



Leading : Learning : Training : Technology

Dene Magna School

**Financial accounts for the year ending
31 August 2018**

***Company Limited by Guarantee
Registration Number:
07695544 (England & Wales)***

CONTENTS

	Page
Reference and Administrative Information	3
Governors' Annual Report	4
Governance Statement	12
Statement on Regularity, Propriety and Compliance	15
Statement of Governors' Responsibilities	16
Independent Auditor's Report on the Financial Statements	17
Independent Reporting Accountant's Report on Regularity	20
Statement of Financial Activities	22
Balance Sheet	23
Statement of Cash Flows	24
Notes to the Financial Statements	25

REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, TRUSTEES, AND ADVISORS

Registered office Abenhall Road, Mitcheldean, Glos. GL17 0DU

Registration number 07695544

Members / governors:-

Finance, Facilities and Personnel Committee – FFP
Progress, Standards and Teaching Committee - PST

Mr Stephen Brady	- FFP committee
Mr Daniel Haines	- FFP committee (Resigned 1 September 2017)
Mr Peter Adams	- FFP committee
Mrs Liane Pitcher Leigh	- PST committee (Resigned Dember 2017)
Mr James Peryer	- FFP committee/ Chair FFP (Resigned January 2018)
Mr Anthony Rose	- PST committee (Responsible officer)
Mr Brian Robinson	- PST committee/Reviewer (Resigned September 2017)
Dr Paul Weiss	- Chair, PST and FFP committee
Mr Gareth Nutt	- PST committee/Chair PST (Resigned June 2018)
Mr Kevin Hacker	- PST committee
Ms Amanda Charles	- PST committee (Resigned 30 September 2017)
Ms Louise Holland	- FFP committee (Appointed 15 May 2018)
Mrs Jane Foot	- PST committee (Appointed 19 September 2017)
Mr Phillip Didcote	- FFP committee (Appointed 19 September 2017)
Mrs M Reid	- PST committee (Appointed 19 September 2017)
Mr J James	- PST committee (Appointed 19 September 2017)
Mr A Harrington	- PST committee (Appointed 1 May 2018)

Leadership team:-

Mr Stephen Brady	Headteacher
Mr Fred Mitchell	Deputy Headteacher
Ms Liza Mc Carthy	Assistant Headteacher
Mrs Kathryn Rayfield	Assistant Headteacher
Mr Jonathon Walters	Assistant Headteacher
Mrs Harry Dixon Gough	SENCO
Mrs Janet Ray	Business Manager

Company Secretary Janet Ray

Solicitors Harrison Clark & Rickerbys Solicitors
Ellenborough House
Wellington Street
Cheltenham
GL50 1YD

Independent Auditors UHY Hacker Young (Birmingham) LLP
9 – 11 Vittoria Street
Birmingham
B1 3ND

Bankers HSBC Bank
34 High Street
Cinderford
Glos

GOVERNORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2018

The governors present their annual report together with the financial statements and auditor's report of the charitable company for the period 1 September 2017 to 31 August 2018. The annual report serves the purposes of both a governors report, and a directors' report under company law.

The academy provides secondary education to mixed gender students with an age range of 11-16. It is located in the Forest of Dean, and is an oversubscribed school, providing the next level of education to our primary feeder schools in the catchment area. The number on roll for this academic year was 829 (2017: 805) students as an outstanding school the permitted number of students allowed is now 875 following the increase in the PAN to 175 per year 7, 8 & 9. From September 2018 the NOR IS 864.

Dene Magna School does not have a sponsor and is not associated with any federations, we are however the lead school for the teaching alliance in the area and are currently under consultation to work with GLOS COL delivering the sixth form provision at Cinderford campus .

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 the primary governing documents of the academy trust.

The Governors of Dene Magna School are also the directors of the charitable company for the purposes of company law. The charitable company is known as Dene Magna School. Details of the Governors who served throughout the year except as noted are included in the Reference and Administrative Details on page 3.

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.

In accordance with normal commercial practice the Academy has purchased insurance to protect Governors and officers from claims arising from negligent acts, errors or omission occurring whilst on Academy business through the RPI Scheme.

Governors' Indemnities**Third party info**

Whilst some governors of the school sit on various charity and local committees within the area. There are no financial conflicts of interest and therefore no requirements for third party indemnity provisions.

Mr Brian Robinson is Forest of Dean Councillor and sits on various working groups in an advisory capacity, however due to commitments he resigned as school governor from Sept 2017.

Mr Peter Adams sits on the local parish council committee for Littledean.

Dr Paul Weis is the Local GP in the Mitcheldean practice.

Method of Recruitment and Appointment or Election of Governors

The current composition of Governors includes:-

- 3 Parent Governors who are elected by parents of registered pupils at the Academy. 5 Partnership Governors who are appointed by the Governing Body.
- 4 Staff Governors who are elected by staff of the Academy.
- The Head teacher who is treated for all purposes as being an ex officio Governor.

Recruitment for new Governors has taken place during the year, Michala Reid, Jane Foot, John James and Phillip Didcote have attended meetings under probationary status to evaluate the role of a governor - they took up permanent roles this year as Partnership Governors.

At each Annual General Meeting of the Company, subject to remaining eligible, a governor may be reappointed or re-elected. Parent Governors are required to resign when their child is no longer at the school, but subject to eligibility and availability of positions may be re-appointed as a Partnership governor.

GOVERNORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)**Policies and Procedures adopted for the induction and Training of Governors**

Training and induction is provided for new Governors, and other skills and development training is dependent on their existing experience. Where necessary, induction is provided on charity, educational, legal and financial matters. All new Governors are given a tour of the Academy and the chance to meet with staff and pupils. Governors on the progress, standards and teaching committee are allocated a department within the academy to work with and offer assistance.

All Governors have access to copies of policies and procedures via the web site link and copies of minutes, accounts, budgets, strategic plans and other academy documentation that they require to undertake their role as Governors.

Training is delivered through various mechanisms - mentoring, Governors association board etc. and responsibility for co-ordinating this is carried out by Mr P Adams (Governor).

Trade union facility time**Relevant union officials**

There are no employees who were relevant union officials during the period.

Organisational Structure

The Governing Body has established a number of sub committees (Finance, Facilities, and Personnel - FFP) to review policies and performance of the school in all areas. Every member of the Governing body sits on one sub committee. The committees have a standard set agenda for each meeting with a calendar of scheduled reviews for the various elements of operation and reporting within the school.

The reporting mechanism and frequency of meetings remained the same. Reports from each of the sub committees are received and minuted to the full governing body.

The Governors are responsible for setting general policy, adopting an annual plan and budget, monitoring the Academy by the use of budgets and making major decisions about the direction of the Academy, capital expenditure and senior staff appointments.

The leadership team of the Academy comprises of the Head teacher, Deputy and three assistant heads, SENCO and the Business manager. This team control the Academy at the executive level implementing the policies laid down by the Governors and reporting back to them. As a group the leadership team are responsible for the authorisation of spending within agreed budgets. The appointment of staff will follow the recruitment policy.

Arrangements for setting pay and remuneration of key management personnel

The Academy review the pay policy and personnel remuneration annually. This is ratified by governors during the September meeting and cascaded to staff. The Academy currently follow the national guidance for both teachers terms and conditions of employment and the support staff NJC Council guidance. The leadership structure also follows the guidance dictated by the TPTC document and the size of the school and therefore the leadership ranges for Headteachers, Deputies and Assistant Headteachers are categorised accordingly. All governors of the Academy are appointed on a voluntary basis and no remuneration is provided.

Related Parties and Other Connected Organisations

During this financial year, Dene Magna School have continued to work with Gloucestershire College to design and conceptualise the premises for the new college site at Cinderford. This is at the second stage with consultations in place for us in anticipation for a provision from September 2019. GLOS COL opened the building this September (2018) and will be delivering vocational courses from the new campus. Dene Magna has only incurred minimal costs(directly) to acquire consultancy expertise for the consultation that is underway.

There have been no other related party relationships that impact financially on the Academy.

GOVERNORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)**OBJECTIVES AND ACTIVITIES****Objects and Aims**

The principal object of the charitable company is the provision of education at Dene Magna School.

In accordance with the articles of association, the charitable company has adopted a "Scheme of Government" approved by the Secretary of State for Education. The Scheme of Government specifies, amongst other things, the basis for admitting pupils to the academy, and that the curriculum should comply with the substance of the national curriculum.

Objectives, Strategies and Activities

The main objectives of the academy during the year ended 31 August 2018 are summarised below:

- to ensure that every child enjoys the same high quality education in terms of resourcing, tuition and care;
- to raise the standard of educational achievement of all pupils;
- to improve the effectiveness of the academy by keeping the curriculum and organisational structure under review;
- to provide value for money for the funds expended;
- to comply with all appropriate statutory and curriculum requirements;
- to conduct the academy's business in accordance with the highest standards of integrity and openness.

Public Benefit

The Governors have complied with the duty in section 4 of the Charities Act 2011 to have due regard to public benefit guidance published by the Charities Commission in defining the strategic direction of the Academy.

This is reflected in the school purpose of the education of pupils between the ages of 11 – 16, and the provision of community education programmes outside of the school day.

Financial objectives

The Academy's financial objectives are:-

- to achieve a consistently balanced budget on a long term basis;
- to manage funding available for the benefit of current pupils;
- to invest in the maintenance and renewal of the schools facilities and infrastructure to provide excellent learning and teaching facilities.

Sustainability

The Academy is committed to sustainable development throughout all aspects of its operations and has created a strategic development plan for the expansion of the school environment to benefit students and staff.

The Academy has finalised the capital build projects, with the opening of the two classroom extension and the new Maths block in February 2017. The capital grants have been expended to deliver these projects along with a proportion of the reserves and the loan options that were set up. Governors have authorised the committed pay back of these over the next five years as agreed in the development plan for the school. The revised teaching accommodation will ensure that the additional students can be accommodated in modern environments to maximise learning.

Strategic Report

Total students in the year ended 31 August 2018 were 829 (2017: 805). As an outstanding school the permitted number of students will increase following the permitted increase in the PAN to 175 per year group.

Year	Places Available	Predicted NOR
2016/17	825	805
2017/18	850	829
2018/19	875	864
2019/20	875	875
2020/21	875	878

GOVERNORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)

Dene Magna Provisional Results Summary 2018

	2015	2016	2017	2018	National
Average Point Score on Entry (Year 7)	27.1	26.7	28	28	28.5
Basics (4+ in En and Ma)	68%	64%	72%	72%	64%
Basics (5+ in En and Ma)	N/A	N/A	40%	47%	40%
Attainment 8 (yr on yr comparisons are not valid)	N/A	49.6	46.3	48.5	
Progress 8 Score	0.07	0.17	0.08	0.22	-0.03

Subject	Total Entries	Number of students achieving each grade									Cumulative no.			Cumulative %		
		A*	A	B	C	D	E	F	G		7+	5+	4+	2+	1+	0+
English	134	0	3	10	13	35	36	24	9	4	24	81	107	18	60	80
English Literature	134	0	6	15	25	30	24	21	10	3						
Maths	134	6	11	16	17	30	28	17	6	3	33	80	108	25	60	81
Biology	18	4	3	3	7	1	0	0	0	0	10	18	18	56	100	100
Chemistry	18	1	4	5	5	3	0	0	0	0	10	18	18	56	100	100
Physics	18	6	2	7	3	0	0	0	0	0	15	18	18	83	100	100
Science (combined)	230	2	2	19	29	53	67	40	17	1	23	105	172	10	46	75
Art and Design	34	0	2	3	7	13	4	5	0	0	5	25	29	15	74	85
Computer Science	15	3	1	1	2	2	2	3	0	1	5	9	11	33	60	73
Drama	11	0	0	0	1	2	7	0	1	0	0	3	10	0	27	91
French	58	0	1	5	5	14	13	16	4	0	6	25	38	10	43	66
Geography	52	1	3	8	6	9	8	10	5	2	12	27	35	23	52	67
History	62	1	2	6	5	11	11	16	7	3	9	25	36	15	42	58
Music	11	1	1	3	2	1	2	1	0	0	5	8	10	45	73	91
PE	46	2	6	8	13	7	4	4	2	0	16	36	40	35	78	87
RS	83	1	3	2	11	15	20	19	10	2	6	32	52	7	39	63
Spanish	15	0	0	4	0	8	3	0	0	0	4	12	15	27	80	100
		A*	A	B	C	D	E	F	G		A* - A	A* - B	A* - C	% A* - A	% A* - B	% A* - C
Child Development	17	0	1	7	5	4					1	8	13	6	47	76
Graphics	17	1	4	4	3	1	4	0	0		5	9	12	29	53	71
Persian	1	0	1	0	0	0	0	0	0		1	1	1	100	100	100
Resistant Materials	31	0	2	5	13	5	3	3	0		2	7	20	6	23	65
Textiles	17	0	6	4	4	1	1	1	0		6	10	14	35	59	82
		Level 2				Level 1										
		D*	D	M	P	Pass					D+	M+	P+	% D+	% M+	% P+
Business Studies	48	10	3	17	16	2					13	30	29	27	63	96
Catering	26	2	3	5	6	10					5	10	16	19	38	62
IT (Cambridge National)	20	0	3	3	8	8					3	6	14	15	30	70
Construction (Level 1)	7					7										

Going Concern

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

Value for Money Statement

In line with the Department for Education guidance, the value for money statement has been agreed by the Governing Body of the Academy for the period of 1 September 2017 – 31 August 2018.

GOVERNORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)**Performance Indicators – Ofsted grading**

The Academy is committed to observing the importance of performance indicators, to ensure that it continues to strive for both educational and financial excellence. The last inspection from Ofsted in November 2012 concluded that Dene Magna School was an "Outstanding school".

Assessment	Inspection Grade
Overall effectiveness of the school	1
The schools capacity for sustained improvement	1
Outcomes for individuals and groups of pupils	1
The quality of teaching	1
The effectiveness of leadership and management in embedding ambition	1

Ofsted Quotes:-

"Teaching is outstanding and assessment is used extremely well to ensure lesson tasks meet the learning needs of all students".

"Students behaviour is exemplary and students flourish within a very supportive, caring and safe environment".

The school has continued to improve in all areas since 2012 and the headteacher has ongoing dialogue with the regional HMI about progress in the school.

FINANCIAL REVIEW**Reserves Policy**

The governors review the reserve levels of the Academy regularly. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves.

The governors continue to invest a significant proportion of the reserves into the development of the school environment. This year this includes a new Humanities staircase - to ease lesson change corridor congestion and the structural refurbishment of the toilet blocks in the main and science block to unisex toilet facilities, which utilised £310k of reserve funding.

The current balance of unrestricted funds held is £432,000 (2017: £412,000)

The governors have agreed that a balance of £250k in the reserves account will enable the school to operate in a safe and manageable manner, providing an adequate contingency.

The value of free reserves after deducting 4 weeks working capital requirements are £367,000.

Investment Policy and Plans for the Future

The governors have invested considerable school funds to develop the facilities as outlined in the strategic development plan over the past five years. As such reserves balances have been utilised for these capital balances, which will bring us to the position of reviewing the strategic development plan for the next five years. The next goal on the schools horizon is that of the A level provision at the Glos Col Cinderford Campus, which is currently under consultation, with an anticipated delivery from September 2019, a decision on the approval should be given by December 2018. This will guide future plans for the school site and education provision.

GOVERNORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)**Funding****Fundraising**

Dene Magna School enlist the services of FDMA - Friends of Dene Magna Association to raise money on their behalf. They consist of a committee made up of staff, parents and volunteers who operate on a volunteer basis. All monies raised are held independently by FDMA and school departments apply for funding assistance several times a year. The bids are considered using a criteria model and then funding is donated via cheque for the appropriate values to the school. The FDMA are registered with the charity commission - 293390 and report annual accounts are per the regulations.

Under the provisions of the Charities (Protection and Social Investment) Act 2016 the academy trust approach to fundraising practices is as follows:

- Fundraising in the school is co-ordinated by Houses for specific events - each of these has an income and expenditure sheet for the event. This year the general charities raised £1,736.79 - two of the larger causes were Children in Need = £726.91 and Mc Millian yr7 cake sale = £538.07, the rest was raised for air ambulance, Scouts and Pancreatic cancer.
- The academy only generates small values of money for its house nominated charities each year. This year Foley has raised £300, Dowty £390, Jenner £683 and Wilson £725. Cheques are issued annually to the nominated charity organisations.
- The academy trust has a complaints procedure as listed under the school's policy.
- The academy trust protects the public, including vulnerable people, from unreasonably intrusive or persistent fundraising approaches, and undue pressure to donate.

Most of the Academy's income is obtained from the DFE in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DFE during the year ended 31 August 2018 and the associate expenditure are shown as restricted funds in the Statement of Financial Activities.

The Academy also receives grants for capital investment. In accordance with the Charities Statement of Recommended Practice, "Accounting and Reporting by Charities(SORP 2015), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During the year ended 31 August 2018, total expenditure of £5,178,000 (2017: £4,902,000), the excess of expenditure over income for the year (excluding restricted fixed assets) was £5,000 (2017: £196,000 excess income over expenditure).

As at 31 August 2018 the net book value of the fixed assets was £12,083,000 (2017: £12,106,000) and movements in tangible fixed assets are shown in note 12 to the financial statements. The assets were used exclusively for providing education and the associate support services to the students of the Academy and benefit of the community.

The company operates a defined benefit pension scheme for support staff and is therefore required to recognise the assets and liabilities of the pension fund on its balance sheet. The academy has obtained a valuation report from its actuaries, Hymans Robertson LLP, which shows that at 31 August 2018 the scheme has assets of £2,653,000 (2017 : £2,299,000) and liabilities' of £4,374,000 (2017 : £4,244,000) with a pension deficit of £1,721,000 (2017 : £1,945,000). The Directors recognise that this is not a significant issue as the scheme has only 6 current pensioners in payment and 54 active and contributing members. This liability is therefore expected to reduce as scheme member contributions continue.

Risk Management

The academy continues to undertake work to further develop systems of internal control, including financial, operational and risk management designed to protect the Academy's assets and reputation.

Outlined below is a description of the principal risk factors that may affect the Academy. Not all the factors are within the Academy's control. Other factors besides those listed below may also adversely affect the Academy.

GOVERNORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)**Government Funding**

The Academy has considerable reliance on continued Government funding through the ESFA. In the period under review 97% (2017: 93%) of the income was ultimately public funded and this level of requirement is expected to continue. There are no assurances that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms. Indeed the Government is currently consulting on a revised system of school funding.

This risk is mitigated in a number of ways:

- Funding is derived through a number of agreements such as letting of facilities to derive additional income streams.
- By ensuring the Academy is rigorous in delivering high quality education and training, thus attracting the maximum pupils
- Continuing to monitor Government funding proposals and make provision accordingly.

Pupil Numbers

The school is oversubscribed against population trends in the area, and we hold a waiting list for pupils wishing to attend the school. The Governors have reviewed and amended the admissions policy to enable expansion of the catchment area in line with the local authority agreement and will continue with this to create a more natural geographical catchment. Governors are working with the LA to alleviate issues around appeals in year 7.

Academic Performance

The student achievements add to the reputation of the school and the ability to deliver the optimum results. Close attention is paid to monitoring students predicted grades and forecasts and remedial measures installed to support staff and pupils to ensure results are consistently good.

The progress, standards and teaching committee continues to monitor the academic performance and curriculum offer.

The school continues to offer a balanced and future proof curriculum.

Pupil Premium funding is utilised to assist with student interventions for entitled students, to ensure maximum progress is achieved.

Maintain adequate funding of pension liabilities

The Financial statements report the share of the pension scheme deficit on the Academy's balance sheet in line with the requirement of FRS 102. Whilst this currently shows a large liability, the Governors do not believe this poses any risk to the school as the pension scheme has many contributing members. The liability is therefore anticipated to reduce steadily.

Plans for Future Periods

The Academy will continue striving to improve levels of academic performance and has rigorous targets and monitoring strategies in place to achieve this.

The Academy will continue to review the quality of service and value for money of external service providers to ensure that these fully meet the needs of our learners.

GOVERNORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)**Auditor**

In so far as the Governors are aware:

- There is no relevant audit information of which the Charitable Company's auditor is unaware; and
- The Governors have taken all steps that they should have taken to make themselves aware of any relevant audit information, and to ensure that the auditor is aware of that information.

The financial audit provision was put to tender in February 2018 and UHY Hacker Young were reappointed for three years with an option on a fourth year. They are the auditors for 1 September 2017 - 31 August 2018.

The report to the Governors was approved by the governors on 13 November 2018 and signed on their behalf by:



.....
Paul Weiss
Chair of Governors

GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 AUGUST 2018**Scope of Responsibility**

As Governors, we acknowledge we have overall responsibility for ensuring that Dene Magna School has an effective and appropriate system of control, financial and otherwise. However such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The board of Governors has delegated the day-to-day responsibility to the Head Teacher, 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 Dene Magna School and the Secretary of State for Education. They are also responsible for reporting to the board of Governors any material weaknesses or breakdowns in internal control.

Governance

The governing body has formally met 5 times during the year. Attendance during the year at meetings was as follows:

Governor	Meetings attended	Meetings Held
P Weiss (Chair)	5	5
K Hacker	5	5
A Rose (Responsible officer)	4	5
J Peryer	-	5
G Nutt (New Deputy Chair)	1	5
S Brady (Head teacher)	4	5
P Adams	5	5
L Pitcher Leigh	2	5
J Foot	5	5
M Reid	3	5
P Didcote	4	5
J James	4	5
L Holland	3	5
A Harrington	2	2
J Ray (Company secretary)	5	5

The finance, facilities and personnel committee is a sub-committee of the main governing body. Its purpose is to monitor and advise on the finances of the school. Attendance at meetings in the year was as follows:-

Governor	Meetings attended	Out of a Possible
P Weiss (Chair)	5	5
P Didcote	4	5
J Peryer	-	5
J Ray (Company secretary)	5	5
S Brady	5	5
L Holland (Appointed 15 May)	1	5
P Adams	5	5

Governance Review

The Academy trust reviews its governance arrangements on an annual basis. The outcome of the governance review is as follows:

- With the review of the committees and the pre set agenda coverage, the governors skill base was reviewed. With the resignation of several members at the end of 2016-17, and the previous vacancy, a rigorous process of recruitment was started, adverts for suitable governors were placed, an interview
- The new committees will self review over the next twelve months, and if required further training or skills will be sought.

The strategic board are now planning to focus on Dene Magna and the teaching alliance and sixth form opportunities that arise through this.

GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)**Governance Review (cont'd)**

An annual self review of governance has been performed as defined by the National College for Teaching and Leadership. A summary of key points include:-

- the make up the academy is well established and the reputation is strong
- the activities of the academy are being undertaken in accordance with the academies articles of association;
- there is clarity of vision, ethos and strategic direction;
- the headteacher and the leadership team are held to account for the education of performance of the school and its pupils;
- the financial performance of the school is monitored and value for money obtained;
- governance by the Board of Trustees is effective.

The Academy Trust intends to carry out its next self evaluation in the second term of the next academic year.

Review of Value for Money

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

The accounting officer considers how the trust's use of its resources has provided good value for money during each academic year, and reports to the board of Governors 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:

- Best ever Exam results in all key areas:- Basics 4+ & 5+, progress 8, Attainment 8, EBAC and diminishing the difference between Pupil premium and non PP
- Introduction of papercut a control package to monitor photocopier provision
- Implementation of a new MIS Progresso database
- Security and gate perimeter access control was introduced, following the new reception area
- Installataion of new servers and WIFI technology to improve classroom teaching and learning
- Insurance tender review - opted for Zurich from September 2018 instead of RPA due to cost savings
- Contract service tender review for Groundsmaintenance, waste, Electricity, Audit provision
- Continued use of chrome books for department to assist with learning research.
- Completion of additional building projects - Main and science toilet blocks, and introduction of a new Humanities staircase to ease corridor congestion.

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 Dene Magna School 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 governing body 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 governing body is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy's significant risks that has been in place for the year 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the governing body.

GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)**The Risk and Control Framework**

The academy'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 governing body;
- regular reviews by the facilities 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 governing body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Governors have appointed Tony Rose, a governor, to carry out a programme of internal checks. In particular the checks carried out in the current period include:

- testing of payroll systems
- testing of purchase systems
- testing of control account/bank reconciliations.

The reviewer's role includes giving advice on financial matters and performing a range of checks on the academy's financial systems. On a quarterly basis, the reviewer reports to the board of governors on the operation of the systems of control and on the discharge of the board of governors' financial responsibilities. The reviewer has delivered their schedule of work as planned, and no material control issues were identified.

Review of Effectiveness

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

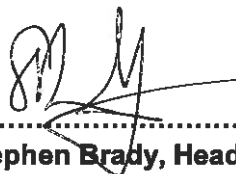
- the work of the reviewer;
- the work of the external auditor;
- the financial management and governance self assessment process;
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Facilities 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 governing body on 13 November 2018 and signed on its behalf by:



.....
Paul Weiss
Chair of Governors



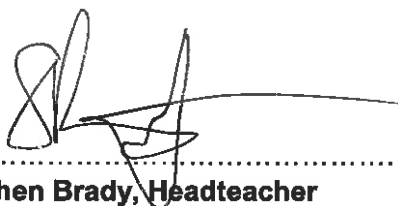
.....
Stephen Brady, Headteacher
Accounting Officer

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE FOR THE YEAR ENDED 31 AUGUST 2018

As accounting officer of Dene Magna School I have considered my responsibility to notify the academy governing body and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State. 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 governing body are able to identify any material irregular or improper use of funds by the academy, or material non-compliance with the terms and conditions of funding under the academy'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 governing body and the ESFA.

A handwritten signature in black ink, appearing to be 'S. Brady', with a long horizontal line extending to the right.

Stephen Brady, Headteacher
Accounting Officer

13 November 2018

STATEMENT OF GOVERNORS' RESPONSIBILITIES FOR THE YEAR ENDED 31 AUGUST 2018

The Governors (who act as trustees of Dene Magna School and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Governors' Report and the financial statements in accordance with the Annual Accounts Direction issued by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Governors to prepare financial statements for each financial year. Under company law the Governors 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 Governors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards FRS102 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Governors 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 Governors 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 the ESFA/DfE have been applied for the purposes intended.

The Governors 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 board of governors on 13 November 2018 and signed on its behalf by:



Paul Weiss
Chair of Governors

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DENE MAGNA SCHOOL FOR THE YEAR ENDED 31 AUGUST 2018**Opinion**

We have audited the financial statements of Dene Magna School (the 'academy trust') for the year ended 31 August 2018 which comprise Statement of Financial Activities, the Balance Sheet and the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education and Skills Funding Agency.

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

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

- the governors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the governors 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DENE MAGNA SCHOOL FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)**Other information**

The governors are responsible for the other information. The other information comprises the information included in the governors' report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the governors' report (incorporating the strategic report and the governors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the governors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the academy trust and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the governors' 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 governors

As explained more fully in the governors' responsibilities statement set out on page 15, the governors (who are also the directors of the academy trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the governors 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 governors 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 governors either intend to liquidate the academy trust or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DENE MAGNA SCHOOL FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)**Auditor's responsibilities for the audit of the financial statements**

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

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 on 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 governors.
- Conclude on the appropriateness of the governors' 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 auditor's 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 auditor's 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.



Malcolm Winston

Senior Statutory Auditor

UHY Hacker Young (Birmingham) LLP, Statutory Auditor

9-11 Vittoria Street

Birmingham

B1 3ND

13 November 2018

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO DENE MAGNA SCHOOL AND THE EDUCATION AND SKILLS FUNDING AGENCY FOR THE YEAR ENDED 31 AUGUST 2018

In accordance with the terms of our engagement letter dated 11 July 2018 and further to the requirements of the Education and Skills Funding Agency (ESFA), as included in the Academies Accounts Direction 2017/8 we have carried out an engagement to obtain limited assurance about whether, the expenditure disbursed and income received by Dene Magna School 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 Dene Magna School and the ESFA in accordance with our engagement letter. Our review has been undertaken so that we might state to Dene Magna School and the ESFA those matters we are required to state to it 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 Dene Magna School and the ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Dene Magna School's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Dene Magna School's funding agreement with the Secretary of State for Education dated 1 July 2011, 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 2017/18. We report to you whether, anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 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.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2017/18 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.

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY
TO DENE MAGNA SCHOOL AND THE EDUCATION AND SKILLS FUNDING AGENCY FOR
THE YEAR ENDED 31 AUGUST 2018 (cont'd)**

The work undertaken during the audit included:

- Consideration and corroboration of the evidence supporting the accounting officers statement on regularity, propriety and compliance;
- Evaluation of the general control environment of the academy trust, extending the procedures required for financial statements to include regularity;
- Discussions with and representations from the Accounting Officer and other Key management personnel;
- An extension of substantive testing from our audit of the financial statements to cover matters pertaining to regularity, propriety and compliance in particular checking that selected items were appropriately authorised, and appropriate.

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2017 to 31 August 2018 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Reporting Accountant
UHY Hacker Young (Birmingham) LLP
9-11 Vittoria Street
Birmingham
B1 3ND

13 November 2018

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 AUGUST 2017**(Including Income and Expenditure Account)**

		Unrestricted	Restricted	Restricted		
	Note	Funds	General	Fixed	Total	Total
		£'000	Funds	Asset	2018	2017
		£'000	£'000	Funds	£'000	£'000
Income from:						
Donations and capital grants	3	17	-	18	35	787
Charitable activities:						
- Funding for the academy trust's educational operations	4	-	4,444	-	4,444	4,396
Teaching school	4&26	-	40	-	40	40
Other trading activities	5	124	259	-	383	412
Investments	6	2	-	-	2	-
Total		143	4,743	18	4,904	5,635
Expenditure on:						
Raising funds	7	123	271	-	394	310
Charitable activities:						
- Academy trust's educational operations	7	-	4,453	287	4,740	4,536
Teaching school	7 & 26	-	44	-	44	56
Total		123	4,768	287	5,178	4,902
Net income/(expenditure)		20	(25)	(269)	(274)	733
Transfers between funds		-	(246)	246	-	-
Other recognised gains and losses						
Actuarial gain on defined benefit pension schemes	25	-	351	-	351	604
Net movement in funds		20	80	(23)	77	1,337
Reconciliation of funds						
Total funds brought forward	17	412	(1,465)	11,948	10,895	9,558
Total funds carried forward	17	432	(1,385)	11,925	10,972	10,895

All of the academy trust's activities derive from acquisitions and continuing operations during the above two financial periods.

BALANCE SHEET AS AT 31 AUGUST 2018

	Note	2018 £'000	2017 £'000
Fixed assets			
Tangible assets	12	<u>12,083</u>	<u>12,106</u>
		<u>12,083</u>	<u>12,106</u>
Current assets			
Debtors	13	105	92
Cash at bank and in hand		<u>1,038</u>	<u>1,167</u>
		<u>1,143</u>	<u>1,259</u>
Current liabilities			
Creditors: Amounts falling due within one year	14	<u>(422)</u>	<u>(371)</u>
Net current assets		<u>721</u>	<u>888</u>
Total assets less current liabilities		12,804	12,994
Creditors: Amounts falling due after more than one year			
	15	<u>(111)</u>	<u>(154)</u>
Net assets excluding pension liability		<u>12,693</u>	<u>12,840</u>
Defined benefit pension scheme liability	25	(1,721)	(1,945)
Total Net Assets		<u><u>10,972</u></u>	<u><u>10,895</u></u>
Funds of the Academy:			
Restricted funds			
- Fixed asset fund	16	11,925	11,948
- Restricted income fund	16	336	480
- Pension reserve	16	<u>(1,721)</u>	<u>(1,945)</u>
Total Restricted Funds		<u>10,540</u>	<u>10,483</u>
Unrestricted income fund	16	<u>432</u>	<u>412</u>
Total Unrestricted Funds		<u>432</u>	<u>412</u>
Total Funds		<u><u>10,972</u></u>	<u><u>10,895</u></u>

The financial statements on pages 22 to 45 were approved by the governors and authorised for issue on 13 November 2018 and are signed on their behalf by:


Paul Weiss
Chair of Governors

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 AUGUST 2018

	Notes	2018 £'000	2017 £'000
Cash flows from operating activities			
Net cash provided by operating activities	21	161	461
Cash flows from investing activities	22	(244)	(357)
Cash flows from financing activities	23	(46)	(11)
Change in cash and cash equivalents in the reporting period		<u>(129)</u>	<u>93</u>
 Cash and cash equivalents at 1 September	24	1,167	1,074
Cash and cash equivalents at 31 August	24	<u>1,038</u>	<u>1,167</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018**1 Statement of Accounting Policies**

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

Basis of Preparation

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities : Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Dene Magna School meets the definition of a public benefit entity under FRS 102.

Going Concern

The trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Income

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

- **Grants**

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

Capital grants are recognised when receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance sheet in creditors; amounts falling due within one year in deferred income.

- **Donations**

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

- **Other income**

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

- **Donated goods, facilities and services**

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)

- **Donated goods, facilities and services (cont'd)**

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

Expenditure

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

- **Expenditure on Raising Funds**

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

- **Charitable Activities**

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

All resources expended are inclusive of irrecoverable VAT.

Tangible Fixed Assets

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

Assets costing less than £300 are written off in the year of acquisition. All other assets are capitalised.

Depreciation is provided on a straight line basis on the cost of tangible fixed assets, to write them down to their estimated residual values over their expected useful lives. The principal annual rates used for assets are:

Freehold buildings	50 years straight line basis
Building improvements	10 and 25 years for improvements
Furniture and equipment	5 years straight line basis
Computer equipment and software	5 years straight line basis

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)**Leased assets**

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

Financial Instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 13. Prepayments are not financial instruments.

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

Financial liabilities - trade creditors, accruals and other creditors are financial instrument, and are measured at amortised cost as detailed in note 14 and 15. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

Stocks

Catering stocks are valued at the lower of cost and net realisable value and heating oil stocks are valued at the lower of cost.

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.

Pensions Benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 25, 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 the scheme introductions, benefit changes, settlements and curtailments.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)**Pensions Benefits (cont'd)**

They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

Fund Accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the academy trust at the discretion of the trustees. Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by funders where the asset acquired or created is held for a specific purpose.

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

Critical accounting estimates and areas of judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The academy trust makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 275, 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.

Critical areas of judgement

The critical judgements that the Trustees have made in the process of applying the Academy Trust's accounting policies that have the most significant effect on the amounts recognised in the statutory financial statements are discussed below:

The critical areas of judgement are accounting for government grants, accounting for the write down of assets through depreciation and accounting for the pension liability. Government grants are accounted for as restricted funds. The pension liability is assessed by an independent actuarial valuation. Depreciation rates are based on the expected life of the asset.

In assessing whether there have been any indicators of impairment assets, the Trustees have considered both external and internal sources of information such as market conditions, counterparty credit ratings and experience of recoverability. There have been no indicators of impairments identified during the current financial year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)

	2018 £'000	2017 £'000
2 GENERAL ANNUAL GRANT (GAG)		
a. Results and Carry Forward for the Year		
GAG brought forward from previous year	422	311
GAG allocation for current year	3,937	3,862
Total GAG available to spend	4,359	4,173
Recurrent expenditure from GAG	(3,802)	(3,642)
Fixed assets purchased from GAG	(246)	(109)
GAG carried forward to next year	311	422
Maximum permitted GAG carry forward at end of current year 12% (2017: 12%) of allocation for current year	472	463
GAG to surrender to DfE	(161)	(41)
(12% rule breached if result is positive)	(no breach)	(no breach)
b. Use of GAG Brought Forward from Previous Year for Recurrent Purposes		
(Of the amount carried forward each year, a maximum of 2% of GAG can be used for recurrent purposes. Any balance, up to a maximum of 12% (2017: 12%), can only be used for capital		
Recurrent expenditure from GAG in current year	3,802	3,642
GAG allocation for current year	(3,937)	(3,862)
GAG allocation for previous year x 2%	(77)	(76)
GAG b/fwd from previous year in excess of 2%, used on recurrent expenditure in current year	(212)	(296)
(2% rule breached if result is positive)	(no breach)	(no breach)

Under the funding agreement with the Secretary of State the academy trust was subject to limits at 31 August 2018 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward of which 2% could be used for general recurrent purposes,

The academy trust has not exceeded these limits during the year ended 31 August 2018.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2018 £'000	Total 2017 £'000
3 DONATIONS AND CAPITAL GRANTS				
Devolved formula capital grant	-	18	18	17
Condition improvement fund grant	-	-	-	755
Donations	17	-	17	15
	<u>17</u>	<u>18</u>	<u>35</u>	<u>787</u>

The income from donations and capital grants was £35,000 (2017 : £787,000) of which £17,000 (2017 : £1,000) was unrestricted, £Nil (2017 : £14,000) restricted and £18,000 (2017 : £772,000) restricted fixed assets.

4 FUNDING FOR THE ACADEMY TRUST'S EDUCATIONAL OPERATIONS

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2018 £'000	Total 2017 £'000
DfE/ESFA grants				
General annual grant (GAG) (note 2)	-	3,937	3,937	3,882
Free School Meals from GAG	-	-	-	(20)
Year 7 catch up	-	15	15	15
Pupil Premium	-	156	156	139
Other DfE/ESFA	-	-	-	12
Schools games organiser	-	24	24	10
Teaching school grant	-	40	40	40
School to School grant	-	6	6	16
	<u>-</u>	<u>4,178</u>	<u>4,178</u>	<u>4,094</u>
Other Government grants				
SEN grant - GCC	-	263	263	282
Pupil Premium -GCC	-	25	25	44
	<u>-</u>	<u>288</u>	<u>288</u>	<u>326</u>
Other income from the Academy Trust's Educational Operations				
	-	18	18	16
	<u>-</u>	<u>18</u>	<u>18</u>	<u>16</u>
	<u>-</u>	<u>4,484</u>	<u>4,484</u>	<u>4,436</u>

The income from the academy trusts' other educational operations was restricted for both 2018 and 2017.

5 OTHER TRADING ACTIVITIES

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2018 £'000	Total 2017 £'000
Facilities and lettings	1	-	1	2
Catering	123	-	123	133
Pupil trips	-	242	242	262
Community income	-	17	17	15
	<u>124</u>	<u>259</u>	<u>383</u>	<u>412</u>

The income from the academy trusts' other trading activities was £383,000 (2017: £412,000) of which £124,000 (2017: £135,000) was unrestricted and £259,000 (2017: £277,000) was restricted.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2017 £'000	Total 2016 £'000
6 INVESTMENT INCOME				
Bank interest received	2	-	2	-
	<u>2</u>	<u>-</u>	<u>2</u>	<u>-</u>

The income from the academy trusts' other trading activities was unrestricted for both 2018 and 2017.

7 EXPENDITURE**Non Pay Expenditure**

	Staff Costs £'000	Premises £'000	Other Costs £'000	Total 2018 £'000	2017 £'000
Expenditure on raising funds					
- Direct costs	-	-	-	-	-
- Allocated support costs	64	-	330	394	310
Academy's educational operations					
Direct costs	3,031	-	735	3,766	3,530
Allocated support costs	589	273	112	974	1,006
Teaching School	42	-	2	44	56
	<u>3,662</u>	<u>273</u>	<u>849</u>	<u>4,784</u>	<u>4,592</u>
	<u>3,726</u>	<u>273</u>	<u>1,179</u>	<u>5,178</u>	<u>4,902</u>

The expenditure was £5,178,000 (2017 : £4,902,000) of which £123,000 (2017 : £55,000) was unrestricted, £4,768,000 (2017 : £4,612,000) restricted and £287,000 (2017 : £235,000) restricted fixed assets.

Net income/(expenditure) for the year includes:

	Total 2018 £'000	Total 2017 £'000
Operating leases rentals	40	31
Depreciation	287	235
Fees payable to auditor for:		
Audit	7	6
Other services	3	2

8 CHARITABLE ACTIVITIES

Direct costs - educational operations	3,766	3,530
Support costs - educational operations	974	1,006
	<u>4,740</u>	<u>4,516</u>

Analysis of Support Costs

Support staff costs	589	514
Technology costs	9	7
Premises costs	273	269
Other support costs	93	207
Governance	10	9
	<u>974</u>	<u>1,006</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)

9 STAFF

	Total 2018 £'000	Total 2017 £'000
a Staff costs		
Staff costs during the year were:		
Wages and salaries	2,785	2,706
Social security costs	246	243
Operating costs of defined benefit pension schemes	671	642
	<u>3,702</u>	<u>3,591</u>
Agency staff costs	1	4
Staff restructuring costs	23	3
	<u>3,726</u>	<u>3,598</u>
	2018 £'000	2017 £'000
Staff restructuring costs comprise:		
Redundancy payments	23	-
Severance payments	-	3
	<u>23</u>	<u>3</u>

b Staff severance payments

Included in staff restructuring costs are non statutory/non contractual severance payment totalling £Nil (2017 : £2,900).

c Staff numbers

The average number of persons (including senior management team) employed by the academy trust during the year ended 31 August 2018 expressed as whole persons was as follows:

	2018 No	2017 No
Charitable Activities		
Teachers	68	69
Administration and support	15	15
Management	7	6
	<u>90</u>	<u>90</u>

d Higher paid staff

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

	No	No
£60,001 - £70,000	1	2
£90,001 - £100,000	1	1

e Key management personnel

The key management of the academy trust comprise the governors and the senior management team as listed on page 3. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy trust was £465,762 (2017 : £465,291).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)**10 RELATED PARTY TRANSACTIONS - TRUSTEES' REMUNERATION AND EXPENSES**

One or more governors has been paid remuneration or has received other benefits from an employment with the academy trust. The Head teacher and other staff governors receive remuneration in respect of services they provide undertaking the roles of Principal and staff and not in respect of their services as governors. Other governors did not receive any payments, other than expenses, from the Academy in respect of their role as governors. The value of governors remuneration and other remuneration was as follows:

S Brady (Headteacher):

Remuneration	£90,000 - £95,000	(2017: £90,000 - £95,000)
Employers pension cont's	£15,000 - £20,000	(2017: £10,000 - £15,000)

S Albon (Assistant Headteacher) (Left 31 August 2017):

Remuneration	£Nil - £Nil	(2017: £55,000 - £60,000)
Employers pension cont's	£Nil - £Nil	(2017: £5,000 - £10,000)

P Adams (Staff Governor):

Remuneration	£35,000 - £40,000	(2017: £30,000 - £35,000)
Employers pension cont's	£10,000 - £15,000	(2017: £10,000 - £15,000)

L Pitcher Leigh (Staff Governor) (Left 31 December 2017):

Remuneration	£15,000 - £20,000	(2017: £45,000 - £50,000)
Employers pension cont's	£Nil - £5,000	(2017: £5,000 - £10,000)

A Harrington (Staff Governor):

Remuneration	£35,000 - £40,000	(2017: £30,000 - £35,000)
Employers pension cont's	£10,000 - £15,000	(2017: £10,000 - £15,000)

During the year ended 31 August 2018, travel and subsistence expenses totalling £720 (2017: £770) were reimbursed or paid directly to the 5 staff governors for alliance work organised through the teaching school (2017: 3 governors).

Other related party transactions including trustees are set out in note 28.

11 GOVERNORS' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the Academy has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £2,000,000 on any one claim which is included within the EFA's risk protection arrangement. For the year ended 31 August 2018 the total cost of the ESFA's risk protection arrangement was £16,100 (2017: £15,560).

The cost of this insurance is included in the total insurance cost.

12 TANGIBLE FIXED ASSETS

	Freehold Land & Buildings	Computer Equipment	Fixtures & Fittings	Total
Cost	£'000	£'000	£'000	£'000
At 1 September 2017	13,190	169	116	13,475
Additions	239	5	20	264
Transfers	-	-	-	-
Disposals	-	-	-	-
At 31 August 2018	13,429	174	136	13,739
Depreciation				
At 1 September 2017	1,184	128	57	1,369
Charged in year	259	10	18	287
Disposals	-	-	-	-
At 31 August 2018	1,443	138	75	1,656
Net book value				
At 31 August 2018	11,986	36	61	12,083
At 31 August 2017	12,006	41	59	12,106

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)

13 DEBTORS

	2018	2017
	£'000	£'000
Trade debtors	2	1
VAT recoverable	19	28
Other debtors	84	63
	<u>105</u>	<u>92</u>

14 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018	2017
	£'000	£'000
ESFA Loan	33	33
Salix loan	11	12
Trade creditors	120	75
Accruals and deferred income	258	251
	<u>422</u>	<u>371</u>

Deferred Income

	2018	2017
	£'000	£'000
Deferred income at 1 September 2017	120	128
Resources deferred in the year	86	120
Amounts released from previous years	(120)	(128)
Deferred income at 31 August 2018	<u>86</u>	<u>120</u>

At the balance sheet date the Academy was holding funds received in advance for 2018/19 school games organiser £13,883 (2017 : £13,883), teaching school grant £Nil (2017 : £40,000), Linpilcare Trust £18,088 (2017 : £13,315), primary school cluster £4,509 (2017 : £3,545), trips income £Nil (2017: £22,367), local authority pupil premium £18,674 (2017 : £29,257), rates relief £Nil (2017: £10,563), School to School Grant £Nil (2017 : £8,300), GTEP Funding £Nil (2017: £800), (2017 : £Nil) and Forest High Grant £31,071 (2017 : £Nil)

15 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2018	2017
	£'000	£'000
ESFA CIF Loan	92	125
Salix loan	19	29
	<u>111</u>	<u>154</u>

Included within creditors is an ESFA approved interest free salix loan with a maturity dates 1 March 2021. An ESFA condition improvement fund loan has also been taken out at an interest rate of 1.75% a year repayable in equal annual instalments with a maturity date of 1 August 2022.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)

16 FUNDS

The income funds of the academy comprise the following balances of grants to be applied for specific purposes:

	Balance at 1 September 2017 £'000	Incoming Resources £'000	Resources Expended £'000	Gains, Losses & Transfers £'000	Balance at 31 August 2018 £'000
Restricted general funds					
General annual grant (GAG) (note i)	422	3,937	(3,802)	(246)	311
Community fund (note ii)	-	17	(17)	-	-
Other LA Grants (note iii)	-	30	(30)	-	-
Other DFE revenue grants (note iv)	-	209	(209)	-	-
Linpilcare Income (note v)	-	10	(10)	-	-
SEN grant (note vi)	-	258	(258)	-	-
Private trips fund (note vii)	54	242	(271)	-	25
ESFA ACMF (note ix)	-	-	-	-	-
Teaching School Grant	4	40	(44)	-	-
	<u>480</u>	<u>4,743</u>	<u>(4,641)</u>	<u>(246)</u>	<u>336</u>
Restricted fixed asset funds					
Fixed asset fund - all funds (note viii)	10,003	-	(209)	-	9,794
ESFA ACMF (note ix)	4	-	(2)	-	2
Lottery grant (note x)	4	-	(1)	-	3
Assets Capitalised	1,620	-	(32)	-	1,588
Devolved Formula Capital	34	18	(6)	-	46
Capital expenditure from GAG	283	-	(37)	246	492
	<u>11,948</u>	<u>18</u>	<u>(287)</u>	<u>246</u>	<u>11,925</u>
Restricted pension scheme liability					
Pension reserve	(1,945)	-	(127)	351	(1,721)
	<u>(1,945)</u>	<u>-</u>	<u>(127)</u>	<u>351</u>	<u>(1,721)</u>
Total restricted funds	10,483	4,761	(5,055)	351	10,540
Unrestricted funds					
Unrestricted funds	412	143	(123)	-	432
Total unrestricted funds	412	143	(123)	-	432
Total funds	10,895	4,904	(5,178)	351	10,972

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)**16 FUNDS (cont'd)****Notes**

- i) General Annual Grant must be used for the normal running costs of the academy. The academy is allowed to carry forward up to 12% (2017 : 12%) of the current (GAG). Of the carried forward amount, up to 2% of GAG can be used for general purposes at the discretion of the academy, but any balance over 2% must be used for capital purposes. Note 2 discloses whether the limit was exceeded.
- ii) Community fund are funds raised within the community for the use of the facilities at the school.
- iii) Grants received from the local authority in respect of additional teaching requirements.
- iv) Pupil premium grant has been used to support children placed at the academy from the local authority.
- v) Linpilcare income is received as part of International School Grant which provides delivery of courses for reaching outstanding education across Europe.
- vi) SEN funding has been used to support deprived children from outside the local authority.
- vii) Private trips fund has been used to pay for educational trips and school activities in the future.
- viii) DFE capital grant restricted fixed asset fund represents the value of assets transferred to the academy upon conversion from the Local Authority.
- ix) Academy capital maintenance fund received from the ESFA for the maintenance of capital assets within the school.
- x) Lottery grant received for the purchase of new capital equipment.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)

16 FUNDS (cont'd)

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

	Balance at 1 September 2016 £'000	Incoming Resources £'000	Resources Expended £'000	Gains, Losses & Transfers £'000	Balance at 31 August 2017 £'000
Restricted general funds					
General annual grant (GAG) (note i)	311	3,862	(3,642)	(109)	422
Community fund (note ii)	10	15	(25)	-	-
Other LA Grants (note iii)	-	326	(326)	-	-
Other DFE revenue grants (note iv)	-	176	(176)	-	-
Linpilcare Income (note v)	-	16	(16)	-	-
SEN grant (note vi)	-	-	-	-	-
Private trips fund (note vii)	47	262	(255)	-	54
ESFA ACMF (note ix)	-	14	(14)	-	-
Teaching School Grant	-	56	(52)	-	4
	368	4,727	(4,506)	(109)	480
Restricted fixed asset funds					
Fixed asset fund - all funds (note viii)	10,223	-	(220)	-	10,003
ESFA ACMF (note ix)	8	-	(4)	-	4
Lottery grant (note x)	5	-	(1)	-	4
ESFA CIF Grant	865	755	(1,620)	-	-
Assets Capitalised	-	-	1,620	-	1,620
Devolved Formula Capital	17	17	-	-	34
Capital expenditure from GAG	184	-	(10)	109	283
	11,302	772	(235)	109	11,948
Restricted pension scheme liability					
Pension reserve	(2,443)	-	(106)	604	(1,945)
	(2,443)	-	(106)	604	(1,945)
Total restricted funds	9,227	5,499	(4,847)	604	10,483
Unrestricted funds					
Unrestricted funds	331	136	(55)	-	412
Total unrestricted funds	331	136	(55)	-	412
Total funds	9,558	5,635	(4,902)	604	10,895

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)

16 FUNDS (cont'd)

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

	Balance at 1 September 2016 £'000	Incoming Resources £'000	Resources Expended £'000	Gains, Losses & Transfers £'000	Balance at 31 August 2018 £'000
Restricted general funds					
General annual grant (GAG) (note i)	311	7,799	(7,444)	(355)	311
Community fund (note ii)	10	32	(42)	-	-
Other LA Grants (note iii)	-	356	(356)	-	-
Other DFE revenue grants (note iv)	-	385	(385)	-	-
Linpilcare Income (note v)	-	26	(26)	-	-
SEN grant (note vi)	-	258	(258)	-	-
Private trips fund (note vii)	47	504	(526)	-	25
ESFA ACMF (note ix)	-	14	(14)	-	-
Teaching School Grant	-	96	(96)	-	-
Capital improvement funding	-	-	-	-	-
	368	9,470	(9,147)	(355)	336
Restricted fixed asset funds					
Fixed asset fund - all funds (note viii)	10,223	-	(429)	-	9,794
ESFA ACMF (note ix)	8	-	(6)	-	2
Lottery grant (note x)	5	-	(2)	-	3
ESFA CIF Grant	865	755	(1,620)	-	-
Assets Capitalised	-	-	1,588	-	1,588
Devolved Formula Capital	17	35	(6)	-	46
Capital expenditure from GAG	184	-	(47)	355	492
	11,302	790	(522)	355	11,925
Restricted pension scheme liability					
Pension reserve	(2,443)	-	(233)	955	(1,721)
	(2,443)	-	(233)	955	(1,721)
Total restricted funds	9,227	10,260	(9,902)	955	10,540
Unrestricted funds					
Unrestricted funds	331	279	(178)	-	432
Total unrestricted funds	331	279	(178)	-	432
Total funds	9,558	10,260	(9,902)	955	10,972

17 ANALYSIS OF NET ASSETS BETWEEN FUNDS

Fund balances at 31 August 2018 are represented by:

	Unrestricted Funds £'000	Pension Restricted Funds £'000	General Restricted Funds £'000	Fixed Assets Restricted Funds £'000	Total £'000
Tangible fixed assets	-	-	-	12,001	12,001
Current assets	426	-	722	(5)	1,143
Current liabilities	-	-	(375)	(42)	(417)
Non-current liabilities	-	-	-	(111)	(111)
Pension scheme liability	-	(1,721)	-	-	(1,721)
	426	(1,721)	347	11,843	10,895

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)**17 ANALYSIS OF NET ASSETS BETWEEN FUNDS (cont'd)**

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

Fund balances at 31 August 2017 are represented by:

	Unrestricted Funds £'000	Pension Restricted Funds £'000	General Restricted Funds £'000	Fixed Assets Restricted Funds £'000	Total £'000
Tangible fixed assets	-	-	-	12,083	12,083
Current assets	432	-	716	(5)	1,143
Current liabilities	-	-	(380)	(42)	(422)
Non-current liabilities	-	-	-	(111)	(111)
Pension scheme liability	-	(1,721)	-	-	(1,721)
	432	(1,721)	336	11,925	10,972
				2018 £'000	2017 £'000
Contracted for, but not provided in the financial statements				Nil	Nil
Authorised by governors, but not yet contracted				Nil	Nil

18 COMMITMENTS UNDER OPERATING LEASES***Operating leases***

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

	2018 Other £000s	2017 Other £000s
Operating leases which expire:		
• Within one year	20	40
• Within two to five years	24	44
	44	84

19 RECONCILIATION OF NET (EXPENDITURE)/INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2018 £'000	2017 £'000
Net (expenditure)/income for the reporting period (as per the statement of financial activities)	(274)	733
Adjusted for:		
Depreciation (note 12)	287	235
Capital grants from DfE and other capital income	(18)	(772)
Interest receivable (note 5)	(2)	-
Defined benefit pension scheme cost less contributions payable (note 25)	77	57
Defined benefit pension scheme finance cost (note 25)	50	49
(Increase)/decrease in debtors	(13)	46
Increase in creditors	54	113
Net cash provided by operating activities	161	461

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)

20 CASH FLOWS FROM INVESTING ACTIVITIES	2018	2017
Interest received	2	-
Purchase of tangible fixed assets	(264)	(1,129)
Capital grants from DfE/ESFA	18	772
Capital funding received from sponsors and others	-	-
Receipts from sale of tangible fixed assets	-	-
Net cash used in investing activities	(244)	(357)
21 CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of borrowing	(46)	(11)
Cash inflows from new borrowing	-	-
Net cash used in financing activities	(46)	(11)
22 ANALYSIS OF CASH AND CASH EQUIVALENTS	At 31 Aug 2018	At 31 Aug 2017
	£'000	£'000
Cash in hand and at bank	1,038	1,167
Total cash and cash equivalents	1,038	1,167

23 CONTINGENT LIABILITIES

During the period of the Funding Agreement, in the event of the sale or disposal by other means of any asset for which a Government capital grant was received, the academy is required either to re-invest the proceeds or to repay to the Secretary of State for Education the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State.

Upon termination of the Funding Agreement, whether as a result of the Secretary of State or the academy serving notice, the academy shall repay to the Secretary of State sums determined by reference to :

- the value at that time of the academy's site and premises and other assets held for the purpose of the academy; and
- the extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the Funding Agreement.

24 MEMBERS' LIABILITY

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he/she ceases to be a member.

25 PENSION AND SIMILAR OBLIGATIONS

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

The total pension cost to the Academy during the year ended 31 August 2018 was £671,000 (2017: £642,607) of which £301,000 (2017: £294,591) relates to the TPS and £370,000 (2017: £348,016) relates to LGPS.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 2012 and of the LGPS 31 March 2016.

Contributions amounting to £Nil were payable to the scheme at 31 August 2018 (2017: £Nil) and are included within creditors.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)**25 PENSION AND SIMILAR OBLIGATIONS (cont'd)****Teachers' Pension Scheme****Introduction**

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

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

Valuation of the Teachers' Pensions 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 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.

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 16.4%))
- 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%

During the previous year the employer contribution rate was 14.1% the TPS valuation for 2012 determined an employer rate of 16.48% 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 costs paid to TPS in the period amounted to £301,000 (2017: £294,591).

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

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

The LGPS is a funded defined benefit scheme, with the assets held in separate trustee administered funds. The total contributions made for the year ended 31 August 2018 was £416,000 (2017: £394,016) of which employer's contributions totalled £370,000 (2017: £348,016) and employees contributions totalled £46,000 (2017: £46,000). The agreed contributions for future years are 31.9% (2017: 31.9%) for employers and 5.5% to 7.5% (2017: 5.5% to 7.5%) for employees.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)**25 PENSION AND SIMILAR OBLIGATIONS (cont'd)****Local Government Pension Scheme**

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 liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

Principal Actuarial Assumptions

The major assumptions used by the actuary were:

	August 2018 % per annum	August 2017 % per annum
Discount rate	2.8%	2.5%
Salary increases	2.7%	2.7%
Pension increase	2.4%	2.4%

Sensitivity analysis for the principal assumptions used to measure the scheme liabilities were as follows:

	At 31 August 2018 Approx %	At 31 August 2018 Approx £'000	At 31 August 2017 Approx %	At 31 August 2017 Approx £'000
	Increase to Employers Liability		Increase to Employers Liability	
Discount rate increased by 0.5% per annum	11.0%	473	11.0%	453
Assumed salary increased by 0.5% per annum	2.0%	69	2.0%	73
Assumed pension increased by 0.5% per annum	9.0%	398	9.0%	373

The mortality assumptions used were as follows:

	2018 years	2017 years
Longevity at age 65 retiring today		
- Men	22.4	22.4
- Women	24.6	24.6
Longevity at age 65 retiring in 20 years		
- Men	24.0	24.0
- Women	26.4	26.4

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)

25 PENSION AND SIMILAR OBLIGATIONS (cont'd)

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

	Fair value at 31 August 2018 £'000	Fair value at 31 August 2017 £'000
Equity instruments	1,831	1,655
Debt instruments	557	437
Property	212	161
Cash/liquidity	53	46
Total market value of assets	2,653	2,299
Present value of scheme liabilities		
- Funded	(2,653)	(2,299)
- Unfunded	(1,721)	(1,945)
Total liabilities	(4,374)	(4,244)
Deficit in the scheme	(1,721)	(1,945)

The actual return on the scheme assets in the year was a surplus of £72,000 (2017: surplus £213,000).

Amounts recognised in the Statement of Financial Activities

	2018 £'000	2017 £'000
Current service cost	320	299
Interest income	(60)	(39)
Interest cost	110	88
Total operating charge	370	348

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)

25 PENSION AND SIMILAR OBLIGATIONS (cont'd)

	2018 £'000	2017 £'000
Changes in deficit during the year		
Balance at 1 September 2017	1,945	2,443
Movement in year:		
- Employer service cost (net of employee contributions)	320	299
- Expected return on scheme assets	(60)	(39)
- Interest cost	110	88
- Employer contributions	(243)	(242)
- Actuarial gains	(351)	(604)
Deficit in the scheme at 31 August 2018	1,721	1,945

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

	2018 £'000	2016 £'000
Scheme liabilities at 1 September 2017	4,244	4,268
Current service cost	320	299
Interest cost	110	88
Contributions by scheme participants	46	46
Benefits paid	(67)	(66)
Actuarial gains	(279)	(391)
Scheme liabilities at 31 August 2018	4,374	4,244

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

	2018 £'000	2016 £'000
Fair value of scheme assets at 1 September 2017	2,299	1,825
Expected return on scheme assets	60	39
Contributions by employer	243	242
Contributions by scheme participants	46	46
Benefits paid	(67)	(66)
Actuarial gains	72	213
Fair value of scheme assets at 31 August 2018	2,653	2,299

The estimated value of employer contributions for the year ended 31 August 2019 is £253,000 (2018: £252,000).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)

26 TEACHING SCHOOL TRADING ACCOUNT

	2018 £'000	2017 £'000
Income	40	40
Total income	40	40
Expenditure		
Direct costs		
Direct staff costs	8	6
Staff development	21	19
Other direct costs	9	9
Total direct costs	38	34
Other costs		
Other support costs	5	1
Share of governance costs	1	1
Total other costs	6	2
Total expenditure	44	36
Transfers between funds excluding depreciation	-	-
Surplus/(deficit) from all sources	(4)	4
Teaching school balances at 1 September 2017 b/fwd	4	-
Teaching school balances at 31 August 2018 c/fwd	-	4

27 RELATED PARTY TRANSACTIONS

Owing to the nature of the academy trust's operations and the composition of the board of trustees being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the board of trustees may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the academy's financial regulations and normal procurement procedures. During the year ended 31 August 2018 there were no related party transactions.

28 EVENTS AFTER THE END OF THE REPORTING PERIOD

There are no material adjusting or non adjusting events arising after the balance sheet date.