

Avocet Academy Trust
(A Company Limited by Guarantee)
Annual Report and Financial Statements
Year ended 31 August 2018

Company Registration Number: 09254238 (England and Wales)

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Avocet Academy Trust

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Avocet Academy Trust

Reference and administrative details

Members:	Peter Elliott Tony Cooper Jeremy Mead Jeremy Hennell-James	Resigned 16/04/18
Trustees:	Tony Cooper Jonathan Duggan Cheryl Singleton Roger Theobold Jeremy Mead (Chair from 16/04/18)	Resigned 11/10/17 Reappointed 16/04/18
	Silas Norman Tanya Patchett William Watson Tom Bleasdale Rosemary Carter (Chair to 16/04/18) Joanne Stanley-Bell Jonathan Legh-Smith Jill Porter-Hardy Marie-Claire Delbroque	Resigned 30/11/17 Resigned 12/12/17 Resigned 05/02/18 Resigned 06/04/18 Resigned 16/04/18 Resigned 30/04/18 Appointed 30/04/18 Resigned 01/05/18 Appointed 01/05/18
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	

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 2017 to 31 August 2018. 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 612 pupils of which 37 were in Nursery in the 2017 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)

No schools joined the Trust in the 2017-18 academic year.

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.

New Trustees follow a programme of induction led by the Chair of the Board and the CEO. All new Trustees are given:

- A hard copy of key policies around Trustee conduct
- Access to Governor Hub. Trustees have access to all policies, key documents and meeting minutes of the Trust and each school via this hub. Key documents are sign posted through an introductory letter.
- Trustees spend half a day with the CEO visiting at least two schools and discussing Trust priorities in action. This also affords them the opportunity to meet some staff in schools.

Training is in place in response to new national initiatives or guidance as well as through self and group audit of skills. We are also looking now to enrol the chair or aspiring chairs on to the National recognised Ambition school leader trust course. Training in the 2017-18 academic year has included:

- Safeguarding
- GDPR

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.

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.

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 30 of the accounts.

Trade Union Facility Time

Information, as it applies to the academy trust, is included below to satisfy requirements of the Trade Union (Facility Time Publication Requirements) Regulations 2017 for the period from 1 April 2017 to 31 March 2018 (the relevant period).

The Academy Trust has no union officials and therefore the Trust does not pay for any facility time.

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.

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 at a sustainable rate to maximise the provision for our pupils
- 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.

Strategic report

Achievements and Performance

Leiston

Leiston converted to the Academy at the MATs formation in 2014 and has improved on every measure since then. In 2017 the school achieved above National in all areas at KS2 in progress and attainment with progress scores for the disadvantaged being particularly high. The improvement of the school was recognised in December 2017 when the school achieved an Ofsted rating of Good. 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 an enrichment programme aimed at broadening experiences of our children through improved curriculum as well as out of school experiences.

Aldeburgh

Aldeburgh converted to the Academy in May 2017. It was judged to be "Good" by Ofsted in 2014 and achieved above National in all areas of KS2 in July 2017. The school has seen a change in all four teachers in the last academic year and the successes are clear. The school has very strong community links and is involved with a number of local organisations aimed at widening the experiences and opportunities for the children. Attendance is above National at just over 96%. Reception Good Level of Development (GLD) is above National, Phonics and KS1 are broadly in line with National and KS2 outcomes are significantly above National figures.

Wickham Market

Judged by Ofsted as "Good" for overall effectiveness in October 2017, Wickham Market has continued to achieve highly at the end of KS2 achieving above National Averages at the end of KS2 in all areas except reading which was only just below expected. Attendance is above National averages and there is support available in the school for the growing demand for family welfare. The children have access to forest school activities which are facilitated by the extensive school grounds. Reception children achieve above National at the end of the year, Year 1 Phonics screening is above National and children achieve above National averages for KS2 outcomes in writing and maths and in line with National figures for Reading, Writing and Maths combined with a clear three year upward trend in this area.

Trustees' Report (continued)

Easton

Easton was judged as "Good" in October 2017. 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 taking a small drop in June 2018 to 92%. There has been a period of substantial movement of staff in the school (mainly on health grounds) which is significant in a school with only four teachers. KS2 outcomes are consistently above National. Attendance data is above National for 2016 / 17.

Trust Key Performance Indicators

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. During the year the Trust has worked towards these KPIs by:

- Implementing new curriculum initiatives to improve weaker areas
- Carried out support and mentoring for teaching staff and leaders
- Putting in place CPD to meet staff and school needs
- Further developing systems across schools to reduce costs and maximise efficiency
- Ensuring that line management is clear for all groups of staff across the Trust
- Reforming the Trust board under new leadership more aligned to the ethos of the Trust
- Reviewed and adapted staffing in response to pupil numbers and need.
- Reinforced compliance by the appointment of a compliance officer across the Trust
- Reinforced quality assurance by enrolling all School leaders in a a county wide leadership review as well as through continued review by Executive Principal.
- Securing a convertor school adding capacity and greater sustainability to the Trust
- Academy reserves within the reserves set

School	Date of last Ofsted	Grade	Comments	Achieved above National at end of KS2			
				Reading	Writing	Maths	RWM Combined
Aldeburgh	May 2014	Good	Converted May 2017	Y	Y	Y	Y
Easton	October 2017	Good	Inspected September 2017	Y	Y	Y	Y
Leiston	December 2017	Good	Inspected Dec 2017	N	Y	Y	Y
Wickham Market	October 2017	Good	Inspected October 2017	N	Y	Y	N (-1%)

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. During the academic year 2017-18 the Trust took advantage of press coverage to ensure that the wider public had knowledge of our successes - in particular the combined good Ofsted ratings achieved in 2017.

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.

Trustees' Report (continued)
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.

The deficit for the year before the actuarial pension gain was £409,287, however excluding restricted pension fund and restricted fixed asset amortisation and depreciation, expenditure exceeded income by £86,965. During the year the Academy Trust spent £57,826 replacing the windows at Easton using the CIF grant included within the 2016/17 accounts, this expenditure contributed to the deficit.

The Academy Trust held restricted general funds (excluding pension reserves) of £146,496 and unrestricted funds of £217,556 which combined were £364,052 as at the 31 August 2018.

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.)

The required unrestricted funds based on 7% of the 2017/18 GAG is £208,543 and the Academy had £217,556 unrestricted funds at the year end, therefore the level of reserves is in line with this policy.

Investment policy

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

Plans for Future Periods

The Trust has been successful in gaining an Academy order for Saxmundham primary who are due to convert to Avocet early in the next academic year. The Trust successfully applied for the MAT development and improvement grant which will be allocated in response to an Academy order being issued and a completed financial audit (this is due to be completed at the start of the next academic year.)

Sponsorship application had been completed in this period and due to delays at DfE it was not considered by the HT board until early in the 2018-19 academic year where it was approved. We are now looking to work with the DfE to support Trust growth through the addition of sponsor schools.

Avocet Academy Trust

Trustees' Report (continued)

Funds held as Custodian Trustee on behalf of others

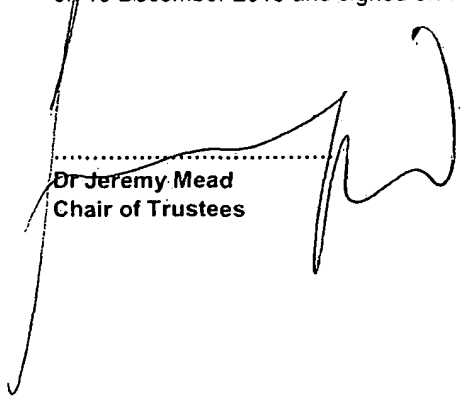
The Academy Trust or Trustees do not act as Custodian Trustee.

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 10 December 2018 and signed on the board's behalf by:



Dr Jeremy Mead
Chair of Trustees

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 8 times during the period. Attendance during the period at meetings of the board of trustees was as follows:

	Meetings Attended	Out of Possible
Jonathan Duggan	8	8
Tony Cooper	8	8
Dr Jeremy Mead	4	4
Roger Theobold	8	8
Cheryl Singleton (Staff Trustee)	8	8
Marie-Claire Delbroque	2	2
Jonathan Legh-Smith	1	2
William Watson	2	2
Jill Porter-Hardy	6	6
Jo Stanley-Bell	6	6
Rosemary Carter	4	4
Tom Bleasdale	4	4
Tanya Patchett	2	2

This year the Trust Board has been further enriched by the appointment of three new Trustees. In April there was a change of Chair of the Board of Trustees and a review of how the Board operated took place. New priorities and a change of direction for the Trust were set. The review process will be repeated in Autumn term 2018 to measure the view of the board.

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.

Governance Statement (continued)

Two trust employees (Jo Stanley-Bell and Jill Porter-Hardy) resigned from the Trust board in May to ensure that Avocet governance followed the recommendations in the governance handbook. Both employees continued to be in attendance at all board meetings for the academic year. Due to changes in the Trust board and resignations in March the finance and audit committees were disbanded in April 2017 and a joint committee put in place from June 2017. The Trust board addressed the finance and audit issues in the main Trust meetings.

The finance and audit committee(s) 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 Meetings Attendance:

	Meetings Attended	Out of Possible
Tom Bleasdale (chair)	3	3
Cheryl Singleton	3	3
Jill Porter-Hardy	3	3
Jonathan Duggan	3	3
Tanya Patchett	1	1

Audit and Risk Committee Attendance:

	Meetings Attended	Out of Possible
William Watson (Chair) (Resigned 5.2.18)	4	4
Rosemary Carter	4	4
Cheryl Singleton (invited staff member)	4	4
Roger Theobald (Joined 10.1.18)	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:

External inspections

Three of the four schools were subject to an Ofsted inspection and all three achieved a grading of GOOD.

KS 2 outcomes

Outcomes at the end of KS2 have improved further over the reporting period across the Trust. Attainment is above National in 13/16 measures at the end of KS2. At Leiston the progress of disadvantaged pupils is above National levels which is a further improvement on last year. This success is down to high quality teaching, good leadership and accountability, effective use of school resources and curriculum development all of which has been supported by the Trust. Progress across Aldeburgh, Easton and Wickham Market has improved over the past two years and continues to be a focus for all schools within the Academy.

Leadership and capacity in the Trust

The Trust has a strong ethos of collaboration with staff and in particular school leaders. SLT meet regularly, led by the CEO and the EP, to maximise progress, outcomes and opportunities for pupils as well as contribute to MAT policy and procedures. SLT members, with support from the Trust, are upskilling middle leaders which has led to some leaders being able to take on more supportive roles across the MAT or within other schools. This is essential if the Trust is going to continue to grow without compromising on standards.

Administration

The CFO and FO are continuously reviewing procedures and systems to ensure that value for money is achieved at all times. Due to astute decision making around financial and wider systems at the founding of the Trust new schools are added with ease and minimal expense as well as saving time for the admin team. The efficiency of the team ensures that school leaders are able to spend more time on teaching, learning and pupil welfare.

Curriculum enrichment

School leaders have worked to develop the curriculum in line with the needs of the pupils in the schools. Where this has been most successful it has led to greater engagement in learning and better outcomes. This needs to be further developed in some schools

Maths

The Trust achieved above National levels at Key stage two in all four schools. This was a result of focused work on an academy wide approach to Mathematics teaching. The success in key stage two has not been seen to the same extent in key stage one and further work on the approach and adapting it for younger children will be carried out in the next academic year.

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. Internal control will evaluate the likelihood of those risks being realised, the impact should they be realised and will manage them efficiently, effectively and economically. The system of internal control has been in place in Avocet Academy Trust for the period 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

Avocet Academy Trust

Governance Statement (continued)

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 2017 to 31 August 2018 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.

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
- Purchase system
- Fixed Assets

On an annual basis the external auditor reports to the Board of Trustees, through the audit and finance 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.

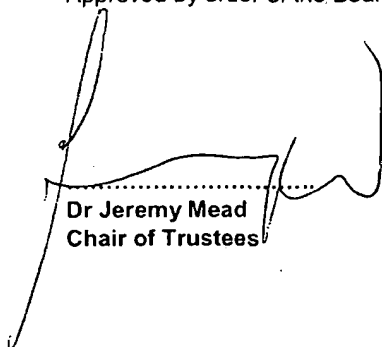
Review of Effectiveness

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 10 December 2018 signed on its behalf by:



Dr Jeremy Mead
Chair of Trustees



Cheryl Singleton
Accounting officer

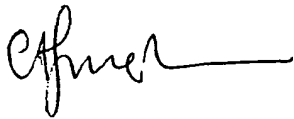
Avocet Academy Trust

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 2017.

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 2017.

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



Cheryl Singleton

CEO and Accounting officer

10 December 2018

Avocet Academy Trust

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 2017 to 2018;
- 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 10 December 2018 and signed on its behalf by:



Dr Jeremy Mead
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 2018 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 2017 to 2018 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 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.

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.

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

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.

Use of our report

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.

.....
Barry Gostling FCCA DChA– Senior Statutory Auditor

13 December 2018

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

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

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2017 to 2018. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 01 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2017 to 2018 issued by 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 2017 to 31 August 2018 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

.....
Ensors Accountants LLP
Statutory Auditor
Ipswich

13 December 2018

Statement of Financial Activities for the Year ended 31 August 2018
(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 2018 £	Total for the year ended 31 August 2017 £
Income and endowments from:						
Donations and capital grants	2	6,447	16,553	23,081	46,081	506,256
Transfer from local authority on conversion		-	-	-	-	644,197
<i>Charitable Activities:</i>						
Funding for the Academy Trust's educational operations	3	-	2,962,450	-	2,962,450	2,719,058
Other trading activities	4	144,988	185		145,173	223,258
Investments	5	192	-	-	192	368
Total		151,627	2,979,188	23,081	3,153,896	4,093,137
Expenditure on:						
<i>Charitable activities:</i>						
Academy's educational operations	7	233,808	3,079,763	249,612	3,563,183	3,221,564
Total	6	233,808	3,079,763	249,612	3,563,183	3,221,564
Net income / (expenditure)		(82,181)	(100,575)	(226,531)	(409,287)	871,573
Transfers between funds	18	(1,000)	(17,209)	18,209	-	-
Other recognised gains and losses						
Actuarial (losses)/gains on defined benefit pension schemes	28	-	235,000	-	235,000	435,000
Net movement in funds		(83,181)	117,216	(208,322)	(174,287)	1,306,573
Reconciliation of funds						
Funds brought forward at 1 September 2017		300,737	(693,720)	10,223,541	9,830,558	8,523,985
Funds carried forward at 31 August 2018	18	217,556	(576,504)	10,015,219	9,656,271	9,830,558

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 2017

(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 2017 £
Income and endowments from:				
<i>Incoming resources from generated funds:</i>				
Donations and capital grants	5,269	4,706	496,281	506,256
Transfer from local authority on conversion	127,570	(199,000)	715,627	644,197
<i>Charitable Activities:</i>				
Funding for the Academy's educational operations	-	2,719,058	-	2,719,058
Other Trading Activities	223,258	-	-	223,258
Investments	368	-	-	368
Total	356,465	2,524,764	1,211,908	4,093,137
Resources expended				
<i>Charitable activities:</i>				
Academy's educational operations	285,294	2,713,267	223,003	3,221,564
Total	285,294	2,713,267	223,003	3,221,564
Net income/(expenditure)	71,171	(188,503)	988,905	871,573
Transfers between funds	(3,715)	(18,259)	21,974	-
Other recognised gains and losses				
Actuarial (losses)/gains on defined benefit pension schemes	-	435,000	-	435,000
Net movement in funds	67,456	228,238	1,010,879	1,306,573
Reconciliation of funds				
Funds brought forward at 1 September 2016	233,281	(921,958)	9,212,662	8,523,985
Funds carried forward at 31 August 2017	300,737	(693,720)	10,223,541	9,830,558

Avocet Academy Trust

Balance sheet as at 31 August 2018

	Notes	2018 £	2017 £
Fixed assets			
Intangible assets	12	5,740	11,104
Tangible assets	13	9,844,668	9,787,562
		<u>9,850,408</u>	<u>9,798,666</u>
Current assets			
Stock	14	800	1,016
Debtors	15	167,014	358,941
Cash at bank and in hand		746,353	835,412
		<u>914,167</u>	<u>1,195,369</u>
Liabilities			
Creditors: Amounts falling due within one year	16	<u>(368,105)</u>	<u>(295,888)</u>
Net current assets		<u>546,062</u>	<u>899,481</u>
Total assets less current liabilities		<u>10,396,470</u>	<u>10,698,147</u>
Creditors: Amounts falling due after more than one year	17	<u>(17,199)</u>	<u>(23,589)</u>
Net assets excluding pension liability		<u>10,379,271</u>	<u>10,674,558</u>
Pension scheme liability	28	<u>(723,000)</u>	<u>(844,000)</u>
Net assets including pension liability		<u>9,656,271</u>	<u>9,830,558</u>
Funds of the academy:			
Restricted funds			
Fixed asset funds	18	10,015,219	10,223,541
General funds	18	146,496	150,280
Pension reserve	18	<u>(723,000)</u>	<u>(844,000)</u>
Total restricted funds		<u>9,438,715</u>	<u>9,529,821</u>
Unrestricted income funds			
General fund	18	<u>217,556</u>	<u>300,737</u>
Total unrestricted funds		<u>217,556</u>	<u>300,737</u>
Total funds		<u>9,656,271</u>	<u>9,830,558</u>

The financial statements on pages 17 to 42 were approved by the trustees, and authorised for issue on 10 December 2018 and are signed on their behalf by:



Jeremy Mead
 Chair of Trustees

Company Limited by Guarantee
 Registration Number 09254238

Cash Flow Statement for the Year Ended 31 August 2018

	Notes	2018 £	2017 £
Cash flows from operating activities			
Net cash provided by/(used in) operating activities	24	(51,871)	76,737
Cash flows from investing activities	25	(30,798)	178,302
Cash flows from financing activities	26	(6,390)	(7,957)
Cash transferred on conversion to an academy trust		-	138,717
Change in cash and cash equivalents in the reporting period		<u>(89,059)</u>	<u>385,799</u>
Cash and cash equivalents at 1 September 2017		835,412	449,613
Cash and cash equivalents at 31 August 2018	27	<u>746,353</u>	<u>835,412</u>

Notes to the Financial Statements for the Year Ended 31 August 2018

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.

The Trustees have deemed there to be no such material uncertainties in existence at the reporting date.

Per the Statement of Financial Activities the Academy has restricted general reserves of (£576,504). This deficit is due to the pension reserve of (£723,000), 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 2018 (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.

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 2018 (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)
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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%-10% (10 to 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.

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.

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

1 Accounting Policies (continued)

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.

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.

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

1 Accounting Policies (continued)

Pensions Benefits (continued)

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 2018. 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.

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.

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

2 Donations and capital grants

	Unrestricted Funds £	Restricted Funds £	Total 2018 £	Total 2017 £
Capital Grants	-	23,081	23,081	496,281
Donations	6,447	16,553	23,000	9,975
	<u>6,447</u>	<u>39,634</u>	<u>46,081</u>	<u>506,256</u>

3 Funding for Academy Trust's Educational Operations

	Unrestricted Funds £	Restricted Funds £	Total 2018 £	Total 2017 £
DfE/ESFA revenue grants				
General Annual Grant (GAG)	-	2,448,237	2,448,237	2,154,579
Start-up grants	-	-	-	25,000
Pupil premium	-	194,841	194,841	200,749
Other DfE/ESFA grants	-	150,080	150,080	184,497
	<u>-</u>	<u>2,793,158</u>	<u>2,793,158</u>	<u>2,564,825</u>
Other Government grants				
Local authority grants	-	169,292	169,292	154,233
	<u>-</u>	<u>169,292</u>	<u>169,292</u>	<u>154,233</u>
	<u>-</u>	<u>2,962,450</u>	<u>2,962,450</u>	<u>2,719,058</u>

4 Other Trading Activities

	Unrestricted Funds £	Restricted Funds £	Total 2018 £	Total 2017 £
Hire of facilities	19,188	-	19,188	12,312
Catering income	37,443	-	37,443	39,193
Income from Educational Trips	27,802	185	27,987	40,756
Other income	60,555	-	60,555	130,997
	<u>144,988</u>	<u>185</u>	<u>145,173</u>	<u>223,258</u>

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

5 Investment Income

	Unrestricted Funds £	Restricted Funds £	Total 2018 £	Total 2017
Bank interest	192	-	192	368
	<u>192</u>	<u>-</u>	<u>192</u>	<u>368</u>

6 Expenditure

	Staff Costs £	Non Pay Expenditure Premises £	Other Costs £	Total 2018 £	Total 2017 £
Expenditure on raising funds	-	-	-	-	-
Academy's educational operations					
Direct costs	2,232,791	203,830	296,618	2,733,239	2,462,239
Allocated support costs	<u>252,729</u>	<u>154,282</u>	<u>422,933</u>	<u>829,944</u>	<u>759,325</u>
	<u>2,485,520</u>	<u>358,112</u>	<u>719,551</u>	<u>3,563,183</u>	<u>3,221,564</u>
				2018 £	2017 £
Net income/(expenditure) for the period includes:					
Operating lease rentals				16,247	8,663
Depreciation				244,248	218,496
Amortisation of intangible fixed assets (included within Charitable Activities – Academy trust educational operations)				5,364	4,507
Fees payable to auditor for:					
Audit				10,000	6,900
Assurance services other than audit				<u>10,660</u>	<u>3,550</u>

Included within expenditure are the following transactions.

	Total £	Individual Items above £5,000 Amount £	Reason
Unrecoverable Debts	322	-	-

7 Charitable Activities

	Total 2018 £	Total 2017 £
Direct costs – educational operations	2,733,239	2,462,239
Support costs – educational operations	<u>829,944</u>	<u>759,325</u>
	<u>3,563,183</u>	<u>3,221,564</u>

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

Analysis of support costs	Educational Operations £	Total 2018 £	Total 2017 £
Support staff costs	242,102	242,102	188,425
Technology costs	48,352	48,352	50,751
Premises costs	154,282	154,282	121,366
Other support costs	345,925	345,925	351,957
Governance costs	39,283	39,283	46,826
	<u>829,944</u>	<u>829,944</u>	<u>759,325</u>

8 Staff

(a) Staff costs

	2018 £	2017 £
Staff costs during the period were:		
Wages and salaries	1,862,796	1,647,131
Social security costs	146,889	132,610
Operating costs of defined benefit pension schemes	<u>414,909</u>	<u>348,540</u>
	2,424,594	2,128,281
Supply staff costs	60,926	49,797
Staff restructuring costs	<u>-</u>	<u>2,500</u>
	2,485,520	2,180,578

(b) Staff severance payments

Included in staff restructuring costs are non-contractual severance payments totalling £nil (2017: £2,500).

(c) Staff numbers

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

	2018 No.	2017 No.
Charitable Activities		
Teachers	32	33
Administration and support (includes teaching assistants)	75	59
Management	<u>7</u>	<u>2</u>
	114	94

(d) Higher paid staff

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

	2018 No.	2017 No.
£60,001 - £70,000	2	2

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

(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 £429,367 (2017: £401,334).

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:

	2018 £	2017 £
Easton Primary School	80,093	41,550
Leiston Primary School	161,310	190,431
Wickham Market Primary School	111,182	114,259
Aldeburgh Primary School	91,103	40,218
	<u>443,688</u>	<u>386,458</u>

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 (COE and trustee):

Remuneration	£65,000 - £70,000 (2017: £65,000 - £70,000)
Employers' pension contributions	£10,000- £15,000 (2017: £10,000- £15,000)

J Stanley-Bell (Executive Principal and trustee):

Remuneration	£45,000 - £50,000 (2017: £65,000 - £70,000)
Employers' pension contributions	£5,000- £10,000 (2017: £10,000- £15,000)

J Porter-Hardy (business leader and trustee):

Remuneration	£20,000 - £25,000 (2017: £35,000 - £40,000)
Employers' pension contributions	£5,000- £10,000 (2017: £5,000- £10,000)

During the year ended 31 August 2018, travel, administration and curriculum expenses totalling £107 (2017: £881) were reimbursed or paid directly to 2 trustees (2017: 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 2018 (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 2017	21,455	21,455
Additions	-	-
At 31 August 2018	21,455	21,455
Amortisation		
At 1 September 2017	10,351	10,351
Charged in year	5,364	5,364
At 31 August 2018	15,715	15,715
Carrying Amount		
At 31 August 2017	11,104	11,104
At 31 August 2018	5,740	5,740

13 Tangible Fixed Assets

	Long Leasehold Land and Buildings £	Furniture and Equipment £	Computer Equipment £	Assets under construction £	Total £
Cost					
At 1 September 2017	10,158,409	46,121	79,518	86,817	10,370,865
Transfer on conversion	83,067	-	-	(83,067)	-
Additions	198,413	7,621	17,291	78,029	301,354
At 31 August 2018	10,439,889	53,742	96,809	81,779	10,672,219
Depreciation					
At 1 September 2017	539,343	15,577	28,383	-	583,303
Charged in year	213,194	10,092	20,962	-	244,248
At 31 August 2018	752,537	25,669	49,345	-	827,551
Net book values					
At 31 August 2017	9,619,066	30,544	51,135	86,817	9,787,562
At 31 August 2018	9,687,352	28,073	47,464	81,779	9,844,668

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. The basis of valuation used to value the leasehold buildings is fair value on the depreciated replacement cost (DRC) basis.

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

14 Stock

	2018 £	2017 £
Heating oil and wood pellets	800	1,016
	<u>800</u>	<u>1,016</u>

15 Debtors

	2018 £	2017 £
Trade debtors	934	14,465
VAT recoverable	43,907	44,779
Other debtors	242	564
Prepayments and accrued income	121,931	299,133
	<u>167,014</u>	<u>358,941</u>

16 Creditors: amounts falling due within one year

	2018 £	2017 £
Trade creditors	138,078	119,105
Taxation and social security	37,021	37,367
Other creditors	48,630	42,118
Accruals and deferred income	144,376	97,298
	<u>368,105</u>	<u>295,888</u>

Deferred income

	2018 £	2017 £
Deferred Income at 1 September 2017	51,598	41,284
Resources deferred in the year	63,277	51,598
Amounts released from previous years	(51,598)	(41,284)
Deferred Income at 31 August 2018	<u>63,277</u>	<u>51,598</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

	2018 £	2017 £
Other creditors	17,199	23,589
	<u>17,199</u>	<u>23,589</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 £23,589, 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 £600.

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 2018 (continued)

18 Funds

	Balance at 1 September 2017 £	Incoming Resources £	Resources Expended £	Gains, Losses and Transfers £	Balance at 31 August 2018 £
Restricted general funds					
General Annual Grant (GAG)	34,829	2,448,237	(2,246,712)	(158,195)	78,159
Start-up grants	14,624	-	(525)	-	14,099
Other DfE/ESFA grants	99,707	344,921	(391,383)	(6,619)	46,626
Other restricted funds	1,120	186,030	(174,143)	(5,395)	7,612
Pension reserve	(844,000)	-	(267,000)	388,000	(723,000)
	(693,720)	2,979,188	(3,079,763)	217,791	(576,504)
Restricted fixed asset funds					
DfE/ESFA capital grants	555,869	23,081	(31,049)	6,023	553,924
Capital expenditure from GAG	10,969	-	(3,198)	5,195	12,966
Donations and gifted assets	9,633,989	-	(205,780)	5,991	9,434,200
Other capital funds	22,714	-	(9,585)	1,000	14,129
	10,223,541	23,081	(249,612)	18,209	10,015,219
Total restricted funds	9,529,821	3,002,269	(3,329,375)	236,000	9,438,715
Unrestricted funds					
Unrestricted funds	300,737	151,627	(233,808)	(1,000)	217,556
Total unrestricted funds	300,737	151,627	(233,808)	(1,000)	217,556
Total funds	9,830,558	3,153,896	(3,563,183)	235,000	9,656,271

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 £146,495 on restricted general funds (excluding pension reserve) and a net surplus of £217,556 on unrestricted funds.

Transfers between funds comprise the following:-

- Transfer of pension contributions from GA to restricted pension reserve - £153,000.
- Transfer of fixed assets purchased using the PE grant to the fixed asset fund - £4,199.
- Transfer of fixed assets purchased using the CIF grant to the fixed asset fund - £2,420.
- Transfer of fixed assets purchased using donations from the PTA - £5,395.
- Transfer of fixed assets purchased using the general annual grant (GAG) to the fixed asset fund - £5,195.
- Transfer of fixed assets purchased using unrestricted funds to the fixed asset fund - £1,000.
- Transfer of DFC funding used to repay Salix loan - £596.

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

18. Funds (continued)

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

	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)
	(921,958)	2,524,764	(2,713,267)	416,741	(693,720)
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
	9,212,662	1,211,908	(223,003)	21,974	10,223,541
Total restricted funds	8,290,704	3,736,672	(2,936,270)	438,715	9,529,821
Unrestricted funds					
Unrestricted funds	233,281	356,465	(285,294)	(3,715)	300,737
Total unrestricted funds	233,281	356,465	(285,294)	(3,715)	300,737
Total funds	8,523,985	4,093,137	(3,221,564)	435,000	9,830,558

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

18. Funds (continued)

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

	Balance at 1 September 2016 £	Incoming Resources £	Resources Expended £	Gains, Losses and Transfers £	Balance at 31 August 2018 £
Restricted general funds					
General Annual Grant (GAG)	2,573	4,602,816	(4,245,773)	(281,457)	78,159
Start-up grants	19,407	25,000	(22,013)	(8,295)	14,099
Other DfE/ESFA grants	44,208	726,771	(711,142)	(13,211)	46,626
Other restricted funds	854	348,365	(335,102)	(6,505)	7,612
Pension reserve	(989,000)	(199,000)	(479,000)	944,000	(723,000)
	(921,958)	5,503,952	(5,793,030)	634,532	(576,504)
Restricted fixed asset funds					
DfE/ESFA capital grants	58,902	519,361	(45,249)	20,910	553,924
Capital expenditure from GAG	14,446	-	(8,937)	7,457	12,966
Donations and gifted assets	9,112,550	715,628	(399,969)	5,991	9,434,200
Other capital funds	26,764	-	(18,460)	5,825	14,129
	9,212,662	1,234,989	(472,615)	40,183	10,015,219
Total restricted funds	8,290,704	6,738,941	(6,265,645)	674,715	9,438,715
Unrestricted funds					
Unrestricted funds	233,281	508,092	(519,102)	(4,715)	217,556
Total unrestricted funds	233,281	508,092	(519,102)	(4,715)	217,556
Total funds	8,523,985	7,247,033	(6,784,747)	670,000	9,656,271

Total funds analysis by academy

Fund balances at 31 August 2018 were allocated as follows:

	2018 £	2017 £
Easton Primary School	106,101	192,225
Leiston Primary School	125,222	92,337
Wickham Market Primary School	12,027	20,554
Aldeburgh Primary School	64,856	98,647
Central Services	55,846	47,254
Total before fixed assets and pension reserve	364,052	451,017
Restricted fixed asset fund	10,015,219	10,223,541
Pension reserve	(723,000)	(844,000)
Total	9,656,271	9,830,558

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

18. Funds (continued)

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 Dep'n & Amrt'n) £	Total 2018 £	Total 2017 £
Easton Primary School	280,229	20,245	13,601	146,694	460,769	407,990
Leiston Primary School	882,173	50,992	42,481	211,427	1,197,073	1,259,167
Wickham Market Primary School	497,209	45,917	20,559	151,834	715,519	761,142
Aldeburgh Primary School	354,758	42,505	17,624	84,127	499,014	167,950
Central services	215,317	86,174	7,128	132,577	441,196	402,312
Academy trust	2,239,686	245,833	101,393	726,659	3,313,571	2,998,561

19 Analysis of net assets between funds

Fund balances at 31 August 2018 are represented by:

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total Funds 2018 £
Tangible fixed assets	-	-	9,844,667	9,844,667
Intangible fixed assets			5,740	5,740
Current assets	280,308	372,710	261,149	914,167
Current liabilities	(62,752)	(226,214)	(79,138)	(368,104)
Non-current liabilities	-	-	(17,199)	(17,199)
Pension scheme liability	-	(723,000)	-	(723,000)
Total net assets	217,556	(576,504)	10,015,219	9,656,271

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

19 Analysis of net assets between funds (continued)

Fund balances at 31 August 2017 are represented by:

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total Funds 2017 £
Tangible fixed assets	-	-	9,787,562	9,787,562
Intangible fixed assets	-	-	11,104	11,104
Current assets	326,137	365,371	503,861	1,195,369
Current liabilities	(25,400)	(215,091)	(55,397)	(295,888)
Non-current liabilities	-	-	(23,589)	(23,589)
Pension scheme liability	-	(844,000)	-	(844,000)
Total net assets	300,737	(693,720)	10,223,541	9,830,558

20 Capital commitments

	2018 £	2017 £
Contracted for, but not provided in the financial statements	111,884	386,335
	<u>111,884</u>	<u>386,335</u>

21 Commitments under operating leases

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

	2018 £	2017 £
Amounts due within one year	16,516	16,247
Amounts due between one and five years	56,247	60,775
Amounts due after five years	6,271	17,021
	<u>79,034</u>	<u>94,043</u>

The total amount of lease payments recognised as an expense in the year to 31st August 2018 was £16,359 (2017: £8,663).

22 Contingent Liabilities

The academy had no contingent liabilities at the year end.

23 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.

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

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

	2018 £	2017 £
Net income for the year as per the statement of financial activities	(409,287)	871,573
Adjusted for:		
Amortisation [note 12]	5,364	4,507
Depreciation [note 13]	244,248	218,496
Capital grants from DfE/ESFA and other capital income	(23,081)	(496,281)
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]	(192)	(368)
Defined benefit pension scheme cost less contributions payable (note 28)	91,000	68,000
Defined benefit pension scheme cost (note 28)	23,000	23,000
(Increase)/decrease in stocks	216	1,298
(Increase)/decrease in debtors	(31,615)	19,390
Increase/(decrease) in creditors	48,476	11,319
Net cash provided by/(used in) operating activities	(51,871)	76,737

25 Cash flows from investing activities

	2018 £	2017 £
Bank interest	192	368
Purchase of tangible fixed assets	(278,246)	(85,467)
Purchase of intangible fixed assets	-	(8,705)
Capital grants from DfE/ESFA	247,256	272,106
Net cash outflow from investing activities	(30,798)	178,302

26 Cash flows from financing activities

	2018 £	2017 £
Repayment of Salix loan	(6,390)	(7,957)
Net cash (used in) financing activities	(6,390)	(7,957)

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

27 Analysis of Cash and Cash Equivalents

	2018 £	2017 £
Cash at bank	645,471	734,719
Notice deposits (less than 3 months)	100,842	100,650
Petty cash	40	43
Cash and cash equivalents at 31 August	746,353	835,412

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 £38,927 (2017: £37,262) were payable to the schemes at 31 August 2018 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.

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%.

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

28. Pension and similar obligations (continued)

Teachers' Pension Scheme (continued)

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 £171,102 (2017: £159,589).

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 2018 was £186,000 (2017: £148,000), of which employer's contributions totalled £153,000 (2017: £121,000) and employees' contributions totalled £33,000 (2017: £27,000). The agreed contribution rates for future years are 26.6% in 2018/19 for employers and variable % for employees dependant on the salary of individuals as follows:

Annual Salary	Contribution Rate
£0 - £14,100	5.50%
£14,101 - £22,000	5.80%
£22,001 - £35,700	6.50%
£35,701 - £45,200	6.80%
£45,201 - £63,100	8.50%
£63,101 - £89,400	9.90%
£89,401 - £105,200	10.50%
£105,201-£157,800	11.40%
£157,801 +	12.50%

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 2018	At 31 August 2017
Rate of increase in salaries	2.60%	2.70%
Rate of increase for pensions in payment / inflation	2.30%	2.40%
Discount rate for scheme liabilities	2.80%	2.50%

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

28. Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

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

Changes in assumptions at 31 August 2018	Approximate % increase to Employer Liability	Approximate monetary amount (£000)
0.5% decrease in Real Discount Rate	14%	264
1 year increase in Member Life Expectancy	3%-5%	53 – 88
0.5% increase in the Salary Increase Rate	3%	53
0.5% increase in the Pension Increase Rate	11%	208

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 2018	At 31 August 2017
<i>Retiring today</i>		
Males	21.9	21.9
Females	24.4	24.4
<i>Retiring in 20 years</i>		
Males	23.9	23.9
Females	26.4	26.4

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

	Fair value at 31 August 2018 £	Fair value at 31 August 2017 £
Equities	692,000	601,000
Bonds	301,000	185,000
Property	112,000	88,000
Cash	11,000	9,000
	<u>1,116,000</u>	<u>883,000</u>

The actual return on scheme assets was 5.0% (2017: 12.1%)

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

28. Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

Amounts recognised in the statement of financial activities

	2018 £	2017 £
Current service cost (net of employee contributions)	244,000	189,000
Net interest cost	24,000	18,000
Total operating charge	268,000	207,000

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

	2018 £	2017 £
At 1 September 2017	1,727,000	1,734,000
Upon conversion	-	366,000
Current service cost	244,000	189,000
Interest cost	47,000	41,000
Employee contributions	33,000	27,000
Actuarial (gain)/loss	(210,000)	(629,000)
Benefits paid	(2,000)	(1,000)
At 31 August	1,839,000	1,727,000

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

	2018 £	2017 £
At 1 September 2017	883,000	745,000
Upon conversion	-	167,000
Interest Income	24,000	18,000
Return on plan assets (excluding net interest on the net defined pension liability)	25,000	(194,000)
Employer contributions	153,000	121,000
Employee contributions	33,000	27,000
Benefits paid	(2,000)	(1,000)
At 31 August	1,116,000	883,000

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

29 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 £810 (2017: £2,160) during the year. There were no amounts outstanding at 31 August 2018 (2017: £nil).
- The Academy Trust considered the proposal after receiving quotes in accordance with its financial regulations and careful consideration by the Trustees without Jeremy Mead being present during the Year Ended 31 August 2017. This process was not considered necessary for the period in question due to the process which took place last year.

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

Remuneration	£10,000 - £15,000 (2017: £40,000 - £45,000)
Employers' pension contributions	£0 - £5,000 (2017: £5,000 - £10,000)

Mrs Nicola Legh-Smith 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	£0 - £5,000 (2017: £nil)
Employers' pension contributions	£0 - £5,000 (2017: £nil)

30 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 2018 this charity's net assets/funds stood at £3,814. Gross income for the period was £5,209 and expenditure was £6,380, leading to a deficit of £1,171 in the period.