

REGISTRAR OF COMPANIES

Arbor Academy Trust

Report and Financial Statements

Period from 16 June 2016 to 31 August
2017

Company Limited by Guarantee
Registration Number
10234376 (England and Wales)

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Reference and administrative information

Members	Marcia Douet Michael Russell Helen Wagner (Until October 2016) Paul Lyons (From October 2016)
Trustees	Marcia Douet (Chair) Bobby Friedman Graham Moss (Vice-Chair) Maureen Okoye (Chief Executive Officer) Michael Russell Helen Wagner (From October 2016) Jacqueline Westaway (From October 2016)
Company Secretary	Helen Wagner
Senior Leadership Team	Maureen Okoye (Chief Executive Officer) Jason Cook Bronwen Chalmers Lisa Bogle Nadine Walter Rebecca Corderoy Samina Ahmed
Registered address	Davies Lane Primary School Davies Lane Leytonstone London E11 3DR
Company registration number	10234376 (England and Wales)
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Bankers	Lloyds TSB Bank Plc 1 Silver Street Enfield EN1 3EE

Reference and administrative information

Solicitors	Stone King Boundary House 91 Charterhouse Street London EC1M 6HR
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INTRODUCTION

The Trustees of the Arbor Academy Trust ('the Trust') present their statutory report together with the financial statements of the charitable company and group for the period from 16 June 2016 to 31 August 2017. The report serves the purposes of both a trustees' report under charity law and a directors' report under company law.

The financial statements have been prepared in accordance with the accounting policies set out on pages 32 to 37 of the audited financial statements and comply with the Trust's Memorandum and Articles of Association, applicable laws and 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 United Kingdom and Republic of Ireland (FRS 102).

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution and governance

The 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 Trust. The Trustees of Arbor Academy Trust are also the Directors of the charitable company for the purposes of company law. The charitable company is known as Arbor Academy Trust.

Details of the Trustees who served during the year and the governance arrangements of the Trust and delegations to senior executive officers and committees are set out in the governance statement beginning on page 15.

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

In accordance with normal commercial practice the Trust has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust business. The insurance provides cover up to £10 million on any one claim and the cost for the premium for the period ended 31 August 2017 was included within the overall insurance premium.

Method of recruitment and appointment or election of trustees

The Members of the Trust are set out on page 1.

When appointing and recruiting Trustees (and members of Trust committees and local governing bodies) regard is given to the skills mix and backgrounds of the existing trustees and potential new trustees so as to ensure that the Board of Trustees, its committees and local governing bodies have all the necessary skills required to carry out their roles and contribute fully to the Trust's development.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Policies and procedures adopted for the induction and training of trustees

All new Trustees are recruited on their ability to play an active part in the governance of the Arbor Academy Trust. On their appointment Trustees are taken through an induction process that includes an explanation of the role of a Trustee and Company Director. They are provided with all necessary documents needed to undertake their role as a Trustee, supported and advised by Trust executive staff, and invited to attend training sessions run by the Trust or external providers.

The Chief Executive Officer (CEO) is directly responsible for the day to day running of the Trust. She is assisted by the Trust's Senior Leadership Team consisting of the Executive Principal, Director of Finance and Resources, Director of Human Resources, Director of Davies Lane Teaching School; and by a central Trust team.

The Trust executive and central team implements the policies agreed by the Trustees, supporting the schools in the Trust and providing evidence, reports and data analysis to Trustees to enable them to monitor effectively the performance of the Trust and its schools.

The Chief Executive Officer is the Accounting Officer.

The Board of Trustees delegates its powers and functions to committees and to local governing bodies, and to the Chief Executive Officer and to the Headteachers of its academies, in accordance with its published Scheme of Delegation for Governance Functions.

The Trust Board has three main committees, each chaired by a Trustee who reports back to the Board. These three committees are the Standards Committee, Finance and Resources Committee and Local Governing Body for Davies Lane and Selwyn primary schools. In addition there is a Performance Management Review Committee to oversee the performance management of the Chief Executive Officer. The CEO oversees the performance management of Senior Trust staff.

Each Headteacher has delegated responsibility for the day-to-day running of their schools and the implementation of the policies of the Trust and governing body. They are responsible for the internal organisation, management and control of the school and for the direction of teaching and the curriculum.

Each Headteacher is accountable to the school's local governing body and to the CEO.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Arrangements for setting pay and remuneration of key management personnel

The Board of Trustees or a committee of the Board determine payscales for all key management personnel which includes the Chief Executive Officer, Trust Senior Leadership Team and the Headteachers in each school.

The rate of pay for the Chief Executive Officer and Trust Senior Leadership Team officers has been set following a benchmarking exercise of comparable academy trusts. The School Teachers Pay and Conditions have been used to set the pay range for Headteachers.

The performance of all key management personnel is assessed under the performance management framework. A committee of the Board completes an annual assessment of the Chief Executive Officer, the Chief Executive Officer reviews the Senior Leadership Team and the local governing body of each school assess their Headteacher's performance. All pay decisions are approved by the Board of Trustees.

Connected organisations, including related parties

The Trust works with the Department of Education and the ESFA and maintains links with the local authorities in which its schools are located. It has strong links with Secondary Schools and Primary Schools in the areas it operates and participates in local school partnerships.

OBJECTIVES AND ACTIVITIES

Objects and aims

Davies Lane and Selwyn have always operated within a changing educational landscape. Our commitment to growing excellence and drive enabled a smooth transition from Federated schools to Arbor Academy Trust. With the diminishing role of the local authority, good and outstanding schools like ours are taking the lead in providing the level of support and collaborative working. As a MAT and Teaching school, our schools have shown the capacity and capability to be leaders in educational excellence. This has been recently demonstrated in how effectively we have led initiatives across the borough, providing borough wide training and support. This has tested our ability and capacity to manage and support schools that may join our MAT.

OBJECTIVES AND ACTIVITIES (continued)

Principal activities

Our schools foster a culture that enables everyone to excel because leaders and staff are committed to unwavering high expectation. The pursuit of excellence is relentless. Trustees and Local Governing Bodies systematically challenge senior leaders. Trustees, Local Governing Bodies and leaders have a deep, accurate understanding of the schools' effectiveness informed by pupils, parents and staff views.

Our work is underpinned by a broad and balanced curriculum that enables outstanding outcomes. The quality of teaching, learning and assessment, and success ensures for all. All other key performance indicators for our schools are improving rapidly and securely towards Outstanding because our work and interventions are rooted in peer-reviewed research. Pupils across our schools thrive in all areas because the school promotes SMSC, Physical and Mental wellbeing in the curriculum and the impact of developing a curriculum to ensure cumulative acquisition of hidden knowledge.

Our curriculum ensures pupils keep up, and not struggle to catch up. Safeguarding is effective in all our schools.

Supporting others

Arbor Academy Trust has had the opportunity to support a wider network of schools and thus improve and impact positively upon the lives and educational experiences of a larger proportion of young people within Waltham Forest and beyond. Fundamentally, the moral purpose of allowing us to provide an enhanced educational experience for a greater number of young people in the local and wider community is the overriding benefit. Alongside this, collaborative working with other schools has provided an improved educational experience for our own pupils in a diverse number of areas such as collaboration for better teaching and learning, an enhanced and engaging curriculum, staff development, finance and human resources.

Public benefit

In setting the Trust's objectives and planning its activities, the Board of Trustees have given careful consideration to the Charity Commission's general guidance on public benefit.

The Trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Trust's objectives and aims and in planning future activities. The Trustees consider that the Trust's aims are demonstrably to the public benefit.

STRATEGIC REPORT

Achievements and performance

Current MAT Schools Ofsted rating

School	Status before joining	Status After Joining	Risk / Priority	Maintain /Improve
Davies Lane Primary	Outstanding	Outstanding	<ul style="list-style-type: none"> Combined data Accelerate progress of years 3, 4 and 5 reading Increase % working at greater depth 	Outstanding Status
Selwyn Primary	Good	Good	<ul style="list-style-type: none"> Combined data Increase % working at greater depth Further improve quality of outcomes in years 3, 4 and 5. 	Move from good to outstanding

Selwyn Primary Data

EYFS Comparative data

GLD	2015	2016	2017	3 Year Trend
School	84%	84%	88%	85%
National	66%	69%	(awaiting data)	(awaiting data)

Phonics	2015	2016	2017	3 Year Trend
Year 1 - School	89%	85%	87%	87%
Year 1 - National	77%	81%	81%	80%
Year 2 – School	95%	96%	90%	94%
Year 2 - National	90%	91%	92%	91%

STRATEGIC REPORT (continued)

Achievements and performance (continued)

Selwyn Primary data (continued)

KS1 SATS Comparative Data

	2015			2016		2017		2 Year trend	
Numeracy	2B	2A	3C	EXS	GDS	EXS	GDS	EXS	GDS
School	90%	63%	27%	92%	39%	84%	38%	88%	39%
National	82%		26%	73%	18%	75%	21%	74%	20%
Reading	2B	2A	3C	EXS	GDS	EXS	GDS	EXS	GDS
School	88%	64%	31%	89%	39%	86%	39%	88%	39%
National	82%		32%	74%	24%	76%	25%	75%	25%
Writing	2B	2A	3C	EXS	GDS	EXS	GDS	EXS	GDS
School	88%	51%	22%	88%	35%	86%	29%	87%	32%
National	72%		18%	92%	13%	68%	16%	67%	15%
Combined				EXS	GDS	EXS	GDS	EXS	GDS
School				88%	30%	82%	29%	85%	30%
National				66%	9%	64%	11%	62%	10%

Achievements and performance (continued)

Year 6 Comparative data

	2015			2016		2017		2 Year trend	
Numeracy	Level 4	Level 5	Level 6	EXS	GDS	EXS	GDS	EXS	GDS
School	96%	48%	11%	88%	25%	92%	24%	90%	25%
National	87%	42%	9%	70%	17%	75%	23%	73%	20%
Reading	Level 4	Level 5	Level 6	EXS	GDS	EXS	GDS	EXS	GDS
School	95%	54%	1%	74%	15%	79%	21%	77%	18%
National	89%	49%		66%	19%	71%	25%	69%	22%
Writing	Level 4	Level 5	Level 6	EXS	GDS	EXS	GDS	EXS	GDS
School	92%	35%	0%	92%	25%	95%	38%	94%	32%
National	87%			74%	15%	76%	18%	75%	17%
SPaG	Level 4	Level 5	Level 6	EXS	GDS	EXS	GDS	EXS	GDS
School	95%	63%	8%	88%	26%	94%	37%	91%	32%
National	80%	56%	4%	66%	19%	77%	31%	72%	25%
Combined	Level 4	Level 5	Level 6	EXS	GDS	EXS	GDS	EXS	GDS
School				69%	13%	77%	10%	73%	12%
National				53%	5%	61%	9%	57%	7%

STRATEGIC REPORT (continued)

Achievements and performance (continued)

Davies Lane Primary data

GLD	2015	2016	2017	3 Year Trend
School	83%	84%	88%	85%
National	66%	69.3%	(awaiting data)	(awaiting data)

Year 1 Phonics Screening Check

	2015	2016	2017	3 Year Trend
Year 1 - School	87%	87%	91%	88%
Year 1 - National	77%	81%	81%	80%
Year 2 - School	90%	91%	92%	91%
Year 2 - National	90%	91%	92%	91%

KS1

	2015			2016		2017		2 Year trend	
<u>Numeracy</u>	2B	2A	3C	EXS	GDS	EXS	GDS	EXS	GDS
School	84%	58%	34%	82%	34%	85%	34%	84%	34%
National	82%		26%	73%	18%	75%	21%	74%	20%
<u>Reading</u>	Level 2b		Level 3	EXS	GDS	EXS	GDS	EXS	GDS
School	85%	65%	38%	83%	38%	83%	38%	83%	38%
National	82%		32%	74%	24%	76%	25%	75%	25%
<u>Writing</u>	Level 2b		Level 3	EXS	GDS	EXS	GDS	EXS	GDS
School	79%	52%	29%	80%	29%	80%	29%	80%	29%
National	72%		18%	65%	13%	68%	16%	67%	15%
<u>Combined</u>				EXS	GDS	EXS	GDS	EXS	GDS
School				74%	22%	76%	23%	75%	23%
National				60%	9%	64%	11%	62%	10%

STRATEGIC REPORT (continued)**Achievements and performance (continued)****Davies Lane Primary data (continued)****KS2**

	2015			2016		2017		2 Year trend	
Numeracy	Level 4	Level 5	Level 6	EXS	GDS	EXS	GDS	EXS	GDS
School	95%	41%	8%	92%	18%	81%	17%	87%	18%
National	87%	42%		70%	15%	75%	23%	73%	19%
Reading	Level 4	Level 5	Level 6	EXS	GDS	EXS	GDS	EXS	GDS
School	93%	36%	0%	73%	11%	77%	19%	75%	15%
National	89%	49%		66%	19%	71%	25%	69%	22%
Writing	Level 4	Level 5	Level 6	EXS	GDS	EXS	GDS	EXS	GDS
School	92%	43%	0%	91%	19%	86%	22%	89%	21%
National	87%	36%		74%	15%	76%	18%	75%	17%
SPaG	Level 4	Level 5	Level 6	EXS	GDS	EXS	GDS	EXS	GDS
School	93%	75%	5%	88%	23%	84%	39%	86%	31%
National	80%	56%	4%	72%	19%	77%	31%	75%	25%
Combined	Level 4	Level 5	Level 6	EXS	GDS	EXS	GDS	EXS	GDS
School	89%	19%	0%	71%	4%	67%	7%	70%	6%
National	80%	24%	0%	53%	5%	61%	9%	57%	7%

Going concern

The Trustees have considered carefully the Trust's level of reserves at 31 August 2017 and its results for the period then ended. They have also considered the likely limitations in future increases of funding for the Trust's existing schools and the known cost pressures arising from increases in the rates of pension contributions and changes in National Insurance following recent pension reform. The Trustees are also mindful of the increased risk attaching to increasing the number of schools operated by the Trust.

Although the reserves available would be insufficient to support continuing financial deficits, the Trust has implemented measures to further reduce ongoing expenditure, principally staff costs which are the majority of schools' expenditure. They have also initiated clear protocols and risk management strategies to limit the risks arising from bringing new or existing schools into the Trust's control.

On the basis of budgets and forecasts prepared by the Trust's management, their assessment of the principal risks described elsewhere in this report and the capacity of the Trust to make further adjustments to its cost base in the event of adverse changes, the Trustees are satisfied that the Trust has sufficient resources to continue successfully for the foreseeable future. Accordingly, the attached financial statements have been prepared on the going concern basis.

STRATEGIC REPORT (continued)

FINANCIAL REVIEW

The majority of the Group's income is obtained from the ESFA in the form of recurrent grant, the use of which is restricted to particular purposes. The grants received during the period ended 31 August 2017 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The Group's total income was £21,176,000 (including net assets inherited on conversion of £12,619,000) and the total expenditure was £9,163,000 for the period.

At the 31 August 2017, the net book value of fixed assets was £14,873,000 and movements in tangible assets are shown in note 10 to the financial statements. The assets were used exclusively for providing education and the associated support services to students of the School.

Financial position

On 31 August 2017, the Trust held total funds of £12,129,000 comprising of £11,948,000 of restricted funds (including the pension deficit of £2,925,000) and unrestricted funds of £181,000. The total funds excluding the pension deficit are £15,054,000.

Reserves policy

The Trust believes that the funding received in any one year should be used to support the children on roll at the time unless there is a specific project which will require the accumulation of funding over more than one year.

The Trust considers an in-year contingency of at least 3% for each school to be appropriate. This will ensure that Arbor Trust will remain at the forefront of technological advancement, building, capital works and IT. It will also ensure that we are prepared for maternity and sickness cover and costs associated with recruiting and retaining the highest quality staff.

School	GAG funding	3%
Davies Lane Primary School	£3,153,257	£94,597
Selwyn Primary School	£2,600,792	£78,023
Total	£5,754,049	£172,620

The current level of reserves is in line with this policy.

Investment policy

The Trust's liquid assets are held in the form of cash balances. The Trust does not invest these cash balances in longer term deposits or other investment vehicles. Should it wish to do so in the future, the Trustees will consider a recommendation by the Trust's executive officers.

FINANCIAL REVIEW (continued)

Principal risks and uncertainties

The Trust has considered the wide range of risks it is exposed to and identified appropriate procedures for all risks where the likelihood and/or impact of the risk are sufficiently high. The most significant risks facing the Trust are considered to be:

Governance

Trustees fail to deliver effective strategic leadership to the Trust as it grows in size, or there is a lack of corporate vision that results in reputational damage for the Trust. This is mitigated by annual review by members of the Trustees performance, removing underperforming Trustees and recruiting additional Trustees as required.

Environment

Rebuilding works at Selwyn are significantly delayed. This is mitigated by regular liaison with contractors and contingency planning.

Teaching staff

Difficulty in recruiting teaching staff to fill roles across the Trust. This is mitigated by monitoring recruitment and retention rates, providing opportunities for career progression and increasing the number of trainees engaged via the School Direct programme.

Financial strength

Bid for Regional Academy Growth Funding is unsuccessful and the Trust is unable to grow in the short term. If application is unsuccessful, consideration will be given to the reasons why and potentially fed into a reapplication.

Relationships with the Regional Schools Commissioner

There is a risk that the CEO and Trustees are unable to build a positive relationship with the RSC and his team. This is mitigated by address any areas of concern raised by the RSC and ensuring visits from the RSC are made to the Schools to build relationships.

Sustainable growth

Failure to attract other schools to join the Trust. This is mitigated by reviewing marketing strategies and considering direct approaches to select other schools. Similarly, if the RSC does not identify schools to engage with the Trust, we will discuss this with the RSC.

Growth risk

Further schools are taken on by the Trust that require significant levels of financial and/or teaching support. This is mitigated by completing a risk assessment for potential joiners, including review of available data.

PLANS FOR FUTURE PERIODS

Growing our MAT

Arbor Academy Trust is already committed to supporting other schools and works in close partnership with a range of schools through the Davies Lane Teaching School. However our ultimate aim for future proofing is to expand to a minimum of four schools within 18 months. And follow the three-year plan below. This would mean adding at least eight to ten schools to our group of schools. This is not a decision that would be taken lightly without evidence of robust due diligence. Please see below Arbor due diligence framework and the principles behind it. Each school joining will be dealt with on individual basis and stress tested against an agreed criteria for due diligence.

MAT targets and priorities

- ◆ Growing and expanding
 - ◇ 2017 – 2018 (Grow by up to 4 schools, including a Free School application)
 - ◇ 2018 – 2019 (grow by up to 4 schools)
 - ◇ 2019 – 2020 (grow by at least 4 schools including secondary schools)
- ◆ Improving results across all key stages
 - ◇ Year 6 combined results across all schools by at least 15% - 20% (to at least 85% or 90% +)
 - ◇ Improve outcomes for disadvantaged pupils (Virtual School) across the schools 10%
 - ◇ Further close the gap between our schools and 5% of the highest achieving schools nationally
- ◆ Develop improved Premises, HR and Financial competence
- ◆ Improve Risk strategy (including due diligence)
- ◆ Develop audit strategy for compliance competence

Due diligence strategy

- ◆ Developing clear purpose and rationale for joiners (new schools)
- ◆ Robust auditing of Standards, Premises, HR and Finance of joiners
- ◆ Liaising with Unions and wider community
- ◆ Identifying and managing risks around taking new schools into the academy
- ◆ Setting 5 initial progress targets for joiners

PLANS FOR FUTURE PERIODS (continued)

Wellbeing and Retention strategy

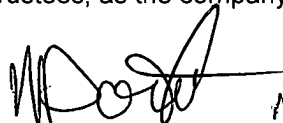
- ◆ Promoting Leadership pathway (Exec Team)
- ◆ Growing talent from within (Exec Team)
- ◆ Monitoring and Absence register (HR)
- ◆ Exit interview evaluation (HR)
- ◆ Reduction of workload strategy for teachers (HR and Exec Team)
- ◆ Improving Performance Management and increasing productivity (Exec Team)
- ◆ Retention and length of service graph (HR)

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, was approved by order of the board of trustees, as the company directors, and signed on its behalf by:

 **MARCIA DOWET**

Chair of Board of Trustees of the Trust

Date: 13 December 2017

Governance statement 31 August 2017

Arbor Academy Trust is a company limited by guarantee and an exempt charity; the formal governance arrangements for the Trust are set out in its Articles of Association.

Governors of the Trust

The following persons were in office for the period to 31 August 2017 inclusive (or part thereof as indicated).

Members	Appointed/Resigned
Marcia Douet	
Michael Russell	
Helen Wagner (Until October 2016)	Until October 2016
Paul Lyons (From October 2016)	From October 2016

Trustees	Appointing Body	Appointed/Resigned
Marcia Douet (Chair)	Members	
Bobby Friedman	Members	
Graham Moss (Vice-Chair)	Members	
Maureen Okoye (Chief Executive)	Members	
Michael Russell	Members	
Helen Wagner	Members	From October 2016
Jaqueline Westaway	Members	From October 2016

The Members of the Trust are the subscribers to the Memorandum of Association – the people who established the Trust – and any other individuals appointed by the Members. The Members have an overview of the governance arrangements of the Trust and may amend the Trust's Articles of Association. The Members appoint Trustees and may remove Trustees.

The Board of Trustees

The Members have delegated all their powers and duties, apart from those specified above, to the Board of Trustees.

The Board of Trustees consists of six Trustees appointed by the Members plus the CEO, as long as s/he remains in office; the Trustees may in addition appoint co-opted Trustees.

The Board of Trustees retains responsibility for:

- ◆ Formal accountability for the statutory functions of the Trust and for the operation and performance of all schools in the Trust;
- ◆ Ensuring clarity of vision, ethos and strategic direction of the Trust as a whole;
- ◆ Approving the Trust Budget and the Annual Report & Financial Statements of the Trust and ratifying the annual budget of each school;
- ◆ Oversight of the financial and educational performance of the schools in the Trust;

The Board of Trustees (continued)

- ◆ Holding the Executive Headteacher to account for the financial and educational performance of the Trust as a whole; and
- ◆ Agreeing Trust policies and procedures and ratifying school policies and procedures as required to ensure that the Trust fulfills its statutory responsibilities and the oversight, monitoring and review of the implementation of those policies.

The Board of Trustees can delegate powers and functions other than those above to committees including local governing bodies (LGBs), but retains legal accountability for any decisions taken. The Board of Trustees will not get involved in the day-to-day running of the Trust or its schools.

Local Governing Bodies

The Board of Trustees has established a local governing body (LGB) for each school in the Trust, to which it delegates its powers and functions with regard to the management and performance and oversight of the school.

The LGB has the following delegated powers:

- ◆ Monitor and evaluate the education performance of any Academy served by the LGB against the defined criteria established by the Trust Board;
- ◆ Monitor and evaluate the safeguarding and wellbeing of pupils, staff and any visitors to each Academy in line with the Health and Safety and operating policies agreed by the Trust Board;
- ◆ Develop and maintain good relationships with the local communities, especially parents, for each Academy; and
- ◆ Raise with the Trust Board for further investigation, consideration or request for additional resources to be allocated to address local issues in order to further enhance the quality of teaching and learning and standards achieved in any Academy.

The LGB will not get involved in the day-to-day running of the school.

The LGB must at all times act in accordance with the Governance Procedures agreed by the Trust, and ensure that the school's policies and the ways that it is managed and operates are consistent with the Articles of Association and Funding Agreement and the policies and procedures of the Trust, and with all relevant legislation and regulations. The LGB must take account of the advice given to them by the Board of Trustees and Trust Senior Leadership Team.

The LGB may carry out its delegated functions as it sees fit and may delegate those functions to a committee, individual governor or executive office holder, subject to such delegation and any associated committee remit or conditions being approved by the Board of Trustees. The Board of Trustees may, in exceptional circumstances, impose conditions and restrictions upon the delegated authority it has given to the LGB.

Trust Committees

The Board of Trustees has established the following committees:

- ◆ Finance and Resources Committee, Standards Committee and Performance Management Review Committee.

Delegation to Trust Executive officers

The Board of Trustees delegates to the Chief Executive Officer (CEO) responsibility for delivery of the Trust's strategy and for the implementation of the policies of the Trust, and for the day-to-day running, internal organisation, management and control of central Trust services. The CEO is responsible for the performance management of the Trust executive and the Headteachers of the Trust's schools.

The Board of Trustees delegates to the Headteacher of each school in the Trust the responsibility for the day-to-day running of the school, including the internal organisation, management and control of the school and the direction of teaching and the curriculum, and for the implementation of the policies of the Trust and LGB.

Meeting attendance

The Members have formally met twice during the year and the Board of Trustees has formally met five times during the year 2016/17. Attendance during the year at meetings of the Board was as follows:

Members Meeting

Trustees	Number of meetings attended	Out of a possible
Marcia Douet (Chair)	2	2
Helen Wagner	2	2
Michael Russell	2	2
Jenni Walsh	0	0
Paul Lyons	2	2
Maureen Okoye (CEO)	2	2

Trust Board Meeting

Trustees	Number of meetings attended	Out of a possible
Marcia Douet (Chair)	5	5
Graham Moss	5	5
Bobby Friedman	5	5
Michael Russell	5	5
Helen Wagner	4	4
Maureen Okoye (CEO)	5	5
Jackie Westaway	2	2
Jenni Walsh	3	3
Jason Cook (Exec Principal)	3	3

Meeting attendance (continued)

Finance and Resources Committee Meeting

Trustees	Number of meetings attended	Out of a possible
Marcia Douet (Chair)	2	3
Graham Moss	2	3
Bobby Friedman	3	3
Michael Russell	3	3
Helen Wagner	3	3
Maureen Okoye (CEO)	3	3
Jason Cook (Exec Principal)	2	3

Standards Committee Meeting

Trustees	Number of meetings attended	Out of a possible
Marcia Douet (Chair)	2	3
Graham Moss	3	3
Michael Russell	3	3
Helen Wagner	2	3
Maureen Okoye (CEO)	3	3
Jackie Westaway	1	3
Jenni Walsh	2	3
Jason Cook (Exec Principal)	3	3

Governance review

Members and Trustees work to deliver the Trust's ethos and values, however the Trustees are focussed on the delivery of strategic plans, holding the executive to account and ensuring that the annual performance of the Trust meets or exceeds the performance targets agreed as well as compliance with all statutory and regulatory requirements.

Within the governance structure of the Arbor Academy Trust, as a multi-academy trust, the Trustees' performance is reviewed annually by the Members and by how well they have met both the obligations under Companies Law (in terms of their fiduciary duties as defined in the Companies Act of 2006) and those applicable to the Trust as registered, exempt charity. Trustees are a blend of executive (i.e. employed by the organisation to work on a regular basis) or non-executive (i.e. unpaid volunteers) participants in the running of the organisation with a tightly defined role and set of obligations.

The Trustee Board sets the vision, values, ethos and work programmes for all schools under its designation. It sets the scheme of delegation for each school within the Trust and appoints all governors on any local governing body that exists to govern the separate schools within the Trust. The degree of delegation is dependent upon the strength of the Local Governing Body (LGB) and the previous performance of each school served by the LGB. Scope of responsibility

Governance review (continued)

As Trustees, we acknowledge we have overall responsibility for ensuring that Arbor 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 Executive Headteacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between the Trust and the Secretary of State for Education. The Executive Headteacher is also responsible for reporting to the board of Trustees any material weaknesses or breakdowns in internal control.

Review of value for money

As Accounting Officer the Executive Headteacher (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 the academic year, and reports to the board of trustees where value for money can be improved, including the use on benchmarking data where available. The accounting officer for the academy trust has delivered and improved value for money during the year by:

- ◆ The size and reputation of the Trust has enabled the Trust to negotiate improved service standards from a number of providers. These include our bankers, payroll, insurers and recruitment agencies;
- ◆ The Trust has worked with an external organisation of academy support specialists to improve financial procedures, including month-end processes. This has improved the quality and timeliness of information presented to governors; and
- ◆ The Trust has engaged Buzzacott LLP to perform internal assurance checks to identify areas where financial procedures could be improved or better implemented.

Local Governing Bodies

Responsibility for managing the financial performance of each school in the Trust, ensuring financial performance of the Trust and regulations are adhered to and ensure value for money are delegated to the school's local governing body.

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 Trust's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place at the Trust for the period ended 31 August 2017 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Trustees have reviewed the key risks to which the Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Trustees have is of the view that there is an ongoing process for identifying, evaluating and managing the Trust's significant risks that has been in place for the period ended 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

The risk and control framework

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

- ◆ 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 Board of Trustees 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 (including asset purchase or capital investment) guidelines;
- ◆ delegation of authority and segregation of duties; and
- ◆ identification and management of risks.

The Board of Trustees has agreed a programme of internal and external audits during 2016-17 and agreed to continue with the framework commenced in 2015-16:

- ◆ Internal Audits are completed by Trust Central Staff on all schools within the Trust twice each year and that these take place in Spring and Autumn.
- ◆ Internal Audits to be completed by Trust Central Staff on all new schools within two months of joining the Trust.

The risk and control framework (continued)

- ◆ Buzzacott completes an external audit on Trust Central Services, including adherence to Trust policies and schemes of delegation.

During the year the focus was on bringing in the new schools and developing the additional controls and systems required by a multi academy trust. This has included:

- ◆ Commencing a process for the harmonisation of Trust policies and procedures
- ◆ Introduction of Trust clerking service
- ◆ Introduction of new finance and budget monitoring systems
- ◆ Commenced a process for the development of a Trust data dashboard for monitoring student outcomes

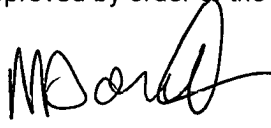
The Trustees also received the results of the due diligence process undertaken on the new schools. This included quality of governance, teaching and finances.

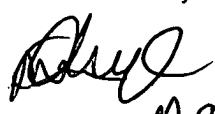
Review of effectiveness

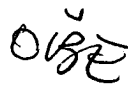
As Accounting Officer, the CEO has responsibility for reviewing the effectiveness of the system of internal control. During the year in question, the review has been informed by:

- ◆ the due diligence process for all schools joining the Trust, including a local authority/external internal audit completed as part of the conversion process
- ◆ the financial management and governance self-assessment process completed for all schools joining shortly after conversion.
- ◆ the work of the external auditor.
- ◆ the monthly management accounts process which is consistent across all schools.
- ◆ the work of the Senior Leadership Team within the Trust which has responsibility for the development and maintenance of the internal control framework.
- ◆ the work of the Senior Leadership Team within the Trust which has responsibility for the development and maintenance of the internal control framework.

Approved by order of the Board of Trustees and signed on their behalf by:


MARCIA DOUET
(Chair of Board of Trustees of the Trust)


Maureen
(CEO and Accounting Officer)



Approved on: 13 December 2017

Statement of regularity, propriety and compliance. 31 August 2017.

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

I confirm that I and the Board of Trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2016.

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



MAUREEN OKOYE

Accounting Officer

Date: 13 December 2017

Statement of Trustees' responsibilities 31 August 2017

The Trustees (who are also the directors of the Trust for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with the Annual Accounts Requirements issued by the Education and Skills Funding Agency, 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 Trust and of its income and expenditure for that period. In preparing these financial statements, the trustees are required to:

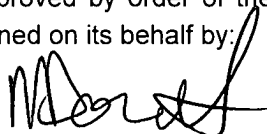
- ◆ select suitable accounting policies and then apply them consistently;
- ◆ observe the methods and principles in the Charities' SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- ◆ make judgments and estimates that are reasonable and prudent;
- ◆ state whether applicable United Kingdom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

The Trustees are responsible for keeping proper accounting records that are sufficient to show and explain the Trust's transactions and disclose with reasonable accuracy at any time the financial position of the Trust 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 Trust 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 Trust applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the ESFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the Board of Trustees on 13 December 2017 and signed on its behalf by:



MARCIA DONET

Chair of Board of Trustees of the Trust

Independent auditor's report to the members of Arbor Academy Trust

Opinion

We have audited the financial statements of Arbor Academy Trust (the 'charitable company') for the period ended 31 August 2017 which comprise the statement of financial activities, the balance sheet and statement of cash flows, the principal accounting policies and the related notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), 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) (the Charities SORP 2015) and the Academies Accounts Direction 2016 to 2017.

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

In our opinion, the financial statements:

- ◆ give a true and fair view of the state of the charitable company's affairs as at 31 August 2017 and of its income and expenditure for the period then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- ◆ have been prepared in accordance with the requirements of the Companies Act 2006; and
- ◆ have been prepared in accordance with the Charities SORP 2015 and Academies Accounts Direction 2016 to 2017.

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 group 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 charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our 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 including the strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ◆ the trustees report including the strategic report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report including the strategic report.

Matters on which we are required to report by exception (continued)

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

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

Responsibilities of trustees

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

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

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 www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.



Hugh Swainson (Senior Statutory Auditor)

For and on behalf of Buzzacott LLP, Statutory Auditor

130 Wood Street

London

EC2Y 6DL

19/12/17

Independent reporting accountant's assurance report on regularity to Arbor Academy Trust and the Education and Skills Funding Agency

In accordance with the terms of our engagement letter dated 26 October 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by the Arbor Academy Trust during the period from 16 June 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of Arbor Academy Trust's Accounting Officer and the reporting accountant

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

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2016 to 2017. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period from 16 June 2016 to 31 August 2017 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

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

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

Independent reporting accountant's report 31 August 2017

Approach (continued)

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 to our conclusion includes:

- ◆ An assessment of the risk of material irregularity and impropriety across all of the academy trust's activities;
- ◆ Further testing and review of the areas identified through the risk assessment including enquiry, identification of control processes and examination of supporting evidence across all areas identified as well as additional verification work where considered necessary; and
- ◆ Consideration of evidence obtained through the work detailed above and the work completed as part of our financial statements audit in order to support the regularity conclusion.

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period from 16 June 2016 to 31 August 2017 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Buzzacott LLP

Buzzacott LLP
Chartered Accountants
130 Wood Street
London
EC2V 6DL

19/12/17

Statement of financial activities Period to 31 August 2017

			Restricted funds		
	Notes	Un-restricted general fund £'000	General fund £'000	Fixed assets fund £'000	2017 Total funds £'000
Income from:					
Donations and capital grants	1	5	—	24	29
Transfer from Local Authority on conversion	1	216	(2,887)	15,290	12,619
Other trading activities	2	45	108	—	153
Charitable activities					
Funding for the Trust's educational operations	3	155	8,220	—	8,375
Total income		421	5,441	15,314	21,176
Expenditure on:					
Charitable activities					
Trust's educational operations	5	240	8,413	510	9,163
Total expenditure	4	240	8,413	510	9,163
Net income (expenditure) before transfers		181	(2,972)	14,804	12,013
Transfers between funds	13	—	(69)	69	—
Other recognised gains and losses					
Actuarial gains on defined benefit pension scheme	17	—	116	—	116
Net movement in funds		181	(2,925)	14,873	12,129
Fund balances brought forward at 16 June 2016		—	—	—	—
Fund balances carried forward at 31 August 2017		181	(2,925)	14,873	12,129

All of the academy trust's activities derive from continuing operations in the above financial period.

All gains and losses are included in the Statement of Financial Activities.

Balance sheet 31 August 2017

	Notes	2017 £'000	2017 £'000
Fixed assets			
Tangible fixed assets	10		14,873
Current assets			
Debtors	11	489	
Cash at bank and in hand		338	
		<u>827</u>	
Creditors: amounts falling due within one year	12	(646)	
Net current assets			<u>181</u>
Net assets excluding pension scheme liability			<u>15,054</u>
Pension scheme liability	17	(2,925)	
Total net assets			<u>12,129</u>
Funds of the Trust			
Restricted funds			
. Fixed assets fund	13		14,873
. Restricted income	13		—
. Pension reserve	13		(2,925)
			<u>11,948</u>
Unrestricted funds			
. General fund	13		181
Total funds			<u>12,129</u>

The financial statements on page 29 to 52 were approved by the Trustees, and authorised for issue on 13 December 2017 and are signed on their behalf by:

 **MARCIA DOMET**

Chair of Board of Trustees.

Arbor Academy Trust
Company Limited by Guarantee
Registration Number: 10234376 (England and Wales)

Statement of cash flows Period to 31 August 2017

		2017 £'000
Net cash flows from operating activities		
Net cash provided by operating activities	A	191
Cash received on conversion		216
Cash flows from investing activities	B	(69)
Change in cash and cash equivalents in the year		338
Cash and cash equivalents at 31 August 2017	C	338
A Reconciliation of net income to net cash flow from operating activities		
		2017 £'000
Net income for the year (as per the statement of financial activities)		12,013
Adjusted for:		
Inherited pension deficit		2,887
Inherited assets		(15,290)
Budget surplus on LA/other funds (note 19)		(216)
Depreciation (note 10)		510
Capital grants from DfE and other capital income		(24)
Defined benefit pension scheme cost less contributions payable		81
Defined benefit pension scheme finance cost (note 17)		73
Increase in debtors		(489)
Increase in creditors		646
Net cash provided by operating activities		191
B Cash flows from investing activities		
		2017 £'000
Purchase of tangible fixed assets		(93)
Capital grants from DfE/ESFA		24
Net cash provided by investing activities		(69)
C Analysis of cash and cash equivalents		
		2017 £
Cash at bank and in hand		338

Principal accounting policies Period to 31 August 2017

Statement of accounting policies

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.

Basis of preparation

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.

The financial statements are presented in sterling to the nearest thousand pounds.

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 company 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 authorisation for issue of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Principal accounting policies Period to 31 August 2017

Income

All income is recognised when the academy trust has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

Grants

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 meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

The 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 there is entitlement 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 the restricted fixed asset fund. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

Donations

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

Other income

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

Transfer on conversion

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

Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent.

Expenditure on raising funds

This includes all expenditure incurred by the academy trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

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 expenditure is stated net of recoverable VAT.

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. 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 such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Trust's depreciation policy.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost/valuation of each asset on a straight-line basis over its expected useful economic life, as follows:

Leasehold buildings	50 years
Fixtures, fittings and equipment	3-10 years

Depreciation is charged from the month of acquisition.

Tangible fixed assets (continued)

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.

The Davies Lane school building has been included in the accounts on the basis of a valuation conducted by NPS Property Consultants Ltd, External Valuers (as defined under RICS Valuation – Global Standards).

The Selwyn school building has been valued based on depreciated replacement cost, with reference to the anticipated cost of the new build due to commence in 2017/18.

Liabilities

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

Leased assets

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

Financial instruments

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

Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. Prepayments are not financial instruments. Amounts due to the charity's wholly owned subsidiary are held at face value less any impairment.

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. 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. Amounts due to charity's wholly owned subsidiary are held at face value less any impairment.

Depreciation is charged from

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 Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

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 17, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

Principal accounting policies Period to 31 August 2017

Fund accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Education and Skills Funding Agency, Department for Education or other funders where the asset acquired or created is held for a specific purpose.

Restricted ESFA funds comprise all other grants received from the Education and Skills Funding Agency.

Restricted other funds comprise all other restricted funds received and include grants from the Local Authority, London Borough of Sutton.

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 include the discount rate. Any changes in these assumptions, which are disclosed in note 17, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

The value of the Selwyn school building transferred on conversion has been estimated based on the depreciated value of the planned new building project.

Notes to the financial statements Period to 31 August 2017

1 Donations and capital grants

	Unrestricted funds £'000	Restricted funds £'000	Restricted fixed asset funds £'000	2017 Total funds £'000
Capital grants	—	—	24	24
Conversion from LA (note 19)	216	(2,887)	15,290	12,619
Other donations	5	—	—	5
	<u>221</u>	<u>(2,887)</u>	<u>15,314</u>	<u>12,648</u>

2 Other trading activities

	Unrestricted funds £'000	Restricted funds £'000	2017 Total funds £'000
School trips	—	52	52
Catering and uniform sales income	—	56	56
Other income	45	—	45
	<u>45</u>	<u>108</u>	<u>153</u>

3 Funding for academy's educational operations

	Unrestricted funds £'000	Restricted funds £'000	2017 Total funds £'000
DfE / ESFA grants			
· General Annual Grant (GAG)	—	5,735	5,375
· Other DfE / ESFA	—	642	642
	<u>—</u>	<u>6,377</u>	<u>6,377</u>
Other government grants			
· Local Authority grants	—	1,843	1,843
	<u>—</u>	<u>1,843</u>	<u>1,843</u>
Other income from the academy trust's educational operations	155	—	155
2017 total funds	<u>155</u>	<u>8,220</u>	<u>8,375</u>

Notes to the financial statements Period to 31 August 2017

4 Expenditure

	Staff costs £'000	Non pay expenditure		2017 Total funds £'000
		Premises £'000	Other costs £'000	
Trust's educational operations				
Direct costs	5,565	510	766	6,841
Allocated support costs	1,013	356	953	2,322
	6,578	866	1,719	9,163

	2017 Total funds £'000
Net expenditure for the period includes:	
Operating leases	7
Fees payable to auditor	
Statutory audit	9
Other assurance services	2
Accounting and reporting	1
Depreciation	510

5 Charitable activities – Trust's educational operations

	2017 Total funds £'000
Direct costs	6,841
Support costs	2,322
	9,163

	2017 Total funds £'000
Analysis of support costs	
Support staff costs	1,013
Technology costs	65
Premises costs	356
Other support costs	873
Governance costs	15
Total support costs	2,322

6 Staff

(a) Staff costs

Staff costs during the period were:

	2017 Total funds £'000
Wages and salaries	4,870
Social security costs	399
Pension costs	907
Apprenticeship levy	4
	6,180
Supply teacher costs	385
Staff restructuring costs	13
	6,578
Staff restructuring costs comprise	2017 £'000
Severance payments	13
	13

(b) Staff severance payments

Included in compensation payments are three non-contractual severance payments totalling £13,118. Individually the payments were for £6,533, £3,585 and £3,000.

(c) Staff numbers

The number of persons (including the Senior Leadership Team) employed by the charitable company during the period ended 31 August 2017 on an average headcount basis was as follows:

Charitable activities	2017 No
Teachers	66
Administration and support	138
Management	13
	217

6 Staff (continued)

(d) Higher paid staff

The number of employees whose emoluments fell within the following on an annualised basis bands was:

	2017 No
£60,001 - £70,000	2
£70,001 - £80,000	3
£80,001 - £90,000	1
£100,001 - £110,000	1

All of the above employees participated in the Teachers' Pension Scheme.

(e) Key management personnel

The key management personnel of the academy trust comprise the Trustees and the Senior Leadership Team as listed on page 1. The total amount of employee benefits (including employee pension contributions) received by key management personnel for their services to the academy trust was £457,790.

7 Trustees' remuneration and expenses

One Trustee is also an employee of the Trust and has therefore been paid remuneration and received other benefits from an employment with the academy trust. The CEO only receives remuneration in respect of services they provide undertaking the role of CEO and not in respect to their services as Trustees. Other Trustees did not receive any payments, other than expenses, from the academy in respect of their role as Trustees.

The value of trustees' remuneration and other benefits whilst in office was as follows:

	2017 £'000
Maureen Okoye, CEO and Trustee	
. Remuneration	105-110
. Employer's pension contributions	25-30

During the period to 31 August 2017, travel and subsistence expenses of £nil were reimbursed to Trustees.

Other related party transactions involving the trustees are set out in note 18.

8 Trustees' and Officers' insurance

In accordance with normal commercial practice the Trust has purchased insurance to protect Trustees' and officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust business. The insurance provides cover up to £10,000,000 on any one claim and the cost for the period ended 31 August 2017 was included within the wider RPA scheme.

Notes to the financial statements Period to 31 August 2017

9 Central services

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

- ◆ School improvement;
- ◆ Pupil monitoring and assessment;
- ◆ Governance;
- ◆ HR and payroll;
- ◆ Budget planning and monitoring; and
- ◆ Catering.

The Trust charges for these services at a percentage of income between 3% and 5% and agreed with each school based on their need.

The actual amounts charged during the year were as follows:

	2017 £
Davies Lane Primary School	190
Selwyn Primary School	155
	<u>345</u>

10 Tangible fixed assets

	Leasehold buildings £'000	Furniture and equipment £'000	Computer equipment £'000	Total funds £'000
Cost/valuation				
At 16 June 2016	—	—	—	—
Donated assets on conversion	15,290	—	—	15,290
Additions	20	13	60	93
At 31 August 2017	<u>15,310</u>	<u>13</u>	<u>60</u>	<u>15,383</u>
Depreciation				
At 16 June 2016	—	—	—	—
Charge in period	487	3	20	510
At 31 August 2017	<u>487</u>	<u>3</u>	<u>20</u>	<u>510</u>
Net book value				
At 31 August 2017	<u>14,823</u>	<u>10</u>	<u>40</u>	<u>14,873</u>

The land that the Schools are built on is designated for educational purposes only and therefore has no open market value. It has therefore not been included in the financial statements.

Notes to the financial statements Period to 31 August 2017

11 Debtors

	2017 £'000
Trade debtors	8
VAT recoverable	69
Other debtors	26
Prepayments and accrued income	386
	<u>489</u>

12 Creditors: amounts falling due within one year

	2017 £'000
Trade creditors	249
Taxation and social security	117
Other creditors	124
Accruals and deferred income	156
	<u>646</u>

	2017 £'000
Deferred income at 16 June 2016	—
Resources deferred in the year	130
Deferred income at 31 August 2017	<u>130</u>

Income deferred during the year relates to free school meals income received in advance of the 2017/18 academic year.

13 Funds

	Balance at 16 June 2016 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2017 £'000
Restricted general fund					
. General Annual Grant (GAG)	—	5,735	(5,666)	(69)	—
. Pupil premium	—	525	(525)	—	—
. Other DfE/ESFA grants	—	117	(117)	—	—
. Local authority grants	—	1,843	(1,843)	—	—
. Other restricted funds	—	108	(108)	—	—
. Pension reserve	—	(2,887)	(154)	116	(2,925)
	—	5,441	(8,413)	47	(2,925)
Restricted fixed assets fund					
. Transfer on conversion	—	15,290	(506)	—	14,784
. DfE/ESFA capital grants	—	24	(4)	—	20
. Capital expenditure from GAG	—	—	—	69	69
	—	15,314	(510)	69	14,873
Total restricted funds	—	20,755	(8,923)	116	11,948
Unrestricted funds					
. Unrestricted funds	—	421	(240)	—	181
Total unrestricted funds	—	421	(240)	—	181
Total funds	—	21,176	(9,163)	116	12,129

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

ESFA revenue grant fund and other restricted funds

Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2017.

Other funds relate to monies received for specific purposes such as pupil premium funding.

Fixed asset fund

Restricted fixed assets funds were funded by government grants or donations. When capital expenditure is incurred a transfer is made from the fund which funded the acquisition to the restricted fixed asset fund. That asset is then depreciated through the restricted fixed asset fund over the lifetime of that asset.

13 Funds (continued)

Pension reserve

The pension reserve relates to the local government pension scheme liability.

Analysis of fund balance by academy

Fund balances at 31 August 2017 were allocated as follows:

	Total 2017 £'000
Trust	80
Davies Lane Primary School	82
Selwyn Primary School	19
Total before fixed assets and pension reserve	181
Restricted fixed assets fund	14,873
Pension liability	(2,925)
Total	12,129

Analysis of cost by academy

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

	Teaching and educational support costs £'000	Other support staff costs £'000	Educational supplies £'000	Other costs (excluding depreciation) £'000	Total £'000
Davies Lane Primary	3,089	497	590	834	5,010
Selwyn Primary	2,239	269	176	696	3,380
Central services	233	4	—	26	263
Academy Trust	5,561	770	766	1,556	8,653

14 Analysis of net assets between funds

Group	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset fund £'000	Total 2017 £'000
Fund balances at 31 August 2017 are represented by:				
Tangible fixed assets	—	—	14,873	14,873
Current assets	181	646	—	827
Current liabilities	—	(646)	—	(646)
Pension scheme liability	—	(2,925)	—	(2,925)
Total net assets	181	(2,925)	14,873	12,129

15 Commitments under operating leases

Operating leases

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

	2017 £'000
Amounts due within one year	7
Amounts due between two and five years inclusive	30
	37

16 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.

17 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 the London Borough of Sutton, London Borough of Croydon and Royal County of Berkshire pension funds. Both are multi-employer defined benefit schemes.

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

There were no contributions payable to the schemes at 31 August 2017.

17 Pension and similar obligations (continued)

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

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

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

17 Pension and similar obligations (continued)

Teachers' Pension Scheme (continued)

Valuation of the 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 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 £698,000.

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

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

Local Government Pension Scheme (LGPS)

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £468,000, of which employer's contributions totalled £387,000 and employees' contributions totalled £81,000. The agreed contribution rates for future years are unknown pending valuation information.

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

Principal Actuarial Assumptions	At 31 August 2017
Rate of increase in salaries	3.7%
Rate of increase for pensions in payment / inflation	2.2%
Discount rate for scheme liabilities	2.5%

17 Pension and similar obligations (continued)

Local Government Pension Scheme (LGPS) (continued)

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

	At 31 August 2017
<i>Retiring today</i>	
Males	22.4
Females	25.4
<i>Retiring in 20 years</i>	
Males	24.6
Females	27.7

	At 31 August 2017 £'000
Discount rate +0.1%	2,828
Mortality assumption – 1 year increase	2,985
CPI rate +0.1%	3,025

The Academy's share of the assets and liabilities in the scheme were:

	Fair value at 31 August 2017 £'000
Equities	308
Other bonds	58
Property	44
Cash and other liquid assets	30
Other	49
Total market value of assets	489
Present value of scheme liabilities	
Funded	(3,414)
Deficit in the scheme	(2,925)

The actual return on scheme assets was £21,000.

17 Pension and similar obligations (continued)

Local Government Pension Scheme (LGPS) (continued)

Amounts recognised in statement of financial activities	2017 £'000
Current service cost	(468)
Liability transferred on conversion	(2,887)
Interest income	6
Interest cost	(65)
Employer contribution	387
Admin expenses	(14)
Total amount recognised in the SOFA	(3,041)

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

	Davies 2017 £'000	Selwyn 2017 £'000	Total 2017 £'000
Brought forward	—	—	—
Inherited on conversion	(2,215)	(672)	(2,887)
Current service cost	(308)	(160)	(468)
Interest cost	(50)	(15)	(65)
Employee contributions	(53)	(28)	(81)
Actuarial loss	77	23	100
Benefits paid	(13)	—	(13)
At 31 August 2017	(2,562)	(852)	(3,414)

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

	Davies 2017 £'000	Selwyn 2017 £'000	Total 2017 £'000
Brought forward	—	—	—
Interest income	4	2	6
Actuarial gain	10	6	16
Benefits paid	13	—	13
Employer contributions	256	131	387
Employee contributions	53	28	81
Admin	(9)	(5)	(14)
At 31 August 2017	327	162	489

18 Related party transactions

Owing to the nature of the Trust's operations and the composition of the Board of Trustees being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the board of Trustees may have an interest. All transactions involving such organisations are conducted in accordance with the Trust's financial regulations and normal procurement procedures. Other than as disclosed in note 8, there were no related party transactions for the period to 31 August 2017.

19 Transfer from Local Authority on conversion

During the year ended 31 August 2017, 2 academies joined the MAT. At the date of conversion to Academy status under the Academies Act 2010, the operations and assets and liabilities were transferred to the group for £nil consideration. Both academies joining the group in the year ended 31 August 2017 included a transfer of assets when joining.

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

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

	Unrestricted funds £'000	Restricted general fund £'000	Restricted fixed asset fund £'000	Total 2017 £'000
Tangible fixed assets				
Leasehold land and buildings	—	—	15,290	15,290
Budget surplus on LA funds	216	—	—	216
LGPS pension deficit	—	(2,887)	—	(2,887)
Net assets (liabilities)	216	(2,887)	15,290	12,619

Academy 1 – Davies Lane Primary School

On 1 September 2016 Davies Lane Primary School converted to academy status

	Unrestricted funds £'000	Restricted general fund £'000	Restricted fixed asset fund £'000	Total 2017 £'000
Tangible fixed assets				
Leasehold land and buildings	—	—	14,511	14,511
Budget surplus on LA funds	121	—	—	121
LGPS pension deficit	—	(2,215)	—	(2,215)
Net assets (liabilities)	121	(2,215)	14,511	12,417

19 Transfer from Local Authority on conversion (continued)

Academy 2 – Selwyn Primary School

On 1 September 2016 Selwyn Primary School converted to academy status.

	Unrestricted funds £'000	Restricted general fund £'000	Restricted fixed asset fund £'000	Total 2017 £'000
Tangible fixed assets				
Leasehold land and buildings	—	—	779	779
Budget surplus on LA funds	95	—	—	95
LGPS pension deficit	—	(672)	—	(672)
Net assets (liabilities)	95	(672)	779	202

The school building leasehold was transferred to the Trust. The use of the land is restricted to educational purposes.

The value of the building has been estimated using depreciated replacement cost.