



THE GOOD SHEPHERD TRUST

Diocese of Guildford

TRANSFORMING SCHOOLS
TRANSFORMING LIVES

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 2018

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THE GOOD SHEPHERD TRUST

TRUSTEES' ANNUAL REPORT AND REPORT OF THE DIRECTORS

For the year ended 31 August 2018

Members	The Guildford Diocese Educational Trust (represented by the Diocesan Director of Education, Mr Alex Tear) The Right Reverend Dr Joanne Bailey Wells Mr Peter Coles The Revd Canon Colin Matthews Mr Simon Walker JP
Directors	The Venerable Paul Bryer – resigned 30 April 2018 Mr Robert Burke – resigned 14 September 2018 Mr David Draper – appointed 16 January 2018, resigned 5 September 2018 The Very Reverend Dianna Gwilliams Mr Anthony Lau-Walker CBE Mrs Yvonne McLeod – appointed 16 January 2018 Mrs Catherine Myers OBE – resigned 30 September 2018 Mrs Susan Potter Mr Nigel Stapleton Mr Simon Walker JP (Chairman) The Directors are also the Trustees for the purposes of charity law and served from 1 September 2017 to the date of this report except where otherwise stated:
Company Secretary	Mr Stephen Collyer – to 31 October 2018 Mrs Diana Goodhugh – from 1 November 2018
Clerk to the Directors	Mrs Penny Came
Management Team	
Chief Executive	Mr David Brown – to 8 April 2018 Mr Anthony Billings – from 16 April 2018
Director of Schools	Miss Kate Evans
Director of Finance	Mr Stephen Collyer – to 31 October 2018
Head of Finance (Acting)	Mrs Diana Goodhugh – from 1 November 2018
Director of Human Resources	Mrs Joanne Cambra – from 1 November 2017
School Development and Project Management Officer	Mr Colin Henry MBE
Office Manager	Mrs Sally Condie
Finance Officers	Mrs Georgina Fry Mr Christopher Stanley
Principal and Registered Office	Academies Office, Larch Avenue, Guildford, Surrey, GU1 1JY
Company Registration Number	8366199 (England and Wales)
Bankers	Lloyds Bank plc, High Street, Guildford, Surrey GU1 3AD
Registered Auditors	<i>haysmacintyre</i> , 10 Queen Street Place, London EC4R 1AG
Solicitors	Lee Bolton Monier-Williams, 1 The Sanctuary, Westminster, London SW1P 3JT

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The Directors present their annual report together with the financial statements and auditor's report of the charitable company for the year 1 September 2017 to 31 August 2018. The annual report serves the purposes of both a trustees' report under charity law and a directors' report under company law.

The Trust operates 12 primary schools and 1 secondary school in the geographical area of the Church of England Diocese of Guildford. It has a pupil capacity of 4,318 and had a roll of 4,016 in the school census in October 2018.

1 STRUCTURE, GOVERNANCE AND MANAGEMENT

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.

1.2 Members

The Members of the Trust under the articles consist of the Guildford Diocese Educational Trust (the "GDET") acting corporately (represented by its chairman, Mr Alex Tear; two members of the GDET appointed by the GDET, the Right Reverend Dr Joanne Bailey Wells, Mr Peter Coles; an additional member appointed by the Members, 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 currently appointed). The liability of each of the Members of the Trust in the event that it is wound up is limited to £10.

1.3 Directors

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 19 to 21:

Education Committee (previously known as the Effectiveness Committee)

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

Ethos Committee (until 11 January 2018; thereafter the functions of this committee were absorbed by the Education Committee)

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

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Resources Committee (previously known as the Efficiency Committee)

Mr Robert Burke
The Very Revd Dianna Gwilliams
Mr Nigel Stapleton
Mr Simon Walker (*ex officio*)
The Chief Executive Officer (in attendance)
The Director of Finance (in attendance)
The Director of Human Resources (in attendance)

Audit Committee

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

Since the end of the year Mrs Catherine Myers has resigned. The Directors and Staff of the Trust are very grateful to Catherine for the considerable contribution she has made during the first five years of the Trust's mission, and wish her well as she concentrates (still in retirement) on her other educational commitments.

The local governing committee (LGC) of each academy school within the Trust is constituted as a sub-committee of the Trust. The chairman of each LGC is appointed by the Directors, as are the other members of the LGC. During the year the following LGCs 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 Faith Axten
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	Mrs Yvonne McLeod*
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	Mrs Larry Peppin
Farnborough Grange Nursery/Infant School	1 September 2017	Mr Richard Dunne*
Potters Gate C of E Primary School, Farnham	1 December 2017	Mrs Larry Peppin

* denotes the interim chairman of either a School Intervention and Improvement Board, or an Interim Academy Board.

1.4 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 distinctively Christian ethos in our schools and across the Trust as a whole. Directors are given induction and training both as individuals and as a whole board as needs are identified.

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In addition to regular business meetings during the year, the Directors also hold a residential meeting focussing on the setting and delivering of strategic objectives for the coming years.

1.5 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. 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. The costs of 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.

1.6 Delegation of day to day delivery

During the period to 31 August 2018 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 school to its headteacher and local governing committee in accordance with its scheme of delegation. The Director of Schools works with headteachers in driving school improvement and effectiveness. The Director of Finance, succeeded by the Head of Finance, is engaged to administer the Trust's finance and governance affairs, with two Finance Officers collaborating with School Business Managers. The Director of Human Resources is also responsible for operations (e.g. 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 Resources Committee, advised by the Chief Executive Officer (whose remuneration is set and kept under review by the Board).

2 OBJECTIVES AND ACTIVITIES

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The Trust's object is to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing academies which shall offer a broad and balanced curriculum and which shall include:

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

The Trust pursues this object by developing the capacity and capability 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 performance of those academy 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 thirteen schools in the Trust, eight of which are primary schools, two are junior schools, two are infant schools and one a secondary school. In addition to the ten academies in the Trust at 31 August 2017, Farnborough Grange Nursery/Infant Community School converted on 1 September 2017 (OFSTED 'Good'), and Potters Gate C of E Voluntary Controlled Primary School, Farnham converted on 1 December 2017 (OFSTED 'Good'). Since the year-end, Surrey Hills C of E Voluntary Aided Primary School (OFSTED 'Inadequate') converted on 1 December 2018.

3 STRATEGIC REPORT

3.1 Priorities

This year 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 executive 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

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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 faced by the Trust 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 its capability to deploy sufficient educational provision to improve schools at a time of austerity when the Trust has limited reserves, and especially where not all schools are full (or nearly full). Directors have planned strategically to ensure the growth of the Trust is both sustainable and financially viable whilst maintaining and improving standards in all Trust schools.

Achievement of our aims and objectives entails taking and balancing 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 manage and mitigate the impact of identified risks:

- The Resources Committee reviews risk and internal controls, approves the annual audit plan, and has further developed Trust-wide internal audit procedures with regular internal audit reports, progress reports and risk updates.
- The Education Committee reviews the progress and performance of each school with judgements 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 all its full board meetings reviews risk relating to school in the process of conversion, in addition to the capacity, capability and performance of its academy schools.

4 ACHIEVEMENTS AND PERFORMANCE

The main activities of the Trust during the period have centred on the effective and efficient operation of all academy 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: Potters Gate CofE Primary School, Farnham, on 1 December 2017, and Farnborough Grange Nursery/Infant Community School on 1 September 2017.

Three academies received OFSTED inspections during the academic year 2017-2018: The Holme C of E Primary School, Headley was judged to be a Good school in September 2017, having previously been judged as Requiring Improvement; Queen Eleanor's C of E Junior School, Guildford received an inspection under S8 in September 2017 (a short inspection of a Good school) and received a judgement that the school remains Good; Christ's College, Guildford also received a short inspection of a Good school under S8 in January 2018, and

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was also deemed to continue to be a Good school. All of these outcomes demonstrate progress from previous judgements or sustained Good provision.

Two schools, St John's C of E Primary School, Dorking and Queen Eleanor's C of E Junior School received a Statutory Inspection of Anglican and Methodist Schools (SIAMS) under Section 48 of the Education Act 2005 during the year. Both schools were judged as Good overall.

The Trust provides its own quality assurance for all academies through several strategies including: validated self-evaluation, headteacher performance management and attached consultant visits, plus commissioned reviews where needed, including, for example, evaluating provision for pupils with special needs and/or disabilities, and for Early Years and Foundation Stage provision. During the summer term of 2018 the Trust also introduced a 'Notice to Improve' function to enable closer support and scrutiny of improvement for schools that are causing concern. Such schools will be supported by a lead headteacher from another school within the Trust, who in turn chairs a School Improvement and Intervention Board.

One school is currently subject to a Trust Notice to Improve. In one other school an Interim Academy Board has been established following the decision to replace the Local Governing Committee. School Improvement and Intervention Boards (SIIB) and Interim Academy Boards (IAB) comprise professional experts with the necessary skills to support and challenge the school and so bring about accelerated improvement and it follows that both are intended to be temporary measures.

Any reports are published to the Directors, the relevant Local Governing Committee, parents and, where appropriate, on the individual school's and the Trust's websites. The reports are also shared, where appropriate, with the Local Authority to enable the appropriate Director of Children's Services to exercise his/her statutory duties. These reports, which are a subject of public record, demonstrate the progress made by each school since its conversion to academy status.

Particular strengths include: improved leadership, in particular through executive leadership arrangements, SIIB and IAB support and challenge, stronger teaching, continually improving 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 2018 key stage 1 and 2 outcomes (validated Analysing School Performance online data was not available in the period to 31 August 2018).

The Directors draw the following main conclusions from this data:

Primary outcomes, from EYFS to end of KS2 showed continued improvement from the very good outcomes in 2017. The only areas of exception were the proportion of pupils in Y2 achieving ARE in Maths, and greater depth in Reading and Writing: whilst comfortably above national average, these dipped slightly on 2017 results.

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With all schools contributing data to one large 'notional' GST school, the proportion of children who attend GST schools, who achieve national expectations, is comfortably above national averages for all nationally assessed ages and subjects.

Outcomes in individual subjects in our sponsored (or formally sponsored) schools are again ahead of national averages for sponsored schools, as well as for achieving ARE in Reading, Writing and Maths combined.

Our converter academies matched the national average for converter academies in Writing, were well ahead of national in Reading, but below in Maths, and for ARE in all subjects, when compared with other converter schools nationally.

EYFS: GLD: 75% above national average of 72%

A slight increase on last year, despite declines in three schools due to pupil cohort vulnerabilities. Notable improvements were seen at Farnborough Grange, St Mary's and The Weald following focussed support and monitoring.

Y1 Phonics: Achieved the Standard: 88% above national average of 83%

A notable improvement on last year. This is largely due to improved outcomes at Farnborough Grange, St Mary's and The Weald, following focussed support and monitoring, as well as The Holme, St John's and Ashley.

Key Stage 1:

Reading ARE: 82%, GD:32% Writing ARE:88%, GD: 18% Maths ARE:81%, GD: 18%

These totals are above indicative national averages, and demonstrate strong improvement across the board, apart from the marginal dips noted above. There was strong improvement at ARE at The Weald in all subjects, and for Greater Depth in Writing and Maths, bringing their outcomes within or above the national average range.

Key Stage 2: (national average in brackets)

Reading ARE: 82.5% (75%), Writing ARE: 77% (78%), Maths ARE: 80% (76%) RWM:67% (64%)
GD: 41% GD: 21% GD: 34%

These totals show steady improvements on 2017 outcomes. They are comfortably above national averages for reading and maths, both at ARE and Greater Depth. Writing outcomes made marginal improvements and are within the national average range. Whilst Writing outcomes declined at Queen Eleanor and The Weald, continued strong improvement was seen in all subjects at St John's, Potters Gate and at Ashley.

Progress scores at KS2

These present a very mixed picture. Schools receiving high levels of support have shown improvement, for example at The Weald. Potters Gate scores show notable improvement, and those at Ashley also show continued improvement. Although attainment at The Holme rose notably at ARE (not Greater Depth), progress rates declined. The weak progress at Queen Eleanor's is also reflected in the lower attainment scores in all subjects. This is being addressed, in the first instance, through the new executive leadership arrangements, and additional support from GST.

The Trust has developed a sophisticated system for providing school-to-school support through the use of lead practitioners, executive headteachers and strategic partnerships between schools. All schools are receiving enhanced training in pedagogy and the

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curriculum. Progress in maths has dropped in all but two schools, dropping below national average in five schools, reflecting a need for support across GST from the two newly appointed Lead Practitioners for maths. Progress in writing is a slightly more positive and stable picture on 2017, although still requiring a close focus. Progress in reading was less strong in three schools, although only dropped below national average at one school. This will be a focus of support to stabilise and improve.

Attainment 8 at KS4

This has declined for the third year, partly due to curriculum constraints, as well as quality of teaching. This is being addressed, in the first instance, through the new leadership arrangements, TEEP (Teacher Effectiveness Enhancement Programme) and additional support and challenge from GST.

Progress 8 at KS4

A three year trajectory is declining from -0.17 in 2016 to -0.29 in 2017, to -0.39 in 2018 (provisional). This places the school below the coasting standard for the second year. New leadership arrangements and a comprehensive support model from GST are making inroads to improve this picture.

Early Years and Foundation Stage, and Year 1 Phonics Check**Unvalidated Pupil Outcomes as at November 2018**

(arrows denote trend from 2017. Solid arrows denote more than 5% difference)

	EYFS			Y1 Phonics		
	No of pupils	%		No. pupils	% achieving	
	in cohort	GLD		in cohort	standard	
Ashley	90	83	↑	89	97	↑
Farnborough Grange	59	64	↑	54	79.6	↑
Queen Eleanor's						
St Andrew's Farnham	30	73	↑	31	88	↑
St John's Dorking	31	74	↓	30	87	↑
St Paul's Addlestone	48	69	↓	59	85	↑
St Mary's Chiddingfold	51	80	↑	30	83	↑
The Holme	26	65	↓	22	100	↑
The Weald	25	76	↑	15	80	↑
Waverley Abbey						
Potters Gate	60	76	↑	59	85	↓
National Average		71.7			82.7	
GST totals:	420	75	↑	389	88	↑
Sept 2017 GST totals:	388	72		292	82	
Sept 2016 GST totals				204	80	
Nat Ave sponsored academies						
GST sponsored academies	181	73.5		233	88.5	
Nat Ave converter academies						
GST converter academies	239	75.7		156	86.5	

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Key Stage 1 Unvalidated Pupil Outcomes as at November 2018 (arrows denote trend from 2017 Solid arrows denote more than 5% difference)

		% pupils achieving expected standard						% achieving at greater depth					
	Key Stage 1												
	No. pupils	Reading		Writing		Maths		Reading		Writing		Maths	
	in cohort												
Ashley	90	83	↓	82	↓	88	↓	44	↓	20	↑	38	↑
Farnborough Grange	59	78	↑	71.2	↑	78	↑	28.8	↑	16.9	↑	15.3	↑
Queen Eleanor's													
St Andrew's Farnham	27	85	↓	78	↓	74	↓	44	↓	26	↓	37	↓
St John's Dorking	29	75.8	↑	72.4	↓	79.3	↑	17.2	↓	10.3	↓	17.2	↓
St Paul's Addlestone	55	82	↑	73	↑	73	↓	20	↑	9	↓	13	↑
St Mary's Chiddingfold	30	90	↑	77	↑	90	↑	20	↓	17	↓	20	↑
The Holme	29	86	↑	79	↑	76	↓	31	↓	31	↓	31	↑
The Weald	28	79	↑	68	↑	75	↑	21	↓	14	↑	18	↑
Waverley Abbey													
Potters Gate	60	82	↑	65	↓	83	↓	42	↑	23	↑	28	↓
National Average		75.5		70		76.1		25.6		15.9		21.8	

GST totals:	407	82.0	↑	88.4	↑	80.6	↓	32.1	↓	18.4	↓	29.5	↑
Sept 2017 GST totals:	252	81		76		82		36		19		21	
Sept 2016 GST totals	201	80		77		79		27		17		31	

Nat Ave sponsored academies													
GST sponsored academies	171	82.5		73.6		77.8		22		15		19	
Nat Ave converter academies													
GST converter academies	236	80.7		74.5		82.7		40		21		29	

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Key Stage 2 Unvalidated Pupil Outcomes as at November 2018 (arrows denote trend from 2017. Solid arrows denote more than 5% difference)

RWM																					
	number of pupils in cohort	ARE Reading	GD Reading	progress Reading	ARE writing	GD writing	Progress Writing	ARE maths	GD maths	Progress Maths	% ARE combined										
						(teacher)					(no of pupils)										
Ashley	61	98	⬆️	65	⬆️	+3.5	⬆️	93	⬆️	36	⬆️	-0.2	⬆️	93	⬆️	45	⬆️	+0.5	⬆️	90 (55)	⬆️
Queen Eleanor's	82	79	⬆️	41	⬆️	+0.4	⬆️	70	⬆️	27	⬆️	-2.6	⬆️	74	⬆️	40	⬆️	-1.1	⬆️	61 (50)	⬆️
Farnborough Grange																					
St Andrew's Farnham																					
St John's Dorking	19	89	⬆️	37	⬆️	+6.4	⬆️	84.2	⬆️	16	⬆️	+2.8	⬆️	95	⬆️	37	⬆️	+6.3	⬆️	79 (15)	⬆️
St Paul's Addlestone	61	74	⬆️	21	⬆️	-0.2	⬆️	75	⬆️	20	⬆️	+0.3	⬆️	66	⬆️	16	⬆️	-1.1	⬆️	57 (35)	⬆️
St Mary's Chiddingfold	27	82	⬆️	43	⬆️	+0.2	⬆️	96	⬆️	21	⬆️		⬆️	82	⬆️	32	⬆️	-1.1	⬆️	71 (19)	⬆️
The Holme	22	80	⬆️	20	⬆️	-4	⬆️	77	⬆️	14	⬆️	-1.68	⬆️	70	⬆️	5	⬆️	-3.33	⬆️	55 (12)	⬆️
The Weald	42	64	⬆️	20	⬆️	0	⬆️	48	⬆️	15	⬆️	+0.19	⬆️	69	⬆️	15	⬆️	-0.33	⬆️	33 (14)	⬆️
Waverley Abbey	112	92	⬆️	55	⬆️	+1	⬆️	81	⬆️	13	⬆️	-3.8	⬆️	88	⬆️	37	⬆️	-1.4	⬆️	76 (85)	⬆️
Potters Gate	60	98	⬆️	52	⬆️	+4.6	⬆️	85	⬆️	22	⬆️	+0.6	⬆️	97	⬆️	48	⬆️	+3.8	⬆️	85 (51)	⬆️
National Average		75		28				78		20				76		24				64	
Good Shepherd Trust 2018	486	85.4	⬆️	43.3	⬆️			78.3	⬆️	21.0	⬆️			82.1	⬆️	33.6	⬆️			70 (340)	⬆️
GST 2017	418	82.5		35.0				77.0		21.0				80.0		31.0				67	
GST 2016	395	76.0		29.0				72.0		15.0				75.0		19.0				58	
Nat Ave sponsored academies 2018		68						73						70						57%	
GST sponsored academies July 2018	171	75						73						73						62 (105)	
GST Sponsored Sept 2017	156	73						74						70						56 (88)	
Nat Ave converter academies 2018		78						81						78						67%	
GST converter academies July 2018	315	91						81						87						77 (241)	
GST converter academies Sept 2017	262	88						79						86						73 (191)	

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The following numbers of children were admitted in September 2017:

The Holme	reception	26 (PAN 30)	
St John's	reception	31 (PAN 30)	
St Mary's	reception	52 (PAN 60)	
St Paul's	reception	45 (PAN 60)	
Ashley	reception	90 (PAN 90)	
Queen Eleanor's	year 3	90 (PAN 90)	
The Weald	reception	24 (PAN 30)	year 3 32 (PAN 30)
Christ's College	year 7	155 (PAN 156)	
Waverley Abbey	year 3	124 (PAN 120)	
St Andrew's	reception	30 (PAN 30)	
Farnborough Grange	reception	57 (PAN 60)	
Potters Gate	reception	60 (PAN 60)	

5 FINANCIAL REVIEW

Financial Performance

The year 1 September 2017 to 31 August 2018 was the fifth full year of operation for the Trust. These financial statements cover the operation of the twelve 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 four schools which have been preparing to convert since the year-end.

	As at 1 September 2017 £,000	Income £,000	Expenditure £,000	Gains, Losses and Transfers £,000	As at 31 August 2018 £,000
Valuation of fixed assets on conversion	5,094	3,690	(106)	55	8,733
Valuation of pension deficit on conversion	(5,085)	(750)	-	309	(5,526)
Pre-opening grants	54	36	(51)	(34)	5
Capital grants	1,367	1,072	(1,517)	81	1,003
Revenue operations	1,306	21,150	(21,496)	851	1,811
	<u>2,736</u>	<u>25,198</u>	<u>(23,170)</u>	<u>1,262</u>	<u>6,026</u>

While the Trust's gross income has grown from £20,928,000 in 2016-17 to £25,198,000 in 2017-18 only £21,150,000 of this was revenue in nature. Similarly, while the Trust's expenditure has also grown from £20,504,000 to £23,170,000, only £21,496,000 was revenue in nature. Of the increase in the Trust's revenue reserves by £505,000 during the year, £84,000 was attributable to local school funds and £589,000 to reserves transferred on the conversion of two schools, leaving continuing revenue operations with a deficit of £168,000; this deficit is partially due to budgetary challenges in three schools as well as a transfer to capital from revenue reserves. The Directors are in the process of further developing budgeting and monitoring procedures across the Trust, so that all academy schools spend within their means, or where it is necessary to make strategic investment in

TRUSTEES' ANNUAL REPORT AND REPORT OF THE DIRECTORS

For the year ended 31 August 2018

resources (e.g. to secure rapid improvement in education) this is done in a planned and managed way. 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 £36,000 to facilitate three academy conversions.

The Trust has also received capital grants for a number of building works at its academies amounting to £1,072,000. These consisted of ESFA Condition Improvement Fund grants for projects at Potters Gate C of E Primary School, and ESFA School Condition Allocations for allocation by the Directors to suitable building projects. Where the Trust receives or allocates grant funding for capital works to land and buildings owned by local church trustees, these are immediately account for as grants receivable, with an equivalent grant payable to the local church trustees, rather than creating fixed assets.

In the table above, £3,690,000 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 £5,094,000 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 £750,000 relating to actuarial valuations of the Trust's share of the deficit in the Local Government Pension Schemes on transfer of schools to the Trust during the year. Although the year-end the valuation of deficits in these schemes grew by £441,000 to £5,526,000, there was a net actuarial gain of £1,262,000 in the year, the first time in several years. The Trust continues to pay the contributions set by the schemes' trustees and actuaries. While the trustees of the schemes 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 2018 were valued at £6,026,000 (2017: £2,736,000). Of this amount net current assets totalled £2,064,000 (2017: £1,835,000), 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 aim to keep uncommitted revenue reserves in the range of 3% to 5% of revenue income in order to mitigate future financial risk. As at 31 August 2018 this range

was re-evaluated at £589,000 - £981,000, and the level of uncommitted restricted and unrestricted revenue reserves stood at £1,351,000 (2017: £967,000).

7 PLANS FOR THE FUTURE

The Directors' strategic priorities for the 2018/19 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 Working closely with all our academy schools 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 2018 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 Continuing to monitor academy schools performance rigorously through: attached consultant interventions, regular 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 Building on a longer term strategy for the Trust to ensure the high performance of our academy schools, our financial stability and capacity for growth. The improvement in academy school performance across the Trust was strong in 2018 where several sponsored academies showed marked improvement in pupil outcomes and overall quality of education as evidenced through published monitoring reports. As academy schools improve the Trust is committed to increasing the challenge so that all are striving to become outstanding. Most academy 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 are being strengthened to build financial sustainability into the future.
- 7.4 Developing leadership capacity within academy schools by identifying, training and developing current and prospective leaders and building networks for school-to-school support. The Trust has been very effective in recruiting and deploying executive headteachers. Senior leadership teams attend training provided by Guildford Diocese Education and the Trust designed to develop the capacity and effectiveness of each leadership team. Plans are in place to keep building leadership capacity across the Trust through a collegiate responsibility across the headteachers to develop both immediate capacity and the capability to deliver long-term sustainability.
- 7.5 Developing further academy freedoms when performance justifies, including in the area of curriculum. Individual academy 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 is being carried out.
- 7.6 Reviewing the Trust's governance to ensure that it is effective in setting clear

TRUSTEES' ANNUAL REPORT AND REPORT OF THE DIRECTORS

For the year ended 31 August 2018

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 Continuing careful financial planning for the Trust to build the necessary organisational infrastructure on a cost-effective basis and to strengthen its reserves. The Trust has developed to become accountable for thirteen schools and has received approval for its growth plans from the Regional Schools' Commissioner. The Trust is refining an infrastructure growth plan to ensure that the organisation has the necessary capacity to receive additional schools and the capability to deliver sustainable improvement in the future.
- 7.8 Engaging 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 and capability is enhanced as the Trust grows.
- 7.9 Reviewing and where appropriate, recommissioning 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 Developing 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 Building the distinctively Christian ethos of the Trust to ensure that the underpinning character of each academy school 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 the Trust, in partnership with the Guildford Diocesan Board of Education.

8 TRADE UNION FACILITY TIME

The Trust employs no trade union officials.

9 FUNDRAISING

The Trust has not made any fundraising appeals to the general public during the year, and is unlikely to do so in the future. There has been no outsourced fundraising via professional fundraisers or other third parties and as a result the Trust is not registered with the fundraising regulator and received no fundraising complaints in the year.

10 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

TRUSTEES' ANNUAL REPORT AND REPORT OF THE DIRECTORS

For the year ended 31 August 2018

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.

11 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.

12 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.

A handwritten signature in black ink, appearing to read 'S Walker', with a stylized initial 'S'.

Simon Walker
On behalf of the Directors
Chairman

17 December 2018

THE GOOD SHEPHERD TRUST

GOVERNANCE STATEMENT

For the year ended 31 August 2018

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 year, including a residential meeting with a particular focus on strategic planning. 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	3	3
Mr Robert Burke	0	5
Mr David Draper	0	3
The Very Revd Dianna Gwilliams	4	5
Mr Tony Lau-Walker	5	5
Mrs Catherine Myers	5	5
Mrs Sue Potter	5	5
Mr Nigel Stapleton	4	5
Mrs Yvonne McLeod	3	3

Due to their lack of availability for meetings Messrs Burke and Draper resigned from the Board in September 2018. The Board also ran committees for Education, Resources and Ethos (until a reorganisation which took effect on 11 January 2018) for monitoring activities, leaving the Board meetings to focus largely on strategic matters.

The **Resources 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	1	4
The Very Revd Dianna Gwilliams	2	2
Mr Nigel Stapleton	4	4
Mr Simon Walker	4	4

GOVERNANCE STATEMENT

For the year ended 31 August 2018 (continued)

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

	Meetings attended	Out of a possible
Mr Tony Lau-Walker	4	4
Mrs Yvonne McLeod	2	2
Mrs Catherine Myers	4	4
Mrs Sue Potter	4	4
Mr Simon Walker	4	4

The **Ethos Committee** was a committee of the Board until the reorganisation of the Board which was agreed in October 2017. Its purpose was to review and advise the Board on the development of the Christian ethos of academy schools through its leadership development, the RE curriculum and provisions for collective worship. It formally met twice during the period. Attendance at those meetings was as follows:

	Meetings attended	Out of a possible
The Ven Paul Bryer	2	2
The Very Rev Dianna Gwilliams	2	2
Mr Simon Walker	1	2

The **Local Governing Committees** 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 Directors where value for money can be improved, including the use of benchmarking data where appropriate.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance. The system of internal control is based on on-going processes 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 and mitigate them efficiently, effectively and economically. The system of internal control has been in place in the Trust for the year ended 31 August 2018 and up to the date of approval of the annual report and financial statements.

GOVERNANCE STATEMENT

For the year ended 31 August 2018 (continued)

Capacity to Handle Risk

The Directors have reviewed the key risks to which the 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 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the 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 which is agreed by the Trust Board and monitored by financial reports which are reviewed by the Resources Committee and reported to the Trust Board;
- regular reviews by the Resources 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 and reporting to the Resources Committee;
- clearly defining purchasing guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks which are considered by both the Education and Resources Committees, as well as by the Board.

The Directors have addressed the need to strengthen internal controls by developing a specific internal audit function and appointing as internal auditor Mrs Nicola Scanlon. Mrs Scanlon is commissioned to visit each academy school with audit priorities provided by the Resources Committee, the Head of Finance and the Chief Executive. Her reports are considered by the Resources Committee, and also given to the appropriate headteacher and local governing committee. Upon conversion of each school to academy status the Trust considers the needs of each school and may carry out additional checks using both local governing committees and the external auditor, *haysmacintyre*. The auditor's 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, *haysmacintyre*, and in particular their audit findings report following their work for the 2016-17 statutory report and accounts;
- regular reports from Mrs Nicola Scanlon, the Trust's Internal Auditor, who began her internal audit visits to academy schools in the Trust in May 2018;
- the financial management and governance self-assessment process;

GOVERNANCE STATEMENT

For the year ended 31 August 2018 (continued)

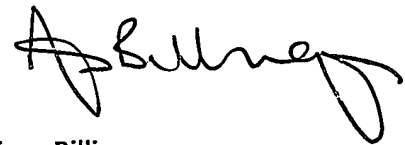
- the work of the Director of Finance/Head of Finance and within the Trust who has responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the Directors on 17 December 2018 and signed on its behalf by:



Simon Walker
Chairman



Tony Billings
Accounting Officer

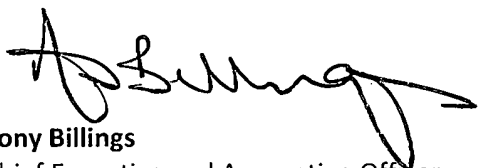
STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

For the year ended 31 August 2018

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.



Tony Billings
Chief Executive and Accounting Officer

17 December 2018

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 2018 which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2018 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education and Skills Funding Agency.

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 Auditors' 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 United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least 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 Annual Report, other than the financial statements and our Auditors' Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the 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.
- 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 our 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 Trustees' Report (which incorporates the strategic report and the directors' report).

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

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

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' Responsibilities, the Trustees 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.

Auditors' 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 Auditors'

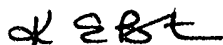
**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
THE GOOD SHEPHERD TRUST (continued)**

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

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

Use of our report

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



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

10 Queen Street Place
London EC4R 1AG

19th December 2016

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 2017 to 2018, 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 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to 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 2017 for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

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

A limited assurance engagement is more limited in scope that 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 2017 to 31 August 2018 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

haysmacintyre

haysmacintyre, Reporting Accountant,
Statutory Auditors

10 Queen Street Place
London. EC4R 1AG

19th December 2018

THE GOOD SHEPHERD TRUST

STATEMENT OF FINANCIAL ACTIVITIES
For the year ended 31 August 2018

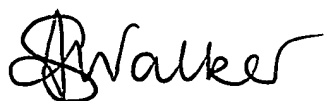
		2018 Unrestricted funds	2018 Restricted funds	2018 Restricted fixed asset funds	2018 Total	2017 Unrestricted funds	2017 Restricted funds	2017 Restricted fixed asset funds	2017 Total
	Note	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000
Income and endowments from									
Donations and capital grants	3	208	1,062	-	1,270	209	3,421	-	3,630
Transfer from local authority on conversion	2	68	(217)	3,690	3,541	-	(206)	480	274
Charitable activities									
Funding for the Trust's educational operations	4	1,069	18,781	-	19,850	841	15,210	-	16,051
Other trading activities	5	511	22	-	533	385	46	-	431
Investment income	6	1	3	-	4	-	2	-	2
Total		<u>1,857</u>	<u>19,651</u>	<u>3,690</u>	<u>25,198</u>	<u>1,435</u>	<u>18,473</u>	<u>480</u>	<u>20,388</u>
Expenditure on									
Charitable activities:									
Trust's educational operations	7, 9	1,081	21,983	106	23,170	618	19,309	37	19,964
Total		<u>1,081</u>	<u>21,983</u>	<u>106</u>	<u>23,170</u>	<u>618</u>	<u>19,309</u>	<u>37</u>	<u>19,964</u>
Net income/(expenditure)	8	776	(2,332)	3,584	2,028	817	(836)	443	424
Transfers between funds	14	(272)	217	55	-	(305)	305	-	-
Other recognised gains									
Actuarial gains on defined benefit pension scheme		-	1,262	-	1,262	-	882	-	882
Net movement in funds		<u>504</u>	<u>(853)</u>	<u>3,639</u>	<u>3,290</u>	<u>512</u>	<u>351</u>	<u>443</u>	<u>1,306</u>
Total funds at 31 August 2017		892	(3,250)	5,094	2,736	380	(3,601)	4,651	1,430
Total funds at 31 August 2018	20	<u><u>1,396</u></u>	<u><u>(4,103)</u></u>	<u><u>8,733</u></u>	<u><u>6,026</u></u>	<u><u>892</u></u>	<u><u>(3,250)</u></u>	<u><u>5,094</u></u>	<u><u>2,736</u></u>

All income and expenditure derived from continuing activities. The notes on pages 32 to 53 form part of these financial statements.

BALANCE SHEET
As at 31 August 2018

	Notes	2018 £,000	2017 £,000
Fixed assets			
Tangible fixed assets	15	9,519	6,011
Current assets			
Debtors	16	1,270	1,614
Cash at bank		2,948	1,709
		<u>4,218</u>	<u>3,323</u>
Creditors: amounts falling due within one year	17	<u>(2,154)</u>	<u>(1,488)</u>
Net current assets		<u>2,064</u>	<u>1,835</u>
Total assets less current liabilities		<u>11,583</u>	<u>7,846</u>
Creditors: amounts falling due after more than one year	18	<u>(31)</u>	<u>(25)</u>
		<u>11,552</u>	<u>7,821</u>
Pension scheme liability	27	<u>(5,526)</u>	<u>(5,085)</u>
Net assets including pension liability		<u><u>6,026</u></u>	<u><u>2,736</u></u>
The funds of the charity			
Restricted funds			
Restricted income funds		1,008	1,459
Fixed asset fund		8,733	5,094
General fund		415	376
Pension reserve	27	(5,526)	(5,085)
Unrestricted income funds:			
General funds		828	595
School funds		568	297
Total funds	19	<u><u>6,026</u></u>	<u><u>2,736</u></u>

These financial statements were approved by the Board of Directors and authorised for issue on 17 December 2018, and signed on their behalf by:



Simon Walker
Director

The notes on pages 32 to 53 form part of these financial statements.

THE GOOD SHEPHERD TRUST

CASH FLOW STATEMENT

For the year ended 31 August 2018

	Notes	2018 £,000	2017 £,000
Cash flows from operating activities			
Net cash from operating activities	22	732	717
Cash flows from investing activities	23	(98)	(361)
Cash flows from financing activities	24	4	2
Cash transferred on conversion to an academy trust		601	284
Change in cash and cash equivalents in the period		1,239	642
Cash and cash equivalents at 1 September 2017	25	1,709	1,067
Cash and cash equivalents at 31 August 2018		2,948	1,709

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2018

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 2017 to 2018 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 2018 (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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2018 (continued)

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 accordance with the Academies Accounts Direction 2017.

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2018 (continued)

accounting purposes and the contributions recognised in the period to which they relate.

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

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

n) Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any 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 2017 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

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

2 CONVERSION TO ACADEMY STATUS WITHIN THE TRUST

Farnborough Grange Nursery/Infant Community School

On 1 September 2017, Farnborough Grange Nursery/Infant Community School converted to academy status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to the Good Shepherd Trust from Hampshire 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2018 (continued)

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

	Unrestricted Funds £,000	Restricted General Funds £,000	Restricted Fixed Asset Funds £,000	Total Funds £,000
Tangible fixed assets				
Leasehold land and buildings	-	-	3,597	3,597
Budget surplus on LA funds	-	172	-	172
LGPS pension (deficit)	-	(357)	-	(357)
Net assets / (liabilities)	-	(185)	3,597	3,412

The above net assets include £172,000 transferred as cash.

Potters Gate Church of England Voluntary Controlled Infant School, Farnham

On 1 December 2017, Potters Gate 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	-	-	93	93
Budget surplus on LA funds	68	361	-	429
LGPS pension (deficit)	-	(393)	-	(393)
Net assets / (liabilities)	68	(32)	93	129

The above net assets include £429,000 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 2018 (continued)

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total Funds £
Tangible fixed assets				
Leasehold land and buildings	-	-	3,690	3,690
Budget surplus on LA funds	68	533	-	601
LGPS pension (deficit)	-	(750)	-	(750)
Net assets / (liabilities)	68	(217)	3,690	3,541

The above net assets include £601,000 that was transferred as cash. All of the figures and information relate to the current period.

3 DONATIONS AND CAPITAL GRANTS

	Unrestricted Funds £,000	Restricted Funds £,000	Restricted Asset fund £,000	Total 2018 £,000	Total 2017 £,000
Donations	4	5	-	9	116
Grants	204	-	-	204	94
Capital grants - ESFA	-	798	-	798	889
Capital grants – local auth	-	259	-	259	2,531
	208	1,062	-	1,270	3,630

In 2017, of the total donations and capital grants, £209,000 was for unrestricted funds and £3,421,000 was for restricted funds.

4 FUNDING FOR THE TRUST'S EDUCATIONAL OPERATIONS

	Unrestricted Funds £,000	Restricted Funds £,000	Total 2018 £,000	Total 2017 £,000
DfE/ESFA grants				
General Annual Grant (GAG)	-	15,336	15,336	12,814
Start-up Grants	-	-	-	-
Transition Grants	-	37	37	75
Pupil premium	-	843	843	682
Other DfE/ESFA grants	-	737	737	521
	-	16,953	16,953	14,092
Other Government grants				
Local authority revenue grants	-	1,524	1,524	925
	-	1,524	1,524	925
Other income	1,069	304	1,373	1,034
	1,069	18,781	19,850	16,051

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2018 (continued)

In 2017, of the total funding for the Trust's educational operations, £841,000 was to unrestricted funds (all classified as "other income") and £15,210,000 was to restricted funds.

5 OTHER TRADING ACTIVITIES

	Unrestricted Funds £,000	Restricted Funds £,000	Total 2018 £,000	Total 2017 £,000
Hire of facilities	278	1	279	236
Other	233	21	254	195
	<u>511</u>	<u>22</u>	<u>533</u>	<u>431</u>

In 2017, of the total other trading activities, £385,000 was for unrestricted funds and £46,000 was for restricted funds.

6 INVESTMENT INCOME

	Unrestricted Funds £,000	Restricted Funds £,000	Total 2018 £,000	Total 2017 £,000
Interest receivable	1	3	4	2
	<u>1</u>	<u>3</u>	<u>4</u>	<u>2</u>

In 2017, the total investment income of £2,000 was for restricted funds.

7 EXPENDITURE

	Staff Costs £,000	Non Pay Premises £,000	Expenditure Other costs £,000	Total 2018 £,000	Total 2017 £,000
Academy's educational operations					
- Direct costs	13,353	-	1,957	15,310	12,100
- Allocated support costs	2,382	2,762	2,716	7,860	7,864
	<u>15,735</u>	<u>2,762</u>	<u>4,673</u>	<u>23,170</u>	<u>19,964</u>

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

	Staff Costs £,000	Non Pay Premises £,000	Expenditure Other costs £,000	Total 2017 £,000	Total 2016 £,000
Academy's educational operations					
- Direct costs	10,658	-	1,442	12,100	9,665
- Allocated support costs	1,836	4,149	2,676	7,864	4,296
	<u>12,494</u>	<u>4,149</u>	<u>3,321</u>	<u>19,964</u>	<u>13,961</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2018 (continued)

8 NET MOVEMENT IN FUNDS

	2018 £,000	2017 £,000
Net movement in funds for the year is stated after charging the following:		
Operating leases	79	71
Depreciation	279	227
Fees payable to auditor – audit	19	15
- other services	7	6
Gifts	3	2

No ex-gratia payments were made during the year.

9 CHARITABLE ACTIVITIES – TRUST'S EDUCATIONAL OPERATIONS

	Unrestricted Funds 2018 £,000	Restricted Funds 2018 £,000	Total 2018 £,000	Unrestricted Funds 2017 £,000	Restricted Funds 2017 £,000	Total 2017 £,000
Direct costs						
Teaching and educational support staff costs	35	13,318	13,353	26	10,632	10,658
Technology costs	-	230	230	-	251	251
Educational supplies	39	381	420	33	305	338
Staff development	-	123	123	-	108	108
Educational consultancy	-	301	301	-	296	296
Trips and visits	79	78	157	86	60	146
Other direct costs	722	4	726	300	3	303
	<u>875</u>	<u>14,435</u>	<u>15,310</u>	<u>445</u>	<u>11,655</u>	<u>12,100</u>
Allocated support costs						
Support staff costs	175	2,207	2,382	121	1,715	1,836
Depreciation	-	279	279	-	227	227
Technology costs	-	174	174	-	144	144
Recruitment and support	-	299	299	1	212	213
Maintenance of premises and equipment	3	1,887	1,890	-	3,455	3,455
Cleaning	-	344	344	-	263	263
Rates	-	120	120	-	99	99
Energy	-	265	265	-	220	220
Water	-	64	64	-	49	49
Insurance	2	77	79	1	62	63
Catering	-	499	499	-	324	324
Pension finance costs	-	953	953	-	493	493
Other support costs	26	424	450	50	374	424
Legal and professional fees	-	21	21	-	21	21
Auditor's remuneration						
- audit of financial statements	-	19	19	-	15	15
- other services	-	7	7	-	6	6
Trustees reimbursed expenses	-	2	2	-	3	3
Other governance costs	-	13	13	-	9	9
	<u>206</u>	<u>7,654</u>	<u>7,860</u>	<u>173</u>	<u>8,232</u>	<u>8,405</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2018 (continued)

10 STAFF

a) Staff Costs	2018 £,000	2017 £,000
Staff costs during the period were:		
Wages and salaries	12,223	9,764
Social security costs	1,031	838
Operating costs of defined benefit pensions schemes	2,015	1,752
	<u>15,269</u>	<u>12,354</u>
Supply staff costs	546	195
Staff restructuring costs	18	19
	<u>15,833</u>	<u>12,568</u>

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

Included in staff costs is one non-statutory/non-contractual severance payment totalling £18,000 (2017 total: £19,000).

c) Staff numbers

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

	2018 No.	2017 No.
Charitable activities		
Teachers	239	208
Education Support	312	252
Administration and support	57	61
Trust Management	6	6
	<u>614</u>	<u>527</u>
Total		

d) Higher paid staff

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

	2018 No.	2017 No.
£60,001 - £70,000	5	5
£70,001 - £80,000	5	5
£80,001 - £90,000	1	-
£90,001 - £100,000	1	1

e) Key management personnel

The key management personnel of the Trust comprise the senior management team as listed on page 2, together with the head teachers 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:

	2018 £,000	2017 £,000
Senior leadership team	361	309
Head teachers	1,148	858

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2018 (continued)

11 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 £578 (2017: £877).

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

- a) 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.
- b) 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.
- c) The GDBF acts as the Trust's agent in holding unexpended balances of academy devolved formula capital and ESFA capital grants. During the year the Trust passed over to the GDBF for this purpose £1,039,280 (2017: £1,212,372). At the balance sheet date the GDBF held on behalf of the Trust an unexpended balance of £392,549 (2017: £416,348).
- d) Guildford Diocesan Services Limited is the wholly owned trading subsidiary of the GDBF. During the year the Trust paid £56,880 (2017: £89,144) to GDSL for property services and school improvement services at cost, and £168 was outstanding at the year-end (2017: £14,688).

12 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.

13 CENTRAL SERVICES

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

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

The Trust funded these services by holding back a Trust Share for each academy school of 6% of the general academy grant for those with OFSTED grade "Inadequate", 5.5% for those graded "Requires Improvement", and 5% for those graded "Good" or "Outstanding". Where pupil numbers exceed 360, there is a reduction in the rate to 2.5%.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2018 (continued)

	2018 £,000	2017 £,000
The actual amounts charged during the year were as follows:		
The Holme Church of England Primary School, Headley	32	31
St John's Church of England Primary School, Dorking	53	56
St Mary's Church of England Primary School, Chiddingfold	39	38
St Paul's Church of England Primary School, Addlestone	71	80
Ashley Church of England Primary School, Walton-on-Thames	62	58
Queen Eleanor's Church of England Junior School, Guildford	58	48
The Weald Church of England Primary School, Beare Green	56	67
Christ's College, Guildford	138	125
Waverley Abbey Church of England Junior School, Tilford	63	50
St Andrew's Church of England Infant School, Farnham	21	12
Farnborough Grange Nursery/Infant Community School	38	-
Potters Gate Church of England Primary School, Farnham	49	-
	<u>680</u>	<u>565</u>

14 FUND TRANSFERS

	Unrestricted Funds £,000	Restricted Funds £,000	Restricted Fixed Asset Funds £,000	Total 2018 £,000	Total 2017 £,000
From unrestricted funds to GAG funds to cover a deficit	(272)	272	-	-	-
From the growth fund to the GAG fund to cover expenses met by GAG fund	-	(45)	-	(45)	(25)
	-	45	-	45	25
From transition funds to GAG fund to cover expenses met by GAG fund	-	(34)	-	(34)	(25)
	-	34	-	34	25
From GAG fund to fixed asset fund to part fund building project	-	(55)	55	-	-
From LGPS reserve to GAG funds to offset the net cost of contributions	-	953	-	953	493
	-	(953)	-	(953)	(493)
	<u>(272)</u>	<u>217</u>	<u>55</u>	<u>-</u>	<u>-</u>

15 TANGIBLE FIXED ASSETS

The cost of leasehold land and buildings at each school on conversion is stated at professional valuation provided by FHP Property Consultants within one year of conversion. Where land and buildings at former local authority 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2018 (continued)

	Leasehold land and buildings £,000	Leasehold improvements £,000	Furniture And equipment £,000	Computer Equipment £,000	Total £,000
Cost					
At 1 September 2017	5,244	347	721	109	6,421
Transfer from local Authorities	3,690	-	-	-	3,690
Additions	-	55	6	36	97
At 31 August 2018	8,934	402	727	145	10,208
Depreciation					
At 1 September 2017	150	66	125	69	410
Charged in year	103	44	92	40	279
At 31 August 2018	253	110	217	109	689
Net Book Value					
At 31 August 2018	8,681	292	510	36	9,519
At 31 August 2017	5,094	281	596	40	6,011

16 DEBTORS

	2018 £,000	2017 £,000
Trade debtors	17	22
Funds deposited with GDBF for capital projects	393	417
Prepayments	186	151
Accrued income	225	270
VAT refundable	449	754
Other debtors	-	-
	1,270	1,614

17 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £,000	2017 £,000
Trade creditors	437	388
Taxation and social security	275	217
Other creditors	9	8
Accrued expenses	756	421
Deferred income	415	225
Pension contributions	255	224
Loans	7	5
	2,154	1,488

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2018 (continued)

	2018 £,000	2017 £,000
Deferred income		
Deferred income at 1 September 2017	225	195
Released from previous years	(225)	(195)
Resources deferred in the year	415	225
	<u>415</u>	<u>225</u>
Deferred income at 31 August 2018	<u>415</u>	<u>225</u>

18 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2018 £,000	2017 £,000
Loan	31	25
	<u>31</u>	<u>25</u>
Loan repayment instalments are due as follows:		
Between one and two years	7	5
Between two and five years	20	20
After five years	4	-
	<u>31</u>	<u>25</u>

There were three loans outstanding at 31 August 2018 as follows. The loans are from Salix Finance to the Trust for a heating project and for a flat roof replacement scheme at the Holme CE Primary School, and for a heating project at the Weald CE Primary School. They are interest-free and repayable in half-yearly instalments over periods of 5 to 9 years.

19 FUNDS

	Balance at 1 September 2017 £,000	Income £,000	Expenditure £,000	Gains, Losses and Transfers £,000	Balance at 31 August 2018 £,000
Restricted general funds					
General annual grant GAG	377	19,292	(20,422)	1,168	415
Pre-opening grants	53	37	(51)	(34)	5
Other ESFA grants	38	-	7	(45)	-
Pension scheme reserve	(5,085)	(750)	-	309	(5,526)
	<u>(4,617)</u>	<u>18,579</u>	<u>(20,466)</u>	<u>1,398</u>	<u>(5,106)</u>
Restricted fixed assets funds					
Transfer on conversion	5,094	3,690	(106)	55	8,733
DfE/ESFA capital grants	1,130	1,072	(1,517)	318	1,003
Other capital funds	237	-	-	(237)	-
	<u>6,461</u>	<u>4,762</u>	<u>(1,623)</u>	<u>136</u>	<u>9,736</u>
Total restricted funds	<u>1,844</u>	<u>23,341</u>	<u>(22,089)</u>	<u>1,534</u>	<u>4,630</u>
Unrestricted funds	<u>892</u>	<u>1,857</u>	<u>(1,081)</u>	<u>(272)</u>	<u>1,396</u>
Total funds	<u>2,736</u>	<u>25,198</u>	<u>(23,170)</u>	<u>1,262</u>	<u>6,026</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2018 (continued)

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

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

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

	Balance at 1 September 2016 £,000	Income £,000	Expenditure £,000	Gains, Losses and Transfers £,000	Balance at 31 August 2018 £,000
Restricted general funds					
General annual grant GAG	181	34,653	(36,414)	1,995	415
Pre-opening grants	74	112	(132)	(49)	5
Other ESFA grants	-	70	-	(70)	-
Pension scheme reserve	(4,933)	(1,291)	-	698	(5,526)
	(4,678)	33,544	(36,546)	2,574	(5,106)
Restricted fixed assets funds					
Transfer on conversion	4,651	4,170	(143)	55	8,733
DfE/ESFA capital grants	841	4,579	(4,746)	329	1,003
Other capital funds	236	1	-	(237)	-
	5,728	8,750	(4,889)	147	9,736
Total restricted funds	1,050	42,294	(41,435)	2,721	4,630
Unrestricted funds	380	3,292	(1,699)	(577)	1,396
Total funds	1,430	45,586	(43,134)	2,144	6,026

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2018 (continued)

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, school condition allocations) 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.

Note that in the above tables the subtotals for restricted fixed asset funds do not agree with the restricted fixed assets funds column in the statement of financial activities on page 29. This is because in the above tables the subtotal includes funds arising from DfE/ESFA and other capital grants. Unlike funds arising from assets transferred on conversion which are all represented by fixed assets, funds arising from DfE/ESFA and other capital grants are partly represented by fixed assets and partly by current assets which are committed for future capital purposes.

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

	2018 £,000	2017 £,000
General annual grant		
The Holme	(55)	(67)
St John's	-	21
St Mary's	(78)	(68)
St Paul's	40	101
Queen Eleanor's	-	-
The Weald	(307)	(135)
Christ's College	232	236
Waverley Abbey	182	256
St Andrew's	68	27
Farnborough Grange	(47)	-
Potters Gate	302	-
	<hr/>	<hr/>
	337	371
	<hr/>	<hr/>

THE GOOD SHEPHERD TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2018 (continued)

	2018 £,000	2017 £,000
Pre-opening grant		
St Paul's	-	6
Ashley	-	8
Queen Eleanor's	-	3
Christ's College	-	13
Waverley Abbey	-	1
St Andrew's	-	5
Farnborough Grange	4	17
Potters Gate	1	-
	<u>5</u>	<u>53</u>
EFA capital grants		
The Holme	264	330
St John's	(29)	5
St Mary's	71	100
St Paul's	88	92
Ashley	32	168
Queen Eleanor's	70	51
The Weald	284	341
Christ's College	32	16
Waverley Abbey	83	18
St Andrew's	8	9
Farnborough Grange	16	-
Potters Gate	11	-
Unallocated central capital grants	73	-
	<u>1,003</u>	<u>1,130</u>
Other restricted funds		
Ashley	-	237
Queen Eleanor's	5	-
Farnborough Grange	56	-
Potters Gate	17	-
	<u>78</u>	<u>237</u>
Unrestricted funds		
St John's	151	102
St Paul's	206	155
Ashley	144	86
Queen Eleanor's	221	147
Christ's College	109	51
Waverley Abbey	55	21
St Andrew's	38	20
Potters Gate	86	-
Central services	5	13
	<u>1,015</u>	<u>595</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2018 (continued)

	2018 £,000	2017 £,000
School fund accounts		
St John's	6	6
St Mary's	2	14
St Paul's	40	30
Ashley	47	24
Queen Eleanor's	24	34
The Weald	1	2
Christ's College	96	59
Waverley Abbey	132	105
St Andrew's	21	23
Potters Gate	12	-
	<u>381</u>	<u>297</u>
Restricted fixed assets funds	8,733	5,094
Pension scheme reserve	(5,526)	(5,085)
Total funds	<u>6,026</u>	<u>2,736</u>

20 ANALYSIS OF NET ASSETS BETWEEN FUNDS

Fund balances at 31 August 2018 are represented by:

	Unrestricted Funds £,000	Restricted General Funds £,000	Restricted Fixed assets Funds £,000	Total Funds £,000
Tangible fixed assets	-	786	8,733	9,519
Current assets	1,396	2,822	-	4,218
Current liabilities	-	(2,154)	-	(2,154)
Long term liabilities	-	(31)	-	(31)
Pension scheme liability	-	(5,526)	-	(5,526)
Total net assets	<u>1,396</u>	<u>(4,103)</u>	<u>8,733</u>	<u>6,026</u>

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

	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)
Total net assets	<u>892</u>	<u>(3,250)</u>	<u>5,094</u>	<u>2,736</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2018 (continued)

21 FINANCIAL COMMITMENTS

Operating leases

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

	2018 £,000	2017 £,000
Amounts due within one year	64	18
Amounts due between one and five years	40	60
Amounts after five years	-	-
	<u>104</u>	<u>78</u>

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.

	2018 £,000	2017 £,000
Expenditure approved but not yet contracted for	75	2
Expenditure contracted for but not yet incurred	5	105
	<u>80</u>	<u>107</u>

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

	2018 £,000	2017 £,000
Net income	2,028	424
Net assets transferred from Local Authority	(3,690)	(481)
Pension scheme deficits acquired on conversion	750	541
Pension scheme costs recognised in excess of contributions	953	493
Depreciation (note 13)	279	227
Interest receivable	(4)	(2)
Cash transferred on conversion of schools	(601)	(284)
(Increase)/decrease in debtors	345	(699)
Increase in creditors	672	498
Net cash inflow from operating activities	<u>732</u>	<u>717</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2018 (continued)

23 CASH FLOWS FROM INVESTING ACTIVITIES

	2018 £,000	2017 £,000
Purchase of tangible fixed assets	98	361

24 CASH FLOWS FROM FINANCING ACTIVITIES

	2018 £,000	2017 £,000
Interest received	4	2

25 ANALYSIS OF CHANGES IN NET FUNDS

	At 1 September 2017 £,000	Cash flows £,000	At 31 August 2018 £,000
Cash in hand and at bank	1,709	1,239	2,948

26 PENSION COMMITMENTS

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

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

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

The contributions outstanding at 31 August 2018, all relating to the month then ended, amounted to £255,000 (2017: £225,000).

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2018 (continued)

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 September 2019.

The employer's pension costs paid to TPS in the period amounted to £1,229,000 (2017: £1,011,000).

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 2018 was £1,032,000 (2017: £859,000) of which employer's contributions totalled £804,000 (2017: £696,000) and employees' contributions totalled £228,000 (2017: £163,000). 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.

*Principal actuarial assumptions***At 31 August 2018 At 31 August 2017**

Rate of increase in salaries	2.6%	2.7%
Rate of increase for pensions in payment/inflation	2.3%	2.4%
Discount rate for scheme liabilities	2.8%	2.5%
Inflation assumption (CPI)	2.3%	2.4%
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%

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2018 (continued)

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 2018</i>	<i>At 31 August 2017</i>
<i>Retiring today</i>		
Males	22.5	22.5
Females	24.6	24.6
<i>Retiring in 20 years</i>		
Males	24.1	24.1
Females	26.4	26.4

	<i>At 31 August 2018</i>	<i>At 31 August 2017</i>
Sensitivity analysis		
Discount rate +0.1%	(313)	(244)
Discount rate -0.1%	313	244
Mortality assumption – 1 year increase	(494)	(68)
Mortality assumption – 1 year decrease	494	68
CPI rate +0.1%	233	197
CPI rate -0.1%	(233)	(197)

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

	<i>Fair value at 31 August 2018</i>	<i>Fair value at 31 August 2017</i>
	<i>£000</i>	<i>£000</i>
Equity instruments	5,121	3,577
Debt instruments	1,303	753
Property	504	340
Other incl cash	304	200
Total market value of assets	<u>7,232</u>	<u>4,870</u>

The actual return on scheme assets was £157,000 excluding gains/(losses) (2017: £93,000).

Amount recognised in the statement of financial activities

	<i>2018</i>	<i>2017</i>
	<i>£,000</i>	<i>£,000</i>
Current service cost (net of employee contributions)	1,606	1,074
Net interest cost	288	204
Benefit changes, gain/(loss) on curtailment and gain/(loss) on settlement	(137)	(89)
Total operating charge	<u>1,757</u>	<u>1,189</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2018 (continued)

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

	2018	2017
	£,000	£,000
Valuation of defined benefit obligation at 1 September 2017	9,955	8,511
Transfers from local authority on conversion	1,765	1,089
Current service cost	1,606	1,074
Interest cost	308	208
Remeasurement (gains)/losses	(1,058)	(1,010)
Employee contributions	228	163
Benefits paid out	(46)	(80)
	<hr/>	<hr/>
Valuation of defined benefit obligation at 31 August 2018	12,758	9,955
	<hr/>	<hr/>
Changes in the fair value of academy's share of scheme assets:		
	£,000	£,000
Valuation of the fair value of assets at 1 September 2017	4,870	3,578
Transfer of assets from the local authority	1,015	548
Interest income	157	93
Remeasurement gains/(losses)	204	(128)
Employer contributions	804	696
Employee contributions	228	163
Net benefits paid out	(46)	(80)
	<hr/>	<hr/>
Valuation of the fair value of assets at 31 August 2018	7,232	4,870
	<hr/>	<hr/>

27 POST BALANCE SHEET EVENTS AND CONTINGENT LIABILITIES

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

1 December 2018 Surrey Hills All Saints Church of England Primary School

In respect of this academy school the Trust has taken on the employment of all school staff and is in receipt of monthly general annual grant from the ESFA.

There were no contingent liabilities at the balance sheet date.

28 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.