

Financial Statements United Church Schools Trust (Limited by Guarantee)

For the Year Ended 31 August 2016



Registered number: 02780748

United Church Schools Trust (Limited by Guarantee)
(A company limited by guarantee)

Index

	Page
Reference and administrative details of the charity and advisers	1 - 2
Trustees	3
Trustees' report	3 - 19
Independent auditor's report	20 - 21
Statement of Financial Activities Incorporating Income and Expenditure Account	22
Balance sheet	23
Cash flow statement	24
Notes to the financial statements	25 - 44

United Church Schools Trust (Limited by Guarantee)
(A company limited by guarantee)

Reference and Administrative Details of the Charitable Company, its Trustees and Advisers

For the Year Ended 31 August 2016

Company registered number	02780748
Charity registered number	1016538
Registered office	Worldwide House Thorpe Wood Peterborough PE3 6SB
Company secretary	Mr S Whiffen
Chief executive officer	Mr J Coles
Senior management team and key management personnel (at 1 September 2016)	Mr J Coles, Chief Executive Officer Ms A Bush, Head of Strategy and Performance Mrs L Johnston, Chief Financial Officer Mr G Harvey-Browne, Director of Estates Mr D Norrish, Group Director of Technology Mrs M Coalter, Director of People Dame S Coates, Director of Secondary Academies (South) Mrs J Woods, Director of Secondary Academies (North) Mr D Lee, Primary Director
Independent auditor	Grant Thornton UK LLP Chartered Accountants Senior Statutory Auditor Grant Thornton House 202 Silbury Boulevard Milton Keynes MK9 1LW
Bankers	Barclays Bank PLC

United Church Schools Trust (Limited by Guarantee)
(A company limited by guarantee)

Reference and Administrative Details of the Charitable Company, its Trustees and Advisers

For the Year Ended 31 August 2016

Advisers (continued)

Solicitors

Hewitsons LLP
Elgin House
Billing Road
Northampton
NN1 5AU

Stone King LLP
91 Charterhouse Street
London
EC1M 6HR

Trustees

Mrs A Crowe, Chair
Mr R Greenhalgh
Mrs L Heaver
Mr E Kock (resigned 30 September 2015)
Mr M Litchfield
Mrs S Squire

Biographies for Trustees can be found at www.unitedlearning.org.uk

Trustees' Report

For the Year Ended 31 August 2016

The Trustees (who are also directors of the Charitable Company for the purposes of the Companies Act) present their annual report together with the audited financial statements of United Church Schools Trust (Limited by Guarantee) (the Charitable Company) for the year ended 31 August 2016. The Trustees confirm that the Trustees' Report and financial statements of the Charitable Company comply with the current statutory requirements, the requirements of the Charitable Company's governing document and the provisions of 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 (FRS102) ("SORP 2015").

Constitution and objects

The United Church Schools Trust (Limited by Guarantee) is registered with the Charity Commission (No. 1016538) and is constituted as a company limited by guarantee, governed by Memorandum and Articles of Association, which were last amended in 2004. The Charitable Company is established for charitable purposes and in accordance with its Memorandum of Association its principal activity is to provide a liberal, practical and general education for children which includes religious instruction in the doctrine and duties of Christianity.

Members of the Board (hereafter called "Trustees")

The present membership of the Board is set out under Reference and Administrative Details. All Trustees served throughout the year except where indicated. The following Trustees were appointed or retired from the Board:

Trustee	Date of resignation or retirement
----------------	--

Mr E Kock	Resigned 30 September 2015
-----------	----------------------------

Each member of the Board of Trustees holds one share in United Church Schools Foundation Limited (UCSF) the ultimate parent undertaking.

Appointment of Trustees

The Board has the power to appoint any person as an additional Trustee or to fill a casual vacancy. A Trustee holds office for three years, after which they must resign. They may remain in office for a further three years with the consent of the Board. Following this, they shall be eligible for re election annually upon the proposal of the Chair.

The training and induction provided for new Trustees is dependent upon their existing experience. Where necessary, induction will provide training on charity, educational, legal and financial matters. All new Trustees are given tours of the United Learning Group's ("the Group") schools and academies and the chance to meet with staff and students. They are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Trustees. Induction is tailored specifically to the individual. The Company Secretary works with the Trustees to identify training needs and steps to keep the trustees updated regarding the regulatory environment.

Trustees' Report (continued)

For the Year Ended 31 August 2016

Governance

The Board of Trustees have delegated their powers and functions to a committee of Trustees known as the Group Board. All the Trustees of United Church Schools Trust ('UCST') are members of the Group Board. Members of the Group Board also include persons who are Trustees of United Learning Trust ('ULT') a subsidiary Charitable Company. The Group Board carries out an annual self evaluation process to review its effectiveness and continue to improve its performance. The Group Board met for a total of 7 meetings during the year and the UCST board of Trustees held 1 independent meeting. Attendance during the year at the meetings of the Trustees was as follows:

Trustee	Group Board meetings attended	Out of a possible	UCST meetings attended	Out of a possible
Mrs A Crowe	7	7	1	1
Mr R Greenhalgh	7	7	1	1
Mrs L Heaver	7	7	0	1
Mr E Kock	0	0	0	0
Mr M Litchfield	7	7	1	1
Mrs S Squire	6	7	0	1

The Board of Trustees delegates clear responsibilities to the Schools' Local Governing Bodies (LGBs), whose purpose is to provide support and challenge to the school on behalf of the Board. The functions and duties of the LGBs are set out in the LGB Terms of Reference. The Group Board maintains links with the LGBs through the Company Secretary, and designated Directors for the schools. The Chairs of the LGBs attend meetings of the Education Board, which meets three times in the academic year and provides advice on strategy and education, further enhancing communications between Local Governing Bodies and the Trustees. The Board of Trustees has four committees which advise on matters defined by their terms of reference. The Committees are the Finance Committee, the Risk and Audit Committee, the Nominations and Salaries Committee and the Education, Standards and Performance Committee. The minutes of the four Committees are made available to the Board of Trustees at meetings of the Group Board and the Chair of the Risk and Audit Committee reports to the Board of Trustees twice a year at meetings of the Group Board.

The Finance Committee's purpose is to:

- ensure that the Charitable Company properly plans the use of its finances and is adequately funded to undertake projected expenditure;
- review and recommend the annual budgets for approval by the board of Trustees;
- monitor financial performance against agreed budgets;
- ensure, with the Risk and Audit Committee, that the Charitable Company's financial statements are supported accurately by management accounts;
- monitor and review the Charitable Company's arrangements in relation to investments and make recommendations to the Board of Trustees in relation to the appointment and removal of investment advisors.

Trustees' Report (continued)

For the Year Ended 31 August 2016

Attendance at meetings in the year was as follows:

Committee member	Meetings attended	Out of possible
Sir A Greener (chair)	5	6
Dr S Critchley	6	6
Mrs A Crowe	6	6
Mr M George	4	6
Mr R Greenhalgh	6	6
Mr M Litchfield	6	6
Mr N Robson	3	6

The Risk and Audit Committee advises the main Board of Trustees. Its purpose is to:

- create and ensure implementation of a risk management framework for the Group and to oversee disaster recovery;
- ensure the accuracy of the Charitable Company's annual financial statements;
- ensure effective audit functions are in place (both external and internal);
- ensure adequate risk management processes are in place;
- ensure an adequate internal control environment is established.

Attendance at meetings in the year was as follows:

Committee member	Meetings attended	Out of a possible
Professor C Coulson-Thomas (chair)	3	3
Mrs K Bowles	3	3
Dr S Critchley	3	3
Mr D D'Arcy Hughes	2	3

A Group Nominations and Salaries Committee is in place whose purpose is to oversee the appointments of the Group Chairman, Directors and Senior Executives and to decide senior salaries and remuneration in line with the Group Board policy guidelines. The committee regularly reviews the terms of office, skills and attributes of the Board of Directors. Recruitment and selection of Directors is based on this and the committee ensures that key skills gaps are identified and addressed. The committee also takes account of Board diversity and strives to ensure the Board composition is diverse particularly in terms of gender and ethnicity. Succession planning has been considered and it is expected that identified future gaps in Board skills and experience will be addressed in the coming year.

The Committee membership is the Chair of the Group Board and the Chairs of UCSF, UCST, ULT and the Chief Executive in attendance. They are advised by the Director of People and Company Secretary as appropriate. The members of the Committee are responsible for recruiting and selecting new Trustees and making recommendations of appointment to the Board.

In considering senior pay, the Committee takes account of the needs of the organisation for skills, experience and personal capabilities to enable it to achieve its objectives and the price of such skills in the labour market. The Committee considers that in order to attract and retain leaders with the skills to achieve organisational objectives, senior pay must be competitive in the marketplace, taking account of the pay rates of comparably senior and skilled employees in other organisations – particularly in comparable organisations in education, in public service and in the charitable sector, and taking account of the transferability of skills into other sectors. The Committee is also mindful of the need for charities and organisations in receipt of public funding to set pay rates which are publicly defensible and seen to be appropriate.

Trustees' Report (continued)

For the Year Ended 31 August 2016

The Committee considers annual pay in relation to the performance of the organisation, and of individuals against their objectives and in their broader contribution and in any changes to job role. The non-executive members of the Committee consider Chief Executive pay on the same basis.

Committee member	Meetings attended	Out of a possible
Mr Richard Greenhalgh (chair)	2	2
Mr Jon Coles	2	2
Mrs Angela Crowe	2	2
Sir Anthony Greener	2	2
Mr Nigel Robson	2	2

In September 2016 a fourth Committee was established, the Group Education Standards and Performance Committee, whose purpose is to:

- ensure that the highest possible standards of education are set and maintained across all schools to ensure all pupils make the best progress they can;
- advise the Group Board with respect to group strategic educational priorities and key performance indicators;
- support the Chief Executive Officer in the creation, implementation and monitoring of the group strategic educational priorities and key performance indicators;
- review, on a regular basis, the performance, constitution, membership, terms of reference and scheme of delegation of local/regional governing bodies to ensure they are operating at maximum effectiveness

The Committee has been appointed by the Trustees and will comprise no more than seven and no fewer than three members, a majority of whom will be Trustees. The initial members of the Committee are Yasmin Bevan, Angela Crowe, Linda Heaver and Nigel Robson.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Charitable Company's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in UCST for the year from 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Board of Trustees has reviewed the key risks to which the Charitable Company is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Charitable Company's significant risks that has been in place for the year from 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

Trustees' Report (continued)

For the Year Ended 31 August 2016

The Charitable Group has a risk register that identifies the 12 key strategic risks facing the Group, the actions taken to mitigate those risks and the owners of those actions. Risk control is exercised by the senior executive team, which reviews the risk register on a monthly basis. The Risk and Audit Committee considers the risk register at each of their meetings. Its views are reported to the Board of Trustees via the Committee's minutes and the Chair's bi annual report to the Group Board.

The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports, which are reviewed and agreed by the Board of Trustees;
- regular reviews by the management and the Finance Committee of reports which indicate financial performance against the forecasts and 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 Group employs an internal auditor who has a direct reporting line to the Chair of the Risk and Audit Committee. The internal auditor's role includes giving advice on financial matters and performing a range of checks on the Charitable Company's financial systems. In particular, the checks carried out in the current period included testing of payroll and purchase systems, testing of control accounts, bank reconciliations and fixed assets, testing of compliance with the scheme of delegation and internal control, a review of financial reporting, fraud investigations, testing of other fundamental financial and non-financial systems and departments, and a review of strategic and operational risks. On a quarterly basis, the internal auditor reports to the Board of Trustees and the Risk and Audit Committee on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

These arrangements can provide only reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period.

Chief Executive

The Trustees delegate the day to day responsibility of the running of the Charitable Company to the Chief Executive.

Connected charities

There is a relationship between United Church Schools Trust (Limited by Guarantee) and other charities as set out in note 25.

Trustees' Report (continued)

For the Year Ended 31 August 2016

Strategic report

Strategies and activities

About United Learning

Founded in 1883 as an educational charity anchored in the Church of England, the Charitable Company manages the operation of a group of Independent Schools to provide education for students of different abilities between the ages of 2 and 18. Its admission policies welcome people from all employment, faiths and backgrounds. In 2001 it created a subsidiary charity, United Learning Trust ("ULT") to extend its work into some of the most challenging inner city areas through the City Academy programme. As at 31 August 2016 United Church Schools Trust sponsors 43 state sector academies through ULT.

The overall aim of the Charitable Company is to promote excellent education, providing strong schools which enable all young people to make a success of their lives.

The roots of our charity can be traced back 130 years, and over this period, we have founded and developed a large number of schools, focused on the most important social and educational challenges of the day. Our strength as a group of schools lies in the unique collaboration between the state and independent sectors, in our national reach and growing regional clusters and in our dedication to continuous improvement and our pursuit of excellence. Our track record in some of the country's most challenging schools is based on structures and systems which ensure high expectations, rigour, enthusiasm and breadth.

As of 31 August 2016, United Learning – the trading name of the Charitable Group – comprises 13 Independent schools, 43 state sector academies and a central office function that serves our schools.

Trustees' Report (continued)

For the Year Ended 31 August 2016

Operating review

Improved Academic Performance

In terms of external examinations, our Independent schools continue to perform well, with strong outcomes at the top grades.

At A Level:

- 19% of entries were awarded A*
- 74% of entries were awarded A*-B
- The overall pass rate was 99%

Notable performances were seen at:

- Guildford High School, which saw 84% of entries achieving A* or A;
- AKS, which improved on all headline measures and where 44% of entries achieved an A* or A, up nine percentage points on 2015;
- Dunottar School, which also improved on all headline measures, in particular in the A*-A and A*-B brackets;
- Bournemouth Collegiate School, where 32% of entries were graded at A* or A, an increase of eleven percentage points on 2015.

For our Independent schools, destinations data for the 2015/16 academic year was also strong; 50% of Sixth Formers went on to take up places at Oxbridge or Russell Group universities.

At GCSE, 91% of students achieved the GCSE headline measure of five or more A* to C grades including English and maths. Within this, performance at the highest grades (A* and A) increased to 59%, exceeding the Group KPI by seven percentage points.

Particular GCSE success was seen at:

- AKS, where the number of entries achieving A*-A grades increased by ten percentage points;
- Guildford High School and Surbiton High School, both of which saw 100% of students achieving five or more A*-C grades including English and maths.

Over the course of the year, two schools received ISI inspections. AKS received a full integrated inspection in February 2016 and was awarded outstanding or good in all categories.

Powerful Knowledge

We have continued to develop and refine the United Learning Curriculum over the course of the year, offering a central common curriculum for schools to follow, adapt and mould as they see fit.

Following the implementation of the new, highly rigorous English and maths curricula at Key Stage 3, we have developed and embedded these at Key Stage 2 along with frameworks for science and computing. We have also designed curricula for science, history, geography, computing, PE and music at Key Stage 3.

In all instances, our focus has been on mastery and ensuring that students are being taught the content they need in order to progress successfully to the next year of their studies, using specially developed KPIs as a method of formative assessment. The curricula have been developed by teachers across United Learning, with direct involvement from Education Leads and overseen by an external Chair of Standards.

Trustees' Report (continued)

For the Year Ended 31 August 2016

Following the 2014/15 pilot of our United Classroom initiative, we completed the first full year of A Level physics and economics teaching via our virtual learning platform. With teaching provided by staff at Paddington Academy and Surbiton High School, the programme has opened up these academic subjects to students whose schools would otherwise be unable to offer them.

Education with Character

While academic excellence is the central focus of the Charitable Company, we place significant value on providing students with an enriched educational experience.

Our schools have continued to devise and develop their individual pupil charters – the promise they make to children about what they can expect to experience each year in addition to their normal classroom learning. As part of this, schools have dedicated extracurricular programmes and bring the curriculum to life with visits from external speakers and trips out into their local communities and beyond.

Furthermore, we encourage sustained and meaningful collaboration between our schools and others through a range of group-wide activities, initiatives and competitions designed to further develop their confidence and soft skills and to ready them for the next stages of their school careers.

Following its establishment in July 2014, the purpose of the United Learning Partnership Fund, is to nurture collaboration between schools and to give students and staff exceptional academic, sporting and cultural experiences.

Through the generosity of donors, we have been able to extend our group-wide enrichment offer. In the Partnership Fund's second academic year, tens of thousands of pupils across the country took part in a range of opportunities in sport, music, leadership, enterprise and more, organised through the central office team and United Learning's Heads of Sport and Music and Performing Arts.

Key projects developed through the Fund this year include the Russell Group Entrance Project, collaborations between our academies and some of the country's best performing independent schools and deep professional development for teachers.

Outstanding People and Leadership

Our success as a Charitable Company is dependent on the excellent people and leadership at all levels of our schools – across the country and centrally. As such, we were very pleased to win HR Magazine's Outstanding Employee Engagement Strategy 2016, which recognised the value we place on our people and the work we do to drive engagement through our Staff Survey and staff conferences throughout the year.

82% of employees responded to our annual Staff Survey. Our Overall Engagement Score (defined by Ipsos Mori as "an employee's willingness to put discretionary effort into their work in the form of time, thought and energy") was 71% which is, well above the education norm of 62%. Similarly, scores on staff's involvement in their jobs, alignment with the Group's aims and values and loyalty exceeded the UK, public sector and education norms.

On other measures:

- 90% of staff agreed that their school strives to provide an excellent education;
- 77% of in-school staff feel like a valued member of their department;
- 86% of staff said they are proud to work in their school/department.

Trustees' Report (continued)

For the Year Ended 31 August 2016

During 2015/16, 81 people commenced their United Teaching training with 74 of these graduating successfully and 36 now teaching in our schools. Of those who graduated during the academic year, 81% of trainees completed their course rated Good or better with 47% judged to be Outstanding.

We have opened three regional training centres in our schools in Swindon, Kettering and Bournemouth with live links to United Hub for training and have opened an additional hub serving Yorkshire and the Humber, based at Sheffield Park Academy.

For the 2016/17 academic year, we have recruited 112 trainees – the largest cohort so far.

All Heads take part in twice termly Group Education Forums and other development opportunities. Over half of Senior Leaders and over a quarter of Middle Leaders have participated in programmes including Masters degrees, coaching training and leadership development.

Over the course of the year, we introduced several new initiatives to develop our senior leaders and deputies in order to ready them for headship. This included establishing a support network for deputy Heads, in which school leaders visit a school to look at a particular area of school improvement, and the secondment of two deputies to other schools within the Group.

Growth of the Group

In the year, the Charitable Company was pleased to welcome Greenacre School, a 3 – 18 independent school for girls in Surrey.

At the end of the Summer Term the Charitable Company took the sad but necessary decision to close Sunderland High School. As one of the oldest schools in our group, Sunderland High School had a strong reputation as an excellent Independent school, proudly educating generations of local children. Unfortunately, following a number of years of significant central subsidy, it became untenable to continue supporting its survival without any medium or long term prospects of demand for places increasing. After exploring in detail every potential option for the school to remain open, either under our ownership or any other, the Trustees reluctantly took the decision that the school did not have a viable financial future and it closed on 31 August 2016.

Going concern

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

Trustees' Report (continued)

For the Year Ended 31 August 2016

Financial Review

The total deficit for the year amounted to £1,800,000 (2015 surplus: £5,054,000). Included within these results was an actuarial deficit on defined benefit pension schemes of (£301,000) (2015 – surplus of £4,000).

The schools operated by the Charitable Company during the year are as follows:

AKS

Ashford School
Bournemouth Collegiate School
Dunottar School
Greenacre School for Girls
Guildford High School
Hampshire Collegiate School
Hull Collegiate School
Lincoln Minster School
Rowan Preparatory School
Sunderland High School (closed 31 August 2016)
Surbiton High School

The Charitable Company is a sponsor of ULT which is a subsidiary undertaking of the Charitable Company. ULT's aim is to found and manage academies under the government initiative. Academies opened to date are listed on the website for United Learning.

The pension deficit movement recorded in the Statement of Financial Activities (SOFA) is as a result of the application of FR102 to the contributions made by United Church Schools Trust to the Local Government Pension Scheme. Under FRS102 the Charitable Company is required to account for retirement benefits when it is committed to give them, even if the actual giving will be many years into the future. Whilst FRS102 is a better reflection of the obligations of the employer to fund pension promises to employees, it does not reflect the actual contribution arrangements of the pension fund. It requires the Charitable Company to disclose the total value of all pension payments that have accumulated (including deferred pensions) at 31 August each year. This value is made up of:

- the total cost of the pensions that are being paid out to former employees who have retired, and
- the total sum of the pension entitlements earned to date for our current employees even though it may be many years before the people concerned actually retire and begin drawing their pension.

The standard also requires the Charitable Company to show all investments (assets) of the Pension Fund at their bid value, as they happen to be at the year end. In reality, the value of such investments fluctuates in value on a day to day basis but this is ignored for the purpose of the accounting standard. The difference between the asset and liability valuations results in either a deficit or a surplus being recorded in the SOFA and Balance Sheet. A better reflection of a pension fund's actual position comes from the more detailed assessment made by an actuary. This assesses and examines the ongoing financial position of the Pension Fund. The actuarial valuation can differ considerably from the FRS102 valuation. It is the actuarial valuation that is used to review contribution rates to the Fund from the Charitable Company, to ensure that existing assets and future contributions will be sufficient to meet future pension payments spreading any surplus or deficit over a number of years.

Trustees' Report (continued)

For the Year Ended 31 August 2016

Restricted fund income for the year includes donations and investment income of £nil (2015: £nil) in respect of the sponsorship fund for United Learning Trust. The value of restricted funds to be utilised in future years includes £498,000 (2015: £498,000) for prize and scholarship funds and other donated funds and £1,729,000 (2015: £1,729,000) for the sponsorship fund. Unrestricted funds amount to £15,177,000 (2015: £16,979,000) and designated funds amount to £262,000 (2015: £262,000). The assets are held in pursuance of the Charitable Company's objectives.

Plans for future periods

On 3 January 2017, the Charitable Company announced that two excellent, independent single-sex preparatory schools in Surrey, Priory and Bramley Schools would join the Group on 1 March 2017. Together with Greenacre Junior School, they will combine to form Banstead Prep School from 1 September 2017. The School, which will be situated across the entire Greenacre School site will be an exceptional, co-educational, independent Prep School. All pupils at the three predecessor schools are guaranteed places at the new school and pupils currently at Greenacre Senior School, which will close, have been guaranteed places at our other independent schools.

The Charitable Company aims to continue to increase the number of pupils educated at its schools. This will be through organic growth and through mergers with other schools. The Charitable Company trains its staff in proven teaching techniques so that all of the pupils in its schools are given the best opportunities to reach their full potential and will continue its efforts to ensure its students obtain jobs or a place in higher education, as they choose, once they leave school

Funding

The Trustees are satisfied that the Charitable Company's assets attributable to each of its individual funds are available and adequate to fulfil its obligations in relation to those funds.

Risk assessment

During the year under review, the Trustees and senior executives have formally identified, and documented, the major risks to which the Charitable Company is exposed. Those risks have been reviewed by the Risk and Audit Committee and risk management strategies have been implemented. Risk management is embedded in the day to day processes of the Charitable Company and its subsidiaries. Principal risk areas for this group are the protection of pupils, employees and of assets and systems, and procedures to minimise these are constantly being reviewed and updated. The Charitable Company has Safeguarding and Child Protection policies in place which focus on the need to ensure that its pupils are safe, feel safe and are fully supported in this respect by their School. These policies, which are available online, also provide a framework for its schools to develop secure processes for identifying and supporting pupils at risk of abuse. The implementation and effectiveness of these policies and procedures, which adhere to Department for Education guidelines on safeguarding and child protection, are regularly monitored and reviewed. To further mitigate this risk a central safeguarding officer was appointed in 2014.

Trustees' Report (continued)

For the Year Ended 31 August 2016

Financial risk management objectives and policies

Economic downturn

The Charitable Company is reliant upon the parents paying its school fees promptly. An economic downturn could have a direct impact on parents' ability to pay those fees. Senior management and the Trustees therefore aim to keep abreast of economic conditions both in the UK and abroad. Overheads are carefully monitored to ensure that resources are used effectively.

Salary costs

A large proportion of the Charitable Company's costs relate to staff salaries which are relatively fixed each year. There is a risk that a significant drop in revenue may lead to an inability to cover such costs. Management closely monitor all costs against budgets on a monthly basis. Variance analysis is undertaken to consider the impact of varying income when the budgets are being prepared.

Competition

The markets in which the Charitable Company's schools operate are highly competitive. Consequently the schools constantly review their processes to ensure that their pupils receive a first class education that helps them to perform to their full ability in all aspects of school life.

Health & Safety

The health and safety of the school sites is of paramount importance. Health and safety risks are carefully assessed to minimise the possibility of accidents.

Financial risk management objectives and policies

The Charitable Company uses various financial instruments including cash and various items such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Charitable Company's operations.

All transactions in derivatives are undertaken to manage the risks arising from underlying charitable activities and no transactions of a speculative nature are undertaken.

The main risks arising from the Charitable Company's financial instruments are liquidity risk and interest rate risk.

Trustees' Report (continued)

For the Year Ended 31 August 2016

Liquidity risk

Financial risk management is managed by the Central Office Finance Department who act as the Charitable Company's treasury function ensuring that surplus funds are deposited so as to maximise interest receivable. In addition it uses the Charitable Company's facilities in the most efficient manner. Those facilities are designed to ensure that the Charitable Company has sufficient available funds for day to day operations and for planned expansion and capital expenditure.

The Charitable Company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. Short term flexibility is achieved by overdraft facilities.

The Charitable Company finances its operations through retained surpluses and overdraft facilities.

The Charitable Company is exposed to price risk in terms of fees but is content that these are in line with those in the sector, and budget accordingly. The principal credit risk for the Charitable Company arises from its debtors. Strict payment terms are enforced by the Charitable Company's credit control department and debt collection is outsourced as necessary. Credit risk is further managed through regular contact with any families in financial difficulty in an effort to assist.

Liquidity and cash flow risks are managed through the appropriate and carefully managed use of financial instruments with our principal bankers.

Policies

As part of managing our risks and to ensure good governance we outline some key policies below.

Reserves

It is the policy of the Charitable Company to hold reserves in its unrestricted funds which have not yet been committed or designated for any particular purpose. The Trustees have set aside these reserves in order to protect the future operations of the Charitable Company from the effects of any unforeseen variations in its income streams as part of a policy of good financial management practice. The Trustees have set the level of these reserves after undertaking a thorough assessment of the Charitable Company's needs and have concluded that a level of six weeks' expenditure is prudent, which is approximately £11.430m. At 31 August 2016 there were cash reserves of £27,753,000 (2015: £14,216,000). Reserves defined as net current assets/(liabilities) amount to £12,416,000 (2015: £13,887,000).

Investment policy

The Charitable Company's cash reserves are used to set off against borrowings in other group companies to minimise interest charges to the Group. Cash balances are invested with Barclays Bank. During the year the investment strategy produced returns in line with the Charitable Company's expectations and market rates.

Trustees' Report (continued)

For the Year Ended 31 August 2016

Environmental policy

The Charitable Company believes that protection of the environment is an integral part of good educational practice. The Charitable Company is fully committed to its responsibility for minimising the environmental impacts of its operations, and will continuously aim to improve its environmental performance.

The Charitable Company seeks to engage all members of the school community to develop a sustainable approach to their work and activities so as to help it achieve its aims. The Charitable Company's commitment includes the environmentally prudent management of its buildings and operations, collaboration with suppliers to improve its indirect environmental impacts, and environmental programmes and education for its employees and pupils.

The Charitable Company recognises that good environmental management must be an integral and fundamental part of its corporate business strategy.

Pay policy for key management personnel

Details of the pay policy in respect of key management personnel is included in the Governance section on pages 6 - 7.

Equal opportunities

The Trustees recognise that equal opportunities should be an integral part of good practice within the workplace. The Charitable Company aims to establish equal opportunities in all areas of its activities, including creating a working environment in which the contribution and needs of all people are fully valued.

Employee involvement and employment of the disabled

Employees have been consulted on issues of concern to them by means of regular consultative committee and staff meetings and have been kept informed on specific matters directly by management. Regular meetings are held with staff in our schools to brief them on major issues and discuss local issues. Each school also ensures that all staff are kept fully briefed through a variety of mechanisms, including notice boards, newsletters and the school Intranet. In addition, staff have the ability to access the group website for more information.

All new staff joining the Charitable Company are fully inducted and annually the Charitable Company runs two induction programmes, lasting two days, for all teachers new to United Learning. The Charitable Company carries out exit interviews for all staff leaving the organisation and has adopted a procedure of upward feedback for senior management and the Directors.

The Charitable Company has implemented a number of detailed policies in relation to all aspects of personnel matters including:

- Equal opportunities policy
- Volunteers' policy
- Health & safety policy

The Charitable Company has in place a National Recognition Agreement with the main teaching and support unions. Regular joint meetings of the Joint Negotiating Committee (JNC) are held with this group where matters of mutual interest are discussed and agreed upon.

Trustees' Report (continued)

For the Year Ended 31 August 2016

The union members of the JNC report back to their members through locally appointed representatives. Each school also ensures all staff are kept fully briefed by using a variety of methods including staff meetings and newsletters.

In accordance with the Charitable Company's Equal Opportunities policy, the Charitable Company has long established fair employment practices in the recruitment, selection, retention and training of disabled staff.

Full details of these policies are available from the Charitable Company's offices.

Public benefit

The Trustees confirm that they have referred to the Charity Commission's guidance on Public Benefit when reviewing the Charitable Company's aims and objectives and in planning future activities for the year.

The Charitable Company aims to educate as many young people as possible irrespective of their backgrounds. The main strands to its work are:

- Sponsorship of Academies
- Bursaries and other financial assistance
- United Learning Partnership Fund, nurturing collaboration between schools and giving students and staff exceptional academic, sporting and cultural experiences

Academies

The Charitable Company is the sponsor of, and works very closely with, United Learning Trust in managing a group of academies under the government initiative. Through interaction in all of the schools and academies, the two Charitable Companies work together to give pupils in these academies every opportunity to succeed during their education. This involves such activities as group meetings at every level to share best practice and the sharing of educational resources over United Hub, the Group's intranet.

Access Policy

The Charitable Company works very hard to offer education to as many pupils as possible throughout England. Through its bursary policy it widens the number of pupils attending UCST schools. Having set up and by working very closely with United Learning Trust, pupils in state funded academies enjoy the same educational resources available throughout the Charitable Companies' schools. The two Charitable Companies' schools all access United Hub, which enables teachers at any of the schools in the Group to collaborate, share resources and challenges, positively impacting on workload.

Trustees' Report (continued)

For the Year Ended 31 August 2016

Bursary Policy

The ability to offer education to children of families who would not be able to afford the school fees is very important to the Charitable Company. As a result of the desire to help children in this way the Charitable Company continued to operate its schemes of means tested financial assistance and its separate schemes of scholarships and family discounts, where parents have more than one child at one of our schools. Means tested assistance is available to those who would not otherwise be able to afford the fees and, equally importantly, in cases of hardship where pupil's education or future prospects might be at risk. Bursaries range in value from 5% to 100% of the school fee. During the year UCST granted £2.64m (2015: £2.58m) to pupils attending its schools under means tested assistance. This equated to 2.99% of fees received (2015: 3.07%). Included within this were means tested grants to 21 children of clergymen from a range of different churches. Further details of our Bursary Policy and how to apply are on our website.

Statement of Trustees' (collectively known as the Board) responsibilities

The Trustees (who are also directors of United Church Schools Trust (Limited by Guarantee) for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under that law, the Trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Charitable Company and of the incoming resources and application of resources, including the income and expenditure, of the Charitable Company for that period. In preparing these financial statements, the Trustees are required to:

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

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

The Trustees are responsible for 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.

Trustees' Report (continued)

For the Year Ended 31 August 2016

Disclosure of information to auditor

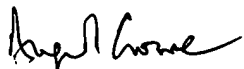
Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the Charitable Company's auditor is unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the Charitable Company's auditor is aware of that information.

Auditor

Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the Charitable Group receives notice under section 488(1) of the Companies Act 2006.

This report, incorporating a Strategic Report was approved by the Trustees on **22/2/17** and signed on their behalf by:



Mrs A Crowe, Chair
Trustee

(A company limited by guarantee)



Independent Auditor's Report to the Members of United Church Schools Trust (Limited by Guarantee)

We have audited the financial statements of United Church Schools Trust (Limited by Guarantee) for the year ended 31 August 2016 which comprise the Statement of Financial Activities Incorporating Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and the related notes. 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 FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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

Respective responsibilities of Trustees and auditor

As explained more fully in the Statement of Trustees' (collectively known as the Board) responsibilities on pages 18 - 19, the Trustees (who are also the directors of the Charitable Company 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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Charitable Company's affairs as at 31 August 2016 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Report (including the Strategic Report) for the financial year for which the financial statements are prepared is consistent with the financial statements.

(A company limited by guarantee)



Independent Auditor's Report to the Members of United Church Schools Trust (Limited by Guarantee)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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 Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Grant Thornton UK LLP

William Devitt (Senior statutory auditor)
for and on behalf of

Grant Thornton UK LLP

Statutory Auditor

Chartered Accountants

Milton Keynes

Date: *24 February 2017*

United Church Schools Trust (Limited by Guarantee)
(A company limited by guarantee)

Statement of Financial Activities Incorporating Income and Expenditure Account

For the Year Ended 31 August 2016

		Unrestricted funds 2016 £000	Restricted funds 2016 £000	Total funds 2016 £000	As restated Total funds 2015 £000
	Note				
Income from:					
Donations and legacies	4	1,836	-	1,836	2,900
Charitable activities		103,448	-	103,448	94,884
Total income		<u>105,284</u>	<u>-</u>	<u>105,284</u>	<u>97,784</u>
Expenditure on:					
Raising funds		24	-	24	30
Charitable activities		106,759	-	106,759	92,704
Total expenditure	5	<u>106,783</u>	<u>-</u>	<u>106,783</u>	<u>92,734</u>
Net income / (expenditure) before other recognised gains and losses		<u>(1,499)</u>	<u>-</u>	<u>(1,499)</u>	<u>5,050</u>
Actuarial gains/(losses) on defined benefit pension schemes		(301)	-	(301)	4
Net movement in funds		<u>(1,800)</u>	<u>-</u>	<u>(1,800)</u>	<u>5,054</u>
Reconciliation of funds:					
Total funds brought forward		17,241	2,227	19,468	14,414
Total funds carried forward		<u>15,441</u>	<u>2,227</u>	<u>17,668</u>	<u>19,468</u>

All activities relate to continuing operations.

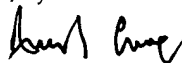
The notes on pages 25 to 44 form part of these financial statements.

Balance Sheet

As at 31 August 2016

	Note	£'000	2016 £'000	As restated 2015 £'000
Fixed assets				
Tangible assets	10		4,448	4,552
Investments	11		7	7
			<u>4,455</u>	<u>4,559</u>
Current assets				
Stocks	12	-		12
Debtors	13	32,098		42,564
Cash at bank and in hand		27,753		14,216
		<u>59,851</u>		<u>56,792</u>
Creditors: amounts falling due within one year	14	(44,946)		(40,416)
Net current assets			<u>14,905</u>	<u>16,376</u>
Total assets less current liabilities			<u>19,360</u>	<u>20,935</u>
Defined benefit pension scheme liability			<u>(1,692)</u>	<u>(1,467)</u>
Net assets including pension scheme liabilities			<u><u>17,668</u></u>	<u><u>19,468</u></u>
Charity Funds				
Restricted funds	17		2,227	2,227
Unrestricted funds:				
Unrestricted funds excluding pension liability	17	17,133		18,708
Pension reserve		(1,692)		(1,467)
Total unrestricted funds			<u>15,441</u>	<u>17,241</u>
Total funds			<u><u>17,668</u></u>	<u><u>19,468</u></u>

The financial statements were approved by the Trustees on 22 February 2017 and signed on their behalf, by:



Mrs A Crowe, Chair

The notes on pages 25 to 44 form part of these financial statements.

United Church Schools Trust (Limited by Guarantee)
(A company limited by guarantee)

Cash Flow Statement

For the Year Ended 31 August 2016

	Note	2016 £000	2015 £000
Cash flows from operating activities			
Net cash provided by operating activities	19	<u>14,448</u>	<u>1,399</u>
Cash flows from investing activities:			
Proceeds from the sale of tangible fixed assets		4	-
Purchase of tangible fixed assets		(1,185)	(2,115)
Non cash items:			
Cash acquired		<u>270</u>	<u>-</u>
Net cash used in investing activities		<u>(911)</u>	<u>(2,115)</u>
Change in cash and cash equivalents in the year		13,537	(716)
Cash and cash equivalents brought forward		<u>14,216</u>	<u>14,932</u>
Cash and cash equivalents carried forward		<u><u>27,753</u></u>	<u><u>14,216</u></u>

Notes to the Financial Statements

For the Year Ended 31 August 2016

1. Accounting Policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with 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) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

United Church Schools Trust (Limited by Guarantee) meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

1.2 Reconciliation with previous Generally Accepted Accounting Practice

In preparing these financial statements, the Trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 the restatement of comparative items was required.

Restatements required are shown in note 28.

1.3 Consolidation

Consolidated financial statements have not been prepared as consolidated financial statements for the Charitable Company's ultimate parent undertaking, United Church Schools Foundation Limited, are publicly available from the Charitable Company's registered office and incorporate the results of the Charitable Company and its subsidiary undertakings. These financial statements therefore represent the results of United Church Schools Trust only.

1.4 Income

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

Donated services or facilities are recognised when the Charitable Company has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use of the Charitable Company of the item is probable and that economic benefit can be measured reliably.

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

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

Notes to the Financial Statements

For the Year Ended 31 August 2016

1. Accounting Policies (continued)

1.5 Expenditure

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

Fundraising costs are those incurred in seeking voluntary contributions and do not include the costs of disseminating information in support of the charitable activities. Charitable activities are costs incurred in the Charitable Company's educational operations. Governance costs are those incurred in connection with administration of the Charitable Company and compliance with constitutional and statutory requirements.

Costs of generating funds are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

Charitable activities and Governance costs are costs incurred on the Charitable Company's educational operations, including support costs and costs relating to the governance of the Charitable Company apportioned to charitable activities.

Grants payable are charged in the year when the offer is made except in those cases where the offer is conditional, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to conditions which have not been met at the year end are noted as a commitment, but not accrued as expenditure.

All resources expended are inclusive of irrecoverable VAT.

1.6 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the Charitable Company and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the Charitable Company for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

Notes to the Financial Statements

For the Year Ended 31 August 2016

1. Accounting Policies (continued)

1.7 Company status

The Charitable Company is a company limited by guarantee. The members of the company are the Trustees named within the "Reference and Administrative Details of the Company, its Trustees and Advisers" section of the financial statements³. In the event of the Charitable Company being wound up, the liability in respect of the guarantee is limited to £1 per member of the Charitable Company.

1.8 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 Charitable Company to continue as a going concern. The Trustees make this assessment in respect of a period of one year from the date of approval of the financial statements. The trustees confirm that based on their assessment the Charitable Company is a going concern.

1.9 Tangible assets and depreciation

Tangible assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Leasehold improvements	-	Term of the lease
Motor vehicles	-	4 years
Fixtures and fittings	-	10 years
Computer equipment	-	3 years

Tangible assets donated to the Charitable Company are capitalised based on their fair values which then represents the deemed historic cost of the asset.

1.10 Investments

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the Balance sheet date, unless fair value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading 'Gains/(losses) on investments' in the Statement of Financial Activities.

1.11 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.12 Interest receivable

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

Notes to the Financial Statements

For the Year Ended 31 August 2016

1. Accounting Policies (continued)

1.13 Operating leases

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

1.14 Debtors

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

1.15 Cash at Bank and in hand

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

1.16 Liabilities and provisions

Liabilities are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the Charitable Company anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.17 Financial instruments

The Charitable Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Financial Activities.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Charitable Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Notes to the Financial Statements

For the Year Ended 31 August 2016

1. Accounting Policies (continued)

1.18 Pensions

The Charitable Company makes contributions to a number of defined contribution pension plans for non-teaching staff and the pension charge represents the amounts payable by the Charitable Company to the schemes in respect of the year.

The Charitable Company operates a defined benefits pension scheme (LGPS) and the pension charge is based on a full actuarial valuation dated 31 March 2013.

Non teaching members of one School are offered membership of the Local Government Pension Scheme (LGPS). The LGPS is a defined benefit pension scheme and is able to identify the School's share of assets and liabilities and the requirements of FRS 102 have been followed. The School's share of the LGPS assets are measured at fair value at each Balance Sheet date. Liabilities are measured on an actuarial basis using the projected unit method. The net of these two figures is recognised as an asset or liability on the Balance Sheet. Any movement in the asset or liability between Balance Sheet dates is reflected in the Statement of Financial Activities.

The Charitable Company's academic employees belong to the Teachers' Pension Scheme England and Wales (TPS). The scheme is a multi-employer scheme where it is not possible, in the normal course of events, to identify on a consistent and reasonable basis, the share of underlying assets and liabilities belonging to individual participating employers. Therefore, as required by FRS 102, the Charitable Company accounts for this scheme as if it was a defined contribution scheme. The amount charged to the Statement of Financial Activities represents contributions payable to the scheme in respect of the accounting period.

1.19 Judgements in applying accounting policies and key sources of estimation uncertainty

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made are as follows:

Trade Debtors: an allowance for doubtful debts is maintained for estimated losses resulting from the inability of the Charitable Company's fee debtors to make required payments.

Depreciation: estimated useful economic lives of tangible fixed assets are based on management's judgements and experience.

Actuarial valuations: 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 23, will impact the carrying amount of the pension liability. (Furthermore a roll forward approach which projects results from the latest full actuarial valuation has been used by the actuary in valuing the pensions liability at 31 August 2016). 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.

Notes to the Financial Statements

For the Year Ended 31 August 2016

2. School fees receivable and catering income

	2016 £000	2015 £000
Gross fee income receivable	97,909	93,624
Scholarships, bursaries and reduced fees	(9,659)	(9,745)
	<hr/>	<hr/>
Catering income	88,250	83,879
	1,940	1,672
	<hr/>	<hr/>
Net fee income receivable	90,190	85,551
	<hr/>	<hr/>

In 2015, of the total school fees receivable and catering income, £85,551k was to unrestricted funds and £NIL was to restricted funds.

3. Other educational related income

	2016 £000	2015 £000
Accounting services to other schools and academies	7,575	6,630
Income from school fees insurance schemes	76	70
Pupil registration fees	263	275
Charges for additional classes	903	808
Other school income	4,017	1,117
Rents and lettings	424	433
	<hr/>	<hr/>
	13,258	9,333
	<hr/>	<hr/>

In 2015, of the total other educational related income, £9,333k was to unrestricted funds and £NIL was to restricted funds.

4. Voluntary income

	2016 £000	As restated 2015 £000
Other sponsorship and donations received	484	2,173
Gift aid from subsidiary undertakings	1,352	727
	<hr/>	<hr/>
	1,836	2,900
	<hr/>	<hr/>

In 2015, of the total voluntary income, £2,900k was to unrestricted funds and £NIL was to restricted funds.

Notes to the Financial Statements

For the Year Ended 31 August 2016

5. Analysis of total resources expended

	Staff costs £000	Other costs £000	Depreciation £000	Total 2015 £000	Total 2014 £000
Cost of generating funds					
Fundraising for voluntary income	-	24	-	24	30
	<u>-</u>	<u>24</u>	<u>-</u>	<u>24</u>	<u>30</u>
Schools operating costs					
Educational supplies	51,902	8,730	-	60,632	53,378
Recruitment and support	-	436	-	436	356
Staff development	-	66	-	66	66
Examination fees	-	59	-	59	74
Technology costs	2,828	1,126	-	3,954	1,475
Premises costs	3,762	9,652	-	13,414	15,597
Insurance	-	425	-	425	346
Catering	202	4,764	-	4,966	4,900
Marketing	565	1,834	-	2,399	1,795
Legal and Professional	-	600	-	600	345
Other support costs	9,748	3,906	-	13,654	12,694
Depreciation	-	-	1,530	1,530	1,078
Loss on disposal of tangible fixed assets	-	36	-	36	-
Bank interest and charges	-	4,365	-	4,365	52
	<u>69,007</u>	<u>35,999</u>	<u>1,530</u>	<u>106,536</u>	<u>92,156</u>
Governance costs					
Auditor costs - Audit fees	-	35	-	35	44
Company Secretariat costs	176	-	-	176	118
Members meeting and travel	-	12	-	12	-
	<u>176</u>	<u>47</u>	<u>-</u>	<u>223</u>	<u>162</u>
Grants payable					
ULT abatement payments	-	-	-	-	386
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>386</u>
	<u>69,183</u>	<u>36,070</u>	<u>1,530</u>	<u>106,783</u>	<u>92,734</u>

In 2015, of the total resources expended, £92,734k was to unrestricted funds and £NIL was to restricted funds.

United Church Schools Trust (Limited by Guarantee)
(A company limited by guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2016

Analysis of resources expended (continued)

Total resources expended include:

	2016 £000	2015 £000
Auditor's remuneration		
Audit services	35	44
Depreciation:		
Tangible fixed assets, owned	1,530	1,498
Operating lease rentals	1,914	1,914
Hire of plant and machinery	624	544

6. Net interest

	2016 £000	2015 £000
Other interest paid	4,365	119

United Church Schools Trust (Limited by Guarantee)
(A company limited by guarantee)

Notes to the Financial Statements

For the Year Ended 31 August 2016

7. Staff costs

Staff costs were as follows:

	2016 £000	2015 £000
Wages and salaries	57,196	53,658
Social security costs	4,746	4,109
Other pension costs	7,000	5,484
Agency fees	241	365
	69,183	63,616

The average number of persons employed by the Charitable Company during the year was as follows:

2016 Number	2015 Number
2,405	2,314

The number of higher paid employees was:

	2016 Number	2015 Number
In the band £ 60,001 - £ 70,000	40	31
In the band £ 70,001 - £ 80,000	13	16
In the band £ 80,001 - £ 90,000	7	12
In the band £ 90,001 - £100,000	7	4
In the band £100,001 - £110,000	1	1
In the band £110,001 - £120,000	2	2
In the band £120,001 - £130,000	1	4
In the band £130,001 - £140,000	4	2
In the band £140,001 - £150,000	0	1
In the band £150,001 - £160,000	2	1
In the band £160,001 - £170,000	1	0
In the band £170,001 - £180,000	0	4
In the band £180,001 - £190,000	1	2
In the band £190,001 - £200,000	0	1
In the band £200,001 - £210,000	1	0
In the band £230,001 - £240,000	1	1

During the year, there were redundancy or termination payments made which amounted to £205k (2015-£249k).

Remuneration paid to Key Management Personnel, as defined on page 2, totalled £1,494,351 (2015 - £1,603,274).

Notes to the Financial Statements

For the Year Ended 31 August 2016

During the year the following amounts were paid in respect of higher paid employees as shown above:

	2016 £000	2015 £000
Pension contributions to defined contribution and teachers' pension schemes	895	736

During the year, 27 higher paid employees (2015 - 26) participated in defined contribution schemes, 53 (2015 - 45) participated in the teachers' superannuation scheme (operated by the Teachers' Pension Agency), and 1 (2015 - 5) participated in the local government pension scheme.

Payment to Trustees

No Trustee, or person with a family or business connection with a Trustee, received remuneration in the year, directly or indirectly, from either the Charitable Company or a company controlled by the Charitable Company.

Expense reimbursements paid to all 5 (2015 - 5) Trustees during the year amounted to £11,808 (2015 - £8,444) and all related to travel and subsistence costs.

8. Interest of Local Government Pension Scheme

	2016 £000	2015 £000
Interest income on pension scheme assets	(66)	(62)
Interest on pension scheme liabilities	42	40
	(24)	(22)

9. Exceptional costs

On 31 August 2016, Sunderland High School closed. Closure costs incurred during the year amounted to £1,029,000 plus a provision of £233,000 for additional costs to be paid in future years has been included in the financial statements.

Notes to the Financial Statements

For the Year Ended 31 August 2016

10. Tangible assets

	Leasehold Improvements £000	Fixtures and fittings £000	Computer equipment £000	Motor vehicles £000	Assets Under Construction £000	Total £000
Cost						
At 1 September 2015	793	8,866	14,803	1,032	64	25,558
Additions	32	583	482	50	38	1,185
Transfers from other charities	-	221	54	6	-	281
Disposals	-	(44)	(483)	(91)	-	(618)
At 31 August 2016	825	9,626	14,856	997	102	26,406
Depreciation						
At 1 September 2015	251	6,026	13,780	949	-	21,006
Charge for the year	19	585	870	56	-	1,530
On disposals	-	(30)	(471)	(77)	-	(578)
At 31 August 2016	270	6,581	14,179	928	-	21,958
Net book value						
At 31 August 2016	555	3,045	677	69	102	4,448
At 31 August 2015	542	2,840	1,023	83	64	4,552

All fixed assets were used for charitable purposes.

11. Fixed asset investments

	Listed investments £000
Cost	
At 1 September 2015 and 31 August 2016	7
Investments at cost comprise:	
	2016 £000
Listed investments	7
	2015 £000
	7

All the fixed asset investments are held in the UK

United Church Schools Trust (Limited by Guarantee)
(A company limited by guarantee)

Notes to the Financial Statements

For the Year Ended 31 August 2016

Subsidiary undertakings

At 31 August 2016, the Charitable Company held more than 20% of the following:

	Holding	Capital and reserves	Surplus/ (deficit) for the period	Nature of the business	Class of share capital held
	%	£000	£000		
St Ives (Haslemere) Limited	100	(525)	(243)	Education	-
United Learning Trust	100	382,733	(8,976)	Education	-
Bradtime Limited	100	(194)	3	Lettings	Ordinary £1

12. Stocks

	2016 £000	2015 £000
Finished goods and goods for resale	-	12

13. Debtors

	2016 £000	As restated 2015 £000
Trade debtors	27,224	22,578
Amounts owed by group undertakings	2,367	17,396
Amounts owed by connected charities	198	-
Other debtors	759	1,058
Prepayments and accrued income	1,550	1,532
	32,098	42,564

14. Creditors: Amounts falling due within one year

	2016 £000	As restated 2015 £000
Trade creditors	749	2,059
Amounts owed to group undertakings	1,004	-
Other taxation and social security	1,424	1,054
Other creditors	6,775	2,467
Accruals and deferred income	34,994	34,836
	44,946	40,416

Notes to the Financial Statements

For the Year Ended 31 August 2016

14. Creditors: Amounts falling due within one year (continued)

	£000
Deferred income	
Deferred income at 1 September 2015	27,505
Resources deferred during the year	28,942
Amounts released from previous years	(27,505)
	<hr/>
Deferred income at 31 August 2016	28,942
	<hr/> <hr/>

Deferred income relates to fees received in advance for the Autumn term.

15. Prior year adjustment

The comparative year figures for 2015 have been restated to account for a prior year adjustment. The prior year adjustment relates to the change in accounting treatment of the annual gift aid payment made to UCST by Church School Trading Limited which is a fellow subsidiary undertaking of United Church Schools Foundation Limited. Previously, gift aid was shown as accrued income in the balance sheet at each year end and recognised as income in the statement of financial activities. The gift aid is now recognised at the earlier of payment date and the date at which a legal or binding obligation arises in the relevant subsidiary undertaking.

16. Acquisitions and Disposals

Acquisitions

On 1 October 2015, United Church Schools Trust acquired the assets and liabilities of Greenacre School for Girls Limited. The fair value of the net assets at the time of acquisition was £166,000.

	Vendors' book value £000	Fair value to the group £000
Assets and liabilities acquired		
Tangible fixed assets	281	281
Debtors	669	669
Cash at bank	270	270
Creditors	(1,054)	(1,054)
	<hr/>	<hr/>
Net assets acquired	166	166
	<hr/> <hr/>	<hr/> <hr/>
Satisfied by		
Consideration - shown as Voluntary Income		166
		<hr/> <hr/>

Notes to the Financial Statements

For the Year Ended 31 August 2016

17. Statement of funds

	Brought Forward £000	Income £000	Expenditure £000	Gains/ (Losses) £000	Carried Forward £000
Designated funds					
Designated funds	262	-	-	-	262
General funds					
Unrestricted funds	18,446	105,197	(106,772)	-	16,871
Pension reserve	(1,467)	87	(11)	(301)	(1,692)
	16,979	105,284	(106,783)	(301)	15,179
Total Unrestricted funds	17,241	105,284	(106,783)	(301)	15,441
Restricted funds					
Sponsorship fund	1,729	-	-	-	1,729
Other donated funds	498	-	-	-	498
	2,227	-	-	-	2,227
Total of funds	19,468	105,284	(106,783)	(301)	17,668

Designated funds are accumulated surpluses from prior years available for use by the School that generated the funds.

The Sponsorship fund has been formed to gather together the external donations received towards the charitable company's support for the Academies of United Learning Trust.

Other donated funds include a number of individual donations towards specific building and other projects within the group.

18. Analysis of net assets between funds

	Unrestricted funds 2016 £000	Restricted funds 2016 £000	Total funds 2016 £000	Total funds 2015 £000
Tangible fixed assets	4,448	-	4,448	4,552
Fixed asset investments	7	-	7	7
Current assets	57,624	2,227	59,851	56,792
Creditors due within one year	(44,946)	-	(44,946)	(40,416)
Provisions for liabilities and charges	(1,692)	-	(1,692)	(1,467)
	15,441	2,227	17,668	19,468

Notes to the Financial Statements

For the Year Ended 31 August 2016

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

	2016 £000	2015 £000
Net (expenditure)/income for the year (as per Statement of financial activities)	(1,499)	5,050
Adjustment for:		
Depreciation charges	1,530	1,076
Loss on the sale of fixed assets	36	-
Decrease/(increase) in stocks	12	(2)
Decrease/(increase) in debtors	12,897	(8,457)
Increase in creditors	1,714	3,802
LGPS adjustments	(76)	(70)
Assets donated from other charities	(166)	-
Net cash provided by operating activities	14,448	1,399

20. Analysis of cash and cash equivalents

	2016 £000	2015 £000
Cash in hand	27,753	14,216
Total	27,753	14,216

21. Contingent liabilities

At 31 August 2016 the Charitable Company was party to cross-guarantees on bank loans and overdrafts of the parent undertaking totalling £55,139,696 (2015 - £49,221,897).

22. Capital commitments

There were no capital commitments at 31 August 2016 or 31 August 2015.

23. Pension commitments

The Charitable Company operates defined contribution schemes for the benefit of its employees. The assets of the schemes are managed and held externally on behalf of the the scheme members in funds independent from those of the LLP. Employer contributions payable to the schemes during the year amounted to £1.549m (2015 - £1.096m). Employee and employer contributions payable to the schemes at the Balance Sheet date amounted to £870k (2015 - £663k).

The Charitable Company operates two defined benefit pension schemes: the Teachers' Pension Scheme for England and Wales (TPS) for academic and related staff, and the Local Government Pension Scheme (LGPS) for non-teaching staff of one school, which is managed by the Local Authority.

The past service cost of £743,000 (2015 - £830,000) does not relate to the LGPS, this amount relates to a former employee.

Notes to the Financial Statements

For the Year Ended 31 August 2016

23. Pension commitments (continued)

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%);
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%

During the year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4% from September 2015, which will be payable during the implementation period until the next valuation as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The pension costs paid to TPS in the period amounted to £5.385m (2015: £4.334m).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website. Under the definitions set out in Financial Reporting Standard (FRS 102), the TPS is a multi-employer pension scheme. The Charitable Company has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Charitable Company has set out above the information available on the scheme.

Notes to the Financial Statements

For the Year Ended 31 August 2016

23. Pension commitments (continued)

Principal actuarial assumptions at the Balance Sheet date (expressed as weighted averages):

	2016	2015
Discount rate at 31 August	2.10 %	3.80 %
Future salary increases	3.30 %	3.60 %
Future pension increases	1.90 %	2.10 %
Inflation assumption	1.90 %	2.10 %

Local Government Pension Schemes (LGPS)

The Charitable Company is one of several employing bodies included within the Local Government Pension Scheme (LGPS).

The LGPS is a funded defined benefit scheme, with the assets held in separate trustee administered funds. Contributions to the schemes are determined by qualified actuaries on the basis of triennial valuations using the projected unit method.

The total employer's contribution made for the year ended 31 August 2016 was £66,000 (2015 - £78,000). The agreed contribution rates for the year ended 31 August 2016 were from 5.5% to 7.5% for employees and 17.5% for employers.

The assets in the scheme and the expected rates of return were:

	Fair value at 31 August 2016 £000	Fair value at 31 August 2015 £000
Equities	532	384
Debt instruments	34	90
Property	131	102
Cash	48	15
Other	633	526
Total market value of assets	<u>1,378</u>	<u>1,117</u>

Notes to the Financial Statements

For the Year Ended 31 August 2016

23. Pension commitments (continued)

The amounts recognised in the Statement of Financial Activities are as follows:

	2016 £000	2015 £000
Current service cost	(53)	(59)
Interest on obligation	42	40
Expected return on scheme assets	(66)	(62)
Losses on curtailments and settlements	-	(13)
Total	(77)	(94)
 Actual return on scheme assets	 277	 43

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

	2016 £000	2015 £000
Opening defined benefit obligation	1,754	1,637
Current service cost	53	59
Interest cost	65	61
Contributions by scheme participants	13	16
Actuarial losses	537	-
Losses on curtailments	-	13
Benefits paid	(95)	(32)
Change in financial assumptions	-	-
Closing defined benefit obligation	2,327	1,754

Changes in the fair value of scheme assets were as follows:

	2016 £000	2015 £000
Opening fair value of scheme assets	1,117	1,012
Interest income	42	40
Expected return on assets	236	4
Contributions by employer	66	78
Contributions by scheme participants	13	16
Benefits paid	(95)	(32)
Administration expenses	(1)	(1)
Total	1,378	1,117

The Charitable Company expects to contribute £64,000 to its Defined benefit pension scheme in 2017.

Notes to the Financial Statements

For the Year Ended 31 August 2016

24. Operating lease commitments

At 31 August 2016 the total of the Charity's future minimum lease payments under non-cancellable operating leases was:

	2016 £000	2015 £000
Amounts payable: Land and buildings		
Within 1 year	156	175
Between 1 and 5 years	185	216
After more than 5 years	302	337
Total	643	728
Amounts payable: Other		
Within 1 year	894	777
Between 1 and 5 years	2,160	1,055
After more than 5 years	11	-
Total	3,065	1,832

25. Related party transactions

As a wholly-owned subsidiary of United Church Schools Foundation Limited, the Charitable Company is exempt from the requirements of FRS 102 to disclose transactions with other members of the Group headed by United Church Schools Foundation Limited (company number 00018582).

There is a relationship between United Church Schools Trust (Limited by Guarantee) and Caterham School because the former has the right to nominate Caterham School's "A" trustees.

The transactions between the related parties were as follows:

	2016 £000	2015 £000
Administration charge receivable from Caterham School	260	250
Amounts owed by Caterham School	-	4

26. Ultimate parent undertaking and controlling party

The Board consider that the ultimate parent undertaking and controlling related party of this Charitable Company is United Church Schools Foundation Limited (Company number 00018582).

The largest group of undertakings for which group accounts have been drawn up is that headed by United Church Schools Foundation Limited. Copies of the group accounts can be obtained from Worldwide House, Thorpe Wood, Peterborough, PE3 6SB.

Notes to the Financial Statements

For the Year Ended 31 August 2016

27. Post balance sheet events

On 3 January 2017, the Charitable Company announced that two excellent, independent single-sex preparatory schools in Surrey, Priory and Bramley School, would join the Group on 1 March 2017. Together with Greenacre Junior School, they will combine to form Banstead Prep School from 1 September 2017. The School, which will be situated across the entire Greenacre School site will be an exceptional, co-educational, independent Prep School. All pupils at the three predecessor schools are guaranteed places at the new school and pupils currently at Greenacre Senior School, which will close, have been guaranteed places at our other independent schools.

28. First time adoption of FRS 102

It is the first year that the Charitable Company has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 August 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 1 September 2014. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

Reconciliations and descriptions of the effect of the transition to FRS 102 and SORP 2015 on total funds and net income/(expenditure) for the comparative period reported under previous UK GAAP and SORP 2005 are given below.

Reconciliation of total funds	1 September 2014 £000	31 August 2015 £000
Total funds under previous UK GAAP	14,414	19,468
Total funds reported under FRS 102	<u>14,414</u>	<u>19,468</u>
 Reconciliation of net income		31 August 2015 £000
Net income previously reported under UK GAAP		5,054
Actuarial losses on defined benefit pension schemes		20
Charitable activities - interest charge on pension fund		(20)
 Net movement in funds reported under FRS 102		<u>5,054</u>

Explanation of changes to previously reported funds and net income/expenditure:

Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets within charitable expenses. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised within charitable expenses. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to reduce the charge to charitable expenses by £20k and increase the credit in other recognised gains and losses in the SOFA by an equivalent amount.