

Avocet Academy Trust
(A Company Limited by Guarantee)
Annual Report and Financial Statements
Year ended 31 August 2017

Company Registration Number: 09254238 (England and Wales)



Avocet Academy Trust

Contents

Page

| | |
|--|---------|
| Reference and Administrative Details | 1 |
| Trustees' Report | 2 – 7 |
| Governance Statement | 8 – 11 |
| Statement on Regularity, Propriety and Compliance | 12 |
| Statement of Trustees' Responsibilities | 13 |
| Independent Auditor's Report to the Members | 14 – 15 |
| Independent Reporting Accountant's Assurance Report on Regularity | 16 |
| Statement of Financial Activities incorporating Income & Expenditure Account | 17 |
| Prior year Statement of Financial Activities | 18 |
| Balance Sheet | 19 |
| Cash Flow Statement | 20 |
| Notes to the Financial Statements, incorporating: | |
| Accounting Policies | 21 – 26 |
| Other Notes to the Financial Statements | 26 - 41 |

Avocet Academy Trust

Reference and administrative details

| | | |
|---|--|--|
| Members | Peter Elliott Tony Cooper Jeremy Mead Jeremy Hennell-James | |
| Trustees | Peter Elliott (Chair to 28/11/16) Roger Theobald (Chair from 28/11/16 to 13/11/17) Rosemary Carter (Chair from 13/11/17) Tony Cooper Jeremy Mead Cheryl Singleton Joanne Stanley-Bell Will Watson Silas Norman Jill Porter-Hardy Emma Laffin Tom Bleasdale Tanya Patchett Jonathan Duggan | Resigned 28/11/16 Appointed 06/03/17 Resigned 07/01/17 Appointed 08/03/17 Appointed 08/03/17 Appointed 08/03/17 |
| Senior Management Team | | |
| CEO | Mrs C Singleton | |
| Executive Principal | Mrs J Stanley-Bell | |
| Principal | Mr J Ratcliffe | |
| Head of School | Mrs M Box | |
| Head of School | Mrs H Murray | |
| Head of School | Mrs M Geater | |
| Chief Financial Officer (Business Leader) | Mrs J Porter-Hardy | |
| Accounting Officer | Cheryl Singleton | |
| Registered Office | Wickham Market Primary School Dallinghoo Road Wickham Market IP13 0RP | |
| Company Registration Number | 09254238 | |
| Auditors | Ensors Accountants LLP Chartered Accountants Cardinal House, 46 St Nicholas Street Ipswich IP1 1TT | |
| Bankers | Barclays P O Box 216 Brightwell Court Martlesham Heath Ipswich IP5 3PW | |
| Solicitors | Mills & Reeve LLP Botanic House, Hills Road Cambridge CB2 1PH | |

Avocet Academy Trust

Trustees' Report

The trustees present their annual report together with the audited financial statements of the academy trust (academy) for the period from 1 September 2016 to 31 August 2017. The annual report serves the purposes of both a trustees' report, and a directors' report including a strategic report under company law.

The principal activity of the company is the operation of four state-funded schools providing education for pupils aged 3-11. Pupil capacity is as follows:

- Leiston Primary: Pupil Admission number (PAN) of 60 per year group and a 52 place Nursery
- Wickham Market: PAN 40 per year group and a 26 place Nursery
- Easton: PAN 15 per year group
- Aldeburgh: PAN 15 per year group

It has a total pupil capacity of 910 plus 78 Nursery places and had a roll of 637 pupils of which 29 were in Nursery in the 2016 October census.

Structure, Governance and Management

Constitution

The Charitable Company is known as Avocet Academy Trust. The academy trust is a company limited by guarantee and an exempt charity. The Charitable Company's memorandum and articles of association are the primary governing documents of the academy trust.

The Trust operates a three tier governance structure:

1. Members
2. Board of Trustees
3. Local Governing Bodies (LGBs)

During the year one additional school (Aldeburgh Primary School) joined the multi academy trust. The funding agreement was entered into with the Secretary of State for Education on 29 November 2016 to convert the school on 1 May 2017.

The trustees of Avocet Academy Trust are also the directors of the Charitable Company for the purposes of company law. Details of the trustees who served throughout the year are included in the Reference and Administrative Details section at the beginning of the report.

Members' Liability

Each member of the Charitable Company undertakes to contribute to the assets of the Charitable Company in the event of it being wound up while they are a member, or within one year after they cease to be a member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before they ceased to be a member.

Trustees' Indemnities

Indemnity insurance is held for the Trustees to the sum of £1,000,000.

Method of Recruitment and Appointment or Election of Trustees

Trustees are appointed by the Members of the Trust on recommendation from the Trust board. Where a vacancy arises Trustees seek to make an appointment that would maximise the skills, experience and expertise on the board as a whole. National organisations such as SGOSS and Academy Ambassadors are used to find potential Trustees as required.

A Trustee skills audit is carried out at least every two years (more frequently if changes in the group require it) and the results are shared with the whole Trust board and the Trust Members.

Trustees' Report (continued)

Policies and Procedures Adopted for the Induction and Training of Trustees.

The induction and training of our Trustees is currently under review with a new scheme in place from quarter one 2018 to ensure a more rigorous and effective process. Currently new Trustees meet with the chair and other Trustees on a formal and informal basis in the first three months to gather the information they need. The new scheme includes familiarisation with the terms of reference and the policies surrounding conduct (including the safeguarding agenda in schools), time with the CEO to visit all schools and meet senior staff, discuss main reports and findings with the CEO and the chair of the Trust and discuss the KPIs (Key Performance Indicators) of pupil data with the executive principal. Accompanying documents and guidance will be provided. Meetings with committee chairs and senior staff will also be scheduled as appropriate.

The Trust recognises the need for training for all our governors, Trustees and Members. Over the past year training opportunities have included:

- Safeguarding
- Financial accountability
- Online safety
- Role of governors

Organisational Structure

The Board of Trustees comprises those persons appointed under the articles of association as described earlier in this report.

The scheme of delegation outlines the responsibilities across the Trust. Day to day management is undertaken by the CEO supported by the Executive Principal and business leader. The day to day running of the school is by the appointed school leaders supported by the Trust leadership team.

The CEO is the Accounting Officer and the Business Leader is the Finance Officer.

Arrangements for Setting Pay and Remuneration of Key Management Personnel

Management personnel, including the Chief Financial Officer, are paid in line with the pay scales set out in the National pay and conditions document. Pay scales are set by the Trustees who are responsible for setting pay. All remuneration is in line with the Academy pay policy. Neither the CEO/AO, Executive Principal nor the Chief Financial Officer receive any additional remuneration. Other senior staff may be awarded one of payments in line with agreed outcomes. Non-executive trustees do not receive any remuneration. The Trust is setting up a remuneration committee in the 2017/2018 academic year.

Related Parties and Other Connected Charities and Organisations

Each school has a school fundraising body. Only the fundraising body for Easton, Easton Primary School Association, is considered to be a connected charity. More information in relation to this charity is shown in note 31 of the accounts.

Strategic report

Objectives and Activities

Objects, strategies and activities

The principle objective and activity of the charitable company is the operation of Avocet Academy Trust to provide free education and care for pupils of different abilities from the age of 3 and 11.

The aim of the trust is to ensure that the children in each school get the best possible primary education. We aim to ensure that every pupil makes good and sustained progress academically as well as experiencing a range of opportunities to give them the skills they need for the next stage of their academic career and beyond.

Trustees' Report (continued)

Whole Academy Objectives

- To seek to ensure that pupil achievement to be above National Standards at each step of their primary school journey in every school
- To continue to challenge school leaders to ensure that actions for improvement have the required impact by maintaining the balance of support and accountability
- To grow the Trust to reach the minimum DfE recommendation of 1000 pupils by 2019
- To continuously develop staff as high quality leaders in every subject, phase and senior roles in all schools
- To have all teaching at least 'good' in all schools and to continuously improve teaching and learning at every level and every lesson
- To retain a broad and balanced curriculum in every school that is enriched by activities appropriate to context and children's needs
- To increase the central business services to schools to enable better value for money year on year and to reduce the workload around non teaching and learning priorities from heads of schools to enable them to focus purely on standards for the children.
- To work closely with school leaders in the budget setting process to ensure school specific aims are met by those who know the school best
- To ensure that Governors and Trustees who hold school and Academy leaders to account are well informed and thorough in their analysis and challenge enabling the clarity of processes and continued scrutiny of practice that is crucial to continual improvement across the Trust
- To develop staff as researchers who lead their own teaching improvement and share this with colleagues to lead to continually improving provision for pupils

We work as a Trust family and the Trustees ensure that each school and the academy as a whole have effective development plans that target areas of development particular to each school and that the plans are effectively executed. The short term monitoring of the development plans is delegated to the Local Governing Body (LGB) who report to the Trust not less than termly.

Our schools' performance is measured through the use of KPIs (Key Performance Indicators,) monitoring by senior staff and external bodies and the use of comparative data all of which are intended to act as clear indicators in our aim of continuous improvement and excellence.

Achievements and Performance

Leiston

Leiston converted to the Academy at the MATs formation in 2014, although it had been led by Academy leaders since 2013. Judged as "Good" for overall effectiveness by Ofsted in 2012 the school had its first cohort of year 6 pupils in 2013 and achieved 44% combined Level 4. Since joining the Academy this has increased to 76% in 2015 and 51% under the new SATs in 2017, an increase of 17% from the previous year. Although the overall attainment at the end of KS2 is under national levels the attainment of disadvantaged children exceeded that of non disadvantaged children and the attainment of the most able children exceeded national levels. Pupil attendance is above the National average.

The school achieved National Levels or above for EYFS GLD and KS1 phonic check. Attendance is above National averages and the school has a strong welfare and support team to meet the needs of our children there. Learning for all children has been supported through the implementation of the 11 before 11 program aimed at broadening experiences of our children.

Aldeburgh

Aldeburgh converted to the Academy in May 2017. It was judged to be "Good" by Ofsted in 2014. In September 2017 the school started with three out of four teachers new to the school. The school attained above national levels in Reading and Writing but results dipped considerably in Maths. This meant that the school was below the national average for Reading, Writing and Maths combined. The school achieved at the national average for GLD and above in phonics. Attendance is above national levels. An action plan is in place to improve standards in maths focussing on reasoning and application of number to problem solving. The school has recently trained a teacher in Beach Schools which will support the children's wider development. The school is a very active part of the wider Aldeburgh community.

Trustees' Report (continued)

Wickham Market

Judged by Ofsted as "Good" for overall effectiveness in 2014, Wickham Market has achieved above National Averages at the end of KS2 for 3 consecutive years with an expected dip combined Reading Writing and Maths in 2017. Data at EYFS is at national levels. Phonics took an expected dip in 2017. Intervention programs are in place to support those children who did not make the phonic check so that they reach the expected level in the recheck in May 2018. Interventions have been in place for the current year 6 as well as changes to the maths teaching in order to attain standards above National averages 2018. Attendance is above national levels.

During the academic year 2016/2017, the school received some support and funding to set up a Science lab from the Ogden Trust and become a STEM school to encourage children's interest in Science. The children have access to forest school activities.

Easton

Easton was judged as "Good" in 2012 prior to joining the Academy.. Results at the end of KS2 have been well above Average with Easton being top of the County leagues tables for the 2016 /17 academic year. EYFS GLD is above National levels and the phonics check has been 100% for three years running. Teaching has been consistently good or better and new staff joining the school are well supported to ensure that the high standards expected are met. Attendance data is above National for 2016 / 17.

Public Benefit

In setting the objectives and planning the associated activities, Trustees have given careful consideration to the Charities commission's general guidance on public benefit.

Key Performance Indicators

Staff costs are measured against total academy income. The target is that total staff costs does not exceed 80% of this figure in order to ensure staffing is sustainable. The level of support staff and the amount of non class based teachers are allocated according to pupil numbers per school.

A target sum of the equivalent to 7% of GAG is set as a reserve for each school. The GAG figure is used as a measure, the reserve is made of unrestricted funds.

Other school performance indicators

| School | Date of last Ofsted | Grade | Comments | Achieved above National at end of KS2 | | |
|----------------|---------------------|-------|--|---------------------------------------|---------|-------|
| | | | | Reading | Writing | Maths |
| Aldeburgh | May 2014 | Good | | Y | Y | N |
| Easton | October 2012 | Good | Inspected September 2017 and Good grading retained | Y | Y | Y |
| Leiston | March 2012 | Good | | N | N | N |
| Wickham Market | March 2014 | Good | Inspected October 2017 and Good grade retained | N | Y | N |

Pupil recruitment

Aldeburgh is almost full with some year groups being up to PAN. All other schools have room in most year groups as is common for this part of the county. The Trust believes the best method to increase pupil recruitment is to continually raise standards and therefore improvement plans and resources are allocated for this purpose.

Trustees' Report (continued)

Going Concern

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the Academy has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Accounting Policies note of the financial statements.

Financial Review

We receive our income from a number of sources. The majority of our income comes from central government via the Educational and Skills Funding Agency who provide us with the grant, based largely on our pupil numbers to cover our staffing and general running costs (General Annual Grant -GAG.) The ESFA may provide us with additional grants for specific purposes (such as pupil premium which must be used to raise the attainment of disadvantaged pupils.) These appear in the accounts as DFE / ESFA grants. Where we receive grant or other funding from the local authority (such as where we undertake responsibilities on their behalf in respect of our students) this appears in the accounts as 'other government grants.' Such income is collectively referred to as 'restricted funds.' Other income is received from parents (for example income for trips) and from other third parties (for example from Lettings of our premises.) Such other income may be restricted or unrestricted, depending whether it comes to us with conditions as to its use or whether it is available to spend at the discretion of the Trustees.

We hold funds in two broad categories, funds which are available for spending and other funds which are not available for spending.

Spendable funds are categorised into restricted and unrestricted. Funds not available for spending include the book value of fixed assets such as land, buildings and resources. These have a value and are therefore included as assets in the accounts but clearly we cannot spend this value. In common with all Academies and Local Authorities, our share of the Local Government Pension Scheme deficit must also be reflected in our accounts and as this is not a conventional liability, it does not need to be deducted from spendable funds. We meet our obligations in respect of the LGPS deficit by paying over pension contributions due as calculated by the schemes actuaries.

Principal risks and uncertainties

The major risks to which the Trust is exposed to are:

- Reductions in funding through loss of pupils in an area where schools have to compete for pupils
- Reputational risk by poor Ofsted performance of more vulnerable schools
- Failure to recruit and retain high quality staff

An updated risk register is reviewed regularly by the audit and risk committee and then by the Trustee Board. Their key objective is to minimise risk and take mitigating action where required.

The Trust has an effective system of internal financial controls which is explained more in the governance statement

Reserves policy

The Trust has a policy in place that is reviewed regularly. The level of reserves should never be in deficit and should be as close to the equivalent of 7% of total GAG funding as possible (the actual reserve will be made of unrestricted funds.)

Investment policy

There are no investments held beyond cash deposits retained with the major UK clearing banks.

Plans for Future Periods

The Trust plans to grow to 1,000 pupils by September 2018 and is in talks with a potential partner school. Informal consultation with stakeholders has taken place.

The Trust will also be applying for funds available to growing MATs as well as exploring the opportunity to sponsor schools. Consideration is always given to the Trust's capacity to take in additional schools as each opportunity arises.

Avocet Academy Trust

Trustees' Report (continued)

Funds held as Custodian Trustee on behalf of others

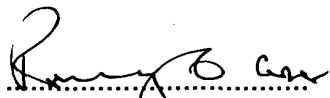
The Academy Trust or Trustees do not act as Custodian Trustee.

Auditor

In so far as the Trustees are aware:

- there is no relevant audit information of which the Charitable Company's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Trustees' report, incorporating a strategic report, approved by order of the board of trustees, as the company directors, on 5 December 2017 and signed on the board's behalf by:

A handwritten signature in black ink, appearing to read 'Rosemary B Carter', written over a horizontal dotted line.

Rosemary Carter
Chair of Trustees

Avocet Academy Trust

Governance Statement

Scope of Responsibility

As trustees, we acknowledge we have overall responsibility for ensuring that Avocet Academy 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 of trustees has delegated the day-to-day responsibility to the CEO, 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 Avocet Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has formally met 6 times during the period. Attendance during the period at meetings of the board of trustees was as follows:

| | Meetings Attended | Out of Possible |
|-------------------------------------|--------------------------|------------------------|
| Dr Peter R Elliott | 1 | 1 |
| Tony Cooper | 4 | 6 |
| Dr Jeremy Mead | 6 | 6 |
| Roger Theobald | 5 | 6 |
| Cheryl Singleton (Staff Trustee) | 6 | 6 |
| Joanne Stanley-Bell (Staff Trustee) | 6 | 6 |
| Jill Porter-Hardy (Staff Trustee) | 6 | 6 |
| William Watson | 4 | 6 |
| Silas Norman | 1 | 6 |
| Emma Laflin | 0 | 3 |
| Rosemary Carter | 2 | 2 |
| Tom Bleasdale | 2 | 2 |
| Tonya Patchett | 1 | 2 |
| Jonathan Duggan | 1 | 2 |

This year the Trust Board has been further enriched by the appointment of three new Trustees. In March the Trustees carried out a review of the delegation of responsibilities and the terms of reference for each stage of governance. A full review of the board and its effectiveness is scheduled for Spring 2018 following the appointment of a new chair.

The Board has been supplied with data from the schools which is based on Key performance Indicators which enables them to clearly see successes and areas for development in pupil outcomes. It also enables them to hold Local Governing Bodies and Trust and school leaders to account.

Avocet Academy Trust

Governance Statement (continued)

The DFE carried out a review of the effectiveness of our Trustees through attending a meeting in May 2017. We are still awaiting feedback from this and are advised that this will include a report covering best practice in many Trusts and is expected in the first quarter of 2018.

The finance and audit committee is a sub-committee of the main board of trustees. Its purpose is to:

- ensure good financial management and effective internal controls;
- compliance with the funding agreement and the Academies Financial Handbook ;
- ensure sufficient rigour and scrutiny in the budget management process;
- to understand and address variances between the budget forecast and actual income and expenditure;
- receive and consider information on the financial performance of the trust at least three times a year, taking action to ensure ongoing viability;
- to provide assurance in relation to the suitability of, and compliance with, its financial systems and operational controls, taking into account the differing risks and complexity of their operations:

Finance and Audit Committee Meetings:

| | Meetings Attended | Out of Possible |
|--|-------------------|-----------------|
| William Watson (chair) | 8 | 8 |
| Cheryl Singleton | 7 | 8 |
| Jill Porter-Hardy | 8 | 8 |
| Dr Jeremy Mead | 2 | 5 |
| Silas Norman | 2 | 6 |
| Rosemary Carter | 1 | 1 |
| Jonathan Duggan | 3 | 3 |
| Joanne Stanley-Bell (invited staff member) | 1 | 1 |

In May 2017 it was agreed to establish a separate Audit and Risk Committee which met for the first time on 28 June 2017. The new committee was set up to ensure that enough rigour was given to the internal scrutiny of academy procedures and to ensure separation of roles to deliver objective and independent assurance.

| | Meetings Attended | Out of Possible |
|---|-------------------|-----------------|
| William Watson (Chair) | 1 | 1 |
| Rosemary Carter | 1 | 1 |
| Cheryl Singleton (invited staff member) | 1 | 1 |

Governance Statement (continued)

Review of Value for Money

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

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

KS2 progress

Increased pupil attainment at Leiston Primary at end of Key Stage two with the accelerated progress of disadvantaged children. The combined end of KS2 score at the end of 2017 increased by 17% from the 2016 figure. Changes in leadership and the introduction of new teaching schemes for reading have supported the improvement as well as the new central intervention team who ensured that those pupils who needed it got the additional support required. Pupils at Leiston continue to benefit from schemes ensuring that their experiences outside of school are increased and their emotional development is supported in school through the careful integration of the THRIVE scheme.

Procurement

Procurement continues to improve resulting in savings across the academy particularly in the non academic but essential services. Such examples include contracts such as catering, insurances, cleaning, grounds and communications. By increasingly sharing contracts across the schools savings are being made without compromising quality of service.

Early years and year one

Improved Good Level of Development in the Early years in 2017. Close working of the early years team to share and secure best practice is evident in the improved GLD figure in 3 of the 4 schools. The phonics check at Leiston in with year 1 pupils has improved by 15% through the introduction and training in Read Write Inc phonics scheme. There was significant investment in the scheme and into ensuring that all staff including support staff had the full training into how to deliver it.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the academy's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Avocet Academy Trust for the period 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Board of Trustees has reviewed the key risks to which the academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy's significant risks that has been in place for the year 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements. The Academy risk register is in place and the board recognises that this document is reviewed at each Audit and Risk Committee meeting and the outcomes shared with Trustees.

Governance Statement (continued)

The Risk and Control Framework

The Academy 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:

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees
- regular reviews by the finance committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes
- setting targets to measure financial and other performance
- clearly defined purchasing (asset purchase or capital investment) guidelines
- delegation of authority and segregation of duties
- identification and management of risk

The Board of Trustees has considered the need for a specific internal audit function and has decided to appoint Ensors as internal auditor as well as carrying out reviews themselves.

The internal auditors role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. In particular the checks carried out in the current period included:

- Pensions

On an annual basis the external auditor reports to the Board of Trustees, through the audit and risk committee on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities. Reports will also be submitted to the committee regarding internal audits as and when they are completed and reported to the board.

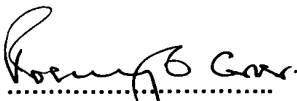
Review of Effectiveness

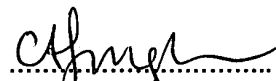
As Accounting Officer, the CEO has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the external auditors
- the work of the internal auditors
- the financial management and governance self-assessment

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Finance and General Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the Board of Trustees on 5 December 2017 signed on its behalf by:


.....
Rosemary Carter
Chair of Trustees


.....
Cheryl Singleton
Accounting officer

Avocet Academy Trust

Statement on Regularity, Propriety and Compliance

As accounting officer of Avocet Academy Trust, I have considered my responsibility to notify the academy trust board of trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2016.

I confirm that I and the Academy Trust Board of Trustees are able to identify any material irregular or 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 2016.

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



Cheryl Singleton

CEO and Accounting officer

5 December 2017

Statement of Trustees' Responsibilities

The trustees (who act as governors of Avocet Academy Trust and are also directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report (including the Strategic Report and Directors' Report) and the financial statements in accordance United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the trustees 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 the incoming resources and application of resources, including its income and expenditure. In preparing these financial statements, the trustees are required to:

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

The trustees 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 trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls which conform to the requirements both of propriety and good financial management. They are also responsible for ensuring that grants received from the Education and Skills Funding Agency and Department for Education 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.

Approved by the order of the members of the board of trustee on 5 December 2017 and signed on its behalf by:



Rosemary Carter
Chair of Trustees

Independent Auditor's Report to the Members of Avocet Academy Trust

Opinion

We have audited the financial statements of Avocet Academy Trust (the 'academy trust') for the year ended 31 August 2017 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (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 2016 to 2017 issued by the Education and Skills Funding Agency.

This report is made solely to the academy trust'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 academy trust's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the academy trust and the academy trust's members as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the academy trust's affairs as at 31 August 2017, 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 2016 to 2017 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the academy trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- the 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 academy trust'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 trustees' annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Independent Auditor's Report to the Members of Avocet Academy Trust (Continued)

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report (incorporating the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have 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 academy trust and its environment obtained in the course of the audit, we have not identified material misstatements in 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 13, the trustees (who are also the directors of the academy trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the academy trust'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 academy trust or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>. This description forms part of our auditor's report.

 **Ensors Accountants LLP**

Barry Gostling FCCA DChA– Senior Statutory Auditor

8 December 2017

For and on behalf of:
Ensors Accountants LLP
Cardinal House
46 St Nicholas Street
Ipswich
IP1 1TT

Independent Reporting Accountant's Assurance Report on Regularity to Avocet Academy Trust and the Education and Skills Funding Agency

In accordance with the terms of our engagement letter dated 29 July 2015 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Avocet Academy Trust during the period 01 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of Avocet Academy Trust accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Avocet Academy Trust funding agreement with the Secretary of State for Education dated 1 February 2012 and the Academies Financial Handbook, extant from 1 September 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2016 to 2017. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 01 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

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

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

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

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

The work undertaken to draw our conclusions includes:

- Enquiry of senior management and the academy's Trustees.
- Inspection and review of the accounting records, meeting minutes, internal control procedures, management representations and declarations of interest.
- Observation and re-performance of the financial controls.

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 01 September 2016 to 31 August 2017 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

 Ensors Accountants LLP

Ensors Accountants LLP
Statutory Auditor
Ipswich

8 December 2017

Avocet Academy Trust

Statement of Financial Activities for the Year ended 31 August 2017 (including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

| | Note | Unrestricted Funds £ | Restricted General Funds £ | Restricted Fixed Asset Funds £ | Total for the year ended 31 August 2017 £ | Total for the period ended 31 August 2016 £ |
|---|------|----------------------------|-------------------------------------|--|--|--|
| Income and endowments from: | | | | | | |
| Donations and capital grants | 2 | 5,269 | 4,706 | 496,281 | 506,256 | 43,825 |
| Transfer from local authority on conversion | | 127,570 | (199,000) | 715,627 | 644,197 | - |
| Charitable Activities: | | | | | | |
| Funding for the Academy Trust's educational operations | 3 | - | 2,719,058 | - | 2,719,058 | 2,538,619 |
| Other trading activities | 4 | 223,258 | - | - | 223,258 | 166,922 |
| Investments | 5 | 368 | - | - | 368 | 282 |
| Total | | 356,465 | 2,524,764 | 1,211,908 | 4,093,137 | 2,749,648 |
| Expenditure on: | | | | | | |
| Charitable activities: | | | | | | |
| Academy's educational operations | 7 | 285,294 | 2,713,267 | 223,003 | 3,221,564 | 2,913,515 |
| Total | 6 | 285,294 | 2,713,267 | 223,003 | 3,221,564 | 2,913,515 |
| Net income / (expenditure) | | 71,171 | (188,503) | 988,905 | 871,573 | (163,867) |
| Transfers between funds | 18 | (3,715) | (18,259) | 21,974 | - | - |
| Other recognised gains and losses | | | | | | |
| Actuarial (losses)/gains on defined benefit pension schemes | 28 | - | 435,000 | - | 435,000 | (375,000) |
| Net movement in funds | | 67,456 | 228,238 | 1,010,879 | 1,306,573 | (538,867) |
| Reconciliation of funds | | | | | | |
| Funds brought forward at 1 September 2016 | | 233,281 | (921,958) | 9,212,662 | 8,523,985 | 9,062,852 |
| Funds carried forward at 31 August 2017 | 18 | 300,737 | (693,720) | 10,223,541 | 9,830,558 | 8,523,985 |

All of the Academy's activities derive from continuing operations in the current financial Year.

A statement of Total Recognised Gains and Losses is not required as all gains and losses are included in the Statement of Financial Activities.

Statement of Financial Activities for the period ended 31 August 2016

(including Income and Expenditure Account and Statement of Total Recognised Gains and Losses) showing comparatives by fund

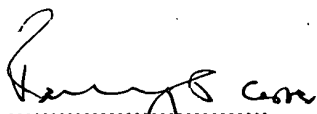
| | Unrestricted Funds £ | Restricted General Funds £ | Restricted Fixed Asset Funds £ | Total for the year ended 31 August 2016 £ |
|---|----------------------------|-------------------------------------|--|---|
| Income and endowments from: | | | | |
| <i>Incoming resources from generated funds:</i> | | | | |
| Donations and capital grants | 25,900 | - | 17,925 | 43,825 |
| Transfer from local authority on conversion | - | - | - | - |
| <i>Charitable Activities:</i> | | | | |
| Funding for the Academy's educational operations | - | 2,538,619 | - | 2,538,619 |
| Other Trading Activities | 165,172 | 1,750 | | 166,922 |
| Investments | 282 | - | - | 282 |
| Total | 191,354 | 2,540,369 | 17,925 | 2,749,648 |
| Resources expended | | | | |
| <i>Charitable activities:</i> | | | | |
| Academy's educational operations | 133,705 | 2,571,354 | 208,456 | 2,913,515 |
| Total | 133,705 | 2,571,354 | 208,456 | 2,913,515 |
| Net income/(expenditure) | 57,649 | (30,985) | (190,531) | (163,867) |
| Transfers between funds | (11,536) | (31,101) | 42,637 | - |
| Other recognised gains and losses | | | | |
| Actuarial (losses)/gains on defined benefit pension schemes | - | (375,000) | - | (375,000) |
| Net movement in funds | 46,113 | (437,086) | (147,894) | (538,867) |
| Reconciliation of funds | | | | |
| Funds brought forward at 1 September 2015 | 187,167 | (484,871) | 9,360,556 | 9,062,852 |
| Funds carried forward at 31 August 2016 | 233,280 | (921,957) | 9,212,662 | 8,523,985 |

Avocet Academy Trust

Balance sheet as at 31 August 2017

| | Notes | 2017 £ | 2016 £ |
|---|-------|-------------------|------------------|
| Fixed assets | | | |
| Intangible assets | 12 | 11,104 | 6,906 |
| Tangible assets | 13 | 9,787,562 | 9,156,955 |
| | | <u>9,798,666</u> | <u>9,163,861</u> |
| Current assets | | | |
| Stock | 14 | 1,016 | 2,314 |
| Debtors | 15 | 358,941 | 142,786 |
| Cash at bank and in hand | | 835,412 | 449,613 |
| | | <u>1,195,369</u> | <u>594,713</u> |
| Liabilities | | | |
| Creditors: Amounts falling due within one year | 16 | (295,888) | (235,329) |
| Net current assets | | <u>899,481</u> | <u>359,384</u> |
| Total assets less current liabilities | | 10,698,147 | 9,523,245 |
| Creditors: Amounts falling due after more than one year | 17 | (23,589) | (10,260) |
| Net assets excluding pension liability | | <u>10,674,558</u> | <u>9,512,985</u> |
| Pension scheme liability | 28 | (844,000) | (989,000) |
| Net assets including pension liability | | <u>9,830,558</u> | <u>8,523,985</u> |
| Funds of the academy: | | | |
| Restricted funds | | | |
| Fixed asset funds | 18 | 10,223,541 | 9,212,662 |
| General funds | 18 | 150,280 | 67,042 |
| Pension reserve | 18 | (844,000) | (989,000) |
| Total restricted funds | | <u>9,529,821</u> | <u>8,290,704</u> |
| Unrestricted income funds | | | |
| General fund | 18 | 300,737 | 233,281 |
| Total unrestricted funds | | <u>300,737</u> | <u>233,281</u> |
| Total funds | | <u>9,830,558</u> | <u>8,523,985</u> |

The financial statements on pages 17 to 41 were approved by the trustees, and authorised for issue on 5 December 2017 and are signed on their behalf by:



Rosemary Carter
Chair of Trustees

Company Limited by Guarantee
Registration Number 09254238

Avocet Academy Trust

Cash Flow Statement for the Year Ended 31 August 2017

| | Notes | 2017 £ | 2016 £ |
|--|-------|----------------|-----------------|
| Cash flows from operating activities | | | |
| Net cash provided by/(used in) operating activities | 22 | 76,737 | 13,252 |
| Cash flows from investing activities | 23 | 178,302 | (25,570) |
| Cash flows from financing activities | 24 | (7,957) | (3,078) |
| Cash transferred on conversion to an academy trust | 22 | 138,717 | - |
| Change in cash and cash equivalents in the reporting period | | <u>385,799</u> | <u>(15,396)</u> |
| Cash and cash equivalents at 1 September 2016 | | 449,613 | 465,009 |
| Cash and cash equivalents at 31 August 2017 | 25 | <u>835,412</u> | <u>449,613</u> |

Notes to the Financial Statements for the Year Ended 31 August 2017

1 Accounting Policies

General information and basis of preparation

Avocet Academy Trust is a company limited by guarantee incorporated in England. The address of the registered office and company registration number is given in the Reference and Administrative Details given on page 1 of these financial statements and the principal place of business is Aldeburgh, Easton, Leiston and Wickham Market. The nature of the academy trusts operations and principal activities are set out in the Trustees' Report on page 2.

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

Avocet Academy Trust meets the definition of a public benefit entity under FRS 102.

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

Going Concern

The trustees 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 Academy to continue as a going concern. The trustees make this assessment in respect of a period of at least one year from the date of approval of the financial statements.

Per the Statement of Financial Activities the Academy has restricted general reserves of (£693,720). This is due to the pension reserve of (£844,000), which is payable out of future annual income and therefore does not cause any issues for the going concern of the Academy.

Income

All incoming resources are recognised when the Academy has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

- **Grants receivable**

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of entitlement of receipt its recognition is deferred and included in creditors as deferred income. 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 when receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in restricted fixed asset funds.

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

1 Accounting Policies (continued)

- **Donations**

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

- **Other income**

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the goods have been provided or on completion of the service.

- **Donated goods, facilities and services**

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

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

- **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.

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.

- **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

1 Accounting Policies (continued)

Intangible Fixed Assets

Intangible assets costing £1,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment. Amortisation is provided on intangible fixed assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

| | |
|-------------------|---------------|
| Computer software | 25% (4 years) |
|-------------------|---------------|

Tangible Fixed Assets

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful lives, as follows:

| | |
|-----------------------------------|---------------|
| Long leasehold land and buildings | 2% (50 years) |
| Furniture and equipment | 20% (5 years) |
| ICT equipment | 25% (4 years) |

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

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Financial Activities.

Conversion to an academy trust

The conversion from a state maintained school to an academy trust involved the transfer of identifiable assets and liabilities and the operation of the school for £nil consideration. The substance of the transfer is that of a gift and it has been accounted for on that basis as set out below.

The assets and liabilities transferred on conversion from Aldeburgh Primary School to an academy trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in Donations – transfer from local authority on conversion in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds. Long leasehold land and buildings have been valued at their fair value on the Depreciated Replacement Cost (DRC) basis, the LGPS obligation in respect of employees who transferred on conversion and the cash budget surplus have been transferred. Further details of the transaction are set out in note 29.

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

1 Accounting Policies (continued)

Liabilities

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

Leased Assets

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

Financial Instruments

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

Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 15. Prepayments are not financial instruments.

Cash at bank – is classified as a basic financial instrument and is measured at face value.

Financial liabilities – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 16 and 17. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

The Academy Trust has concessionary loans (salix loans) repayable in more than one year. The Academy Trust has opted to initially recognise and measure the loans at the amount received, with the carrying amount adjusted in subsequent years to reflect repayments and any accrued interest and adjusted if necessary for any impairment.

Stock

Stocks are valued at the lower of cost and net realisable value.

Taxation

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

Pensions Benefits

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes.

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

1 Accounting Policies (continued)

Pensions Benefits (continued)

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 28, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

Fund Accounting

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

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 Education and Skills Funding Agency/Department for Education.

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 academy 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 includes the discount rate. Any changes in these assumptions, which are disclosed in note 28, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact the carrying amount of the pension liability.

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

1 Accounting Policies (continued)

Critical accounting estimates and areas of judgement (continued)

Key area of judgement

The legal owner of a significant proportion of the school premises at Aldeburgh Primary School is The St Edmundsbury and Ipswich Diocesan Board and leased to the Academy Trust on a short term lease. The Trustees have exercised judgment to conclude that control remains with The St Edmundsbury and Ipswich Diocesan Board and not the Academy Trust and therefore the land and buildings are not shown on the Academy Trust's Balance Sheet. This premises is leased at a below market rate rent and the Trustees do not feel a notional rent expense and a notional donation can be reliably measured to show the rent at market rate and therefore this has not been recognised within the accounts.

2 Donations and capital grants

| | Unrestricted Funds £ | Restricted Funds £ | Total 2017 £ | Total 2016 £ |
|----------------|----------------------------|--------------------------|--------------------|--------------------|
| Capital Grants | - | 496,281 | 496,281 | 17,925 |
| Donations | 5,269 | 4,706 | 9,975 | 25,900 |
| | <u>5,269</u> | <u>500,987</u> | <u>506,256</u> | <u>43,825</u> |

3 Funding for Academy Trust's Educational Operations

| | Unrestricted Funds £ | Restricted Funds £ | Total 2017 £ | Total 2016 £ |
|--------------------------------|----------------------------|--------------------------|--------------------|--------------------|
| DfE/ESFA revenue grants | | | | |
| General Annual Grant (GAG) | - | 2,154,579 | 2,154,579 | 2,088,969 |
| Start-up grants | - | 25,000 | 25,000 | - |
| Pupil premium | - | 200,749 | 200,749 | 196,560 |
| Other DfE/ESFA grants | - | 184,497 | 184,497 | 86,901 |
| | <u>-</u> | <u>2,564,825</u> | <u>2,564,825</u> | <u>2,372,430</u> |
| Other Government grants | | | | |
| Local authority grants | | 154,233 | 154,233 | 166,189 |
| | <u>-</u> | <u>154,233</u> | <u>154,233</u> | <u>166,189</u> |
| | <u>-</u> | <u>2,719,058</u> | <u>2,719,058</u> | <u>2,538,619</u> |

4 Other Trading Activities

| | Unrestricted Funds £ | Restricted Funds £ | Total 2017 £ | Total 2016 £ |
|-------------------------------|----------------------------|--------------------------|--------------------|--------------------|
| Hire of facilities | 12,312 | - | 12,312 | 18,592 |
| Catering income | 39,193 | - | 39,193 | 42,493 |
| Income from Educational Trips | 40,756 | - | 40,756 | 33,625 |
| Other income | 130,997 | - | 130,997 | 72,212 |
| | <u>223,258</u> | <u>-</u> | <u>223,258</u> | <u>166,922</u> |

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

5 Investment Income

| | Unrestricted Funds £ | Restricted Funds £ | Total 2017 £ | Total 2016 £ |
|---------------|----------------------------|--------------------------|--------------------|--------------------|
| Bank interest | 368 | - | 368 | 282 |
| | <u>368</u> | <u>-</u> | <u>368</u> | <u>282</u> |

6 Expenditure

| | Staff Costs £ | Non Pay Expenditure Premises £ | Other Costs £ | Total 2017 £ | Total 2016 £ |
|----------------------------------|---------------------|--------------------------------------|---------------------|--------------------|--------------------|
| Expenditure on raising funds | - | - | - | - | - |
| Academy's educational operations | | | | | |
| Direct costs | 1,981,873 | 193,758 | 286,608 | 2,462,239 | 2,246,626 |
| Allocated support costs | 198,705 | 121,365 | 439,255 | 759,325 | 666,889 |
| | <u>2,180,578</u> | <u>315,123</u> | <u>725,863</u> | <u>3,221,564</u> | <u>2,913,515</u> |

| | 2017 £ | 2016 £ |
|--|--------------|--------------|
| Net income/(expenditure) for the period includes: | | |
| Operating lease rentals | 8,663 | 847 |
| Depreciation | 223,003 | 205,267 |
| Amortisation of intangible fixed assets (included within Charitable Activities – Academy trust educational operations) | 4,507 | 3,188 |
| Fees payable to auditor for: | | |
| Audit | 6,900 | 5,900 |
| Other services | <u>3,550</u> | <u>4,700</u> |

7 Charitable Activities

| | Total 2017 £ | Total 2016 £ |
|--|--------------------|--------------------|
| Direct costs – educational operations | 2,462,239 | 2,246,626 |
| Support costs – educational operations | 759,325 | 666,889 |
| | <u>3,221,564</u> | <u>2,913,515</u> |

| | Educational Operations £ | Total 2017 £ | Total 2016 £ |
|----------------------------------|--------------------------------|--------------------|--------------------|
| Analysis of support costs | | | |
| Support staff costs | 188,425 | 188,425 | 190,422 |
| Technology costs | 50,751 | 50,751 | 34,385 |
| Premises costs | 121,366 | 121,366 | 106,762 |
| Other support costs | 351,957 | 351,957 | 305,950 |
| Governance costs | 46,826 | 46,826 | 29,370 |
| | <u>759,325</u> | <u>759,325</u> | <u>666,889</u> |

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

8 Staff

(a) Staff costs

| | 2017 £ | 2016 £ |
|--|------------------|------------------|
| Staff costs during the period were: | | |
| Wages and salaries | 1,647,131 | 1,616,659 |
| Social security costs | 132,610 | 106,950 |
| Operating costs of defined benefit pension schemes | 348,540 | 301,602 |
| | <u>2,128,281</u> | <u>2,025,211</u> |
| Supply staff costs | 49,797 | 5,069 |
| Staff restructuring costs | 2,500 | - |
| | <u>2,180,578</u> | <u>2,030,280</u> |

(b) Staff severance payments

Included in staff restructuring costs are non-contractual severance payments totalling £2,500 (2016: £nil). Individually, the payments were: £2,500.

(c) Staff numbers

The average number of persons (including senior management team) employed by the Academy during the period, was as follows:

| | 2017 No. | 2016 No. |
|---|-------------|-------------|
| Charitable Activities | | |
| Teachers | 33 | 30 |
| Administration and support (includes teaching assistants) | 59 | 63 |
| Management | 2 | 3 |
| | <u>94</u> | <u>96</u> |

(d) Higher paid staff

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

| | 2017 No. | 2016 No. |
|-------------------|-------------|-------------|
| £60,001 - £70,000 | 2 | 2 |

(e) Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £401,334 (2016: £381,372).

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

9 Central services

The academy trust has provided the following central services to its academies during the period:

- human resources
- payroll
- financial services
- insurance
- procurement
- clerking services
- principals and Business Leader costs
- educational support services

The trust charges for these services by taking the cost of these services and allocated these to each school based on the number of pupils attending each school.

The actual amounts charged during the period were as follows:

| | 2017 £ | 2016 £ |
|-------------------------------|-----------|-----------|
| Easton Primary School | 41,550 | 73,288 |
| Leiston Primary School | 190,431 | 142,153 |
| Wickham Market Primary School | 114,259 | 77,708 |
| Aldeburgh Primary School | 40,218 | - |
| | 386,458 | 293,149 |

10 Related Party Transactions - Trustees' Remuneration and Expenses

One or more trustees have been paid remuneration or have received other benefits from an employment with the academy trust. The co-principals and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment, and not in respect of their role as trustees. The value of trustees' remuneration was as follows:

C Singleton (co-principal and trustee):

| | |
|----------------------------------|---|
| Remuneration | £65,000 - £70,000 (2016: £60,000 - £65,000) |
| Employers' pension contributions | £10,000- £15,000 (2016: £10,000- £15,000) |

J Stanley-Bell (co-principal and trustee):

| | |
|----------------------------------|---|
| Remuneration | £65,000 - £70,000 (2016: £60,000 - £65,000) |
| Employers' pension contributions | £10,000- £15,000 (2016: £10,000- £15,000) |

J Porter-Hardy (business leader and trustee):

| | |
|----------------------------------|---|
| Remuneration | £35,000 - £40,000 (2016: £30,000 - £35,000) |
| Employers' pension contributions | £5,000- £10,000 (2016: £5,000- £10,000) |

During the year ended 31 August 2017, travel, administration and curriculum expenses totalling £881 (2016: £195) were reimbursed or paid directly to 3 trustees (2016: 3 trustees)

Other related party transactions involving the trustees are set out in note 30.

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

11 Trustees' and Officers' Insurance

In accordance with normal commercial practice the academy trust has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy trust business. The insurance provides cover up to £1,000,000 on any one claim and the cost of this insurance is included in the total insurance cost.

12 Intangible Fixed Assets

| | Computer Software £ | Total £ |
|------------------------|---------------------------|------------|
| Cost | | |
| At 1 September 2016 | 12,750 | 12,750 |
| Additions | 8,705 | 8,705 |
| At 31 August 2017 | 21,455 | 21,455 |
| Amortisation | | |
| At 1 September 2016 | 5,844 | 5,844 |
| Charged in year | 4,507 | 4,507 |
| At 31 August 2017 | 10,351 | 10,351 |
| Carrying Amount | | |
| At 31 August 2016 | 6,906 | 6,906 |
| At 31 August 2017 | 11,104 | 11,104 |

13 Tangible Fixed Assets

| | Long Leasehold Land and Buildings £ | Furniture and Equipment £ | Computer Equipment £ | Assets under construction £ | Total £ |
|------------------------|---|------------------------------------|----------------------------|--------------------------------------|------------|
| Cost | | | | | |
| At 1 September 2016 | 9,432,409 | 39,171 | 50,182 | - | 9,521,762 |
| Transfer on conversion | 726,000 | - | - | - | 726,000 |
| Additions | - | 6,950 | 29,336 | 86,817 | 123,103 |
| At 31 August 2017 | 10,158,409 | 46,121 | 79,518 | 86,817 | 10,370,865 |
| Depreciation | | | | | |
| At 1 September 2016 | 345,585 | 7,270 | 11,952 | - | 364,807 |
| Charged in year | 193,758 | 8,307 | 16,431 | - | 218,496 |
| At 31 August 2017 | 539,343 | 15,577 | 28,383 | - | 583,303 |
| Net book values | | | | | |
| At 31 August 2016 | 9,086,824 | 31,901 | 38,230 | - | 9,156,955 |
| At 31 August 2017 | 9,619,066 | 30,544 | 51,135 | 86,817 | 9,787,562 |

Long leasehold Land and Buildings are being leased from the Suffolk County Council for a period of 125 years. There is also a leaseback arrangement in place relating to specific rooms at one of the schools, also for a period of 125 years.

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

14 Stock

| | 2017 £ | 2016 £ |
|------------------------------|--------------|--------------|
| Heating oil and wood pellets | 1,016 | 2,314 |
| | <u>1,016</u> | <u>2,314</u> |

15 Debtors

| | 2017 £ | 2016 £ |
|--------------------------------|----------------|----------------|
| Trade debtors | 14,465 | 1,323 |
| VAT recoverable | 44,779 | 19,054 |
| Other debtors | 564 | 242 |
| Prepayments and accrued income | 299,133 | 122,167 |
| | <u>358,941</u> | <u>142,786</u> |

16 Creditors: amounts falling due within one year

| | 2017 £ | 2016 £ |
|------------------------------|----------------|----------------|
| Trade creditors | 119,105 | 86,283 |
| Taxation and social security | 37,367 | 32,005 |
| Other creditors | 42,118 | 36,657 |
| Accruals and deferred income | 97,298 | 80,384 |
| | <u>295,888</u> | <u>235,329</u> |

Deferred income

| | 2017 £ | 2016 £ |
|--------------------------------------|---------------|---------------|
| Deferred Income at 1 September 2016 | 41,284 | 43,255 |
| Resources deferred in the year | 51,598 | 41,284 |
| Amounts released from previous years | (41,284) | (43,255) |
| Deferred Income at 31 August 2017 | <u>51,598</u> | <u>41,284</u> |

At the balance sheet date the academy trust was holding funds received in advance for educational trips booked for the autumn term 2017 and UIFSM grants.

17 Creditors: amounts falling due after more than one year

| | 2017 £ | 2016 £ |
|-----------------|---------------|---------------|
| Other creditors | 23,589 | 10,260 |
| | <u>23,589</u> | <u>10,260</u> |

Included within other creditors, due in less than 1 year and within the amounts due in more than 1 year, is a Salix loan amounting to £29,980, transferred as part of the transfer agreement and is repayable over more than 5 years. The total amount due after more than 5 years is £3,158.

A salix loan of £75,794 has been committed but not taken up at the reporting date.

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

18 Funds

| | Balance at 1 September 2016 £ | Incoming Resources £ | Resources Expended £ | Gains, Losses and Transfers £ | Balance at 31 August 2017 £ |
|-------------------------------------|--|----------------------------|----------------------------|--|--------------------------------------|
| Restricted general funds | | | | | |
| General Annual Grant (GAG) | 2,573 | 2,154,579 | (1,999,061) | (123,262) | 34,829 |
| Start-up grants | 19,407 | 25,000 | (21,488) | (8,295) | 14,624 |
| Other DfE/ESFA grants | 44,208 | 381,850 | (319,759) | (6,592) | 99,707 |
| Other restricted funds | 854 | 162,335 | (160,959) | (1,110) | 1,120 |
| Pension reserve | (989,000) | (199,000) | (212,000) | 556,000 | (844,000) |
| | <u>(921,958)</u> | <u>2,524,764</u> | <u>(2,713,267)</u> | <u>416,741</u> | <u>(693,720)</u> |
| Restricted fixed asset funds | | | | | |
| DfE/ESFA capital grants | 58,902 | 496,280 | (14,200) | 14,887 | 555,869 |
| Capital expenditure from GAG | 14,446 | - | (5,739) | 2,262 | 10,969 |
| Donations and gifted assets | 9,112,550 | 715,628 | (194,189) | - | 9,633,989 |
| Other capital funds | 26,764 | - | (8,875) | 4,825 | 22,714 |
| | <u>9,212,662</u> | <u>1,211,908</u> | <u>(223,003)</u> | <u>21,974</u> | <u>10,223,541</u> |
| Total restricted funds | <u>8,290,704</u> | <u>3,736,672</u> | <u>(2,936,270)</u> | <u>438,715</u> | <u>9,529,821</u> |
| Unrestricted funds | | | | | |
| Unrestricted funds | 233,281 | 356,465 | (285,294) | (3,715) | 300,737 |
| Total unrestricted funds | <u>233,281</u> | <u>356,465</u> | <u>(285,294)</u> | <u>(3,715)</u> | <u>300,737</u> |
| Total funds | <u>8,523,985</u> | <u>4,093,137</u> | <u>(3,221,564)</u> | <u>435,000</u> | <u>9,830,558</u> |

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

- The General annual Grant (GAG) is used for the normal running costs of the academy. There is no limit on the GAG funds that can be carried forward.
- The Start Up Grants is being used assist with getting the academy operational.
- Other DfE/ESFA grants are various specific grants provided to the academy from the ESFA.
- Other restricted funds include income and expenditure in relation to other specific grants from the Local Authority and other sources for specific educational projects.
- Donations and gifted assets represents assets and capital grants gifted on conversion.

The trust is carrying a net surplus of £150,280 on restricted general funds (excluding pension reserve) and a net surplus of £300,737 on unrestricted funds.

Transfers between funds comprise the following:-

- Transfer of pension contributions from GA to restricted pension reserve - £121,000.
- Transfer of fixed assets purchased using the Start-up grant to the fixed asset fund - £8,295.
- Transfer of fixed assets purchased using other DfE/ESFA grants to the fixed asset fund - £6,592.
- Transfer of fixed assets purchased using other restricted funds to the fixed asset fund - £1,110.
- Transfer of fixed assets purchased using the general annual grant (GAG) to the fixed asset fund - £2,262.
- Transfer of fixed assets purchased using unrestricted funds to the fixed asset fund - £3,715.

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

18 Funds (continued)

Total funds analysis by academy

Fund balances at 31 August 2017 were allocated as follows:

| | 2017 £ | 2016 £ |
|---|------------------|------------------|
| Easton Primary School* | 192,225 | 107,939 |
| Leiston Primary School | 92,337 | 109,681 |
| Wickham Market Primary School | 20,554 | 37,010 |
| Aldeburgh Primary School | 98,647 | - |
| Central Services | 47,254 | 45,693 |
| Total before fixed assets and pension reserve | 451,017 | 300,323 |
| Restricted fixed asset fund | 10,223,541 | 9,212,662 |
| Pension reserve | (844,000) | (989,000) |
| Total | 9,830,558 | 8,523,985 |

* Easton Primary School fund balance includes £81,885 of Condition Improvement Fund monies which will be spent during 2017/18.

Analysis of academies by cost

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

| | Teaching and Educational Support Staff Costs £ | Other Support Staff Costs £ | Educational Supplies £ | Other Costs (excluding Depreciation) £ | Total 2017 £ | Total 2016 £ |
|-------------------------------|---|---|------------------------------|--|--------------------|--------------------|
| Easton Primary School | 267,021 | 18,979 | 14,216 | 107,774 | 407,990 | 388,364 |
| Leiston Primary School | 920,958 | 38,388 | 47,948 | 251,873 | 1,259,167 | 1,226,750 |
| Wickham Market Primary School | 524,551 | 40,803 | 25,170 | 170,618 | 761,142 | 773,759 |
| Aldeburgh Primary School | 111,184 | 15,062 | 6,193 | 35,511 | 167,950 | - |
| Central services | 164,856 | 78,775 | 5,007 | 153,674 | 402,312 | 316,186 |
| Academy trust | 1,988,570 | 192,007 | 98,534 | 719,450 | 2,998,561 | 2,705,059 |

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

19 Analysis of net assets between funds

Fund balances at 31 August 2017 are represented by:

| | Unrestricted Funds £ | Restricted General Funds £ | Restricted Fixed Asset Funds £ | Total Funds 2017 £ | Total Funds 2016 £ |
|--------------------------|----------------------------|-------------------------------------|--|-----------------------------|-----------------------------|
| Tangible fixed assets | - | - | 9,787,562 | 9,787,562 | 9,156,955 |
| Intangible fixed assets | | | 11,104 | 11,104 | 6,906 |
| Current assets | 326,137 | 365,371 | 503,861 | 1,195,369 | 594,713 |
| Current liabilities | (25,400) | (215,091) | (55,397) | (295,888) | (235,329) |
| Non-current liabilities | - | - | (23,589) | (23,589) | (10,260) |
| Pension scheme liability | - | (844,000) | - | (844,000) | (989,000) |
| Total net assets | <u>300,737</u> | <u>(693,720)</u> | <u>10,223,541</u> | <u>9,830,558</u> | <u>8,523,985</u> |

20 Capital commitments

| | 2017 £ | 2016 £ |
|--|----------------|-----------|
| Contracted for, but not provided in the financial statements | <u>386,335</u> | - |
| | <u>386,335</u> | - |

21 Commitments under operating leases

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

| | 2017 £ | 2016 £ |
|--|---------------|------------|
| Amounts due within one year | 16,247 | 515 |
| Amounts due between one and five years | 60,775 | 102 |
| Amounts due after five years | <u>17,021</u> | - |
| | <u>94,043</u> | <u>617</u> |

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

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

| | 2017 £ | 2016 £ |
|--|---------------|---------------|
| Net income for the year as per the statement of financial activities | 871,573 | (163,867) |
| Adjusted for: | | |
| Amortisation [note 12] | 4,507 | 3,188 |
| Depreciation [note 13] | 218,496 | 205,267 |
| Capital grants from DfE/ESFA and other capital income | (496,281) | (29,443) |
| Fixed Assets transferred from Local Authorities | (726,000) | - |
| Pension scheme deficit transferred in | 199,000 | - |
| Salix loan transferred from Local Authorities | 21,520 | - |
| Cash transferred from Local Authorities | (138,717) | - |
| Interest receivable [note 5] | (368) | (282) |
| Defined benefit pension scheme cost less contributions payable (note 28) | 68,000 | 14,000 |
| Defined benefit pension scheme cost (note 28) | 23,000 | 22,000 |
| (Increase)/decrease in stocks | 1,298 | (1,218) |
| (Increase)/decrease in debtors | 19,390 | (49,019) |
| Increase/(decrease) in creditors | 11,319 | 12,626 |
| Net cash provided by/(used in) operating activities | <u>76,737</u> | <u>13,252</u> |

23 Cash flows from investing activities

| | 2017 £ | 2016 £ |
|---|----------------|-----------------|
| Bank interest | 368 | 282 |
| Purchase of tangible fixed assets | (85,467) | (55,295) |
| Purchase of intangible fixed assets | (8,705) | - |
| Capital grants from DfE/ESFA | 272,106 | 17,925 |
| Capital funding received from donors | - | 11,518 |
| Net cash outflow from investing activities | <u>178,302</u> | <u>(25,570)</u> |

24 Cash flows from financing activities

| | 2017 £ | 2016 £ |
|--|----------------|----------------|
| Repayment of Salix loan | (7,957) | (3,078) |
| Net cash (used in) financing activities | <u>(7,957)</u> | <u>(3,078)</u> |

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

25 Analysis of Cash and Cash Equivalents

| | 2017 £ | 2016 £ |
|---|----------------|----------------|
| Cash at bank | 734,719 | 349,252 |
| Notice deposits (less than 3 months) | 100,650 | 100,282 |
| Petty cash | 43 | 79 |
| Cash and cash equivalents at 31 August | <u>835,412</u> | <u>449,613</u> |

26 Contingent Liabilities

The academy had no contingent liabilities at the year end.

27 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.

28 Pension and similar obligations

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

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

Contributions amounting to £37,262 (2016: £33,235) were payable to the schemes at 31 August 2017 and are included within creditors.

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.

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

28 Pension and similar obligations (continued)

Valuation of the Teachers' Pension Scheme

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

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

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

The employer's pension costs paid to TPS in the period amounted to £159,589 (2016: £173,636).

A copy of the valuation report and supporting documentation is on the [Teachers' Pensions website](#).

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £148,000 (2016: £139,000), of which employer's contributions totalled £121,000 (2016: £114,000) and employees' contributions totalled £27,000 (2016: £25,000). The agreed contribution rates for future years are 24.5% in 2017/18, 23.5% for 2018/19 and 23.2% for 2019/20 for employers and variable % for employees dependant on the salary of individuals as follows:

| Annual Salary | Contribution Rate |
|--------------------|-------------------|
| £0 - £13,700 | 5.50% |
| £13,701 - £21,400 | 5.80% |
| £21,401 - £34,700 | 6.50% |
| £34,701 - £43,900 | 6.80% |
| £43,901 - £61,300 | 8.50% |
| £61,301 - £86,800 | 9.90% |
| £86,801 - £102,200 | 10.50% |

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

28 Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

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.

The LGPS obligation relates to the employees at the start of the year, the employees that transferred as part of the conversion from the maintained school during the year and new employees who were eligible to, and did, join the Scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the academy trust at the balance sheet date.

Principal Actuarial Assumptions

| | At 31 August 2017 | At 31 August 2016 |
|--|-------------------------|-------------------------|
| Rate of increase in salaries | 2.70% | 4.10% |
| Rate of increase for pensions in payment / inflation | 2.40% | 2.10% |
| Discount rate for scheme liabilities | 2.50% | 2.10% |

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

| Changes in assumptions at 31 August 2017 | Approximate % increase to Employer Liability | Approximate monetary amount (£000) |
|--|--|--|
| 0.5% decrease in Real Discount Rate | 14% | 235 |
| 1 year increase in Member Life Expectancy | 3%-5% | 52-86 |
| 0.5% increase in the Salary Increase Rate | 3% | 57 |
| 0.5% increase in the Pension Increase Rate | 10% | 174 |

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

| | At 31 August 2017 | At 31 August 2016 |
|-----------------------------|-------------------------|-------------------------|
| <i>Retiring today</i> | | |
| Males | 21.9 | 22.4 |
| Females | 24.4 | 24.4 |
| <i>Retiring in 20 years</i> | | |
| Males | 23.9 | 24.3 |
| Females | 26.4 | 26.9 |

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

28 Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

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

| | Fair value at 31 August 2017 £ | Fair value at 31 August 2016 £ |
|----------|--|--|
| Equities | 601,000 | 514,000 |
| Bonds | 185,000 | 149,000 |
| Property | 88,000 | 75,000 |
| Cash | 9,000 | 7,000 |
| | <u>883,000</u> | <u>745,000</u> |

The actual return on scheme assets was 12.1% (2016: 10.5%)

Amounts recognised in the statement of financial activities

| | 2017 £ | 2016 £ |
|--|----------------|----------------|
| Current service cost (net of employee contributions) | 189,000 | 128,000 |
| Net interest cost | 18,000 | 22,000 |
| Total operating charge | <u>207,000</u> | <u>150,000</u> |

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

| | 2017 £ | 2016 £ |
|----------------------------|------------------|------------------|
| At 1 September 2016 | 1,734,000 | 1,084,000 |
| Upon conversion | 366,000 | - |
| Current service cost | 189,000 | 128,000 |
| Interest cost | 41,000 | 44,000 |
| Employee contributions | 27,000 | 25,000 |
| Actuarial (gain)/loss | (629,000) | 453,000 |
| Benefits paid | (1,000) | - |
| At 31 August | <u>1,727,000</u> | <u>1,734,000</u> |

Movements in the fair value of Academy's share of scheme assets:

| | 2017 £ | 2016 £ |
|---|----------------|----------------|
| At 1 September 2016 | 745,000 | 506,000 |
| Upon conversion | 167,000 | - |
| Interest Income | 18,000 | 22,000 |
| Return on plan assets (excluding net interest on the net defined pension liability) | (194,000) | 78,000 |
| Employer contributions | 121,000 | 114,000 |
| Employee contributions | 27,000 | 25,000 |
| Benefits paid | (1,000) | - |
| At 31 August | <u>883,000</u> | <u>745,000</u> |

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

29 Conversion to an Academy Trust

On 1 May Aldeburgh primary school converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Avocet Academy Trust from the Suffolk County Council for £nil consideration.

The transfer has been accounted for as a combination that is in substance a gift. 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 a net gain in the Statement of Financial Activities as donations – transfer from local authority on conversion.

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

Conversion of Aldeburgh primary school to academy status

| | Unrestricted Funds £ | Restricted General Funds £ | Restricted Fixed Asset Funds £ | Total Funds £ |
|------------------------------------|----------------------------|-------------------------------------|--|---------------------|
| Tangible fixed assets | | | | |
| Leasehold land and buildings | - | - | 726,000 | 726,000 |
| Budget surplus on LA funds | 127,570 | - | 11,147 | 138,717 |
| LGPS pension deficit | - | (199,000) | - | (199,000) |
| Borrowing obligations – Salix loan | | | (8,315) | (8,315) |
| Net assets / (liabilities) | <u>127,570</u> | <u>(199,000)</u> | <u>728,832</u> | <u>657,402</u> |

The above net assets include £138,717 that was transferred as cash.

The land and buildings were transferred to the academy by granting a 125 year lease rent free from Suffolk County Council.

Conversion of Wickham Market primary school to academy status

| | Unrestricted Funds £ | Restricted General Funds £ | Restricted Fixed Asset Funds £ | Total Funds £ |
|------------------------------------|----------------------------|-------------------------------------|--|---------------------|
| Borrowing obligations – Salix loan | - | - | (13,205) | (13,205) |
| Net assets / (liabilities) | <u>-</u> | <u>-</u> | <u>(13,205)</u> | <u>(13,205)</u> |

The above salix loan was part of the conversion of Wickham Market on 1 November 2014. The salix loan has only just come to light and has therefore been included in the financial statements for the year ended 31 August 2017.

30 Related Party Transactions

Owing to the nature of the academy's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trust has an interest. The following related party transaction took place in the period of account.

Norfolk Light Limited is a company in which Mr Jeremy Mead (a Trustee of the Academy Trust) is a 50% shareholder, with his wife owning the other 50%:

- The Academy Trust purchased a development of Resilient Leadership programme from Norfolk Light Limited totalling £2,160 (2016: £nil) during the year. There were no amounts outstanding at 31 August 2017 (2016: £nil).
- The Academy Trust made the purchase at arms' length after receiving quotes in accordance with its financial regulations and careful consideration by the Trustees without Jeremy Mead being present.

Mrs Heidi Norman is the wife of a trustee and during the year she was employed by the academy as a teacher. The value of her remuneration was as follows:

| | |
|----------------------------------|---|
| Remuneration | £40,000 - £45,000 (2016: £40,000 - £45,000) |
| Employers' pension contributions | £5,000 - £10,000 (2016: £5,000 - £10,000) |

31 Connected charities

During the accounting period the Academy Trust was connected to the following charities;

- The Easton Primary School Association. This registered charity was established to advance the education of the pupils at Easton primary school. .
- As at 30 September 2017 this charity's net assets/funds stood at £5,988. Gross income for the period was £4,986 and expenditure was £6,646, leading to a deficit of £1,752.