

**Registered number: 09148479 (England and Wales)**

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

**Annual report and financial statements**

**For the year ended 31 August 2018**

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

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

**Reference and administrative details of the Academy Trust, its members / directors and advisers**  
**For the year ended 31 August 2018**

**Members**

T R Attwood  
S M Attwood  
The Attwood Education Foundation

**Directors**

T R Attwood, Chair of Board of Directors<sup>1,2,3,4</sup>  
S M Attwood<sup>1</sup>  
R J Munton (resigned 22 August 2018)<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 (resigned 19 March 2018)<sup>1</sup>  
A F X Green<sup>1,2,3,4</sup>  
S C Gough (appointed 23 March 2018)<sup>1,2,4</sup>

- 1 Member of Trust Board
- 2 Member of Finance Committee
- 3 Member of Education Committee
- 4 Member of Special Schools 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 Mendela, Vice Principal of Bexhill High Academy  
J P Sale, Business Director  
P Gordon, Assistant Vice Principal of Bexhill High Academy  
T Hillman, Assistant Vice Principal of Bexhill High Academy  
H Simon, Assistant Vice Principal of Bexhill High Academy  
T Jefferson, Principal of Ian Mikardo High School  
J Pierzchniak, Director of Safeguarding of Ian Mikardo High School  
L Bowman, Chief Operating Officer of Ian Mikardo High School  
C Lillis, Chief Executive Officer of Ian Mikardo High School

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**Reference and administrative details of the Academy Trust, its directors and advisers**  
**For the year ended 31 August 2018**

**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  
Ian Mikardo High School

**Other addresses**

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

Ian Mikardo High School  
60 William Guy Gardens  
Talwin Street  
London  
E3 3LF

**Attwood Academies**  
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**Directors' report**  
For the year ended 31 August 2018

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 2018. The annual report serves the purposes of both a trustees' report and a directors' report under company law.

The Academy Trust operates one secondary and one special school academy in the south east of England.

Bexhill Academy is 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 1650 and a roll of 1132 in the October 2017 school census. The Attwood Trust were appointed as the new sponsors of Bexhill Academy on 1 December 2014.

Ian Mikardo High School (IMHS) is a special school for pupils aged 11-19 serving the locality of Tower Hamlets, London and neighbouring local authorities. It has a pupil capacity of 50 students with a funded pupil roll of 40 students in 2017/18. IMHS became a member of the Attwood Academies Trust on 1st February 2018.

**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.

**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:** 2 are appointed by the Members of the Academy Trust who established the Academy Trust Company, including themselves.

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

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

**The Principal (Bexhill Academy):** Ex officio by virtue of office held.

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

**Attwood Academies**  
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**Directors' report (continued)**  
**For the year ended 31 August 2018**

**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 Trust Board meets at least once per term and is responsible for the strategic direction of the Academy Trust and agreement of the performance objectives for the Principal of Bexhill Academy and CEO of the AAT Special Schools Division.

The Trust has two divisions, the East Sussex MAT board, and the T4 Trust board. The former is responsible for the Bexhill Academy, and the latter the Ian Mikardo academy.

The East Sussex MAT board has finance and educational committees that meet termly. They approve major expenditure requests, set the budget, organise staffing structures and review progress towards educational objectives.

The T4 Trust board also meet termly with similar objectives, but for the Ian Mikardo School.

The Principal of Bexhill Academy is the designated Accounting Officer and CEO of the Academy Trust and has overall responsibility for the day to day financial management of the Charitable Company. The CEO, where appropriate, has delegated financial management responsibilities to the Business Director, and responsibilities are further delegated 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 Principals of Bexhill Academy and Ian Mikardo High School manage the academies within the Trust on a daily basis supported by a Senior Leadership Team (SLT). The Principals and their 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 with the 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.

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**Directors' report (continued)**  
**For the year ended 31 August 2018**

**Trade union facility time**

*Relevant union officials*

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
1	0.9

*Percentage of time spent on facility time*

Percentage of time	Number of employees
0%	-
1%-50%	1
51%-99%	-
100%	-

*Percentage of pay bill spent on facility time (Bexhill Academy)*

Total cost of facility time	£720
Total pay bill (rounded)	£5,011,000
Percentage of the total pay bill spent on facility time	< 0.1%

*Paid trade union activities*

Time spent on paid trade union activities as a percentage of total paid facility time hours	38%
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**Related Parties and other Connected Charities and Organisations**

Owing to the nature of the Academy Trust's operations and the composition of the Trust Board 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.

**Objectives and Activities**

**The Trust's objects and aims**

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 2018**

**The East Sussex MAT board and objectives**

The principal object and aim of the Board 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.

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.

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. We are committed to closing the progress gaps that historically exist between pupil premium and non-pupil premium 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. The staff offer an extensive extracurricular programme to provide educational and sporting opportunities to all students.

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.

**Key objectives targeted were:**

- 1) To make significant improvements to student learning outcomes in English and Mathematics, with those improvements measurable independently through KS4 GCSE results.
- 2) To continue to grow the confidence of the local community and improve on percentage recruitment of year 7 pupils from local feeder primaries and the wider catchment area.
- 3) To make a significant reduction in pupil persistent absence.

**Success measures are:**

- 1) The percentage of students achieving both grade 4 and grade 5 passes in English and Maths improved, with increases of greater than 3% each from 16/17 results.
- 2) The 2018 year 7 recruitment figures are measured to show the impact of operations during 2017/18. Recruitment from three of the local seven primaries was at the highest percentage level recorded since 2011. A significant increase in recruitment from neighbouring primaries was also accomplished, and overall the intake of 285 students exceeded predictions by 20 pupils.
- 3) Reduced persistent absence. The Academy has strengthened early intervention programmes, extended its attendance rewards incentives and provided targeted Pupil Premium mentoring to reduce PA from 13.1% in 2016/17 to 10.6% in 2018/19, against a 2017/18 national average of 13.6%.



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**Directors' report (continued)**  
**For the year ended 31 August 2018**

**The T4 Trust Board and objectives**

The principal objective and aim of the Board is the operation of IMHS to provide outstanding education and care for 50 SEMH students aged 10-19 from London and neighbouring counties.

Our vision of IMHS is for it to be a leading world class provider for some of society's most hard to reach children. We aim to develop a pedagogy that ensures that the students who arrive with a past of complex needs and failures in previous educational establishments, leave with a clear positive future in education, employment and training.

The key to achieving this vision is a strong leadership and staff team who offer a holistic approach to education, aiming to improve the life chances of students and families.

The student population have highly complex needs, including more than 80% of whom live in some of the UK's most socially disadvantaged families and wards, meet the criteria for troubled families and are on benefits or under-employed and receive free school meals / pupil premium. All of our children have statements of SEN/SEMH and 92 % have speech and language difficulties.

All our children are characterised by their complex needs; and almost all relate to on-going dysfunctional/volatile family backgrounds and emotional difficulties students experience as a result.

The school aims to have an outstanding outcome for all students ensuring that when they leave IMHS they are all gainfully employed or in further education.

**Key objectives targeted were:**

- 1) The Key Objective since conversion has been the recruitment of a new leadership team who strive for excellence and constantly seek improvement
- 2) To continue to provide outstanding outcome for students
- 3) To ensure financial sustainability through increase in student numbers and the introduction of a new banding system

**Success Measures are:**

- 1) Head Teacher, Deputy Head and Assistant Head were successfully appointed and in post for the new academic year.
- 2) Outcomes for Students 2018 – all students progressed to further education, with a wide range of successful additional technical and vocational qualifications obtained.
- 3) The number on roll at IMHS has increased to 45 and a new banding system has been successfully negotiated which reflects the needs of the students and is transparent in demonstrating on how these needs are being met.

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**Directors' report (continued)**  
**For the year ended 31 August 2018**

**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.

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

Ian Mikardo High School accepts students with high social, emotional, and mental health needs from the Borough of Tower Hamlets and neighbouring local authorities. Students are recommended for placement by the local authorities and independently assessed by the Academy to ensure that the students' needs are met.

**Achievements and performance**

**Bexhill Academy**

	Boys 119	Girls 115	2017	Boys 84	Girls 94	2018
English and Maths 9 to 4	43.7	50.43	47.01	52.83	48.94	50.56
English and Maths 9 to 5	25.21	28.7	26.92	38.1	28.72	33.15
English 9 to 4	52.1	60.87	56.41	64.29	67.02	65.73
English 9 to 5	37.82	48.7	43.16	45.24	52.13	48.88
English 9 to 7	13.45	19.13	16.24	13.1	17.02	15.17
Maths 9 to 4	57.14	59.13	58.12	60.71	52.13	56.18
Maths 9 to 5	36.13	32.17	34.19	48.81	35.11	41.57
Maths 9 to 7	10.08	6.96	8.55	14.29	7.46	10.67
<b>A*-C 2 Sciences</b>	<b>54.62</b>	<b>47.83</b>	<b>51.28</b>	<b>51.85</b>	<b>48.86</b>	<b>50.3</b>

**Ian Mikardo High School**

Subject	Entries	Examination	Level	Grades %
PSHE	6	Preparation for Working life GCSE short course	Level 1 & 2	84%
Art	7	GCSE	Grade 1 & 2	28%
English	5	GCSE	Grade 1 & 2	40%
English	4	Entry Level	EL1 – EL3	75%
P.E.	8	Sports Leadership Level 1	Level 1	100%
Maths	5	GCSE	Grade 1 & 2	60%
Maths	10	Edexcel award in Number and Measuring	Level 1 & 2	20%
Maths	4	Entry Level	Level 1 - 3	50%
Science	3	GCSE	Grade 1 & 2	66%
RE	5	GCSE short course	Level 1 & 2	60%
Film Studies	5		A - E	40%

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**Directors' report (continued)**  
**For the year ended 31 August 2018**

**Key Financial Performance Indicators**

**Bexhill Academy**

The Trust measures the performance of the Bexhill Academy based on:

- 1) meeting educational targets (detailed in objectives, strategies and activities)
- 2) addressing operational financial KPI's while adhering to these general principals:
  - 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.
- 3) Consideration and comparison of key financial indicators compared with the prior year and target while maintaining and, where educational outcomes are not adversely affected, improved efficiencies. National averages are used to benchmark levels of efficiency.

**Pupil numbers** – Parental decisions are made for September enrolment in the prior year therefore the year 7 roll for 2018/19 is a KPI for 2017/18.

Year	18/19	17/18	16/17
7	283	304	207
8	304	210	222
9	218	223	225
10	215	224	182
11	223	184	230
<b>Total</b>	<b>1243</b>	<b>1145</b>	<b>1066</b>

**Pupil Teacher ratio** - the number of students per teaching member employed (includes teaching SLT members) indicates the efficiency of teacher deployment.

Pupil teacher ratio	2017/18	2016/17
Bexhill Academy	17.1	16.6
Kreston Reeves Academies	17.4	14.8
Benchmark report average		

**Total expenditure per pupil excluding depreciation.**

Expenditure per pupil	2017/18	2016/17
Bexhill Academy	£5,585	£5,868
Kreston Reeves Academies	£6,642	£6,742
Benchmark report average		

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**Directors' report (continued)**  
**For the year ended 31 August 2018**

**Ian Mikardo High School**

The Trust measures the performance of the Ian Mikardo School based on consideration and comparison of key performance indicators against the previous term, and previous year where applicable:

They include:

- Pupil numbers; and
- Average income per pupil

**Pupil numbers:** as an SEMH school, Ian Mikardo accepts pupils through referral from a commissioning Local Authority and all referrals are subject to a rigorous assessment process to ensure the success of the placement. Therefore, both numbers on roll and numbers in referral are monitored as a KPI by the board.

Year	Projected 18/19 Summer term	Projected 18/19 Spring term	November 2018	July 2018	April 2018
<b>In referral</b>	10	10	11	14	10
<b>On roll</b>	50	48	45	48	48

**Average income per pupil:** as an SEMH school, Ian Mikardo relies on the commissioning Local Authorities for the majority of its income. This income can be difficult to forecast due to the variability in pupils on roll, and the variability in rates and procedures between London boroughs. As such, the average income per pupil is monitored termly by the Board alongside the number of students on roll to ensure sufficient income for continuing operations.

Year	Projected 18/19	17/18 (annualised)
<b>Average income per pupil</b>	£57k	£48k

**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.

**Financial review**

**Bexhill Academy**

Revenue received in 2017/18 exceeded the original forecast by £97K. Expenditure was £89K less than budgeted with considerable savings on administration costs.

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 2018 the Academy Trust received £5,936k in direct revenue funding from the ESFA. Due to being funded on a lagged pupil basis, the Academy incurred a deficit of £399k before accounting for depreciation and actuarial pension gains. The Academy was required to expend resources on 100 additional pupils that attracted no funding during the year. This is due to the successful recruitment of pupils, and the rapid growth of popularity of the Academy.

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**Directors' report (continued)**  
**For the year ended 31 August 2018**

**Ian Mikardo High School**

Ian Mikardo High School converted to an academy on 1st February 2018 with a projected deficit for the 17/18 year to March 2018 of £5k. Conversion balances were settled during the year with Tower Hamlets and a cash surplus of £44k was transferred in June 2018.

Since conversion, in the seven months to 2017/18 the school has made an in-year surplus of £12k following the implementation of a new banding structure and charging policy which aimed to make the admissions process fairer and more transparent. All new referrals from May 2018 have been assessed under the new banding structure and students on roll before the changes are being transferred onto the new structure throughout 2018/19 following consultation with the relevant Local Authorities.

The main source of revenue funding for the school is the General Annual Grant (GAG) and high needs funding per pupil from individual commissioning authorities. The school works with more than 10 different commissioning local authorities. For the period ended 31 August 2018 the Academy Trust received £231k in direct revenue funding from the EFA and £977k in funding from commissioning Local Authorities.

Expenditure has been in line with expectation following conversion.

**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. The level of unrestricted reserves at 31st August 2018 was £570,231 and the amount of cash reserves held by the Academy is £1,264,746.

The Trust is recognising a significant pension fund deficit of £993,000. 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.

**Investments 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 2017/18 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. 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.

In academy schools, the level of financial risk is highest with regard to either a) long term fixed costs or b) expenditure increases set by third parties as matching in revenue cannot be relied upon.

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.

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**Directors' report (continued)**  
**For the year ended 31 August 2018**

The Trust Board and principal assess 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 budget is forecast for Bexhill Academy using current information from principal feeder primary schools and historical recruitment percentages, and a three year forecast is used at Ian Mikardo.

**Reduction in cash balances**

Demand for places at Bexhill Academy is rising rapidly with an 8.75% increase in September 2018, representing 100 students. Further significant increases in student numbers are forecast for the following two years. The current lagged funding arrangements result in a delay in receiving revenue for these additional students until 2019/20. Expenditure is therefore exceeding revenue due the need to provide the required resources to support all students in 2018/19.

**Increases in Expenditure**

Inflationary pressures are expected to continue in all expenditure areas, and in particular around staffing. The national Funding Formula is not expected to cover all these 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**

Current staff retention is good. 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 at Bexhill Academy.

**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.

**Fundraising**

Fundraising provides a very small percentage of revenue to the Trust (.0002%). The revenue is raised by volunteer parents of students within the Trust. Events such as car boot sales and quizzes are run, with advertisement for such fundraising events limited to communications to the parents of students at the school.

Participation in and contribution to these fundraising events is on a voluntary basis. Neither the Trust nor representatives of the fundraising group make personal contact with any person in order to pressure any participation in fundraising activities.

**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 2018/19 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 2018**

**Disclosure of information to auditors**

Insofar as the trustees are aware:

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

**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 the 7 December, 2018.

This report, incorporating the Strategic report, was approved by order of the Trust Board, as the company directors, on 7 December 2018 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 of Bexhill Academy, 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 5 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	5	5
S M Attwood	4	5
R J Munton	4	5
J P Sale	5	5
C H Sale, Principal and Accounting Officer	5	5
Baroness D Stedman-Scott	0	1
A F X Green	5	5
S C Gough	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. The Finance Committee also fulfils the responsibilities of an Audit Committee. During the year the principal focus has been:

- Monitoring and agreeing the terms of a transfer of a leasehold property from the Trust to the ESFA to provide sufficient capital to provide additional required accommodation at Bexhill Academy.
- Monitoring the renegotiation of high needs contracts with Local Authorities utilising the placements at Ian Mikardo High School.
- Monitoring progress at Bexhill Academy on the addressing of legacy latent build defects by ESCC (the client) and Kier Plc. (the contractor).
- Monitoring financial operations at Bexhill Academy using an integrated curriculum financial planning methodology and benchmarking efficiencies to identify any areas where improvements may be made.



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

**Governance Statement (continued)**

Attendance at meetings in the year was as follows:

Director	Meetings attended	Out of a possible
T R Attwood	3	3
R J Munton	2	3
J P Sale	3	3
C H Sale, Principal	3	3
A F X Green	3	3
S C Gough	1	2

**Review of Value for Money**

The accounting officer has responsibility for ensuring that the Academy Trust delivers good value in the use of public resources and 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:

- Securing agreement with the original Bexhill school building contractor to recognise and address latent defects despite initial refusals to acknowledge these defects, a saving in excess of £500,000.
- Negotiating a lease transfer of redundant facilities in return for capital input from the ESFA that will fund required facilities at Bexhill Academy.
- Significantly reducing administration costs at Bexhill Academy through a review of expenditure areas and renegotiation of contracts.

**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 2017 to 31 August 2018 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 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Trust Board.

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

**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 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 2018.

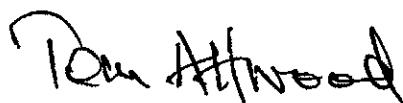
**Review of Effectiveness**

The accounting officer 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 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 Finance Committee 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 7 December 2018 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 & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

I confirm that I and the academy trust board of trustees are able to identify any material Irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2017.

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

*CH Sale*

**C H Sale, Principal  
Accounting officer**

**Date: 7 December 2018**

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

**Statement of directors' responsibilities**  
For the year ended 31 August 2018

The directors (who 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 & 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:

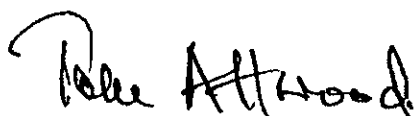
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 7 December 2018 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 (the 'Academy Trust') for the year ended 31 August 2018 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

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

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' 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 Auditors' report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 the financial year 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' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**Responsibilities of trustees**

As explained more fully in the Statement of 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 or to cease operations, or have no realistic alternative but to do so.

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

### **Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' 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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the Academy Trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Academy Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditors' report. However, future events or conditions may cause the Academy Trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

**Use of our report**

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

*Kreston Reeves LLP*

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

for and on behalf of

**Kreston Reeves LLP**

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

**Canterbury**  
**10 December 2018**

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

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

In accordance with the terms of our engagement letter dated 18 September 2015 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Attwood Academies during the year 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2017 to 2018. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

**Approach**

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

*Kreston Reeves LLP,*

**Kreston Reeves LLP**

**Reporting Accountant**  
**Chartered Accountants**

**Canterbury**

**10 December 2018**

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

**Statement of financial activities incorporating income and expenditure account**  
**For the year ended 31 August 2018**

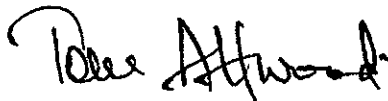
	Note	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
<b>Income from:</b>						
Donations & capital grants:						
Inherited on conversion	2	43,860	(596,000)	7,373,502	6,821,362	-
Other donations and capital grants	2	-	-	28,332	28,332	22,934
Charitable activities	3	-	7,254,541	-	7,254,541	6,330,500
Other trading activities	4	245,894	-	-	245,894	157,481
Investments	5	10,533	-	-	10,533	7,101
<b>Total income</b>		<b>300,287</b>	<b>6,658,541</b>	<b>7,401,834</b>	<b>14,360,662</b>	<b>6,518,016</b>
<b>Expenditure on:</b>						
Charitable activities	6	85,542	7,800,693	614,845	8,501,080	6,998,261
<b>Total expenditure</b>	7	<b>85,542</b>	<b>7,800,693</b>	<b>614,845</b>	<b>8,501,080</b>	<b>6,998,261</b>
<b>Net income / (expenditure) before transfers</b>		<b>214,745</b>	<b>(1,142,152)</b>	<b>6,786,989</b>	<b>5,859,582</b>	<b>(480,245)</b>
Transfers between Funds	17	-	(101,915)	101,915	-	-
<b>Net income / (expenditure) before other recognised gains and losses</b>		<b>214,745</b>	<b>(1,244,067)</b>	<b>6,888,904</b>	<b>5,859,582</b>	<b>(480,245)</b>
Actuarial gains on defined benefit pension schemes	22	-	683,000	-	683,000	1,277,000
<b>Net movement in funds</b>		<b>214,745</b>	<b>(561,067)</b>	<b>6,888,904</b>	<b>6,542,582</b>	<b>796,755</b>
<b>Reconciliation of funds:</b>						
Total funds brought forward		355,486	91,734	24,298,694	24,745,914	23,949,159
<b>Total funds carried forward</b>		<b>570,231</b>	<b>(469,333)</b>	<b>31,187,598</b>	<b>31,288,496</b>	<b>24,745,914</b>

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

**Balance sheet**  
As at 31 August 2018

	Note	£	2018 £	£	2017 £
<b>Fixed assets</b>					
Tangible assets	14		31,183,438		24,298,694
<b>Current assets</b>					
Debtors	15	479,120		179,058	
Cash at bank and in hand		1,264,746		1,588,063	
		<u>1,743,866</u>		<u>1,767,121</u>	
<b>Creditors: amounts falling due within one year</b>	16	<u>(645,808)</u>		<u>(470,901)</u>	
<b>Net current assets</b>			<u>1,098,058</u>		<u>1,296,220</u>
<b>Total assets less current liabilities</b>			<u>32,281,496</u>		<u>25,594,914</u>
Defined benefit pension scheme liability	22		<u>(993,000)</u>		<u>(849,000)</u>
<b>Net assets including pension scheme liabilities</b>			<u><u>31,288,496</u></u>		<u><u>24,745,914</u></u>
<b>Funds of the academy</b>					
Restricted income funds:					
Restricted income funds	17	523,667		940,734	
Restricted fixed asset funds	17	31,187,598		24,298,694	
		<u>31,711,265</u>		<u>25,239,428</u>	
Restricted income funds excluding pension liability					
Pension reserve		<u>(993,000)</u>		<u>(849,000)</u>	
<b>Total restricted income funds</b>			<u>30,718,265</u>		<u>24,390,428</u>
Unrestricted income funds	17		<u>570,231</u>		<u>355,486</u>
<b>Total funds</b>			<u><u>31,288,496</u></u>		<u><u>24,745,914</u></u>

The financial statements on pages 25 to 52 were approved by the directors, and authorised for issue, on 7 December 2018 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 2018**

	Note	2018 £	2017 £
<b>Cash flows from operating activities</b>			
Net cash (used in)/provided by operating activities	19	<b>(236,095)</b>	329,105
<b>Cash flows from investing activities:</b>			
Interest from investments		10,533	7,101
Purchase of tangible fixed assets		<b>(126,087)</b>	(207,357)
Capital grants from DfE Group		28,332	22,934
<b>Net cash used in investing activities</b>		<b>(87,222)</b>	(177,322)
<b>Change in cash and cash equivalents in the year</b>		<b>(323,317)</b>	151,783
Cash and cash equivalents brought forward		<b>1,588,063</b>	1,436,280
<b>Cash and cash equivalents carried forward</b>	20	<b>1,264,746</b>	1,588,063

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

**Notes to the financial statements**  
**For the year ended 31 August 2018**

**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 2017 to 2018 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 funders where the asset acquired or created is held for a specific purpose.

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

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

**Notes to the financial statements**  
**For the year ended 31 August 2018**

**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.

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**Notes to the financial statements**  
**For the year ended 31 August 2018**

**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
Fixtures and fittings	-	Over 4 - 10 years straight line
Motor vehicles	-	Over 2 - 4 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.



**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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**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 22, 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.

**1.15 Conversion to an academy trust**

The transfer of Ian Mikardo High School from the local authority of Tower Hamlets Borough Council to the academy trust involved the transfer of identifiable assets and liabilities and the operation of the academy for £NIL consideration and has been accounted for under the acquisition accounting method.

The assets and liabilities transferred from Tower Hamlets Borough Council to Attwood Academies have been valued at their fair value, being a reasonable estimate of the current market value that the directors would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for Attwood Academies. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in the Statement of financial activities incorporating income and expenditure account and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

The most significant assets and liabilities transferred on conversion were those of the Land and Buildings and the LGPS pension deficit. The Land and Buildings were transferred at a valuation as detailed in note 14. Details concerning the LGPS deficit can be found within note 22.

Further details of the transaction are set out in note 21.

**1. Accounting policies (continued)**

**1.16 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 22, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

***Tangible fixed assets***

The Academy Trust has recognised tangible fixed assets with a carrying value of £31,834,438 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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**For the year ended 31 August 2018**

**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 22 for further details.

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

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
Inherited on conversion	43,860	(596,000)	7,373,502	6,821,362	-
Capital Grants	-	-	28,332	28,332	22,934
	<b>43,860</b>	<b>(596,000)</b>	<b>7,401,834</b>	<b>6,849,694</b>	<b>22,934</b>
<b>Total 2017</b>	<b>-</b>	<b>-</b>	<b>22,934</b>	<b>22,934</b>	

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**3. Funding for Academy's educational operations**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
<b>DfE/ESFA grants</b>				
General Annual Grant (GAG)	-	5,788,030	5,788,030	5,886,593
Other DfE/ESFA grants	-	400,597	400,597	378,087
	-	6,188,627	6,188,627	6,264,680
<b>Other government grants</b>				
Other government grants	-	1,065,914	1,065,914	65,820
	-	1,065,914	1,065,914	65,820
	-	7,254,541	7,254,541	6,330,500
Total 2017	-	6,330,500	6,330,500	

**4. Other trading activities**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Trip income	59,346	-	59,346	66,252
School lettings	45,836	-	45,836	26,449
Catering income	204	-	204	-
Charity income	8,540	-	8,540	13,496
Consultancy income	14,801	-	14,801	2,566
Income contributions	1,784	-	1,784	6,727
Other income	115,383	-	115,383	41,991
	245,894	-	245,894	157,481
Total 2017	157,481	-	157,481	

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**5. Investment income**

	<b>Unrestricted funds 2018 £</b>	<b>Restricted funds 2018 £</b>	<b>Total funds 2018 £</b>	<b>Total funds 2017 £</b>
Interest received	10,533	-	10,533	7,101
	<u>10,533</u>	<u>-</u>	<u>10,533</u>	<u>7,101</u>
<b>Total 2017</b>	<u>7,101</u>	<u>-</u>	<u>7,101</u>	

**6. Charitable activities**

	<b>Total funds 2018 £</b>	<b>Total funds 2017 £</b>
<b>Direct costs - educational operations</b>		
Wages and salaries	3,912,644	3,178,317
National insurance	385,062	331,073
Pension cost	508,084	450,017
Agency staff	79,875	156,170
Books, stationery & materials	389,878	265,844
Exam fees	78,758	84,519
Staff development & other staff costs	125,875	86,080
	<b>5,480,176</b>	<b>4,552,020</b>
<b>Support costs - educational operations</b>		
Wages and salaries	862,070	695,396
National insurance	62,121	50,139
Pension cost	348,936	222,142
Depreciation	614,845	545,539
Pension finance expense	33,000	40,000
Maintenance of premises & equipment	144,299	137,344
Cleaning	170,727	154,987
Rates	83,233	85,312
Insurance	26,478	26,670
Computer costs	84,194	41,727
Catering costs	131,420	93,931
Water & sewerage	17,385	20,709
Energy costs	213,752	167,958
Health & safety costs	9,214	6,653
Staff recruitment costs	11,576	12,971
Motor expenses	5,795	5,362
Furniture & equipment	11,301	6,619
Reprographics costs	9,366	8,569
Telephone & broadband	19,479	18,939
Intervention & enrichment costs	4,136	3,822
Sundry admin costs	62,045	68,125
Legal and professional	95,532	33,347
	<b>3,020,904</b>	<b>2,446,241</b>
	<b>8,501,080</b>	<b>6,998,261</b>

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**Notes to the financial statements**  
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**7. Expenditure**

	Staff costs 2018 £	Premises 2018 £	Other costs 2018 £	Total 2018 £	Total 2017 £
Activities:					
Direct costs	4,885,665	-	594,511	5,480,176	4,552,020
Support costs	1,273,127	629,396	1,118,381	3,020,904	2,446,241
	<u>6,158,792</u>	<u>629,396</u>	<u>1,712,892</u>	<u>8,501,080</u>	<u>6,998,261</u>
Total 2017	<u>5,084,968</u>	<u>566,290</u>	<u>1,347,003</u>	<u>6,998,261</u>	

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

This is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets: - owned by the charity	614,844	545,538
Auditors' remuneration - audit	13,450	11,250
Auditors' remuneration - other services	5,700	4,665
	<u>634,000</u>	<u>561,453</u>



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

**a. Staff costs**

Staff costs were as follows:

	2018 £	2017 £
Wages and salaries	4,774,714	3,852,686
Social security costs	447,183	381,212
Operating costs of defined benefit pension schemes	857,020	672,159
	<u>6,078,917</u>	<u>4,906,057</u>
Staff restructuring costs	-	21,027
Supply teacher costs	79,875	156,170
	<u><u>6,158,792</u></u>	<u><u>5,083,254</u></u>

Staff restructuring costs comprise:

	2018 £	2017 £
Redundancy payments	-	21,027

**b. Staff numbers**

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

	2018 No.	2017 No.
Teachers	75	58
Administration and support	70	60
Management	15	10
	<u>160</u>	<u>128</u>

**c. Higher paid staff**

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

	2018 No.	2017 No.
In the band £60,001 - £70,000	2	4
In the band £70,001 - £80,000	1	1
In the band £80,001 - £90,000	0	1
In the band £100,001 - £110,000	1	0
In the band £130,001 - £140,000	2	1

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**9. Staff costs (continued)**

Five of the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2018, pension contributions for these employees amounted to £41,025 (2017: £57,091). One of the above employees participated in the Local Government Pension Scheme, pension contributions amounted to £24,943 (2017: £19,500).

**d. Key management personnel**

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 £857,262 (2017: £718,642). Employer pension contributions were a total of £107,441 (2017: £104,910) and employer national insurance contributions were a total of £105,609 (2017: £85,075).

**10. Central services**

No central services were provided by the Academy Trust to its academies 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:

		2018 £	2017 £
C H Sale, Principal & Director	Remuneration	135,000-140,000	135,000-140,000
	Pension contributions paid	Nil	5,000-10,000
J P Sale	Remuneration	105,000-110,000	85,000-90,000
	Pension contributions paid	20,000-25,000	15,000-20,000

During the year, no directors received any benefits in kind (2017 - £NIL).

During the year ended 31 August 2018, no directors received any reimbursement of expenses (2017 - £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**  
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**13. Other finance income**

	2018 £	2017 £
Interest income on pension scheme assets	121,000	74,000
Interest on pension scheme liabilities	(154,000)	(114,000)
	<u>(33,000)</u>	<u>(40,000)</u>

**14. Tangible fixed assets**

	Long-term leasehold land and buildings £	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Total £
<b>Cost</b>					
At 1 September 2017	25,054,757	166,383	15,500	351,709	25,588,349
Additions	54,888	5,395	-	65,802	126,085
Inherited assets	7,257,000	74,251	6,714	35,538	7,373,503
At 31 August 2018	<u>32,366,645</u>	<u>246,029</u>	<u>22,214</u>	<u>453,049</u>	<u>33,087,937</u>
<b>Depreciation</b>					
At 1 September 2017	1,123,772	24,231	5,842	135,810	1,289,655
Charge for the year	516,105	26,769	4,322	67,648	614,844
At 31 August 2018	<u>1,639,877</u>	<u>51,000</u>	<u>10,164</u>	<u>203,458</u>	<u>1,904,499</u>
<b>Net book value</b>					
At 31 August 2018	<u>30,726,768</u>	<u>195,029</u>	<u>12,050</u>	<u>249,591</u>	<u>31,183,438</u>
At 31 August 2017	<u>23,930,985</u>	<u>142,152</u>	<u>9,658</u>	<u>215,899</u>	<u>24,298,694</u>

Included in land and buildings is leasehold land at valuation of £6,517,000 (2017: £2,789,000) which is not depreciated.

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**15. Debtors**

	2018 £	2017 £
Trade debtors	253,125	5,159
Other debtors	68,606	65,824
Prepayments and accrued income	157,389	108,075
	<u>479,120</u>	<u>179,058</u>

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

	2018 £	2017 £
Trade creditors	100,525	242,715
Other taxation and social security	133,332	98,498
Other creditors	125,155	84,207
Accruals and deferred income	286,796	45,481
	<u>645,808</u>	<u>470,901</u>

	2018 £	2017 £
<b>Deferred income</b>		
Deferred income at 1 September 2017	14,245	6,073
Resources deferred during the year	228,669	14,245
Amounts released from previous years	(14,245)	(6,073)
Deferred income at 31 August 2018	<u>228,669</u>	<u>14,245</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 and local authority funding.

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**Notes to the financial statements**  
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**17. Statement of funds**

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
<b>Unrestricted funds</b>						
General Funds - all funds	355,486	300,287	(85,542)	-	-	570,231
<b>Restricted funds</b>						
General Annual Grant (GAG)	940,734	5,788,030	(5,847,182)	(357,915)	-	523,667
Other DfE/ESFA grants	-	400,597	(400,597)	-	-	-
Other government grants	-	1,065,914	(1,065,914)	-	-	-
Pension reserve	(849,000)	(596,000)	(487,000)	256,000	683,000	(993,000)
	<u>91,734</u>	<u>6,658,541</u>	<u>(7,800,693)</u>	<u>(101,915)</u>	<u>683,000</u>	<u>(469,333)</u>
<b>Restricted fixed asset funds</b>						
Fixed Asset Fund	18,403,239	7,373,502	(449,875)	-	-	25,326,866
Capital Fund	5,895,455	28,332	(164,970)	101,915	-	5,860,732
	<u>24,298,694</u>	<u>7,401,834</u>	<u>(614,845)</u>	<u>101,915</u>	<u>-</u>	<u>31,187,598</u>
Total restricted funds	<u>24,390,428</u>	<u>14,060,375</u>	<u>(8,415,538)</u>	<u>-</u>	<u>683,000</u>	<u>30,718,265</u>
Total of funds	<u>24,745,914</u>	<u>14,360,662</u>	<u>(8,501,080)</u>	<u>-</u>	<u>683,000</u>	<u>31,288,496</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 and local authorities on conversion to an academy 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 including depreciation to the balance sheet date and unspent capital grant money to be spent in 2018/19.

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 2018.

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**Notes to the financial statements**  
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**17. Statement of funds (continued)**

**Analysis of academies by fund balance**

Fund balances at 31 August 2018 were allocated as follows:

	Total 2018 £	Total 2017 £
Bexhill Academy	970,460	1,296,220
Ian Mikardo High School	123,438	-
Total before fixed asset fund and pension reserve	<u>1,093,898</u>	<u>1,296,220</u>
Restricted fixed asset fund	31,187,598	24,298,694
Pension reserve	(993,000)	(849,000)
Total	<u><u>31,288,496</u></u>	<u><u>24,745,914</u></u>

**Analysis of academies by cost**

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciat- ion £	Total 2018 £	Total 2017 £
Bexhill Academy	4,076,307	1,096,154	461,360	1,023,807	6,657,628	6,412,722
Ian Mikardo High School	729,483	176,973	125,880	196,271	1,228,607	-
	<u>4,805,790</u>	<u>1,273,127</u>	<u>587,240</u>	<u>1,220,078</u>	<u>7,886,235</u>	<u>6,412,722</u>

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**Notes to the financial statements**  
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**17. Statement of funds (continued)**

**Statement of funds - prior year**

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
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)
	<u>(952,016)</u>	<u>6,330,500</u>	<u>(6,380,538)</u>	<u>(183,212)</u>	<u>1,277,000</u>	<u>91,734</u>
<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
Total restricted funds	<u>23,686,071</u>	<u>6,353,434</u>	<u>(6,926,077)</u>	<u>-</u>	<u>1,277,000</u>	<u>24,390,428</u>
Total of funds	<u>23,949,159</u>	<u>6,518,016</u>	<u>(6,998,261)</u>	<u>-</u>	<u>1,277,000</u>	<u>24,745,914</u>

**18. Analysis of net assets between funds**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	31,183,438	31,183,438
Current assets	596,978	1,142,728	4,160	1,743,866
Creditors due within one year	(26,747)	(619,061)	-	(645,808)
Provisions for liabilities and charges	-	(993,000)	-	(993,000)
	<u>570,231</u>	<u>(469,333)</u>	<u>31,187,598</u>	<u>31,288,496</u>

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**18. Analysis of net assets between funds (continued)**

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

	Unrestricted funds	Restricted funds	Restricted fixed asset funds	Total funds
	2017	2017	2017	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)	(458,656)	-	(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>

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

	2018	2017
	£	£
Net income/(expenditure) for the year (as per Statement of Financial Activities)	5,859,582	(480,245)
<b>Adjustment for:</b>		
Depreciation charges	614,844	545,539
Interest	(10,533)	(7,101)
Tangible fixed assets transferred on conversion	(7,373,503)	-
(Increase)/decrease in debtors	(434,406)	472,595
Increase/(decrease) in creditors	309,253	(335,749)
Capital grants from DfE and other capital income	(28,332)	(22,934)
Defined benefit pension scheme obligation inherited	596,000	-
Defined benefit pension scheme cost less contributions payable	198,000	117,000
Defined benefit pension scheme finance cost	33,000	40,000
<b>Net cash (used in)/provided by operating activities</b>	<u>(236,095)</u>	<u>329,105</u>

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

	2018	2017
	£	£
Cash in hand	1,264,746	1,588,063
<b>Total</b>	<u>1,264,746</u>	<u>1,588,063</u>



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**21. Conversion to an academy trust**

On 1 February 2018 the trust took over the management of Ian Mikardo High School from the Local Authority. All the operations and assets and liabilities were transferred to Attwood Academies from Tower Hamlets Borough Council for £NIL consideration.

The transfer has been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the Balance sheet under the appropriate headings with a corresponding net amount recognised as net incoming resources in the Statement of financial activities incorporating income and expenditure account as voluntary income.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of financial activities incorporating income and expenditure account.

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
<b>Tangible fixed assets</b>				
- Freehold/leasehold land and buildings	-	-	7,257,000	7,257,000
- Other tangible fixed assets	-	-	116,502	116,502
Budget surplus/(deficit) on LA funds	43,860	-	-	43,860
LGPS pension surplus/(deficit)	-	(596,000)	-	(596,000)
<b>Net assets/(liabilities)</b>	<b>43,860</b>	<b>(596,000)</b>	<b>7,373,502</b>	<b>6,821,362</b>

**22. 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 and London Borough of Tower Hamlets. 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 £85,650 were payable to the schemes at 31 August 2018 (2017 - 72,269) 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.

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**22. Pension commitments (continued)**

**Valuation of the Teachers' Pension Scheme**

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

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

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 £383,763 (2017 - £365,772).

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 an unfunded 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 2018 was £337,000 (2017 - £243,000), of which employer's contributions totalled £256,000 (2017 - £190,000) and employees' contributions totalled £81,000 (2017 - £53,000). The agreed contribution rates for future years are 23.4% (ESCC) and 18.8% (Tower Hamlets) 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.