transfer from local Authorities	1,265	-	-	-	1,265
Additions	-	1,067	300	48	1,415
At 31 August 2016	4,764	2,341	390	100	7,595
Depreciation					
At 1 September 2015	75	5	1	12	93
Charged in year	38	103	16	8	165
At 31 August 2016	113	108	17	20	258
Net Book Value					
At 31 August 2016	4,651	2,233	373	80	7,337
At 31 August 2015	3,424	1,269	89	40	4,822

16 DEBTORS

	2016 £,000	2015 £,000
Trade debtors	20	10
Funds deposited with GDBF for capital projects	346	244
Prepayments	85	54
Accrued income	193	95
VAT refundable	258	382
Other debtors	14	3
	916	788

17 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £,000	2015 £,000
Trade creditors	255	248
Taxation and social security	173	79
Other creditors	73	76
Accrued expenses	110	153
Deferred income	195	125
Pension contributions	174	89
Loans	5	-
	985	770

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2016 (continued)

18 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2016 £,000	2015 £,000
Loan	30	-
Loan repayment instalments are due as follows:		
Between one and two years	5	-
Between two and five years	20	-
After five years	5	-
	30	-

There was one loan outstanding at 31 August 2016. The loan was from Salix Finance to the Trust for a heating project at the Holme CE Primary School. It is interest-free and repayable in sixteen half-yearly instalments of £2,500.

19 FUNDS

	As at 1 September 2015 £,000	Incoming Resources £,000	Resources Expended £,000	Gains, Losses and Transfers £,000	Balance at 31 August 2016 £,000
Restricted general funds					
General annual grant GAG	397	11,877	(12,572)	479	181
Pre-opening grants	121	17	(50)	(9)	79
Local government pension scheme reserve	(1,796)	-	(1,782)	(1,355)	(4,933)
	(1,278)	11,894	(14,404)	(885)	(4,673)
Restricted fixed assets funds					
Transfer from local authorities	3,423	1,265	(37)	-	4,651
EFA capital grants	1,712	1,158	(121)	(12)	2,737
Other capital funds	44	232	(11)	12	277
	5,179	2,655	(169)	-	7,665
Total restricted funds	3,901	14,549	(14,573)	(885)	2,992
Unrestricted funds	254	681	(273)	(282)	380
Total funds	4,155	15,230	(14,846)	(1,167)	3,372

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

Restricted general funds

a) general annual grant: for educational purposes in the Trust's academies, as specified in EFA funding agreements.

b) pre-opening grants: for the purposes of converting maintained schools to academy status within the Trust, including school improvement during the first years of operation as an academy.

THE GOOD SHEPHERD TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2016 (continued)

c) other EFA grants: in accordance with the terms and conditions of the grant, e.g. sponsor capacity grant
d) local government pension scheme reserve: this reserve is in deficit, reflecting the Trust's liability to fund in the long term the actuarial deficit on its sections of the local government defined benefit pension scheme.

Restricted fixed assets funds

a) transfer from local authority/trustees: this reserve represents the net book value of the leasehold interest in land and buildings acquired on academy conversion, and any improvements thereto.

b) EFA capital grants: these capital grants from EFA (e.g. academies capital and maintenance fund, environmental improvement, condition improvement fund) may be used specifically in accordance with the terms of the approved bid.

c) other capital funds consist of the restricted proceeds of previous fundraising for specified property purposes, e.g. the swimming pool at St John's C of E Primary School, Dorking.

Unrestricted funds: may be used for any of the general purposes of the Trust, and may be designated by the Directors for any subset of those general purposes, e.g. at a particular academy.

The balances at the year-end analysed by academy are as follows:

	2016 £,000	2015 £,000
General annual grant		
The Holme	(20)	-
St John's	18	60
St Mary's	(49)	-
St Paul's	194	192
Ashley	32	112
Queen Eleanor's	1	14
The Weald	(31)	-
Christ's College	5	-
Central MAT	31	19
	<hr/> 181	<hr/> 397
Pre-opening grant		
St Paul's	6	16
Ashley	8	13
Queen Eleanor's	7	7
The Weald	44	85
Christ's College	12	-
	<hr/> 77	<hr/> 121
EFA capital grants		
The Holme	415	384
St John's	306	248
St Mary's	86	45
St Paul's	103	88
Ashley	576	124
Queen Eleanor's	973	823
The Weald	264	-
Christ's College	14	-
	<hr/> 2,737	<hr/> 1,712

THE GOOD SHEPHERD TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2016 (continued)

	2016 £	2015 £
Other capital grants		
St John's swimming pool reserve	41	34
Ashley Harmony Centre	236	10
	<u>277</u>	<u>44</u>
Unrestricted funds		
The Holme	-	24
St John's	-	40
St Paul's	117	85
Ashley	74	26
Queen Eleanor's	115	68
The Weald	60	-
Central services	14	11
	<u>380</u>	<u>254</u>
Restricted fixed assets funds	4,651	3,423
Pension scheme reserve	(4,933)	(1,796)
	<u>3,372</u>	<u>4,155</u>

20 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Funds £,000	Restricted General Funds £,000	Restricted Fixed assets Funds £,000	Total Funds £,000
Tangible fixed assets	-	2,686	4,651	7,337
Net current assets	380	618	-	998
Long term liabilities	-	(30)	-	(30)
Pension scheme liability	-	(4,933)	-	(4,933)
	<u>380</u>	<u>(1,659)</u>	<u>4,651</u>	<u>3,372</u>

21 FINANCIAL COMMITMENTS

Operating leases

At 31 August 2016 the total of the Trust's future minimum lease payments under non-cancellable operating leases was:

	2016 £,000	2015 £,000
Amounts due within one year	25	18
Amounts due between one and five years	61	28
Amounts after five years	-	-
	<u>86</u>	<u>46</u>

THE GOOD SHEPHERD TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2016 (continued)

21 FINANCIAL COMMITMENTS (continued)

Capital commitments

The Trust had the following capital commitments at the balance sheet date, all of which is to be funded from earmarked and approved capital funding.

	2016 £,000	2015 £,000
Expenditure approved but not yet contracted for	67	-
Expenditure contracted for but not yet incurred	2,980	223
	<u>3,047</u>	<u>223</u>

22 RECONCILIATION OF NET INCOME TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2016 £,000	2015 £,000
Net income	384	1,567
Net assets transferred from Local Authority	(1,265)	(343)
Pension scheme deficits acquired on conversion	1,782	561
Pension scheme costs recognised in excess of contributions	187	129
Depreciation (note 13)	165	54
Interest receivable	(3)	(1)
(Increase) in debtors	(127)	(221)
Increase in creditors	246	371
Net cash inflow from operating activities	<u>1,369</u>	<u>2,117</u>

23 CASH FLOWS FROM INVESTING ACTIVITIES

	2016 £,000	2015 £,000
Purchase of tangible fixed assets	<u>1,416</u>	<u>1,371</u>

24 CASH FLOWS FROM FINANCING ACTIVITIES

	2016 £,000	2015 £,000
Interest received	<u>3</u>	<u>1</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2016 (continued)

25 ANALYSIS OF CHANGES IN NET FUNDS

	At 1 September 2015	Cash flows	At 31 August 2016
Cash in hand and at bank	1,111	(44)	1,067
	£,000	£,000	£,000

26 PENSION COMMITMENTS

The Trust's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff, and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Hampshire County Council and Surrey County Council. Both are defined benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

The contributions outstanding at 31 August 2016, all relating to the month then ended, amounted to £174,380 (2015 - £88,631).

a) Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2015, by the Teachers' Pension Scheme Regulations 2015. 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

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%))
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2016 (continued)

contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million

- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS will be as at March 2016, 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 £795,000 (2015: £383,000).

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

b) Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds.

The total contribution made for the year ended 31 August 2016 was £707,000 (2015: £377,000) of which employer's contributions totalled £570,000 (2015: £302,000) and employees' contributions totalled £137,000 (2015: £75,000). The agreed contribution rates for future years are between 14.1% and 27.5% for employers, and between 5.5% and 12.5% for employees.

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

Principal actuarial assumptions

At 31 August 2016 At 31 August 2015

Rate of increase in salaries	2.4%	4.1%
Rate of increase for pensions in payment/inflation	2.1%	2.7%
Discount rate for scheme liabilities	3.1%	3.8%
Inflation assumption (CPI)	2.1%	2.7%
Commutation of pensions to lump sums – pre April 2008 serv	25.0%	25.0%
Commutation of pensions to lump sums – post 2008 serv	63.0%	63.0%

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

At 31 August 2016 At 31 August 2015

Retiring today

Males	22.5	22.5
Females	24.6	24.6

Retiring in 20 years

Males	24.5	24.5
Females	26.9	26.9

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2016 (continued)

	<i>Fair value at 31 August 2016</i>	<i>Fair value at 31 August 2015</i>
	<i>£000</i>	<i>£000</i>
Equity instruments	2,655	1,112
Debt instruments	626	271
Property	217	109
Other incl cash	80	33
	<hr/>	<hr/>
Total market value of assets	3,578	1,525
	<hr/>	<hr/>

The actual return on scheme assets was £96,000 excluding gains/(losses) (2015: £49,000).

Amount recognised in the statement of financial activities

	<i>2016</i>	<i>2015</i>
	<i>£,000</i>	<i>£,000</i>
Current service cost (net of employee contributions)	634	370
Net interest cost	215	106
Benefit changes, gain/(loss) on curtailment and gain/(loss) on settlement	(91)	(49)
	<hr/>	<hr/>
Total operating charge	758	427
	<hr/>	<hr/>

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

	<i>2016</i>	<i>2015</i>
	<i>£,000</i>	<i>Restated £,000</i>
Valuation of defined benefit obligation at 1 September 2015	3,321	1,960
Transfers from local authority on conversion	2,690	859
Current service cost	634	369
Interest cost	220	110
Remeasurement gains/(losses)	1,510	(38)
Employee contributions	137	75
Benefits paid out	(1)	(14)
	<hr/>	<hr/>
Valuation of defined benefit obligation at 31 August 2016	8,511	3,321
	<hr/>	<hr/>

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

	<i>2016</i>	<i>2015</i>
	<i>£,000</i>	<i>Restated £,000</i>
Valuation of the fair value of assets at 1 September 2015	1,525	821
Transfer of assets from the local authority	908	298
Interest income	96	49
Remeasurement gains/(losses)	343	(5)
Employer contributions	570	302
Employee contributions	137	75
Net benefits paid out	(1)	(15)
	<hr/>	<hr/>
Valuation of the fair value of assets at 31 August 2016	3,578	1,525
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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2016 (continued)

27 POST BALANCE SHEET EVENTS AND CONTINGENT LIABILITIES

Since the balance sheet date two schools have converted to academy status under the auspices of the Trust, as follows:

1 December 2016	Waverley Abbey Church of England Voluntary Aided Junior School
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In respect of this academy the Trust has received a transition grant from the EFA, and has taken on the employment of all school staff and is in receipt of monthly general annual grant from the EFA.

There were no contingent liabilities at the balance sheet date.

28 FIRST TIME ADOPTION OF FRS 102

This is the first year that the Trust has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 August 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 1 September 2014. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

The policies applied under the academy's previous accounting framework are not materially different to FRS 102 and have not impacted on funds or net income/expenditure.

During the current period, the company has transitioned to FRS 102 and SORP 2015. The only impact on these financial statements is the required change in calculation of the defined benefit pension scheme finance cost and actuarial gain or loss. Although the comparative balance sheet and net asset position have remained unchanged, an adjustment has been made to increase the reported actuarial gain in the above SOFA by £25,000 (from £8,000 previously reported). Consequently, an increase in finance cost within expenditure of £25,000 has also been made to the comparative figures.

29 MEMBERS' LIABILITY

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