

Registered number: 09148479 (England and Wales)

**Attwood Academies**  
**(A company limited by guarantee)**

**Annual report and financial statements**

**For the year ended 31 August 2017**

**Attwood Academies**  
**(A company limited by guarantee)**

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**Attwood Academies**  
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**Reference and administrative details of the Academy Trust, its members / directors and advisers**  
**For the year ended 31 August 2017**

**Members**

T R Attwood  
S M Attwood  
The Attwood Education Foundation

**Directors**

T R Attwood, Chair of Board of Directors<sup>1,2,3</sup>  
S M Attwood<sup>1</sup>  
D J Coslett (resigned 14 September 2016)<sup>1,3</sup>  
J D Lovering (resigned 13 February 2017)<sup>1,2</sup>  
R J Munton<sup>1,2</sup>  
J P Sale<sup>1,2</sup>  
C H Sale, Principal and Accounting Officer<sup>1,2,3</sup>  
Baroness D Stedman-Scott<sup>1</sup>  
A F X Green (appointed 1 April 2017)<sup>1</sup>

- <sup>1</sup> Member of Trust Board  
<sup>2</sup> Member of Finance Committee  
<sup>3</sup> Member of Education Committee

**Company registered number**

09148479

**Company name**

Attwood Academies

**Registered office**

Manor House  
Slip Mill Road  
Hawkhurst  
Cranbrook  
Kent  
TN18 5AE

**Company secretary**

S Foley

**Senior leadership team**

C H Sale, Principal of Bexhill High Academy  
V Norris-Wright, Senior Vice Principal of Bexhill High Academy  
E Gordon, Vice Principal of Bexhill High Academy  
P Mendelä, Vice Principal of Bexhill High Academy  
J P Sale, Business Director  
L Sadler, Assistant Vice Principal of Bexhill High Academy  
P Gordon, Assistant Vice Principal of Bexhill High Academy  
T Hillman, Assistant Vice Principal of Bexhill High Academy  
D Davies, Assistant Vice Principal of Bexhill High Academy  
H Simon, Assistant Vice Principal of Bexhill High Academy

**Attwood Academies**  
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**Reference and administrative details of the Academy Trust, its directors and advisers**  
**For the year ended 31 August 2017**

**Advisers (continued)**

**Independent auditors**

**Kreston Reeves LLP**  
**Statutory Auditor**  
**Chartered Accountants**  
**37 St Margaret's Street**  
**Canterbury**  
**Kent**  
**CT1 2TU**

**Bankers**

**Lloyds Bank plc**  
**25 Gresham Street**  
**London**  
**EC2V 7HN**

**Member Schools**

**Bexhill High Academy**

**Other addresses**

**Bexhill High Academy**  
**Gunters Lane**  
**Bexhill-on-Sea**  
**TN39 4BY**

**Attwood Academies**  
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**Directors' report**  
For the year ended 31 August 2017

The directors (who are also trustees of the charity for the purposes of the Charities Act) present their annual report together with the audited financial statements and Auditors' report of Attwood Academies (the Academy Trust) for the period ended 31 August 2017. The directors confirm that the Annual report and financial statements of the Academy Trust comply with the current statutory requirements, the requirements of the Academy Trust's governing document and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005. The annual report serves the purposes of both a trustees' report and a directors' report under company law.

The Attwood Trust were appointed as the sponsors of Bexhill Academy on 1 December 2014.

The Academy Trust operates an academy for pupils aged 11-16 serving the catchment area of Bexhill on Sea and the surrounding parishes. It has a pupil capacity of 1,650 and a roll of 1,066 in the October 2016 school census.

The Attwood Trust inherited an Ofsted categorisation of 'Inadequate' in 2014. Ofsted recognised the very rapid changes being made by the new Principal and Senior Leadership Team and removed the school from the Special Measures categorisation. In April 2015, less than six months after the Attwood Trust took control. A subsequent Ofsted monitoring visit in September 2015 identified the vision, strength and purpose of the Academy, determining that further monitoring inspections are not required until 2017.

The Trust identified the improvements required at the Academy, presenting these to the DfE in 2015. The Academy was awarded funding of £6,000,000 in March 2016 to implement the necessary changes to the learning environment.

In May 2017, Ofsted completed a section 5 inspection and Bexhill Academy has awarded the evaluation of 'Good' in all categories, and 'Good' for overall effectiveness. The HMI Inspector commented:

"In the last three years the school has improved beyond all recognition. Major changes, particularly to the pods (classrooms) and the curriculum, have been skillfully directed by the dedicated trust governors and the principal."

The principal has tackled the weaknesses in the past with determination and skill. She is extremely well supported by a hard-working and wise senior leadership team.

The considerable improvement across the school achieved by the principal, her senior leadership team and outstanding teaching staff is now fully understood and appreciated by the local community and reflected in the considerable increase in student numbers this year and expected next year. The consequence of this and other hard work is that the school's finances are now much improved compared to when the Attwood Trust took over allowing the school to invest further in improving teaching and learning.

The Directors would like to thank the teachers and staff for the enormous amount of hard work that they have put in to achieve and sustain the great gains in the quality of education being provided at Bexhill.

**Structure, governance and management**

**Constitution**

The Academy Trust is a company limited by guarantee and an exempt charity. The Charitable Company's Memorandum and Articles of Association are its primary governing documents. The trustees of the Attwood Academies Trust are also the directors for the purposes of company law. The terms trustee, director and governor are interchangeable. The Charitable Company is known as Attwood Academies.

Details of the directors who served throughout the year are included in the Reference and Administrative details section on page 1.

**Attwood Academies**  
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**Directors' report (continued)**  
**For the year ended 31 August 2017**

**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.

**Directors' and officers' indemnities**

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

**Appointment of Board Members**

The Members/Directors/Trustees/Governors are referred to as 'directors' and together form the 'Board'. There are different classes of board members as described below:

**Members:** New members of the Academy Trust are appointed by existing members in accordance with the Memorandum and Articles of Association.

**Governors:** 2 Governors are appointed by the members

**Co-opted Governors:** 5 Co-opted Governors appointed by the Board.

**The Principal :** Ex officio by virtue of office held.

All board members are appointed for a fixed term of four years.

**Policies and procedures adopted for the induction and training of directors**

New directors attend a training program. The induction program includes a tour of the school, meetings with students and staff and provision of policy and procedures documents that are appropriate to the role they undertake as directors with particular emphasis on the committee work that they will undertake.

**Organisational structure**

The governance of the Academy Trust is defined in the Memorandum and Articles of Association together with the funding agreement with the Department of Education.

The full board, meets at least once per term and is responsible for the strategic direction of the Academy Trust. The Finance sub-committee also meet termly.

The board reviews progress towards educational objectives and results. They also approve major expenditure requests, set the budget for the following year, set the organisational staffing structure, and agree/review the performance objectives of the Principal.

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**Directors' report (continued)**  
**For the year ended 31 August 2017**

The Principal is the designated Accounting Officer of the Academy Trust and has overall responsibility for the day to day financial management of the Charitable Company. The Principal, where appropriate, has delegated financial management responsibilities to the Business Director and responsibilities are further delegated for low values of expenditure to specific budget holders who are each responsible for managing their own departments within the constraints of their allocated budgets. A system of financial controls is in place to manage this process.

The Principal manages the Academy Trust on a daily basis supported by a Senior Leadership Team (SLT). The Principal and SLT meet frequently to discuss emerging matters and develop strategies for future development. Each member of the SLT has specific responsibilities to assist the Principal to manage certain aspects of the Academy Trust.

The members meet at least once each year to hold an Annual General Meeting.

**Arrangements for setting pay and remuneration of key management personnel**

Key management personnel are persons having authority and responsibility for planning, directing and controlling the activities of a reporting entity, directly or indirectly, including any director. The key, paid, management personnel within the organisation are members of the Senior Leadership Team. Annual remuneration reviews are carried out for SLT members by their senior line managers (normally the Principal). Recommendations are taken for approval to the remuneration review committee, made up of two Trust Board Members. Any annual remuneration awards are linked directly to performance targets.

**Connected organisations, including related party relationships**

Owing to the nature of the Academy Trust's operations and the composition of the board of directors being drawn from a cross section of the local and wider community, transactions may take place with organisations in which a director has an interest. In the event of any transactions involving such connected organisations, interests are declared and transactions conducted at arm's length and in accordance with the Academy Trust's financial regulations and normal procurement procedures.

There were no related party or other connected charity transactions between trustees during the 2016-2017 financial year.

**Objectives and Activities**

**Principal activities**

The Articles of Association of the Academy Trust Company specifically states the Academy Trust's object is: "To advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing schools offering a broad and balanced curriculum or educational institutions which are principally concerned with providing full-time or part-time education for children of compulsory school age who, by reason of illness, exclusion from school or otherwise, may not for any period receive suitable education unless alternative provision is made for them ("the alternative provision Academies") or 16 to 19 Academies offering a curriculum appropriate to the needs of its students ("the 16 to 19 Academies") or schools specially organised to make special educational provision for pupils with Special Educational Need ("the Special Academies")."

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**Directors' report (continued)**  
**For the year ended 31 August 2017**

**Objects and aims**

The principal object and aim of the Academy Trust is the operation of Bexhill Academy to provide free education and care for pupils of different abilities between the ages of 11 and 16.

Our vision of Bexhill Academy is to be the school of first choice within the local community. We aim to be a centre of excellence with the highest standards of achievement in all subjects, and operate a care and guidance system which promotes personal growth. We are implementing strategies in our determination to improve recent examination results.

To achieve this vision we know that we will need to retain, recruit and train the best staff available. We try to create opportunities for everyone to make a contribution to the development and improvement of the school. We value relationships, and strive to provide the best facilities and resources in these difficult financial times. The trustees and senior staff work closely together to ensure our resources are always used wisely.

Our curriculum is regularly reviewed and we aim to be innovative and supportive of our learners, particularly those with additional needs. We are proud of our strong community partnerships and we operate in an inclusive manner for all students within our community.

The staff offer an extensive extracurricular programme to provide educational and sporting opportunities to all students.

Student participation and leadership are vital to the health of the school and we promote these opportunities through our house system and our student council.

Engaging parents and carers and keeping them informed of student progress is vital in order to give consistent messages to young people about our values and raising aspirations. Our regular newsletter, 'The Beacon', provides an informative summary of everything that is happening in our busy school community.

Our list of guiding principles (to be focused, aspirational, independent and resilient) sets out what we aim to achieve for our students, staff and local community. These principles are supported by a range of policies that govern how we put them into practice every day.

Bexhill Academy is committed to closing the progress gaps that historically exist between Pupil Premium and non-Pupil Premium students. This commitment is reflected through an annual strategic action plan with improvement targets.

**Objectives, strategies and activities**

During the academic year 2016/17 the key objectives targeted were:

- 1) To make significant improvements to student learning outcomes, with those improvements externally verified independently through KS4 GCSE results.
- 2) To secure a higher Ofsted Judgment than 'requires improvement'.
- 3) To improve upon 2016 year 7 student recruitment figures.



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**Directors' report (continued)**  
**For the year ended 31 August 2017**

**Strategies, activities and success measures**

- 1) The revised grading system of 1-9 has meant that 'like for like' progress and attainment measures cannot be undertaken against 2016 results. The Academy exceeded attainment levels in both math's and English at grade 5, which is the prior equivalent of a 'high' C grade. The progress 8 score (representing student progress across all subjects) is subject to confirmation, showing overall improvement in 2017. Calculation formulas will differ between 2016 and 2017 due to the new grading system.
- 2) An overall judgment of 'Good' was secured during a May 2017 inspection.
- 3) The 2017 year 7 intake increased from 207 students (2016) to 304 student (2017), an increase of 46%.

The Academy continues to address the two Ofsted Action Points (May 2017):

- 1) Increase pupils' progress and improve outcomes, by:
  - persevering with the most successful strategies to tackle poor attendance, particularly for disadvantaged pupils and others with high levels of absence
  - intensifying the well-considered actions taken to support disadvantaged pupils' learning
  - monitoring whether the most able pupils tackle work at the right level for them and whether boys and girls are achieving equally well.
- 2) Strengthen the quality of teaching and middle leadership, by:
  - sharing the expertise that exists between and within subjects
  - making sure that the pace of lessons does not slow down
  - checking that the school's homework policy is followed consistently so that all pupils, especially those in Years 7 to 9, receive helpful feedback on their work.

**Public benefit**

The directors believe that by working towards the objects and aims of the school as detailed above, they have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission and defined by FRS102 as 'an entity whose primary objective is to provide goods or services for the general public, community or social benefit and where any equity is provided with a view to supporting the entity's primary objectives rather than with a view to providing a financial return to equity providers, shareholders or members.

The Academy Trust accepts students from the locality of Bexhill-on-Sea in line with the identical admissions policy adhered to by East Sussex. Bexhill Academy welcomes students of all abilities, and encompasses a high needs specialist provision for students diagnosed with autism.

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**Directors' report (continued)**  
For the year ended 31 August 2017

**Strategic report**

**The Trust Board's key financial responsibilities**

- Maintaining a 3 year balanced budget, utilising annual income and, as applicable, brought forward reserves, to fund annual required expenditure.
- Ensuring best value is obtained in the procurement of resources, to ensure that these are used to the maximum possible benefit of student outcomes.
- Maintaining efficient staffing levels to meet both teaching and operational support staff requirements.

**Achievements and performance**

**KS4 Results**

Due to continued changes in some subject grade boundaries (increases in marks required to achieve a grade), and a move away from a national measure of 5 or more GCSE's A\*-C to a progress 8 score, it is not possible to accurately bench mark all results from year to year.

A grade 5 most closely represents a high grade C pass, and a grade 4 a low C pass. Year on year progress (Progress 8) and attainment grades are shown below, with the advisory that these are cannot be exact "like for like" comparisons due to variances in methods of calculation adopted by the national reporting body.

	<b>%</b> <b>2016/17</b>	<b>%</b> <b>2015/16</b>
<b>Students achieving a A*-C GCSE in both English and mathematics</b>	-	40
<b>Students achieving a grade 9.5 in both English and mathematics</b>	27	19
<b>Students achieving a grade 9.4 in both English and mathematics</b>	47	53
<b>Progress 8</b>	<b>-0.29 (subject to review)</b>	<b>-0.26</b>

**Key Performance Indicators**

**Financial KPI's**

The directors are of the opinion that the following are key financial performance indicators for the Academy Trust:

- 1) Meeting educational targets (detailed in objectives, strategies and activities)
- 2) Consideration and comparison of key financial indicators compared against the prior year to target maintaining and, where educational outcomes are not adversely affected, improved efficiencies. National averages are used to benchmark levels of efficiency.

The Academy Trust adheres to these general principles in its financial operations:

- Maintaining a 3 year balanced budget, utilising annual income and, as applicable, brought forward reserves, to fund annual required expenditure.
- Ensuring best value is obtained in the procurement of resources, to ensure that these are used to the maximum possible benefit of student outcomes.
- Maintaining efficient staffing levels to meet both teaching and operational support staff requirements.

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**Directors' report (continued)**  
**For the year ended 31 August 2017**

**Pupil numbers**

As revenue from the ESFA is directly generated by students on roll. Parental decisions are made for September enrolment in the prior year therefore the year 7 roll for 2017 is a KPI for 2016/17.

	17/18	16/17	15/16
Year 7	304	207	222
Year 8	210	222	220
Year 9	223	225	185
Year 10	224	182	239
Year 11	184	230	260
<b>Total</b>	<b>1145</b>	<b>1066</b>	<b>1126</b>

**Pupil-Teacher Ratio**

The number of students per teaching member employed (includes teaching SLT members) indicates the efficiency of teacher deployment.

	2016/17	2015/16
Bexhill Academy	16.7	16.6
National average	Not available	15.7 (Source - Statista 2017)

**Total expenditure per pupil**

This figure excludes depreciation.

	2016/17	2015/16
	£	£
Bexhill Academy	6,053	5,806
National average	6,200 (approx.)	6,200 (approx.)

**Going concern**

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

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**Directors' report (continued)**  
**For the year ended 31 August 2017**

**Financial review**

Revenue received within 2016/17 was in line with forecasts. Expenditure was reduced, with savings made as legacy, inherited, service contracts expired and were renegotiated (e.g. £35k savings on printing costs). Savings have also been made following a 2015/16 support staff restructure.

The main source of revenue funding for the Academy Trust is the General Annual Grant (GAG) and other grants that it receives from the ESFA. For the period ended 31 August 2017 the Academy Trust received £6,264,680 in revenue funding from the ESFA. A high percentage of this funding (81%) is spent on wages and salaries to deliver the Academy Trust's primary objective of the provision of education. During the period the Academy Trust had an overall in year surplus of £65,293 excluding depreciation and, FRS17 pension adjustments. The directors recognise this surplus, together with prior bought forward reserves will be used to:

- 1) Support the curriculum over the next three years as rolls and revenue increases. Legacy student rolls have created diseconomies of scale at Bexhill Academy, but these are being addressed as enrolment increases following the step changes made in educational provision which the local community has recognized.
- 2) Provide funding to refresh vital IT assets used to deliver the curriculum and support administrative operations.
- 3) Provide capital to refresh wear and tear assets such as vehicles and the astro turf.

**Reserves policy**

The directors are aware of the requirement to balance current and future needs. The directors always aim to set a balanced budget with annual income balancing annual expenditure, but due to the lagged funding model, the policy to use brought forward reserves to balance future annual budgets (on a temporary and sustainable basis) is adopted. There were no reserves carried forward from the predecessor Trust when Attwood Academies Trust took over on 1 December 2014. The level of unrestricted reserves at 31 August 2017 was £355,486 and the amount of cash reserves held by the Academy is £1,588,063.

Due to the accounting rules for the Local Government Pension Scheme under FRS17, the Academy Trust is recognising a significant pension fund deficit of £849,000. This liability is paid over a number of years and does not crystallize as a single sum owing. Future pension fund valuations may see a decrease in this liability through improved investment performance.

**Investment policy**

The Trust Board invests funds in such a way as to maximise the Academy Trust's income but with minimal risk. Cash flow demands during 2016/17 required funds available to be kept liquid. The investment policy is reviewed by the Trust Board Finance Committee.

**Principal risks and uncertainties**

The directors maintain a risk register identifying the major risks to which the Academy Trust is exposed, and identifying actions and procedures to mitigate those risks. A formal review of the risk management process is undertaken on an annual basis and the exposure to these risks is monitored on behalf of the Trust board by the Finance Committee. The principal risks facing the Academy Trust are outlined below. Those facing the Academy Trust at an operational level are addressed by its systems and controls which are tested and reported on through annual independent internal and external audit checks.

The directors report that the Academy Trust's financial and internal controls conform to guidelines issued by the ESFA.

As an Academy school, the level of financial risk is highest with regard to either a) long term fixed costs (e.g. staffing, operating leases) or b) expenditure increases are impacted by agreements set by third parties (e.g. pay increases, employer payroll contribution) as matching in revenue cannot be relied upon.

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**Directors' report (continued)**  
**For the year ended 31 August 2017**

Revenue and expenditure cash flows can be reliably forecast, monitored and reported on an annual basis. Staff costs make up the majority of expenditure and reporting systems on future staffing commitments are considered robust. Contingencies are in place to cover costs related to sickness and maternity absence.

The Trust Board assesses the risks and uncertainties facing the Academy Trust as follows:

***Operating to a balanced budget***

Pressures on income and expenditure require the Trust Board to carefully monitor budgets and oversee strategies required to see any savings required, while ensuring that the provision of required learning resources remains sufficient to see student outcomes maximized. A five year plan is prepared using current information from principal feeder primary schools. Historical recruitment percentages are used to forecast future year intakes which determine future funding values.

***Decreases in income***

Excluding one off income, revenue is predicted to fall in 17/18. This is due to lower year 7 rolls in 2016/17 and a low student roll in year 10 (recruited prior to the Attwood Trust becoming sponsor). The 2017/18 year 7 recruitment will secure increased revenue in 2017/18 (approx. £480,000), and the graduation of the 2016/17 year 10 cohort is predicted to result in a further net increase in student rolls funded in 2018/19 (£380,000). A reduction in rolls is mitigated by a 'Good' Ofsted judgment, positive perceptions from the local community and a growing demographical increase of children living in the area.

***Increases in Expenditure***

Inflationary increases in staffing and other costs are not being matched by revenue income increases. There is particular pressure on staffing costs through both the cost of living rises negotiated at national level and performance related pay increases. The Trust Board monitors the strategies being followed to provide economies in Academy operations which do not affect student outcomes detrimentally.

***Staff retention and recruitment***

Staff retention is good and there is good staff morale. There are, however, recruitment challenges in certain teaching departments, with a national shortage of teachers providing additional recruitment challenge above that of attracting staff to work in the area. Newly qualified teachers are typically more attracted to areas with greater social opportunities. The risk is mitigated by the positive working environment that is offered to staff through a variety of strategies which include a dedicated staff welfare program.

***Safeguarding and child protection***

The directors continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health & safety and discipline.

***Plans for future periods***

The Academy Trust will continue striving to improve the levels of performance of its students at all levels, and will actively promote the Academy Trust to maximise the recruitment of students.

The Trust Board will continue to enhance and expand facilities throughout 2017/18 in pursuance of the Academy Trust's commitment to provide excellent learning facilities.

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**Directors' report (continued)**  
**For the year ended 31 August 2017**

**Disclosure of information to auditors**

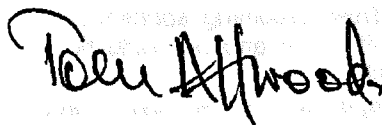
Insofar as the directors are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware
- the directors 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.

**Auditors**

The auditors, Kreston Reeves LLP are willing to continue in office and a resolution to re-appoint them was passed at a members meeting on 8 December 2017.

This report, incorporating the Strategic report, was approved by order of the Trust Board, as the company directors, on 8 December 2017 and signed on the board's behalf by:



**T R Attwood**  
**Chair of Board of Directors**

**Attwood Academies**  
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**Governance Statement**

**Scope of Responsibility**

As directors, we acknowledge we have overall responsibility for ensuring that Attwood Academies 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 Trust Board has delegated the day-to-day responsibility to the Principal, 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 Attwood Academies and the Secretary of State for Education. They are also responsible for reporting to the Trust Board any material weaknesses or breakdowns in internal control.

**Governance**

The information on governance included here supplements that described in the Directors' report and in the Statement of directors' responsibilities. The Trust Board has formally met 6 times during the year. Attendance during the year at meetings of the Trust Board was as follows:

Director	Meetings attended	Out of a possible
T R Attwood, Chair of Board of Directors	6	6
S M Attwood	5	6
D J Coslett	0	0
J D Lovering	1	3
R J Munton	6	6
J P Sale	6	6
C H Sale, Principal and Accounting Officer	5	6
Baroness D Stedman-Scott	5	6
A F X Green	1	2

The Finance Committee is a sub-committee of the main Trust Board. The purpose of the Finance Committee is to set, monitor and review the use of resources of the Academy, ensuring that income due from grants is received, income generation is promoted and expenditure achieves best value in terms of student outcomes. During the year the principal focuses have been:

- Reviewing the contract arrangements inherited from the predecessor trust which reached termination dates to reduce costs and improve services.
- Reviewing staffing levels to ensure operational efficiencies (resulting in staffing reductions through a support staff restructure).
- Monitoring progress on the addressing of legacy latent build defects by ESCC (the client) and Kler Plc. (the contractor).

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**Governance Statement (continued)**

Attendance at meetings in the year was as follows:

Director	Meetings attended	Out of a possible
T R Attwood	2	2
DM Munton	2	2
J P Sale	2	2
C H Sale, Principal	1	2
J D Lovering	1	2

**Review of Value for Money**

As Accounting Officer, the Principal 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 Academy Trust's use of its resources has provided good value for money during each academic year, and reports to the Trust Board where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the Academy Trust has delivered improved value for money during the year by:

- Reviewing senior team staffing levels to ensure best use of resources. A staffing re-structure proposal was adopted reducing annual staff cost by approximately £140,000.
- Continuing to review cost benefits of contracted services where these have been inherited from the prior Trust and expired during the year (e.g. an external asset management service was replaced by an internal system, saving £4,000 p.a.)
- Sourcing a replacement minibus on a best value basis at a saving of approximately £10,000 on a new vehicle price.

**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 Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Attwood Academies for the year 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements.

**Capacity to Handle Risk**

The Trust Board has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Trust Board is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks, that has been in place for the year 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Trust Board.



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**Governance Statement (continued)**

**The Risk and Control Framework**

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

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

The Trust Board has considered the need for a specific internal audit function and has decided to appoint Kreston Reeves as internal auditor.

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

- testing of payroll systems
- testing of purchases systems
- testing of income systems
- testing of bank reconciliations
- testing of control account reconciliations
- review of governance

On an annual basis, the internal auditor reports to the Trust Board through the audit committee on the operation of the systems of control and on the discharge of the Trust Board's financial responsibilities.

The internal auditor has delivered their schedule of work as planned, no issues arose from the reports issued during the financial period to 31 August 2017.

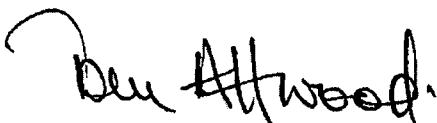
**Review of Effectiveness**

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

- the work of the internal auditor;
- the work of the external auditor;
- the financial management and governance self-assessment process;
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the Trust Board on 8 December 2017 and signed on their behalf, by:



**T R Attwood**  
Chair of Board of Directors



**C H Sale, Principal**  
Accounting officer

**Attwood Academies**  
**(A company limited by guarantee)**

**Statement on Regularity, Propriety and Compliance**

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

I confirm that I and the Academy Trust board of trustees are able to identify any material irregular or improper use of all funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's funding agreement and the Academies Financial Handbook 2016.

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



**C H Sale, Principal  
Accounting officer**

**Date: 8 December 2017**

**Attwood Academies**  
(A company limited by guarantee)

**Statement of directors' responsibilities**  
For the year ended 31 August 2017

The directors (who act as governors of Attwood Academies and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with the Annual Accounts Direction 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 directors to prepare financial statements for each financial year. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the directors are required to:

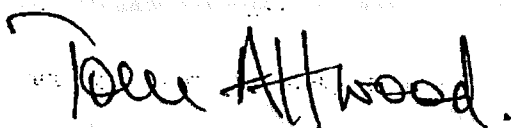
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for ensuring that in its conduct and operation the charitable company 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 ESFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the Trust Board on 8 December 2017 and signed on its behalf by:



**T. R. Attwood**  
Chair of Board of Directors

**Attwood Academies**  
**(A company limited by guarantee)**

**Independent auditors' report on the financial statements to the members of Attwood Academies**

**Opinion**

We have audited the financial statements of Attwood Academies for the year ended 31 August 2017 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

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

In our opinion the financial statements:

- give a true and fair view of the state of the Academy Trust's affairs as at 31 August 2017 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 Issued by the Education and Skills Funding Agency.

**Basis of opinion**

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

**Conclusions relating to going concern**

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

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

**Attwood Academies**  
**(A company limited by guarantee)**

**Independent auditors' report on the financial statements to the members of Attwood Academies**

**Other information**

The directors 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 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.

**Opinion on other matters prescribed by the Companies Act 2006**

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

- the information given in the Directors' report including the Strategic report for which the financial statements are prepared is consistent with the financial statements.
- the Directors' report and the Strategic report have been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

In the light of our knowledge and understanding of the Academy Trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report including the Strategic report.

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

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

**Responsibilities of trustees**

As explained more fully in the Statement of directors' responsibilities, the directors (who are also the trustees of the Academy Trust for the purposes of charity law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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 directors are responsible for assessing the Academy Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Academy Trust's or to cease operations, or have no realistic alternative but to do so.

**Attwood Academies**  
**(A company limited by guarantee)**

**Independent auditors' report on the financial statements to the members of Attwood Academies**

**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](http://www.frc.org.uk/auditorsresponsibilities). The description forms part of our Auditor's report.



**Peter Manser FCA DChA (Senior statutory auditor)**

for and on behalf of

**Kreston Reeves LLP**

**Statutory Auditor**  
**Chartered Accountants**

**Canterbury**  
**8 December 2017**

**Attwood Academies**  
**(A company limited by guarantee)**

**Independent reporting accountants' assurance report on regularity to Attwood Academies and the Education and Skills Funding Agency**

In accordance with the terms of our engagement letter dated 18 September 2015 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Attwood Academies during the year 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

**Respective responsibilities of Attwood Academies's accounting officer and the reporting accountant**

The Accounting Officer is responsible, under the requirements of Attwood Academies's funding agreement with the Secretary of State for Education dated 1 December 2014, 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 year 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

**Approach**

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

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

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

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

**Attwood Academies**  
**(A company limited by guarantee)**

**Independent reporting accountants' assurance report on regularity to Attwood Academies and the Education and Skills Funding Agency (continued)**

**Work undertaken**

The work undertaken to draw to our conclusion includes:

- Reviewed the evidence used to support the Accounting Officer's sign off of the regularity statement
- Reviewed expenditure against specific terms of grant funding within the funding agreement
- Reviewed that grants have been applied for the purposes intended
- Confirmed that internal control procedures exist relating to expenditure incurred of cash and credit cards
- Confirmed items claimed on cash and credit cards are not for personal benefit
- Reviewed expenditure and considered whether any supplies are from related parties
- Reviewed minutes of Board minutes for declaration of interests
- Considered whether other income activities are permitted within the Academy Trust's charitable objects
- Considered if borrowing agreements, including leases, have been made in accordance with the Academies Financial Handbook
- Confirmed that procurement and tendering procedures exist relating to expenditure and have been complied with.

**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 year 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

*Kreston Reeves LLP*

**Kreston Reeves LLP**

Reporting Accountant  
Chartered Accountants

Canterbury

8 December 2017



**Attwood Academies**  
**(A company limited by guarantee)**

**Statement of financial activities incorporating income and expenditure account**  
**For the year ended 31 August 2017**

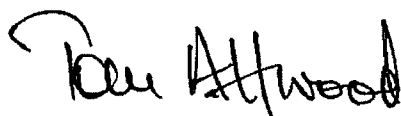
	Note	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
<b>Income from:</b>						
Donations and capital grants	2	-	-	22,934	22,934	23,558
Charitable activities	3	-	6,330,500	-	6,330,500	6,817,830
Other trading activities	4	157,481	-	-	157,481	257,604
Investments	5	7,101	-	-	7,101	4,708
<b>Total income</b>		<b>164,582</b>	<b>6,330,500</b>	<b>22,934</b>	<b>6,518,016</b>	<b>7,103,700</b>
<b>Expenditure on:</b>						
Charitable activities	6	72,184	6,380,538	545,539	6,998,261	7,022,780
<b>Total expenditure</b>	7	<b>72,184</b>	<b>6,380,538</b>	<b>545,539</b>	<b>6,998,261</b>	<b>7,022,780</b>
<b>Net income / (expenditure) before transfers</b>		<b>92,398</b>	<b>(50,038)</b>	<b>(522,605)</b>	<b>(480,245)</b>	<b>80,920</b>
Transfers between Funds	17	-	(183,212)	183,212	-	-
<b>Net income / (expenditure) before other recognised gains and losses</b>		<b>92,398</b>	<b>(233,250)</b>	<b>(339,393)</b>	<b>(480,245)</b>	<b>80,920</b>
Actuarial gains/(losses) on defined benefit pension schemes	21	-	1,277,000	-	1,277,000	(831,000)
<b>Net movement in funds</b>		<b>92,398</b>	<b>1,043,750</b>	<b>(339,393)</b>	<b>796,755</b>	<b>(750,080)</b>
<b>Reconciliation of funds:</b>						
Total funds brought forward		263,088	(952,016)	24,638,087	23,949,159	24,699,239
<b>Total funds carried forward</b>		<b>355,486</b>	<b>91,734</b>	<b>24,298,694</b>	<b>24,745,914</b>	<b>23,949,159</b>

**Attwood Academies**  
(A company limited by guarantee)  
Registered number: 09148479

**Balance sheet**  
As at 31 August 2017

	Note	£	2017 £	£	2016 £
<b>Fixed assets</b>					
Tangible assets	14		24,298,694		24,636,875
<b>Current assets</b>					
Debtors	15	179,058		651,653	
Cash at bank and in hand		1,588,063		1,436,280	
		<u>1,767,121</u>		<u>2,087,933</u>	
<b>Creditors: amounts falling due within one year</b>	16	<u>(470,901)</u>		<u>(806,649)</u>	
<b>Net current assets</b>			<u>1,296,220</u>		<u>1,281,284</u>
<b>Total assets less current liabilities</b>			<u>25,594,914</u>		<u>25,918,159</u>
Defined benefit pension scheme liability	21		<u>(849,000)</u>		<u>(1,969,000)</u>
<b>Net assets including pension scheme liabilities</b>			<u><u>24,745,914</u></u>		<u><u>23,949,159</u></u>
<b>Funds of the academy</b>					
Restricted income funds:					
Restricted income funds	17	940,734		1,016,984	
Restricted fixed asset funds	17	24,298,694		24,638,087	
		<u>25,239,428</u>		<u>25,655,071</u>	
Restricted income funds excluding pension liability					
Pension reserve		<u>(849,000)</u>		<u>(1,969,000)</u>	
<b>Total restricted income funds</b>			<u>24,390,428</u>		<u>23,686,071</u>
Unrestricted income funds	17		<u>355,486</u>		<u>263,088</u>
<b>Total funds</b>			<u><u>24,745,914</u></u>		<u><u>23,949,159</u></u>

The financial statements on pages 23 to 48 were approved by the directors, and authorised for issue, on 8 December 2017 and are signed on their behalf, by:



**T R Attwood**  
Chair of Board of Directors



**C H Sale, Principal**  
Accounting Officer

**Attwood Academies**  
**(A company limited by guarantee)**

**Statement of cash flows**  
**For the year ended 31 August 2017**

	Note	2017 £	2016 £
<b>Cash flows from operating activities</b>			
Net cash provided by operating activities	19	329,105	1,558,954
<b>Cash flows from investing activities:</b>			
Interest from investments		7,101	4,708
Purchase of tangible fixed assets		(207,357)	(3,597,576)
Capital grants from DfE/ESFA		22,934	23,558
<b>Net cash used in investing activities</b>		<b>(177,322)</b>	<b>(3,569,310)</b>
<b>Change in cash and cash equivalents in the year</b>		<b>151,783</b>	<b>(2,010,356)</b>
Cash and cash equivalents brought forward		1,436,280	3,446,636
<b>Cash and cash equivalents carried forward</b>	20	<b>1,588,063</b>	<b>1,436,280</b>

**Attwood Academies**  
**(A company limited by guarantee)**

**Notes to the financial statements**  
**For the year ended 31 August 2017**

**1. Accounting policies**

Attwood Academies is a charitable company limited by guarantee and an exempt charity incorporated in England and Wales. The registered office is Manor House, Slip Mill Road, Hawkhurst, Cranbrook, Kent, TN18 5AE. The principal activity of the Academy Trust is to provide a secondary education for pupils that satisfies the requirements of the Education Act 2002.

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

**1.1 Basis of preparation of financial statements**

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.

Attwood Academies constitutes a public benefit entity as defined by FRS 102.

**1.2 Going concern**

The directors assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Academy Trust to continue as a going concern. The directors make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the 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.

**1.3 Fund accounting**

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

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

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder and include grants from the Department for Education.

**Attwood Academies**  
**(A company limited by guarantee)**

**Notes to the financial statements**  
**For the year ended 31 August 2017**

**1. Accounting policies (continued)**

**1.4 Income**

All income is recognised once the Academy Trust has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Grants are included in the Statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

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

Capital grants are recognised when 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.

Donations are recognised on a receivable basis where receipt is probable and the amount can be reliably measured.

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

**1.5 Expenditure**

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

Expenditure on charitable activities are costs incurred on the Academy Trust's educational operations, including support costs and those costs relating to the governance of the Academy Trust appointed to charitable activities.

All expenditure is inclusive of irrecoverable VAT.

**Attwood Academies**  
**(A company limited by guarantee)**

**Notes to the financial statements**  
**For the year ended 31 August 2017**

**1. Accounting policies (continued)**

**1.6 Tangible fixed assets and depreciation**

Land, buildings and playing fields occupied under 125 year leases from a local authority are recognised as a fixed asset in the academy trust initially at fair value.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of financial activities and are carried forward in the Balance sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of financial activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy Trust's depreciation policy. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

All assets costing more than £200 as well as having a useful economic life of greater than or equal to 3 years are capitalised.

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is not charged on freehold land. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Long-term leasehold property	-	Over 50 years straight line
Motor vehicles	-	Over 2 - 4 years straight line
Fixtures and fittings	-	Over 4 - 10 years straight line
Computer equipment	-	Over 3 - 6 years straight line

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.

**1.7 Operating leases**

Rentals under operating leases are charged to the Statement of financial activities on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

**1.8 Interest receivable**

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Academy Trust; this is normally upon notification of the interest paid or payable by the Bank.

**Attwood Academies**  
(A company limited by guarantee)

**Notes to the financial statements**  
**For the year ended 31 August 2017**

**1. Accounting policies (continued)**

**1.9 Taxation**

The Academy Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Academy Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

**1.10 Debtors**

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

**1.11 Cash at Bank and in hand**

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

**1.12 Liabilities and provisions**

Liabilities and provisions 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. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

**1.13 Financial Instruments**

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

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

*Financial liabilities* - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in note 16. 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 instruments.

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

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**Notes to the financial statements**  
**For the year ended 31 August 2017**

**1. Accounting policies (continued)**

**1.14 Pensions**

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Governments Pension Scheme ("LGPS"). These are defined benefit schemes and the assets are held separately from those of the Academy Trust.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the 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 21, 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 incorporating income and expenditure account and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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



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**Notes to the financial statements**  
**For the year ended 31 August 2017**

**1. Accounting policies (continued)**

**1.15 Critical accounting estimates and areas of judgment**

Estimates and judgments 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.

***Multi-employer defined benefit pension scheme***

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 21, 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.

***Tangible fixed assets***

The Academy Trust has recognised tangible fixed assets with a carrying value of £24,298,694 at the reporting date (see note 14). These assets are stated at their cost less provision for depreciation and impairment. The Academy Trust's accounting policy sets out the approach to calculating depreciation for immaterial assets acquired. For material assets such as land and buildings the Academy Trust determines at acquisition reliable estimates for the useful life of the asset, its residual value and decommissioning costs. These estimates are based upon such factors as the expected use of the acquired asset and market conditions. At subsequent reporting dates the governors consider whether there are any factors such as technological advancements or changes in market conditions that indicate a need to reconsider the estimates used.

Where there are indicators that the carrying value of tangible assets may be impaired the Academy Trust undertakes tests to determine the recoverable amount of assets. These tests require estimates of the fair value of assets less cost to sell and of their value in use. Wherever possible the estimate of the fair value of assets is based upon observable market prices less incremental cost for disposing of the asset. The value in use calculation is based upon a discounted cash flow model, based upon the Academy Trust's forecasts for the foreseeable future which do not include any restructuring activities that the Academy Trust is not yet committed to or significant future investments that will enhance the asset's performance. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well expected future cash flows and the growth rate used for extrapolation purposes.

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**Notes to the financial statements**  
**For the year ended 31 August 2017**

**1. Accounting policies (continued)**

**Critical areas of judgment:**

**Lease commitments**

The Academy Trust has entered into a range of lease commitments in respect of property, plant and equipment. The classification of these leases as either financial or operating leases requires the directors to consider whether the terms and conditions of each lease are such that the Academy Trust has acquired the risks and rewards associated with the ownership of the underlying assets.

**Multi-employer defined benefit pension scheme**

Certain employees participate in the Teachers Pension Scheme, a multi-employer defined benefit pension scheme, with other Academy Trusts in the region. In the judgement of the directors, the Academy Trust does not have sufficient information on the plan assets and liabilities to be able to reliably account for its share of the defined benefit obligation and plan assets. Therefore the scheme is accounted for as a defined contribution scheme, see note 21 for further details.

**2. Income from donations and capital grants**

	<b>Unrestricted funds 2017 £</b>	<b>Restricted funds 2017 £</b>	<b>Restricted fixed asset funds 2017 £</b>	<b>Total funds 2017 £</b>	<b>Total funds 2016 £</b>
Capital Grants	-	-	<b>22,934</b>	<b>22,934</b>	<b>23,558</b>
<b>Total 2016</b>	-	-	<b>23,558</b>	<b>23,558</b>	

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**Notes to the financial statements**  
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**3. Funding for Academy's educational operations**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
<b>DfE/ESFA grants</b>				
General Annual Grant (GAG)	-	5,886,593	5,886,593	6,083,139
Start up grants	-	-	-	176,803
Other DfE/ESFA grants	-	378,087	378,087	473,797
	<u>-</u>	<u>6,264,680</u>	<u>6,264,680</u>	<u>6,733,739</u>
<b>Other government grants</b>				
Other government grants	-	65,820	65,820	84,091
	<u>-</u>	<u>65,820</u>	<u>65,820</u>	<u>84,091</u>
	<u>-</u>	<u>6,330,500</u>	<u>6,330,500</u>	<u>6,817,830</u>
<i>Total 2016</i>	<u>-</u>	<u>6,817,830</u>	<u>6,817,830</u>	

**4. Other trading activities**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Trip income	66,252	-	66,252	48,114
School lettings	26,449	-	26,449	21,386
Catering income	-	-	-	10,000
Charity income	13,496	-	13,496	4,357
Consultancy income	2,566	-	2,566	5,970
Income contributions	6,727	-	6,727	760
Other income	41,991	-	41,991	167,017
	<u>157,481</u>	<u>-</u>	<u>157,481</u>	<u>257,604</u>
<i>Total 2016</i>	<u>257,604</u>	<u>-</u>	<u>257,604</u>	

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**Notes to the financial statements**  
**For the year ended 31 August 2017**

**5. Investment income**

	<b>Unrestricted funds 2017 £</b>	<b>Restricted funds 2017 £</b>	<b>Total funds 2017 £</b>	<b>Total funds 2016 £</b>
Interest received	7,101	-	7,101	4,708
	<u>7,101</u>	<u>-</u>	<u>7,101</u>	<u>4,708</u>
<b>Total 2016</b>	<u>4,708</u>	<u>-</u>	<u>4,708</u>	

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**Notes to the financial statements**  
**For the year ended 31 August 2017**

**6. Charitable activities**

	<b>Total funds 2017 £</b>	<b>Total funds 2016 £</b>
<b>Direct costs - educational operations</b>		
Wages and salaries	3,178,317	3,241,865
National insurance	331,073	303,004
Pension cost	450,017	490,361
Agency staff	156,170	218,037
Books, stationery & materials	265,844	241,286
Exam fees	84,519	126,864
Staff development & other staff costs	86,080	62,346
	<b>4,552,020</b>	<b>4,683,763</b>
<b>Support costs - educational operations</b>		
Wages and salaries	695,396	713,579
National insurance	50,139	43,204
Pension cost	222,142	126,548
Depreciation	545,539	487,376
Pension finance income	40,000	40,000
Maintenance of premises & equipment	137,344	100,537
Cleaning	154,967	137,749
Rates	85,312	85,537
Insurance	26,670	34,573
Computer costs	41,727	60,891
Catering costs	93,931	106,525
Water & sewerage	20,709	16,421
Energy costs	167,958	175,283
Health & safety costs	6,653	7,143
Staff recruitment costs	12,971	20,769
Motor expenses	5,362	3,889
Furniture & equipment	6,619	4,251
Reprographics costs	8,569	31,571
Telephone & broadband	18,939	13,713
Intervention & enrichment costs	3,822	10,206
Sundry admin costs	68,125	59,391
Legal and professional	33,347	59,861
	<b>2,446,241</b>	<b>2,339,017</b>
	<b>6,998,261</b>	<b>7,022,780</b>

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**Notes to the financial statements**  
**For the year ended 31 August 2017**

**7. Expenditure**

	Staff costs 2017 £	Premises 2017 £	Other costs 2017 £	Total 2017 £	Total 2016 £
Activities:					
Direct costs	4,115,577	-	436,443	4,552,020	4,683,763
Support costs	969,391	566,290	910,560	2,446,241	2,339,017
	<u>5,084,968</u>	<u>566,290</u>	<u>1,347,003</u>	<u>6,998,261</u>	<u>7,022,780</u>
<b>Total 2016</b>	<u><u>5,196,598</u></u>	<u><u>515,527</u></u>	<u><u>1,310,655</u></u>	<u><u>7,022,780</u></u>	

**8. Net income/(expenditure)**

This is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets: - owned by the charity	545,538	487,376
Auditors' remuneration - audit	11,250	11,250
Auditors' remuneration - other services	4,665	4,665
	<u><u>561,453</u></u>	<u><u>503,291</u></u>

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**Notes to the financial statements**  
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**9. Staff costs**

Staff costs were as follows:

	2017 £	2016 £
Wages and salaries	3,852,686	3,921,231
Social security costs	381,212	346,208
Operating costs of defined benefit pension schemes	672,159	616,909
	<u>4,906,057</u>	<u>4,884,348</u>
Apprenticeship levy	1,714	-
Staff restructuring costs	21,027	34,213
Capitalised salary costs	-	60,000
Supply teacher costs	156,170	218,037
	<u>5,084,968</u>	<u>5,196,598</u>

Staff restructuring costs comprise:

	2017 £	2016 £
Redundancy payments	21,027	32,963
Severance payments	-	1,250
	<u>21,027</u>	<u>34,213</u>

Included in staff restructuring costs are non-statutory / non-contractual severance payments totalling £nil (2016: £1,250). Individually, the payments were: £nil (2016: £1,250).

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

	2017 No.	2016 No.
Teachers	58	60
Administration and support	60	69
Management	10	11
	<u>128</u>	<u>140</u>

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

	2017 No.	2016 No.
In the band £60,001 - £70,000	4	2
In the band £70,001 - £80,000	1	1
In the band £80,001 - £90,000	1	1
In the band £120,001 - £130,000	0	1
In the band £130,001 - £140,000	1	0

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**Notes to the financial statements**  
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**9. Staff costs (continued)**

Six of the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2017, pension contributions for these employees amounted to £57,091 (2016: £53,133). One of the above employees participated in the Local Government Pension Scheme, pension contributions amounted to £19,500 (2016: £16,884).

The key management personnel of the Academy Trust comprise the senior leadership team. The total salaries received by key management personnel for their services to the Academy Trust was £718,642 (2016: £738,604). Employer pension contributions were a total of £104,910 (2016: £126,920) and employer national insurance contributions were a total of £85,075 (2016: £82,149).

**10. Central services**

No central services were provided by the Academy Trust to its academy during the year and no central charges arose.

**11. Directors' remuneration and expenses**

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

		2017 £	2016 £
C H Sale, Principal & Director	Remuneration	135,000-140,000	125,000-130,000
	Pension contributions paid	5,000-10,000	20,000-25,000
J P Sale	Remuneration	85,000-90,000	80,000-85,000
	Pension contributions paid	15,000-20,000	15,000-20,000

During the year, no directors received any benefits in kind (2016 - £NIL).

During the year ended 31 August 2017, no directors received any reimbursement of expenses (2016 - £NIL to no directors).

**12. Directors' and Officers' Insurance**

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



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**Notes to the financial statements**  
**For the year ended 31 August 2017**

**13. Other finance income**

	2017 £	2016 £
Interest income on pension scheme assets	74,000	107,000
Interest on pension scheme liabilities	(114,000)	(147,000)
	<u>(40,000)</u>	<u>(40,000)</u>

**14. Tangible fixed assets**

	Long-term leasehold land and buildings £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
<b>Cost</b>					
At 1 September 2016	24,945,013	7,500	98,825	332,154	25,383,492
Additions	162,174	10,500	67,558	19,555	259,787
Disposals	(52,430)	(2,500)	-	-	(54,930)
At 31 August 2017	<u>25,054,757</u>	<u>15,500</u>	<u>166,383</u>	<u>351,709</u>	<u>25,588,349</u>
<b>Depreciation</b>					
At 1 September 2016	654,745	4,688	13,726	73,458	746,617
Charge for the year	469,027	3,654	10,505	62,352	545,538
On disposals	-	(2,500)	-	-	(2,500)
At 31 August 2017	<u>1,123,772</u>	<u>5,842</u>	<u>24,231</u>	<u>135,810</u>	<u>1,289,655</u>
<b>Net book value</b>					
At 31 August 2017	<u>23,930,985</u>	<u>9,658</u>	<u>142,152</u>	<u>215,899</u>	<u>24,298,694</u>
At 31 August 2016	<u>24,290,268</u>	<u>2,812</u>	<u>85,099</u>	<u>258,696</u>	<u>24,636,875</u>

Included in land and buildings is leasehold land at valuation of £2,789,000 which is not depreciated.

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**Notes to the financial statements**  
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**15. Debtors**

	2017 £	2016 £
Trade debtors	5,159	33,276
Other debtors	65,824	351,528
Prepayments and accrued income	108,075	266,849
	<u>179,058</u>	<u>651,653</u>

**16. Creditors: Amounts falling due within one year**

	2017 £	2016 £
Trade creditors	242,715	367,114
Other taxation and social security	98,498	100,939
Other creditors	84,207	197,966
Accruals and deferred income	45,481	140,630
	<u>470,901</u>	<u>806,649</u>

	2017 £	2016 £
<b>Deferred Income</b>		
Deferred income at 1 September 2016	6,073	15,195
Resources deferred during the year	14,245	6,073
Amounts released from previous years	(6,073)	(15,195)
Deferred income at 31 August 2017	<u>14,245</u>	<u>6,073</u>

The deferred income above relates to money received in advance of the period to which it relates from students in respect of future trips.

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**Notes to the financial statements**  
**For the year ended 31 August 2017**

**17. Statement of funds**

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
<b>Unrestricted funds</b>						
General Funds - all funds	263,088	164,582	(72,184)	-	-	355,486
<b>Restricted funds</b>						
General Annual Grant (GAG)	1,016,984	5,886,593	(5,589,631)	(373,212)	-	940,734
Other DfE/ESFA grants	-	378,087	(378,087)	-	-	-
Other government grants	-	65,820	(65,820)	-	-	-
Pension reserve	(1,969,000)	-	(347,000)	190,000	1,277,000	(849,000)
	(952,016)	6,330,500	(6,380,538)	(183,212)	1,277,000	91,734
<b>Restricted fixed asset funds</b>						
Fixed Asset Fund	18,805,917	-	(402,678)	-	-	18,403,239
Capital Fund	5,832,170	22,934	(142,861)	183,212	-	5,895,455
	24,638,087	22,934	(545,539)	183,212	-	24,298,694
<b>Total restricted funds</b>	<b>23,686,071</b>	<b>6,353,434</b>	<b>(6,926,077)</b>	<b>-</b>	<b>1,277,000</b>	<b>24,390,428</b>
<b>Total of funds</b>	<b>23,949,159</b>	<b>6,518,016</b>	<b>(6,998,261)</b>	<b>-</b>	<b>1,277,000</b>	<b>24,745,914</b>

**Statement of funds - prior year**

	Balance at 1 September 2015 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2016 £
<b>Unrestricted funds</b>						
General Funds - all funds	48,651	262,312	(47,875)	-	-	263,088
	48,651	262,312	(47,875)	-	-	263,088

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**Notes to the financial statements**  
**For the year ended 31 August 2017**

**17. Statement of funds (continued)**

**Restricted funds**

General Annual Grant (GAG)	519,848	6,083,139	(5,366,003)	(220,000)	-	1,016,984
Start Up Grant	-	176,803	(176,803)	-	-	-
Other DfE/ESFA grants	-	557,888	(557,888)	-	-	-
Pension reserve	(1,082,000)	-	(276,000)	220,000	(831,000)	(1,969,000)
	<u>(562,152)</u>	<u>6,817,830</u>	<u>(6,376,694)</u>	<u>-</u>	<u>(831,000)</u>	<u>(952,016)</u>

**Restricted fixed asset funds**

Fixed Asset Fund	19,210,905	-	(404,988)	-	-	18,805,917
Capital Fund	6,001,835	23,558	(193,223)	-	-	5,832,170
	<u>25,212,740</u>	<u>23,558</u>	<u>(598,211)</u>	<u>-</u>	<u>-</u>	<u>24,638,087</u>
Total restricted funds	<u>24,650,588</u>	<u>6,841,388</u>	<u>(6,974,905)</u>	<u>-</u>	<u>(831,000)</u>	<u>23,686,071</u>
Total of funds	<u>24,699,239</u>	<u>7,103,700</u>	<u>(7,022,780)</u>	<u>-</u>	<u>(831,000)</u>	<u>23,949,159</u>

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

GAG represents funds to be used to cover the normal running costs of the academy.

Other DfE/ESFA grants represents grants provided for specific purposes, such as pupil premium which is used to support disadvantaged pupils and assist them in decreasing the attainment gap between them and their peers.

The Restricted fixed asset fund represents tangible fixed assets which were donated from other Academy Trusts including depreciation to the balance sheet date.

DfE/ESFA capital grants fund is to provide the academy with its own capital money to address improvements to buildings and other facilities. The balance on the fund represents the value of fixed assets purchased in the financial year including depreciation to the balance sheet date and unspent capital grant money to be spent in 2017/2018.

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.

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**Notes to the financial statements**  
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**18. Analysis of net assets between funds**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	24,298,694	24,298,694
Current assets	369,731	1,397,390	-	1,767,121
Creditors due within one year	(14,245)	(456,656)	-	(470,901)
Provisions for liabilities and charges	-	(849,000)	-	(849,000)
	<u>355,486</u>	<u>91,734</u>	<u>24,298,694</u>	<u>24,745,914</u>

**Analysis of net assets between funds - prior year**

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £
Tangible fixed assets	-	-	24,636,875	24,636,875
Current assets	264,435	1,822,286	1,212	2,087,933
Creditors due within one year	(1,347)	(805,302)	-	(806,649)
Provisions for liabilities and charges	-	(1,969,000)	-	(1,969,000)
	<u>263,088</u>	<u>(952,016)</u>	<u>24,638,087</u>	<u>23,949,159</u>

**19. Reconciliation of net movement in funds to net cash flow from operating activities**

	2017 £	2016 £
Net (expenditure)/income for the year (as per Statement of Financial Activities)	(480,245)	80,920
<b>Adjustment for:</b>		
Depreciation charges	545,539	487,376
Interest	(7,101)	(4,708)
Decrease in debtors	472,595	1,498,880
Decrease in creditors	(335,749)	(535,956)
Capital grants from DfE and other capital income	(22,934)	(23,558)
Defined benefit pension scheme cost less contributions payable	117,000	16,000
Defined benefit pension scheme finance cost	40,000	40,000
<b>Net cash provided by operating activities</b>	<u>329,105</u>	<u>1,558,954</u>

**20. Analysis of cash and cash equivalents**

	2017 £	2016 £
Cash in hand	1,588,063	1,436,280
<b>Total</b>	<u>1,588,063</u>	<u>1,436,280</u>

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**21. Pension commitments**

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

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

Contributions amounting to £72,269 were payable to the schemes at 31 August 2017 (2016 - £70,558) and are included within creditors.

**Teachers' Pension Scheme**

**Introduction**

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

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

**Valuation of the Teachers' Pension Scheme**

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 (currently 14.1%)
- 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%.

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**21. Pension commitments (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 £365,772 (2016 - £385,797).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website ([www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx](http://www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx)).

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**

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £243,000 (2016 - £306,000), of which employer's contributions totalled £190,000 (2016 - £220,000) and employees' contributions totalled £53,000 (2016 - £86,000). The agreed contribution rates for future years are 23.4% for employers and 5.5% to 12.5% for employees.

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

**Principal actuarial assumptions:**

	2017	2016
Discount rate for scheme liabilities	2.50 %	2.00 %
Rate of increase in salaries	2.80 %	4.10 %
Rate of increase for pensions in payment / inflation	2.40 %	2.10 %
Inflation assumption (CPI)	2.40 %	2.10 %
Inflation assumption (RPI)	3.40 %	3.10 %
Commutation of pensions to lump sums	50.00 %	50.00 %

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

	2017	2016
<b>Retiring today</b>		
Males	22.1	22.2
Females	24.4	24.4
<b>Retiring in 20 years</b>		
Males	23.8	24.2
Females	26.3	26.7

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**21. Pension commitments (continued)**

<b>Sensitivity analysis</b>	<b>At 31 August 2017</b>	<b>At 31 August 2016</b>
	<b>£</b>	<b>£</b>
Discount rate -0.5%	<b>604,000</b>	662,000
Salary rate +0.5%	<b>137,000</b>	213,000
Pension rate +0.5%	<b>455,000</b>	427,000

The Academy Trust's share of the assets in the scheme was:

	<b>Fair value at 31 August 2017</b>
	<b>£</b>
Equities	<b>3,152,000</b>
Bonds	<b>613,000</b>
Property	<b>438,000</b>
Cash	<b>175,000</b>
<b>Total market value of assets</b>	<b><u>4,378,000</u></b>

The actual return on scheme assets was £586,000 (2016 - £607,000).

The expected return on assets is based on the long-term future expected investment return for each asset class as at the beginning of the period.

The returns on gilts and other bonds are assumed to be the gilt yield and corporate bond yield respectively at the relevant date. The returns on equities and property are then assumed to be a margin above gilt yields.

The amounts recognised in the Statement of financial activities incorporating income and expenditure account are as follows:

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Current service cost	<b>(307,000)</b>	(236,000)
Interest income	<b>74,000</b>	107,000
Interest cost	<b>(114,000)</b>	(147,000)
<b>Total</b>	<b><u>(347,000)</u></b>	<b><u>(276,000)</u></b>



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**21. Pension commitments (continued)**

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

	2017 £	2016 £
Opening defined benefit obligation	5,581,000	3,838,000
Current service cost	307,000	236,000
Interest cost	114,000	147,000
Employee contributions	53,000	86,000
Actuarial (gains)/losses	(765,000)	1,331,000
Benefits paid	(63,000)	(57,000)
<b>Closing defined benefit obligation</b>	<b>5,227,000</b>	<b>5,581,000</b>

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

	2017 £	2016 £
Opening fair value of scheme assets	3,612,000	2,756,000
Interest income	74,000	107,000
Actuarial gains	512,000	500,000
Employer contributions	190,000	220,000
Employee contributions	53,000	86,000
Benefits paid	(63,000)	(57,000)
<b>Closing fair value of scheme assets</b>	<b>4,378,000</b>	<b>3,612,000</b>

**22. Operating lease commitments**

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

	2017 £	2016 £
<b>Amounts payable:</b>		
Within 1 year	15,270	15,270
Between 1 and 5 years	31,188	46,458
<b>Total</b>	<b>46,458</b>	<b>61,728</b>

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**23. Related party transactions**

Owing to the nature of the Academy Trust's operations and the composition of the board of directors being drawn from a cross section of the local and wider community, transactions may take place with organisations in which a director has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy Trust's financial regulations and normal procurement procedures.

During the prior year, Jordan Brown, the son of C H Sale and J P Sale (directors of the Academy Trust), was employed by the Academy Trust. The cost to the Academy Trust for his employment was £1,316. There have been no such costs during the current year.

These transactions were conducted on normal commercial terms, at arm's length, without the exercise of any influence by the related party involved.

**24. Controlling party**

The Academy Trust is run by the management team on a day to day basis. Strategic decisions are made by the Board of Directors. There is no ultimate controlling party.

**25. 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.