



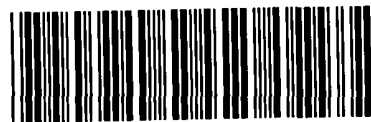
The Good Shepherd Trust

**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 2017**

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CONTENTS

Reference and Administrative Details.....	2
Trustees' Annual Report and Report of the Directors	4
Governance Statement	20
Statement of Regularity, Propriety and Compliance	24
Independent Auditor's Report to the Members	25
Independent Auditor's Report on Regularity.....	28
Statement of Financial Activities incorporating Income and Expenditure Account	30
Balance Sheet	31
Cash Flow Statement.....	32
Notes to the Financial Statements, incorporating	
Statement of Accounting Policies	33
Other Notes to the Financial Statements	36

REFERENCE AND ADMINISTRATIVE INFORMATION

Members	<p>The Guildford Diocese Educational Trust (represented by its chairman, Canon Dr Stephen Green from 1 September 2016 to 31 March 2017, its acting chairman, Mr Michael Hall, from 1 April 2017 to 31 August 2017, and the Diocesan Director of Education, Mr Alex Tear, from 1 September 2017) The Right Reverend Dr Joanne Bailey Wells (from 21 March 2017) Mr Peter Coles The Revd Canon Colin Matthews Mr Simon Walker JP</p>
Directors	<p>The Venerable Paul Bryer Mr Robert Burke The Very Reverend Dianna Gwilliams Mrs Caroline Doherty – resigned 14 April 2017 Mr Anthony Lau-Walker CBE Mrs Catherine Myers OBE Mrs Susan Potter Mr Nigel Stapleton Mr Simon Walker JP (Chairman)</p> <p>The Directors are also the Trustees for the purposes of charity law and served from 1 September 2016 to the date of this report except where otherwise stated:</p>
Company Secretary	Mr Stephen Collyer
Clerk to the Directors	Mrs Penny Came
Management Team	
<ul style="list-style-type: none">• Chief Executive	<p>Dr Peter Simpson – to 31 March 2017 Miss Kate Evans – 1 April – 30 June 2017 Mr David Brown – from 1 July 2017</p>
<ul style="list-style-type: none">• Director of Schools	Ms Kate Evans
<ul style="list-style-type: none">• Director of Finance	Mr Stephen Collyer
<ul style="list-style-type: none">• Director of Academy Support Services	Mrs Joanne Cambra – from 1 November 2017
<ul style="list-style-type: none">• Operating Officer	Mr Terence Doyle – to 21 July 2017
<ul style="list-style-type: none">• School Development and Project Management Officer	Mr Colin Henry MBE
<ul style="list-style-type: none">• Office Manager	Mrs Sally Condie – from 1 July 2017
<ul style="list-style-type: none">• Finance Officers	Mrs Georgina Fry Mr Christopher Stanley
Company name	The Good Shepherd Trust
Principal and Registered Office	Academies Office, Larch Avenue, Guildford, Surrey, GU1 1JY

THE GOOD SHEPHERD TRUST

TRUSTEES' ANNUAL REPORT AND REPORT OF THE DIRECTORS

For the year ended 31 August 2017

Company Registration Number	8366199 (England and Wales)
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 2017

1 STRUCTURE, GOVERNANCE AND MANAGEMENT

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year 1 September 2016 to 31 August 2017. The annual report serves the purposes of both a trustees' report under charity law and a directors' report under company law.

1.1 Constitution

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 Dr Stephen Green from 1 September 2016, Mr Michael Hall from 1 April 2017, and Mr Alex Tear from 1 September 2017), three members of the GDET appointed by the GDET, The Right Reverend Dr Joanne Bailey Wells, Mr Peter Coles, 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

Mr Tony Lau-Walker
Mrs Catherine Myers
Mrs Sue Potter
Mr Simon Walker (ex officio)
The Chief Executive Officer (in attendance)
The Director of Schools (in attendance)

Efficiency Committee

Mr Robert Burke
Mr Nigel Stapleton
Mr Simon Walker (ex officio)
The Chief Executive Officer (in attendance)
The Director of Finance (in attendance)
The Academies Operating Officer (in attendance)
The Director of Academy Support Services (in attendance)

TRUSTEES' ANNUAL REPORT AND REPORT OF THE DIRECTORS
For the year ended 31 August 2017

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 Mrs Caroline Doherty. We are grateful for her contributions during the period of her appointment. Mrs Catherine Myers and Mrs Susan Potter were both reappointed for a further period of four years.

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	Mrs Victoria Skidmore
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
St Andrew's C of E Infant School, Farnham	1 March 2017	Mr Chris Hyland
Farnborough Grange Nursery/Infant School	1 September 2017	Mrs Ruth Allen
Potters Gate C of E Primary School, Farnham	1 December 2017	Mrs Larry Peppin

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. 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 devote a residential meeting 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 relates 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.'

TRUSTEES' ANNUAL REPORT AND REPORT OF THE DIRECTORS

For the year ended 31 August 2017

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 Guildford Diocesan Multi-Academy Trust, is therefore 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 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 directly employed by the Trust itself. Three staff members also performed duties for the Diocese of Guildford during the year, and costs were recharged. The costs of other services provided by the Diocese of Guildford are invoiced on a non-profit basis to the Trust by Guildford Diocesan Services Limited, the wholly-owned trading subsidiary of the Guildford Diocesan Board of Finance.

1.4 Delegation of day to day delivery

During the period to 31 August 2017 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. The Director of Schools works with headteachers in driving school improvement and effectiveness. The Director of Finance is engaged to administer the Trust's finance and governance affairs, with two Finance Officers collaborating with School Business Managers. The Academies Operating Officer, and more recently the Director for Academy Support Services, work with schools in the field of human resources, procurement and information technology. 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

TRUSTEES' ANNUAL REPORT AND REPORT OF THE DIRECTORS

For the year ended 31 August 2017

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 twelve schools in the Trust, eight of which are primary schools, one is a junior school, two are infant schools and one a secondary school. In addition to the eight academies in the Trust at 31 August 2016, Waverley Abbey C of E Junior School, Tilford converted on 1 December 2016 (OFSTED 'Good'), and St Andrew's C of E Infant School, Farnham converted on 1 March 2017 (OFSTED 'Good'). Since the year-end, Farnborough Grange Nursery/Infant Community School (OFSTED 'Good') converted on 1 September 2017 and Potters Gate C of E Primary School, Farnham converted on 1 December 2017 (OFSTED 'Good').

3 STRATEGIC REPORT

3.1 Priorities

In this fourth 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 school to school support across the improving schools in the Trust.
- develop more effective local governing bodies with clear schedules of delegation, which are well chaired and operating effectively.
- strengthen financial resilience

3.2 Risk assessment

The major risks at this 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 continuing to make 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

TRUSTEES' ANNUAL REPORT AND REPORT OF THE DIRECTORS

For the year ended 31 August 2017

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:

- 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 Trust 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: Waverley Abbey C of E Junior School, Tilford on 1 December 2016, and St Andrew's C of E Infant School, Farnham, on 1 March 2017.

Three academies received their first Ofsted inspection since conversion during the academic year 2016-2017: St John's C of E Primary, Dorking, in September 2016 that received a judgement of Good; St Mary's C of E Primary, Chiddingfold in October 2016, that received a judgement of Requires Improvement; and St Paul's C of E Primary, Addlestone, in January 2017, that received a judgement of Good. All of these outcomes demonstrate progress from legacy judgements of Inadequate for these sponsored academies, with particularly strong improvement for St John's and St Paul's.

One school, The Weald C of E Primary School, Beare Green, received a Statutory Inspection of Anglican and Methodist Schools (SIAMS) under Section 48 of the Education Act 2005, during the year. The school was judged as Good overall.

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.

TRUSTEES' ANNUAL REPORT AND REPORT OF THE DIRECTORS
For the year ended 31 August 2017

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 2017 key stage 1, 2 and 4 results (validated Analysing School Performance online data was not available in the period to 31 August 2017).

The Directors draw the following main conclusions from this data:

Early Years Foundation Stage

- 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 Holme). This represents the first year of decline, after three years of improvement at The Holme, and reflects the low starting points and learning needs of the cohort. For St Mary's, and for The Weald, outcomes reflect a marked improvement on previous years.
- As with last year, outcomes represent strong progress from low starting points in St John's and St Paul's.

Phonics

- outcomes overall were ahead of national averages, and marginally improved since 2016
- scores for individual schools showed a dip in four schools, and for St John's, St Mary's were below the national average range. Outcomes at The Weald showed improvement, but remained below national average.
- outcomes at The Holme showed strong improvement, and were significantly ahead of national averages
- outcomes represent strong progress from low starting points at St Paul's, and The Holme

Key Stage 1

- outcomes overall were in line with national averages, or slightly below, except for the proportion of children who were working at Greater Depth in Reading, which were significantly ahead of national averages
- In general this represents a dip on 2016 outcomes, particularly noticeable in the proportion achieving Age Related Expectations (ARE) in all subjects, and the proportion achieving at Greater Depth in maths.
- scores for individual schools were within or above the national average range for all schools, for the proportion of pupils achieving ARE and above ARE, in all subjects, except at The Weald, where outcomes declined on 2016 outcomes.
- Notable improvements were seen at St John's and St Mary's
- Across the Trust disadvantaged pupils made less progress from their starting points than their non-disadvantaged peers, sustaining a significant attainment difference.
- Although there remains an attainment gap for boys in reading and writing, boys make stronger progress than girls, thus diminishing this difference. This is also the case in maths, where there was no attainment difference.
- Pupils supported for SEND made less progress from their individual starting points than their peers, most noticeably in maths.

Key Stage 2

- Outcomes overall were ahead of national averages in all subjects, and showed strong improvement on 2016 outcomes, both for the proportions achieving ARE and Greater Depth.
- Outcomes in English Grammar Punctuation and Spelling were also comfortably ahead of national averages, and improved on 2016 results.
- Outcomes across schools were very varied, reflecting their different contexts. Progress rates generally improved, except in writing, where four schools' average progress scores were not as strong as in 2016
- Progress scores were significantly ahead of national averages, for all subjects in St John's, (placing the school in the top 5% of schools nationally for progress in all subjects), and at St Mary's
- Although there had been improvements in progress scores at The Weald in Writing, scores had declined in Reading and Maths, and all subjects' progress scores remained significantly below national averages
- Across the Trust, although there remains an attainment difference for disadvantaged pupils, they made faster progress than their non-disadvantaged peers in Reading, thus narrowing this gap from their starting points. There remains more to do to accelerate progress in maths.
- This is also the case for boys in Reading, although there remains a marginal gender gap. However, they made less progress than girls in Writing, where there remains a significant gender gap. Boys outperformed girls in maths.
- Pupils supported for SEND made less progress than their peers, most noticeably in Writing

Key Stage 4 (one school)

- attainment in maths and English improved on 2016 to be above the national average for the proportion of students achieving Grade C / 4+, and progress was in line with national averages
- attainment in the 'Attainment 8' measure declined on 2016 to below national average range, although progress in these subjects was within national average range
- Fewer than 25% of students were entered for the complete Ebacc in 2017, and outcomes for attainment and progress were lower than in 2016
- The 25 disadvantaged pupils made similar progress to their peers from individual starting points, resulting in an ongoing attainment difference
- Girls made stronger progress than boys, resulting in an attainment gap for boys
- The strongest progress was made by the 8 EAL pupils

The following numbers of children were admitted in September 2016:

The Holme	reception	23 (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	90 (PAN 90)	
The Weald	reception	15 (PAN 30)	year 3 40 (PAN 60)
Christ's College	year 7	148 (PAN 156)	

THE GOOD SHEPHERD TRUST

TRUSTEES' ANNUAL REPORT AND REPORT OF THE DIRECTORS

For the year ended 31 August 2017

Waverley Abbey
St Andrew's

year 3 145 (PAN 150)
reception 36 (PAN 40)

Early Years and Foundation Stage, and Year 1 Phonics Check

Unvalidated Pupil Outcomes as at November 2017

(arrows denote trend from 2016. Solid arrows denote more than 5% difference)

	EYFS		Y1 Phonics		
	No of pupils	%	No. pupils	% achieving	
	in cohort	GLD	in cohort	standard	
Ashley	90	81	90	87	↓
Queen Eleanor's	0	0	0	N/A	
St Andrew's Farnham	35	94	28	86	↓
St John's Dorking	28	82	25	72	↓
St Paul's Addlestone	60	78	60	82	↑
St Mary's Chiddingfold	30	70	29	72	↑
The Holme	22	68	30	90	↑
The Weald	22	71	30	72	↑
Waverley Abbey	0	NA	0	N/A	
National Average		71.4		81	
GST totals:	287	79.14	292	82	↑

GST 2016 headlines

81.5

THE GOOD SHEPHERD TRUST

TRUSTEES' ANNUAL REPORT AND REPORT OF THE DIRECTORS

For the year ended 31 August 2017

Key Stage 1 Unvalidated Pupil Outcomes as at November 2017

(arrows denote trend from 2016 Solid arrows denote more than 5% difference)

		% pupils achieving expected standard							% pupils exceeding expected standard					
	Key Stage 1													
	No. pupils in cohort	Reading		Writing		Maths		Reading		Writing		Maths		
Ashley	60	90	↑	90	↓	93	↑	44	↑	18	↓	36	↑	
Queen Eleanor's	0	0		0		0		0		0		0		
St Andrew's Farnham	40	97.5	↓	82.5	↓	87.5	↓	57.5	↓	35	↑	27.5	↑	
St John's Dorking	30	70	=	73	↑	73	↑	26.7	↑	16.7	↑	23.3	↑	
St Paul's Addlestone	45	73	↓	69	↑	80	↓	11	↓	9	↓	4	↓	
St Mary's Chiddingfold	30	83	↑	73	↑	83	↑	30	↑	20	↑	17	↓	
The Holme	19	74	↓	68	↑	79	↑	37	↓	37	↑	32	↑	
The Weald	28	64	↓	61	↓	68	↓	42	↑	0	↓	0	↓	
Waverley Abbey	0	0		0		0		0		0		0		
National Average		76		68		75		25		16		21		
GST totals:	252	81	↓	76	↓	82.5	↑	36	↑	19	↑	21	↓	
2016 GST totals:		82		79		80		27		17		30		
Nat AVE sponsored academies		71		64		71								
GST sponsored academies	152	73	↑	69	↑	77	↑							
Nat AVE converter academies		78		71		78								
GST converter academies	100	93	↑	87	↓	91	↑							

THE GOOD SHEPHERD TRUST

TRUSTEES' ANNUAL REPORT AND REPORT OF THE DIRECTORS
For the year ended 31 August 2017

Key Stage 2 Unvalidated Pupil Outcomes as at November 2017
(arrows denote trend from 2016. Solid arrows denote more than 5% difference)

	numb er in cohort	% ARE Readin g (no. pupils)		% ARE+ Reading (no. pupils)		progress Reading		% ARE Writing (no. pupils)		% ARE+ Writing (no. pupils)		Progress Writing		% Are Maths (no. pupils)		ARE+ Maths (no. pupils)		Progress Maths		% ARE combined	
Ashley	57	84 (48)	↓	58 (33)	↑	+2.8	↑	72 (41)	↓	32 (18)	↑	-1.6	↓	83 (47)	↑	44 (25)	↑	+0.6	↑	68 (39)	↓
Queen Eleanor's	87	84 (73)	↓	44 (38)	↓	+1.9	↓	75 (65)	↓	28 (24)	↑	-0.7	↓	82 (71)	↓	36 (31)	↓	+0.8	↓	69 (60)	↓
St Andrew's Farnham	N/A	N/A		N/A				N/A		N/A				N/A		N/A				N/A	↑
St John's Dorking	18	83 (15)	↑	17 (3)	↑	+5.8	↑	78 (14)	↑	11 (2)	↓	+5	=	83 (15)	↑	44 (8)	↑	+7.7	↑	61 (11)	↑
St Paul's Addlestone	56	71 (40)	↑	23 (13)	↑	-0.3	↓	77 (43)	↓	18 (10)	↑	+1.1	↓	73 (40)	↓	25 (14)	↑	+1.4	↓	61 (34)	↑
St Mary's Chiddingfold	19	95 (18)	↑	42 (8)	↑	+3.9	↓	90 (17)	↑	21 (4)	↓	+0.5	↓	100 (19)	↑	26 (5)	↓	+2.6	↑	84 (16)	
The Holme	14	57 (8)	↑	21 (3)	↑	+0.1	↑	64 (9)	↑	21 (3)	↑	-0.2	↑	50 (7)	↑	14 (2)	↑	-1.0	↑	43 (6)	↑
The Weald	49	67 (33)	↓	12 (6)	↑	-2.2	↓	65 (32)	↑	10 (5)	↑	-3.9	↑	59 (29)	↓	14 (7)	↑	-3.9	↓	43 (21)	↑
Waverley Abbey	118	93 (110)	↑	44 (52)	↑	+1.0	↑	85 (100)	↓	17 (20)	↓	-2.4	↓	92 (108)	↑	37 (44)	↑	-0.5	↑	78 (92)	↑
National Average		71		25				76		18				75		23				61	
Good Shepherd Trust	418 (395)	82.5 (78)	↑	35				77 (76)	↑	21				80 (74)	↑	31				67 (62)	↑
Nat Ave sponsored academies		62						71						67						52	
GST sponsored academies	156 (158)	73 (67)	↑					73 (64)	↑					70 (67)	↑					56 (50)	↑
Nat Ave converter academies		75						80						78						65	
GST converter academies	262 (237)	88 (85)	↑					79 (83.5)	↓					86 (79)	↑					73 (72.5)	↑

(2016 figures)













THE GOOD SHEPHERD TRUST

TRUSTEES' ANNUAL REPORT AND REPORT OF THE DIRECTORS

For the year ended 31 August 2017

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. From 2017 there have also been changes to the GCSE Grade outcomes, with a Grade C now being equivalent to a new Grade 4.

Christ's College	Grade 4 or above		Christ's College	Progress 8	Attainment 8	National Average
	School	National Ave				
English & Maths	65% 	62%	Overall	-0.24 	42.10 	4.5
English Baccalaureate	17% 	23%	English	-0.03 	9.55 	
			Maths	0.15 	8.83 	
			EBacc	-0.14 	11.55 	
			Open element	-0.76 	12.17 	

TRUSTEES' ANNUAL REPORT AND REPORT OF THE DIRECTORS
For the year ended 31 August 2017

5 FINANCIAL REVIEW

Financial Performance

The year 1 September 2016 to 31 August 2017 was the fourth full year of operation for the Trust. These financial statements cover the operation of the ten 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, and two schools which have converted since the year-end.

	As at 1 September 2016 restated £,000	Incoming Resources £,000	Resources Expended £,000	Gains, Losses and Transfers £,000	As at 31 August 2017 £,000
Valuation of fixed assets on conversion	4,651	480	(37)	-	5,094
Valuation of pension deficit on conversion	(4,933)	-	(541)	389	(5,085)
Pre-opening grants	74	75	(80)	(15)	54
Capital grants	1,077	3,508	(3,229)	11	1,367
Revenue operations	561	16,865	(16,617)	497	1,306
	<u>1,430</u>	<u>20,928</u>	<u>(20,504)</u>	<u>882</u>	<u>2,736</u>

While the Trust's gross income has grown from £15,230,000 in 2015-16 to £20,928,000 in 2016-17 only £16,865,000 of this was revenue in nature. Similarly, while the Trust's expenditure has also grown from £14,846,000 to £20,504,000, only £16,617,000 was revenue in nature. Of the increase in the Trust's revenue reserves by £745,000 during the year, £297,000 was attributable to local school funds and £281,000 to reserves transferred on the conversion of two schools, leaving continuing revenue operations with a surplus of £167,000; this margin was a small, but a positive contribution to the Trust's strategy of increasing its operating reserves available to meet unforeseen contingencies. The Directors continue with robust budgeting and monitoring procedures to ensure that academies spend within their means. 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 academy pre-opening grants of £75,000 to facilitate three academy conversions.

The Trust has also received capital grants for building works at its academies of £3,508,000, notably for the one form entry expansion at Ashley CE Primary School, and for ESFA Condition Improvement Fund grant-funded projects during the year. As a result of the most recent Academies Accounts Direction issued by the ESFA the Trust has changed its accounting policy for capital grant-funded expenditure on land and buildings owned by local church trustees. The new policy dictates that where the Trust receives such grants, it should immediately account for an equal grant payable to the local church trustees, rather than treat the expenditure as creating fixed assets. This change in accounting policy has resulted in a write-

down of fixed assets and reserves at 1 September 2016 by £1,941,000.

In the table above, £480,000 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 £4,651,000 does not represent a spendable resource but is rather a measure of the resources for which the Trust carries responsibility. In addition 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 with a C of E ethos. 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 £541,000 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. Although the year-end the valuation of deficits in this scheme grew by £152,000 to £5,085,000, there was a net actuarial gain of £882,000 in the year, the first time in several years. The Trust continues to pay 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 2017 were valued at £2,736,000 (2016 restated: £1,430,000). Of this amount net current assets totalled £1,835,000 (2016: £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 2017/18 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 2017 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

TRUSTEES' ANNUAL REPORT AND REPORT OF THE DIRECTORS

For the year ended 31 August 2017

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 2017 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 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 twelve schools 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 his agreement to enable further expansion of GST, in partnership with the Guildford Diocesan Board of Education.

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 and Skills Funding Agency (ESFA), 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 ESFA 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.

TRUSTEES' ANNUAL REPORT AND REPORT OF THE DIRECTORS
For the year ended 31 August 2017

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
- 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

13 December 2017

THE GOOD SHEPHERD TRUST

GOVERNANCE STATEMENT

For the year ended 31 August 2017

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 five 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)	5	5
The Venerable Paul Bryer	2	5
Mr Robert Burke	2	5
Mrs Caroline Doherty	1	3
The Very Revd Dianna Gwilliams	5	5
Mr Tony Lau-Walker	4	5
Mrs Catherine Myers	5	5
Mrs Sue Potter	5	5
Mr Nigel Stapleton	4	5

Mrs Catherine Myers was re-appointed by the Members on 18 January 2017. Mrs Caroline Doherty resigned on 14 April 2017. Mrs Sue Potter was re-appointed by Members on 29 August 2017. 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 four times during the period. Attendance at those meetings was as follows:

	Meetings attended	Out of a possible
Mr Robert Burke	4	4
Mr Nigel Stapleton	2	4
Mr Simon Walker	4	4

THE GOOD SHEPHERD TRUST

GOVERNANCE STATEMENT

For the year ended 31 August 2017 (continued)

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 three times during the period. Attendance at those meetings was as follows:

	Meetings attended	Out of a possible
Mr Tony Lau-Walker	2	3
Mrs Catherine Myers	2	3
Mrs Sue Potter	3	3
Mr Simon Walker	3	3

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 once during the period. Attendance at those meetings was as follows:

	Meetings attended	Out of a possible
The Ven Paul Bryer	1	1
Mr Simon Walker	1	1
Mrs Jane Whittington (Christian Distinctiveness)	1	1

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.

Review of Value for Money

As accounting officer the chief executive has responsibility for ensuring that the academy trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The accounting officer considers how the Trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where appropriate. The accounting officer for the academy trust has delivered improved value for money during the year by:

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 2017 and up to the date of approval of the annual report and financial statements.

GOVERNANCE STATEMENT

For the year ended 31 August 2017 (continued)

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 managing the Trust's significant risks that has been in place for the period from 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Directors.

The Risk and Control Framework

The 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.

THE GOOD SHEPHERD TRUST

GOVERNANCE STATEMENT

For the year ended 31 August 2017 (continued)

Approved by order of the Directors on 13 December 2017 and signed on its behalf by:



Simon Walker
Chairman



David Brown
Accounting Officer

THE GOOD SHEPHERD TRUST

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

For the year ended 31 August 2017

As Accounting Officer of The Good Shepherd Trust I have considered my responsibility to notify the academy trust board of trustees and the Education and Skills Funding Agency of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the 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.



David Brown
Chief Executive and Accounting Officer

13 December 2017

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE GOOD SHEPHERD TRUST

Opinion

We have audited the financial statements of The Good Shepherd Trust for the year ended 31 August 2017 which comprise the Statements of Financial Activities, the Balance Sheet, the Cash Flow Statement and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice) and the Annual Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency (ESFA).

In our opinion, the financial statements:

- give a true and fair view of the charitable company's affairs as at 31 August 2017 and its net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Annual Accounts Direction 2016 to 2017 issued by the ESFA.

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

Basis for opinion

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

Responsibilities of trustees for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE GOOD SHEPHERD TRUST (continued)

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

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

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

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report (which incorporates the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Report (which incorporates the strategic report and the directors' report) has been prepared in accordance with applicable legal requirements.

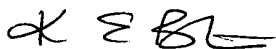
Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Governors (which incorporates the strategic report and the directors' report).

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

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

- adequate accounting records have not been kept by the charitable company; 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

13th December 2017

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

In accordance with the terms of our engagement letter dated 17 December 2013 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Good Shepherd Trust during the period from 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to The Good Shepherd Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to The Good Shepherd Trust and the ESFA 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 Good Shepherd Trust and the ESFA, for our review work, for this report, or for the opinion we have formed.

Respective responsibilities of The Good Shepherd Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of The Good Shepherd Trust's funding agreement with the Secretary of State for Education dated 30 August 2013 and the Academies Financial Handbook, extant from 1 September 2016 for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

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

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

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:

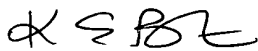
- Assessment of the control environment operated by the Academy.
- Walkthrough testing of controls to ensure operational effectiveness.

**INDEPENDENT AUDITOR'S ASSURANCE REPORT ON REGULARITY TO THE TRUSTEES OF
THE GOOD SHEPHERD TRUST AND THE EDUCATION AND SKILLS 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 certificates 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 period from 1 September 2016 to 31 August 2017 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Kathryn Burton, Reporting Accountant,
For and on behalf of haysmacintyre, Statutory Auditors

26 Red Lion Square
London. WC1R 4AG

13th December 2017

THE GOOD SHEPHERD TRUST

STATEMENT OF FINANCIAL ACTIVITIES

For the year ended 31 August 2017

		Unrestricted funds	Restricted funds	Restricted fixed asset funds	Total 2017	Total 2016 restated
	Note	£,000	£,000	£,000	£,000	£,000
Income and endowments from						
Donations and capital grants	4	209	3,421	-	3,630	1,513
Transfer from local authority on conversion	3	-	335	480	815	1,333
Charitable activities						
Funding for the Trust's educational operations	5	841	15,210	-	16,051	12,001
Other trading activities	6	385	46	-	431	380
Investment income	7	-	2	-	2	3
Total		1,435	19,014	480	20,929	15,230
Expenditure on						
Charitable activities:						
Trust's educational operations	10	618	19,309	37	19,964	13,961
Pension fund deficit inherited on conversion	3	-	541	-	541	1,782
Total	8	618	19,850	37	20,505	15,743
Net income/(expenditure)		817	(836)	443	424	(513)
Transfers between funds	15	(305)	305	-	-	-
Other recognised gains/(losses)						
Actuarial (losses)/gains on defined benefit pension schemes		-	882	-	882	(1,167)
Net movement in funds		512	351	443	1,306	(1,680)
Total Funds at 31 August 2016						
as originally stated		380	(1,659)	4,651	3,372	4,155
Prior year adjustment		-	(1,942)	-	(1,942)	(1,045)
Total Funds at 31 August 2016 as restated		380	(3,601)	4,651	1,430	3,110
Total funds at 31 August 2017	20	892	(3,250)	5,094	2,736	1,430

All income and expenditure derived from continuing activities.

The notes on pages 33 to 53 form part of these financial statements.

BALANCE SHEET
As at 31 August 2017

		2017	2016
	Notes	£,000	restated £,000
Fixed assets			
Tangible fixed assets	16	6,011	5,395
Current assets			
Debtors	17	1,614	916
Cash at bank		1,709	1,067
		<u>3,323</u>	<u>1,983</u>
Creditors: amounts falling due within one year	18	<u>(1,488)</u>	<u>(985)</u>
Net current assets		<u>1,835</u>	<u>998</u>
Total assets less current liabilities		<u>7,846</u>	<u>6,393</u>
Creditors: amounts falling due after more than one year	19	<u>(25)</u>	<u>(30)</u>
		<u>7,821</u>	<u>8,305</u>
Pension scheme liability	27	<u>(5,085)</u>	<u>(4,933)</u>
Net assets including pension liability		<u><u>2,736</u></u>	<u><u>1,430</u></u>
The funds of the charity			
Restricted funds			
Restricted income funds		1,459	1,151
Fixed asset fund		5,094	4,651
General fund		376	181
Pension reserve	27	(5,085)	(4,933)
Unrestricted income funds:			
General funds		595	380
School funds		297	-
Total funds	20	<u><u>2,736</u></u>	<u><u>1,430</u></u>

These financial statements were approved by the Board of Directors and authorised for issue on 13 December 2017, and signed on their behalf by:



Simon Walker
Director

The notes on pages 33 to 53 form part of these financial statements.

THE GOOD SHEPHERD TRUST**CASH FLOW STATEMENT****For the year ended 31 August 2017**

	Notes	2017 £,000	2016 £,000
Cash flows from operating activities			
Net cash from operating activities	23	1,001	1,369
Cash flows from investing activities	24	(361)	(1,416)
Cash flows from financing activities	25	2	3
Cash transferred on conversion to an academy trust			
Change in cash and cash equivalents in the period		642	(44)
Cash and cash equivalents at 1 September 2016		1,067	1,111
Cash and cash equivalents at 31 August 2017		1,709	1,067

The notes to this statement are on pages 49 and 50.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2017

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 2016 to 2017 issued by ESFA, 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** are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the year is shown in the relevant funds on the balance sheet. Where income is received in advance of meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

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

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

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

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

v) **Transfer on conversion** Where assets are received by the trust on conversion to an academy, the transferred assets are measured at fair value and recognised in the balance sheet at the point when the risks and rewards of ownership pass to the trust. An equal amount of income is recognised as Transfer on conversion within Donations and capital grant income.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2017 (continued)

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.

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.
 - **Restricted fixed asset funds** are resources which are to be applied to specific capital purposes imposed by funders where the asset acquired or created is held for a specific purpose.
 - **Restricted general funds** comprise all other restricted funds received with restrictions imposed by the funder/donor and include grants from the ESFA/DfE.
- **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.

Where improvements are made to land and buildings owned by local church trustees, and occupied by the Trust on a rolling two year basis under a church supplemental agreement, this expenditure is

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2017 (continued)

accounted for as a Trust grant to the local church trustees, and not capitalised. Where this expenditure is funded by grant, both the grant receivable and the grant payable are accounted for in full in the period in which the grant is received, in accordance with the Academies Accounts Direction 2017. This represents a change in accounting policy, and the effects of this policy are detailed in Note 2 below.

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.
- ii) **Computer equipment** is depreciated on a straight line basis over the expected useful life of 3 years.

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

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 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2017 (continued)

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 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 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. 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.

Except as noted above and in note 2 below, the accounting policies have been applied consistently in dealing with items which are considered material in relation to the Trust's financial statements.

2 PRIOR YEAR ADJUSTMENT

As required by the Academies Accounts Direction 2017 issued by the ESFA, where improvements are made to land and buildings owned by local church trustees, and occupied by the Trust on a rolling two year basis under a church supplemental agreement, this expenditure is accounted for as a Trust grant to the local church trustees, and not capitalised. Where this expenditure is funded by grant, both the grant receivable and the grant payable are accounted for in full in the period in which the grant is received. In 2016 and previous years the Trust has accounted for this expenditure by capitalising it and depreciating it over the estimated useful life of the asset created. There has therefore been a change in accounting policy requiring a restatement of the statement of financial activities and balance sheet of previous years.

The effect of this change may be quantified as follows:

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2017 (continued)

	2016 Restricted General Funds £,000	2016 Total Funds £,000	2015 Restricted General Funds £,000	2015 Total Funds £,000
Net assets as originally stated	(1,659)	3,372	3,423	4,155
Less reduction in fixed assets, being the net book value of previously capitalised assets now expensed as grant to local church trustees	(1,942)	(1,942)	(1,045)	(1,045)
Net assets as restated	<u>(3,601)</u>	<u>1,430</u>	<u>2,378</u>	<u>3,110</u>
Net income/(expenditure) as originally stated	1,228	383		
Add reduction in expenditure, being depreciation charge reversed	69	69		
Less increase in expenditure, being increased grants to local church trustees	(965)	(965)		
Net income/(expenditure) restated	<u>332</u>	<u>(513)</u>		

In the current year 2016-17, expenditure on the Trust's educational operations includes grants to local church trustees of land and buildings amounting to £2,948,000. Had the accounting policy not changed, this amount would have been capitalised as improvements to buildings, and depreciation for the year on this amount would have amounted to £41,000. In addition the depreciation for the year on assets previously capitalised would have amounted to £70,000. Thus the effect of the change in accounting policy in the current year has been to reduce fixed assets by £4,779,000, and to increase expenditure (and to reduce net income/(expenditure)), by £2,837,000.

3 CONVERSION TO ACADEMY STATUS WITHIN THE TRUST

Waverley Abbey Church of England Voluntary Aided Junior School, Tilford

On 1 December 2016, Waverley Abbey Church of England Voluntary Aided Junior School, Tilford 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.

THE GOOD SHEPHERD TRUST

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 August 2017 (continued)

	Unrestricted Funds £,000	Restricted General Funds £,000	Restricted Fixed Asset Funds £,000	Total Funds £,000
Tangible fixed assets				
Leasehold land and buildings	-	-	480	480
Budget surplus on LA funds	-	293	-	293
LGPS pension (deficit)	-	(407)	-	(407)
Net assets / (liabilities)	-	(114)	480	366

The above net assets include £243,000 transferred as cash.

St Andrew's Church of England Voluntary Controlled Infant School, Farnham

On 1 March 2017, St Andrew's Church of England Voluntary Controlled Infant School, Farnham 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 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 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	-	-	-	-
Budget surplus on LA funds	-	41	-	41
LGPS pension (deficit)	-	(134)	-	(134)
Net assets / (liabilities)	-	(93)	-	(93)

The above net assets include £41,000 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.

THE GOOD SHEPHERD TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2017 (continued)

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total Funds £
Tangible fixed assets				
Leasehold land and buildings	-	-	480	480
Budget surplus on LA funds	-	334	-	334
LGPS pension (deficit)	-	(541)	-	(541)
Net assets / (liabilities)	-	(207)	480	273

The above net assets include £284,000 that was transferred as cash. All of the figures and information relate to the current period.

4 DONATIONS AND CAPITAL GRANTS

	Unrestricted Funds £,000	Restricted Funds £,000	Restricted Asset fund £,000	Total 2017 £,000	Total 2016 £,000
Donations	116	-	-	116	97
Grants	93	1	-	94	333
Capital grants - ESFA	-	889	-	889	522
Capital grants – local auth	-	2,531	-	2,531	561
	209	3,421	-	3,630	1,513

In 2016, of the total donations and capital grants, £117,000 was to unrestricted funds and £1,396,000 was to restricted funds.

5 FUNDING FOR THE TRUST'S EDUCATIONAL OPERATIONS

	Unrestricted Funds £,000	Restricted Funds £,000	Total 2017 £,000	Total 2016 £,000
DfE/ESFA grants				
General Annual Grant (GAG)	-	12,814	12,814	10,137
Start up Grants	-	-	-	50
Transition Grants	-	75	75	16
Pupil premium	-	682	682	546
Other DfE/ESFA grants	-	521	521	381
	-	14,092	14,092	11,130
Other Government grants				
Local authority revenue grants	-	925	925	624
	-	925	925	624

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2017 (continued)

Other income	841	193	1,034	247
	<u>841</u>	<u>15,210</u>	<u>16,051</u>	<u>12,001</u>

In 2016, of the total funding for the Trust's educational operations, £247,000 was to unrestricted funds and £11,754,000 was to restricted funds.

6 OTHER TRADING ACTIVITIES

	Unrestricted Funds £,000	Restricted Funds £,000	Total 2017 £,000	Total 2016 £,000
Hire of facilities	237	-	237	164
Other	147	48	195	216
	<u>384</u>	<u>48</u>	<u>432</u>	<u>380</u>

In 2016, of the total donations and capital grants, £315,000 was to unrestricted funds and £65,000 was to restricted funds.

7 INVESTMENT INCOME

	Unrestricted Funds £,000	Restricted Funds £,000	Total 2017 £,000	Total 2016 £,000
Interest receivable	-	2	2	3
	<u>-</u>	<u>2</u>	<u>2</u>	<u>3</u>

In 2016, of the total investment income £2,000 was to unrestricted funds and £1,000 was to restricted funds.

8 EXPENDITURE

	Staff Costs £,000	Non Pay Premises £,000	Expenditure Other costs £,000	Total 2017 £,000	Total 2016 restated £,000
Academy's educational operations					
- Direct costs	10,658	-	1,442	12,100	9,665
- Allocated support costs	1,836	4,149	1,879	7,864	4,296
- Pension fund deficit inherited on conversion	541	-	-	541	1,782
	<u>13,035</u>	<u>4,149</u>	<u>3,321</u>	<u>20,505</u>	<u>15,743</u>

THE GOOD SHEPHERD TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2017 (continued)

9 NET MOVEMENT IN FUNDS

	2017 £,000	2016 £,000
Net movement in funds for the year is stated after charging the following:		
Operating leases	71	43
Depreciation	227	165
Fees payable to auditor – audit	15	15
- other services	6	5
Gifts	2	1
	<u> </u>	<u> </u>

No ex-gratia payments were made during the year.

10 CHARITABLE ACTIVITIES – TRUST'S EDUCATIONAL OPERATIONS

	Unrestricted Funds £,000	Restricted Funds £,000	Total 2017 £,000	Total 2016 restated £,000
Direct costs				
Teaching and educational support staff costs	26	10,632	10,658	8,542
Technology costs	-	251	251	209
Educational supplies	33	305	338	297
Staff development	-	108	108	107
Educational consultancy	-	296	296	277
Trips and visits	86	60	146	212
Other direct costs	300	3	303	21
	<u>445</u>	<u>11,655</u>	<u>12,100</u>	<u>9,665</u>

	Unrestricted Funds £,000	Restricted Funds £,000	Total 2017 £,000	Total 2016 restated £,000
Allocated support costs				
Support staff costs	121	1,715	1,836	1,429
Depreciation	-	227	227	165
Technology costs	-	144	144	301
Recruitment and support	1	212	213	31
Maintenance of premises and Equipment	-	3,455	3,455	1,219
Cleaning	-	263	263	231
Rates	-	99	99	75
Energy	-	220	220	188
Water	-	49	49	32
Insurance	1	62	63	105
Security and transport	-	-	-	-
Catering	-	324	324	272
Bank interest and charges	-	-	-	6
Liability for defined benefit pension scheme at conversion	-	541	541	1,782

THE GOOD SHEPHERD TRUST

NOTES TO THE FINANCIAL STATEMENTS.

For the year ended 31 August 2017 (continued)

Pension finance costs	-	493	493	188
Other support costs	50	374	424	17
Legal and professional fees	-	21	21	-
Auditor's remuneration				
- audit of financial statements	-	15	15	15
- other services	-	6	6	5
Trustees reimbursed expenses	-	3	3	4
Other governance costs	-	9	9	12
	<u>173</u>	<u>8,232</u>	<u>8,405</u>	<u>6,078</u>

11 STAFF

a) Staff Costs	2017 £	2016 £
Staff costs during the period were:		
Wages and salaries	9,764	7,624
Social security costs	838	573
Operating costs of defined benefit pensions schemes	1,752	1,358
	<u>12,354</u>	<u>9,555</u>
Supply staff costs	195	416
Staff restructuring costs	19	-
	<u>12,568</u>	<u>9,971</u>

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

Included in staff costs are two non-statutory/non-contractual severance payment totalling £19,000 – the amounts being £12,500 and £6,500 (2016 total: £11,100).

c) Staff numbers

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

	2017 No.	2016 No.
Charitable activities		
Teachers	208	179
Education Support	252	162
Administration and support	61	49
Trust Management	6	5
	<u>527</u>	<u>395</u>

d) Higher paid staff

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

	2017 No.	2016 No.
£60,001 - £70,000	5	4
£70,001 - £80,000	5	3
£80,001 - £90,000	-	-
£90,001 - £100,000	1	-

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2017 (continued)

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:

	2017 £,000	2016 £,000
Senior leadership team	309	224
Headteachers	858	652

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 pocket expenses to trustees in the amount of £877 (2016: £715).

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.
- Whereas from 1 September 2016 the Trust employed its own non-academy-based officers, before that date the GDBF employed the Trust's non-academy-based officers, and seconded them to the Trust; during the year the Trust has reimbursed £NIL of expenditure in this way (2016: £185,315). 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 £1,212,372 (2016: £917,319). At the balance sheet date the GDBF held on behalf of the Trust an unexpended balance of £416,348 (2016: £346,148).
- Guildford Diocesan Services Limited is the wholly owned trading subsidiary of the GDBF. During the year the Trust paid £89,144 (2016: £100,845) to GDSL for property services and school improvement services at cost, and £14,688 was outstanding at the year-end (2016: £11,276).

13 TRUSTEES AND OFFICERS INSURANCE

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

14 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.

THE GOOD SHEPHERD TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2017 (continued)

	2017 £,000	2016 £,000
The actual amounts charged during the year were as follows:		
The Holme Church of England Primary School, Headley	31	32
St John's Church of England Primary School, Dorking	56	61
St Mary's Church of England Primary School, Chiddingfold	38	36
St Paul's Church of England Primary School, Addlestone	80	79
Ashley Church of England Primary School, Walton-on-Thames	58	48
Queen Eleanor's Church of England Junior School, Guildford	48	36
The Weald Church of England Primary School, Beare Green	67	85
Christ's College, Guildford	125	94
Waverley Abbey Church of England Junior School, Tilford	50	-
St Andrew's Church of England Infant School, Farnham	12	-
	<u>565</u>	<u>471</u>

15 FUND TRANSFERS

	Unrestricted Funds £	Restricted Funds £	Total 2017 £	Total 2016 £
From unrestricted funds to GAG funds to cover a deficit	(305)	305	-	-
From the growth fund to the GAG fund to cover expenses met by GAG fund	-	(25)	-	-
From transition funds to GAG fund to cover expenses met by GAG fund	-	(25)	-	-
From LGPS reserve to GAG funds to offset the net cost of contributions	-	493	-	188
	-	(493)	-	(188)
	<u>(305)</u>	<u>305</u>	<u>-</u>	<u>-</u>

16 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 prior year adjustment relates to the change in accounting policy for capital expenditure on land and buildings made available to the Trust by local church trustees – see note 2.

THE GOOD SHEPHERD TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2017 (continued)

	Leasehold land and buildings £,000	Leasehold improvements £	Furniture And equipment £	Computer Equipment £'	Total £
Cost					
At 1 September 2016	4,764	2,341	390	100	7,595
Prior year adjustment	-	(2,012)	(5)	-	(2,017)
Transfer from local Authorities	480	-	-	-	480
Additions	-	18	336	9	363
At 31 August 2017	5,244	347	721	109	6,421
Depreciation					
At 1 September 2016	113	108	17	20	258
Prior year adjustment	-	(74)	(1)	-	(75)
Charged in year	37	32	109	49	227
At 31 August 2017	150	66	125	69	410
Net Book Value					
At 31 August 2017	5,094	281	596	40	6,011
At 31 August 2016	4,651	2,233	373	80	7,337

17 DEBTORS

	2017 £,000	2016 £,000
Trade debtors	22	20
Funds deposited with GDBF for capital projects	417	346
Prepayments	151	85
Accrued income	270	193
VAT refundable	754	258
Other debtors	-	14
	1,614	916

18 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £,000	2016 £,000
Trade creditors	388	255
Taxation and social security	217	173
Other creditors	8	73
Accrued expenses	421	110
Deferred income	225	195
Pension contributions	224	174
Loans	5	5
	1,488	985

THE GOOD SHEPHERD TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2017 (continued)

	2017 £,000	2016 £,000
Deferred income		
Deferred income at 1 September 2016	195	125
Released from previous years	(195)	(125)
Resources deferred in the year	225	195
	<hr/>	<hr/>
Deferred income at 31 August 2017	225	195
	<hr/>	<hr/>

19 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2017 £,000	2016 £,000
Loan	25	30
	<hr/>	<hr/>
Loan repayment instalments are due as follows:		
Between one and two years	5	5
Between two and five years	20	20
After five years	-	5
	<hr/>	<hr/>
	25	30
	<hr/>	<hr/>

There was one loan outstanding at 31 August 2017. 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.

20 FUNDS

	As at 1 September 2016 restated £,000	Incoming Resources £,000	Resources Expended £,000	Gains, Losses and Transfers £,000	Balance at 31 August 2017 £,000
Restricted general funds					
General annual grant GAG	181	15,361	(15,992)	827	377
Pre-opening grants	74	75	(81)	(15)	53
Other ESFA grants	-	70	(7)	(25)	38
Local government pension scheme reserve	(4,933)	-	(541)	389	(5,085)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	(4,678)	15,506	(16,621)	1,176	(4,617)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Restricted fixed assets funds					
Transfer from local authorities	4,651	480	(37)	-	5,094
DfE/ESFA capital grants	841	3,507	(3,229)	11	1,130
Other capital funds	236	1	-	-	237
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	5,728	3,988	(3,266)	11	6,461
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

THE GOOD SHEPHERD TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2017 (continued)

Total restricted funds	1,050	19,494	(19,887)	1,187	1,844
Unrestricted funds	380	1,435	(618)	(305)	892
Total funds	1,430	20,929	(20,505)	882	2,736

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 ESFA 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.
- c) other ESFA 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) ESFA capital grants: these capital grants from ESFA (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.

No limits have been imposed on the amount of GAG that the Trust is permitted to carry forward from one year to the next.

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

	2017 £,000	2016 restated £,000
General annual grant		
The Holme	(67)	(20)
St John's	21	18
St Mary's	(68)	(49)
St Paul's	101	194
Ashley	-	32
Queen Eleanor's	-	1
The Weald	(135)	(31)
Christ's College	236	5
Waverley Abbey	256	-
St Andrew's	27	-
Central MAT	-	31
	<u>371</u>	<u>181</u>

THE GOOD SHEPHERD TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2017 (continued)

	2017	2016
	£,000	restated £,000
Pre-opening grant		
St Paul's	6	7
Ashley	8	8
Queen Eleanor's	3	7
The Weald	-	39
Christ's College	13	13
Waverley Abbey	1	-
St Andrew's	5	-
Farnborough Grange	17	-
	53	74
EFA capital grants		
The Holme	330	415
St John's	5	306
St Mary's	100	86
St Paul's	92	103
Ashley	168	576
Queen Eleanor's	51	973
The Weald	341	264
Christ's College	16	14
Waverley Abbey	18	-
St Andrew's	9	-
	1,130	2,737
	2017	2016
	£	Restated £
Other capital grants		
St John's swimming pool reserve	-	-
Ashley Harmony Centre	237	236
	237	236
Unrestricted funds		
The Holme	-	-
St John's	102	-
St Paul's	155	117
Ashley	86	74
Queen Eleanor's	147	115
The Weald	-	60
Christ's College	51	-
Waverley Abbey	21	-
St Andrew's	20	-
Central services	13	14
	595	380

THE GOOD SHEPHERD TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2017 (continued)

School fund accounts		
St John's	6	-
St Mary's	14	-
St Paul's	30	-
Ashley	24	-
Queen Eleanor's	34	-
The Weald	2	-
Christ's College	59	-
Waverley Abbey	105	-
St Andrew's	23	-
	<hr/>	<hr/>
	297	-
	<hr/>	<hr/>
Restricted fixed assets funds	5,094	4,651
Pension scheme reserve	(5,085)	(4,933)
	<hr/>	<hr/>
Total funds	2,736	1,430
	<hr/>	<hr/>

21 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Funds £,000	Restricted General Funds £,000	Restricted Fixed assets Funds £,000	Total Funds £,000
Tangible fixed assets	-	917	5,094	6,011
Current assets	892	2,431	-	3,323
Current liabilities	-	(1,488)	-	(1,488)
Long term liabilities	-	(25)	-	(25)
Pension scheme liability	-	(5,085)	-	(5,085)
	<hr/>	<hr/>	<hr/>	<hr/>
Total net assets	892	(3,250)	5,094	2,736
	<hr/>	<hr/>	<hr/>	<hr/>

22 FINANCIAL COMMITMENTS

Operating leases

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

	2017 £,000	2016 £,000
Amounts due within one year	18	25
Amounts due between one and five years	60	61
Amounts after five years	-	-
	<hr/>	<hr/>
	78	86
	<hr/>	<hr/>

THE GOOD SHEPHERD TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2017 (continued)

22 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.

	2017 £,000	2016 £,000
Expenditure approved but not yet contracted for	2	67
Expenditure contracted for but not yet incurred	105	2,980
	<u>107</u>	<u>3,047</u>

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

	2017 £,000	2016 £,000
Net income	424	384
Net assets transferred from Local Authority	(481)	(1,265)
Pension scheme deficits acquired on conversion	541	1,782
Pension scheme costs recognised in excess of contributions	493	187
Depreciation (note 13)	227	165
Interest receivable	(2)	(3)
(Increase) in debtors	(699)	(127)
Increase in creditors	498	246
Net cash inflow from operating activities	<u>1,001</u>	<u>1,369</u>

24 CASH FLOWS FROM INVESTING ACTIVITIES

	2017 £,000	2016 £,000
Purchase of tangible fixed assets	<u>361</u>	<u>1,416</u>

25 CASH FLOWS FROM FINANCING ACTIVITIES

	2017 £,000	2016 £,000
Interest received	<u>2</u>	<u>3</u>

26 ANALYSIS OF CHANGES IN NET FUNDS

	At 1 September 2016 £,000	Cash flows £,000	At 31 August 2017 £,000
Cash in hand and at bank	<u>1,067</u>	<u>642</u>	<u>1,709</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2017 (continued)

27 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 2016.

The contributions outstanding at 31 August 2017, all relating to the month then ended, amounted to £224,570 (2016: £174,380).

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 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

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

Valuation of the Teachers' Pension Scheme

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

During the previous year the employer contribution rate was 16.48%. The TPS valuation for 2012 determined an employer rate of 16.48%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

THE GOOD SHEPHERD TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2017 (continued)

The employer's pension costs paid to TPS in the period amounted to £1,011,000 (2016: £795,000).

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

Under the definitions set out in FRS 102, the TPS is a multi-employer pension scheme. The 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 2017 was £859,000 (2016: £707,000) of which employer's contributions totalled £696,000 (2016: £570,000) and employees' contributions totalled £163,000 (2016: £137,000). The agreed contribution rates for future years are between 14.1% and 20.4% 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.

<i>Principal actuarial assumptions</i>	<i>At 31 August 2017</i>	<i>At 31 August 2016</i>
Rate of increase in salaries	2.7%	2.4%
Rate of increase for pensions in payment/inflation	2.4%	2.1%
Discount rate for scheme liabilities	2.5%	3.1%
Inflation assumption (CPI)	2.4%	2.1%
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:

	<i>At 31 August 2017</i>	<i>At 31 August 2016</i>
<i>Retiring today</i>		
Males	22.5	22.5
Females	24.6	24.6
<i>Retiring in 20 years</i>		
Males	24.1	24.5
Females	26.4	26.9

	<i>At 31 August 2017</i>	<i>At 31 August 2016</i>
Sensitivity analysis		
Discount rate +0.1%	(244)	(216)
Discount rate -0.1%	244	216
Mortality assumption – 1 year increase	(68)	(256)
Mortality assumption – 1 year decrease	68	256
CPI rate +0.1%	197	138
CPI rate -0.1%	(197)	(138)

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2017 (continued)

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

	<i>Fair value at 31 August 2017</i>	<i>Fair value at 31 August 2016</i>
	<i>£000</i>	<i>£000</i>
Equity instruments	3,577	2,655
Debt instruments	753	626
Property	340	217
Other incl cash	200	80
	<hr/>	<hr/>
Total market value of assets	4,870	3,578
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The actual return on scheme assets was £93,000 excluding gains/(losses) (2016: £96,000).

Amount recognised in the statement of financial activities

	<i>2017</i>	<i>2016</i>
	<i>£,000</i>	<i>£,000</i>
Current service cost (net of employee contributions)	1,074	634
Net interest cost	204	215
Benefit changes, gain/(loss) on curtailment and gain/(loss) on settlement	(89)	(91)
	<hr/>	<hr/>
Total operating charge	1,189	758
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Changes in the present value of defined benefit obligations were as follows:

	<i>2017</i>	<i>2016</i>
	<i>£,000</i>	<i>£,000</i>
Valuation of defined benefit obligation at 1 September 2016	8,511	3,321
Transfers from local authority on conversion	1,089	2,690
Current service cost	1,074	634
Interest cost	208	220
Remeasurement gains/(losses)	(1,010)	1,510
Employee contributions	163	137
Benefits paid out	(80)	(1)
	<hr/>	<hr/>
Valuation of defined benefit obligation at 31 August 2017	9,955	8,511
	<hr/>	<hr/>

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

	<i>£,000</i>	<i>£,000</i>
Valuation of the fair value of assets at 1 September 2016	3,578	1,525
Transfer of assets from the local authority	548	908
Interest income	93	96
Remeasurement gains/(losses)	(128)	343
Employer contributions	696	570
Employee contributions	163	137
Net benefits paid out	(80)	(1)
	<hr/>	<hr/>
Valuation of the fair value of assets at 31 August 2017	4,870	3,578
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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2017 (continued)

28 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 September 2017 Farnborough Grange Nursery/Infants Community School

1 December 2017 Potters Gate Church of England Primary School

In respect of this academy the Trust has received a transition grant from the ESFA, 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.

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.