



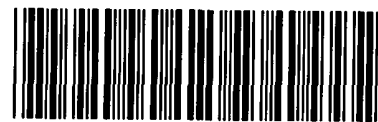
Academy
Trust

Financial Statements GDST Academy Trust

For the year ended 31 August 2017



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COMPANIES HOUSE

Company No: 06000347 (England and Wales)

Charitable Company limited by guarantee exempt from registration

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Board of Trustees (Academy Trust Board)

Helen Williams Chair of trustees (from 01/09/16)

Academy Principals

Company Number 6000347

Auditors: Grant Thornton UK LLP
Chartered Accountants, Registered Auditors
4 Hardman Square
Spinningfields
Manchester
M3 3EB

Solicitors: Withers LLP
16 Old Bailey
London
EC4M 7EY

TRUSTEES' REPORT

The trustees of the GDST Academy Trust ('the Academy Trust'), who are also directors of the Academy Trust for the purposes of the Companies Act, present their statutory report and the audited accounts for the year ended 31 August 2017. The Trustees' Report serves as both a trustees' report, and a directors' report under company law. Details of the trustees who served throughout the year except as noted are included in the Reference and Administrative Details on page 3.

The financial statements have been prepared in accordance with the accounting policies on pages 30 to 36 of the attached financial statements and comply with the charitable company's memorandum and articles of association, the Companies Act 2006 and the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)). The report has been prepared in accordance with the Charities Act 2011.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Academy Trust is a company limited by guarantee (No. 6000347) and is an exempt charity. The company's memorandum and articles of association are the primary governing documents of the Academy Trust. Membership of the Academy Trust comprises the following:

- The Girls' Day School Trust (the initial subscriber and principal sponsor)
- The holders of the offices of Chairman and Deputy Chairman of the Girls' Day School Trust *ex officio*

The Secretary of State for Education (DfE) has the right to appoint one person to the membership of the Academy Trust. This right has not yet been exercised.

The members may unanimously agree to appoint such additional members as they think fit.

Principal Activities

The Academy Trust operates two academies for girls, namely The Belvedere Academy ("Belvedere") in Liverpool and Birkenhead High School Academy ("Birkenhead" or "BHSA") on the Wirral to:

- Advance the education of girls for the public benefit; and
- to promote for the benefit of the public/social welfare the provision of facilities for recreation or other leisure time occupation

TRUSTEES' REPORT

Members' liability

Each member of the Academy Trust undertakes to contribute such amount as may be required (not exceeding £10) to the Academy Trust's assets if it should be wound up while he or she is a member or within one year after he or she ceases to be a member for the payment of the Academy Trust's debts and liabilities contracted before he or she ceases to be a member.

Trustees

The Academy Trust has provision for the following trustees (governors):

- The Girls' Day School Trust (initial subscriber and principal sponsor) may appoint up to ten sponsor trustees;
- The Chair of each academy's Local Governing Body, provided that the number does not exceed three.

All trustees receive induction training and are supplied with copies of policies, procedures, minutes, budgets, plans and other documents that they will require to undertake their role as trustee. During the period, the trustees held 4 meetings.

Trustees receive no remuneration or benefits in respect of their duties as trustees but are reimbursed for expenses incurred in carrying out their duties. The amount of expenses reimbursed to trustees in the year was nil (refer to Note 9 to the financial statements).

In accordance with normal commercial practice, the Academy Trust purchases insurance to protect trustees from claims arising from negligent acts, errors or omissions occurring whilst on Academy Trust business. The cost of this insurance is included in the total insurance cost, details of which are shown in note 10 to the financial statements.

Under the terms of the Academy Trust's Memorandum, the Academy Trust may enter into a contract for the supply of goods or services with the Girls' Day School Trust or any of its subsidiaries at any time when a trustee is a member or employee of the Girls' Day School Trust or such trading subsidiary. Goods or services acquired under such a contract must actually be required by the Academy Trust, the level of remuneration must be reasonable in relation to the value of the goods or services and no trustee (or connected person) shall have a pecuniary interest which conflicts with the Academy Trust's interests. The Academy Trust has entered into an agreement with the Girls' Day School Trust to provide particular services on this basis (described in note 25 to the financial statements).

Organisational structure

The organisational structure consists of three levels: the Academy Trust Board (the trustees); in addition, each academy within the Trust will have a Local Governing Body and a Senior Management Team.

The Academy Trust Board (the ATB) is responsible for the overall strategic direction of each academy and for those statutory duties which may not be delegated to sub-committees. The principal roles of the ATB are:

TRUSTEES' REPORT

- to set the Trust's strategy;
- to monitor each academy's performance against key performance indicators;
- to maintain the financial stability of the Trust;
- to review the Trust's policies and procedures that provide internal control and mitigate risk.

The Local Governing Bodies (LGBs) are committees of the Academy Trust Board (ATB). Legal responsibility for the Academy Trust lies with the ATB but the ATB relies on advice and support from the LGBs. The key purposes of the LGBs are:

- to monitor the academy's financial and academic performance;
- to develop strategic policies which reflect the academy's vision and ethos;
- to promote the academy and foster links with the local community.

The Senior Management Team (SMT) of each academy will typically include the Principal, Vice Principals, Assistant Vice Principals, the Academy Trust's Chief Financial Officer, Administration Manager, Estates Manager and ICT Manager. These managers control the academy at an executive level implementing the policies approved by the Academy Trust Board.

The salaries of the Principals are determined by the ATB. The Principals are responsible to the ATB for the appointment of staff and their salary grading. For those members of SMT on the teachers' pay scale, salaries and other allowances are increased in accordance with the annual percentage increase agreed for teachers in the maintained sector by the Secretary of State for Education. For SMT members on the support staff pay scale, the rates of pay which will apply are those generally prevailing for comparable employment in the public sector and are increased in line with increases agreed by the appropriate national negotiating bodies in those sectors.

Connected Organisations

The Academy Trust works closely with its principal sponsor, the Girls' Day School Trust, its co-sponsor of the Belvedere Academy, the HSBC Education Trust, the DfE, the Education and Skills Funding Agency, the Local Education Authorities and other local organisations.

OBJECTIVES AND ACTIVITIES FOR PUBLIC BENEFIT

The principal objective of the Academy Trust is to advance education for the public benefit, by establishing, maintaining, operating and developing schools, including but not limited to academies, offering a broad curriculum with a strong emphasis on the specialisms specified in the relevant Funding Agreements. In setting the Trust's objectives and planning its activities,

TRUSTEES' REPORT

the trustees have given careful consideration to the Charity Commission's general guidance on public benefit.

The catchment area for the Belvedere Academy is Merseyside and the surrounding areas, whilst that for the Birkenhead High School Academy is Wirral and the surrounding areas. Each academy's admissions policy is included in its Funding Agreement and applications for places at the academies are made in accordance with the relevant local authority's co-ordinated admission arrangements.

The Academy Trust aims to work with others to create a healthy, safe environment within which all of its pupils can enjoy learning, make progress and achieve high standards. Each pupil is encouraged to participate fully and make a positive contribution to their academy and the wider community and ultimately become successful, motivated, well-adjusted adults who achieve economic well-being.

In addition, the Academy Trust promotes the provision of its facilities for recreation, sports and other leisure time occupation for the benefit of the public/social welfare.

STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE

The following paragraphs present a review of the significant activities undertaken by the Academy Trust during the year to further its charitable purposes for public benefit.

Pupil Numbers

Demand for entry to both academies continues to be strong, with applications far exceeding the available number of places in the Junior School and the Senior Schools at Year 7. At Sixth Form level, Belvedere continues to grow whilst Birkenhead High School Academy (BHSA) faces increasing competition from local competitors and Sixth Form retention and recruitment remains an area of particular focus.

Pupil numbers at BHSA currently stand at 392 in Juniors, 544 in Seniors and 155 in the Sixth Form, making a total of 1091 (September 2016: 1086). The junior school Pupil Admission Number (PAN) is 56, whilst the senior school PAN is currently 108.

Belvedere's PAN was increased from 125 to 130 in September 2016 and the academy is now at capacity with pupil numbers rising from 886 at September 2016 to 921. The Sixth Form now stands at its highest ever level with 273 students (September 2016: 249) with 42 being recruited from external schools, whilst the Year 7-11 total rose from 637 (September 2016) to 648. This compares very favourably to September 2015 when total pupil numbers were 846, comprising 625 in Years 7-11 and 221 in the Sixth Form.

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Academic results

The 2016/17 examination results at all key stages were once more very strong and place the academies well above national expectations in most cases. The new GCSE in Maths and English made it a very challenging year for teachers and students throughout the country. BHSA was pleased to maintain its place as the highest performing non-selective school on the Wirral whilst Belvedere was in the top three non-selective girls' schools in Liverpool.

At 'A' level, both academies saw half of their grades at A*-B and based on these results, 84% of Belvedere students and 71% of BHSA students achieved their first university choice.

Each academy's outcomes (based on the new key performance indicators where relevant) are shown in the tables below:

Key Stage 4	16/17 (*)	16/17	16/17	15/16	15/16	15/16
	Birkenhead	Belvedere	National (#)	Birkenhead	Belvedere	National
Progress 8	+0.48	+0.36	0.00	+0.4	+0.17	0.00
Attainment 8	49.3 points	60.0 points	44.2 points	58.9 points	63.4 points	48.5 points
% of students gaining Grade C/4 or above in English & Maths	65.4%	88%	63.3%	76%	94%	62%
Pupils achieving English Baccalaureate	19.2%	48%	23.5%	37%	49%	24%

Key Stage 5	16/17 (*)	16/17	16/17	15/16	15/16	15/16
	Birkenhead	Belvedere	National (#)	Birkenhead	Belvedere	National
Grades at A*/A	27.5%	20.2%	26.1%	20.2%	19.3%	24%
Grades at A*-B	48.5%	50.7%	54.4%	47.9%	50.9%	51%
Overall Pass Rate at A level	93.6%	99.6%	98.3%	99.5%	100%	98.9%

(*) The Key Stage 4 & Key Stage 5 2016/17 results are provisional. Final results will be published in January 2018.

(#) National Girls' figure

2016/17 was a very successful year for pupils at Birkenhead Junior School despite major changes in the curriculum and assessments, with BHSA students exceeding local and national averages in all subjects and at all key assessment points.

Early Years Attainment	16/17	15/16
Good Level of Development	73%	83%

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A Good Level of Development is achieved at the end of Foundation 2 when pupils achieve at least the 'expected' level in all prime areas plus all numeracy and literacy areas.

Key Stage 1 Attainment	16/17	15/16
Phonics Screening Check Year 1	81%	98%
Working at or beyond the national standard in		
Reading	81%	89%
Writing	78%	81%
Maths	71%	81%
Key Stage 2 Attainment and Progress	16/17	15/16
Reading - % at and beyond national standard	84%	83%
Reading - Progress score	0.74	0.26
Writing- % at and beyond national standard	90%	83%
Writing – Progress score	2.23	-0.2
Grammar, Punctuation & Spelling - % at and beyond national standard	78%	87%
Maths - % at and beyond national standard	71%	71%
Maths - Progress score	-2.25	-2.41

Highlights of the Year

BHSA welcomed its new Principal, Mrs Rebecca Mahony, in September 16 following the retirement of Mrs Mann in August. Students have taken part in a huge variety of activities and initiatives during the year and one of the highlights was hosting the first Wirral Young Chambers Question Time event. BHSA's Year 11 and Sixth Form joined students from other local schools to watch an invited panel debate the outcome of the American presidential election.

In a time of financial constraints, the ongoing support of the Parents' Association is vital to the academy and their fundraising efforts enable the school to access resources that the budget would not ordinarily stretch to but which have a significant impact on teaching and learning. In 2016/17 the Parents' Association awarded £12,000 to fund the purchase of the Accelerated Reader software for a three year period. This will assist with the literacy programme across the school.

The academy's fully refurbished World War Two Air Raid Shelters continue to provide a unique learning resource for pupils and the local community. The open weekend was one of the most popular events during Wirral's National Heritage Week. Representatives from local history groups were invited to display their WW2 related memorabilia and members of the Cheshire Home Guard interacted with visitors to create an authentic atmosphere. In July 17,

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a film crew from the History Channel visited BHSA to film the shelters as part of a television programme on the Blitz.

Belvedere Academy offers Modern Foreign Languages as one of its specialisms and was successful in securing funding from the Swire Foundation to introduce Mandarin Chinese to the curriculum. Year 7 and 8 pupils are now able to study Mandarin alongside French and Spanish and in January 2017 took part in a series of activities at Edge Hill University to celebrate Chinese New year.

Following their successful tour of Barcelona last year, the Chamber Choir this year toured Prague, singing at St Vitus Cathedral, St Nicholas Church and the British Embassy. They were once again crowned Youth Choir and Open Champions for the third year running at the Wirral Music Festival and were invited to sing at the Lord Mayor's installation at Liverpool Town Hall.

During the summer break various essential refurbishment works took place. In preparation for its largest ever Sixth Form, Belvedere invested in providing additional common room and study space areas. Donations from the Parental Contribution Scheme and the Garfield Weston Trust enabled the library shelving to be completely replaced and the Girls' Day School Trust funded some much needed work to improve access to the dining rooms.

FINANCIAL REVIEW

The financial position of the Academy Trust is detailed in the following pages.

Most of the Academy Trust's income is obtained from the Education and Skills Funding Agency in the form of recurrent and capital grants, the use of which is restricted to particular purposes. The grants received during the period and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

Capital grants and donations received from the Education and Skills Funding Agency and sponsors during the year amounted to £87,622 (2016: £543,126). In accordance with the Charities Statement of Recommended Practice (FRS 102), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation over the expected useful life of the assets concerned. The depreciation charge for the year on these assets was £919,655 (2016: £1,034,000).

Recurrent grants of £9,587,818 (2016: £9,416,785) were received from the Education and Skills Funding Agency, Local Authorities and other Government bodies. Expenditure covered by these grants amounted to £10,404,035 (2016: £10,056,776). Such grants and expenditure are shown in the restricted general fund in the Statement of Financial Activities.

Unrestricted income and expenditure in the period amounted to £993,723 (2016: £927,000) and £709,376 (2016: £678,000) respectively.

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At 31 August 2017 the net book value of fixed assets was £31,360,838 (2016: £32,219,000) and movements in fixed assets are shown in Note 11 to the financial statements. The cost of fixed asset additions in the year amounted to £62,431 (2016: £583,000).

Reserves policy

The Academy Trust Board reviews the level of reserves annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of the reserves. It is the trustees' policy to maintain a minimum level of reserves of £500,000 and to build up free reserves which can be used for future education purposes in line with each academy's development plan. The trustees will ensure that the reserves policy continues to conform to the requirements laid down in the Academies' Financial Handbook produced by the DfE.

Having taken account of the risks to which the Trust is exposed, the trustees consider the current level of reserves to be appropriate. Free Reserves (excluding the defined benefit pension liability) at the end of the period amounted to £752,973.

As both academies are on census based pupil number funding, the Academy Trust is not subject to any limit on the amount of General Annual Grant that may be carried forward, thus allowing the trustees to ensure that adequate reserves may be built up.

The Restricted Fixed Asset Fund may only be realised by disposing of tangible fixed assets. The balance at 31 August 2017 was £31,592,054.

In accordance with FRS 102, it is necessary to charge projected pension scheme deficits to the Restricted General Fund for those pension schemes where the assets and liabilities of the scheme can be separately identified. This has resulted in a reduction in restricted reserves of £2,347,000. It should be noted that this is an accounting estimate of a long-term liability which has not crystallised and has no immediate impact on the Academy Trust's liquidity.

Investment Policy

The trustees have authorised the use of short term deposit accounts and notice deposit accounts in respect of cash held which is surplus to immediate requirements.

Principal Risks and Uncertainties

The trustees are responsible for the management of the risks to which the Academy Trust is exposed and are assisted in this task by the Local Governing Bodies, the Senior Management Teams of the academies and the specialist Health and Safety and Human Resource advisors at the Girls' Day School Trust (the main sponsor).

The Trust's risk management procedures have been reviewed during the year and the trustees are satisfied that the major risks identified have been considered by the trustees and processes have been established to manage those risks where necessary. As a result of their risk assessment, the trustees consider that the key risks facing the Trust continue to be:

- Long term funding from ESFA not sufficient to support the required Academies offer.

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- Academies' Sixth Forms not oversubscribed in the long term – impacting on results and finances.
- The Academy Trust may have pension scheme commitments that it is unable to meet.

The strategies employed to manage these risks include the regular review of long term financial forecasts and actuarial valuations of the pension schemes allowing adequate time for appropriate action to be taken.

Going Concern

After making appropriate enquiries, the ATB has a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future, being a period of not less than 12 months from the date of approval of these financial statements. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

PLANS FOR FUTURE PERIODS

Following a detailed and extensive review of the academies' cost bases and potential additional areas for income generation, the 2017/18 budgets have been approved by the trustees at an in year surplus of £11,000 for BHSA and an in year surplus of £5,000 for Belvedere.

The main overall objective for both academies is to maintain their OFSTED outstanding ratings and in order to achieve this, the key priorities for future periods have been identified as follows:

Birkenhead High School Academy

- to provide consistently outstanding or good teaching across the academy
- to monitor progress throughout the school for all students but particularly for identified cohorts such as vulnerable groups and high achievers
- to achieve outstanding behaviour for learning via a review of the behaviour awards system and ongoing training for staff
- development of student leadership opportunities
- maintain financial and operational efficiency in the current difficult funding climate by exploring every initiative for additional income generation and cost reduction.

Belvedere Academy

- to continue developments in the areas of curriculum, assessment and teaching and learning
- to enhance staff development by ongoing review of staffing structures and the provision of appropriate training programmes
- the continued promotion of safeguarding and wellbeing for both students and staff

TRUSTEES' REPORT

the management and development of the academy's resources in terms of ensuring financial stability, making the most effective use of the school estate and formulation of a long term ICT strategy.

The trustees recognise that equal opportunities should be an integral part of good practice within the workplace. The Academy Trust 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.

DISABLED PERSONS

The policy of the Academy Trust is to support the recruitment and retention of pupils and employees with disabilities. Disabled employees are accorded equal opportunities for training, career development and promotion.

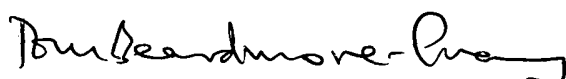
AUDITORS

Statement as to disclosure of information to Auditors

Grant Thornton UK LLP were appointed as auditors to the Academy Trust in February 2014.

The trustees confirm that so far as they are aware, there is no relevant audit information of which the Academy Trust's auditors are unaware. They have taken all steps that they ought to have taken as trustees in order to make themselves aware of any relevant audit information and to establish that the Academy Trust's auditors are aware of that information.

The report of the Trustees, incorporating a strategic report, was approved by the Trustees on 11 December 2017 and signed on their behalf by:



Tom Beardmore-Gray
Trustee

GOVERNANCE STATEMENT

Scope of Responsibility

The trustees acknowledge that they have overall responsibility for ensuring that the Academy Trust has an effective and appropriate system of control, financial and otherwise. However, such a system is designed to manage rather than eliminate the risk of failure to

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achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Academy Trust Board ("ATB") has delegated the day-to-day responsibility to the Principals and Accounting Officer for ensuring financial controls conform with the requirements of both propriety and good financial management and are in accordance with the requirements and responsibilities assigned to it in the funding agreements between the Academy Trust and the Secretary of State for Education. They are also responsible for reporting any material weaknesses or breakdowns in internal control to the ATB.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Academy Trust Board has formally met four times during the year and the Finance, Audit and Risk Committee has met five times. Attendance during the year at meetings was as follows:

Academy Trust Board Trustee	Meetings attended	Out of a possible
Tom Beardmore-Gray	4	4
Cheryl Giovannoni	4	4
Jo Greenslade	4	4
Richard Harris	4	4
Alison Kinman-Carroll	2	4
Nigel Lawrence	2	4
Simon Martin	4	4
Helen Williams	4	4

ATB Finance, Audit and Risk Committee Member	Meetings attended	Out of a possible
Jo Greenslade	4	4
Tom Beardmore-Gray	3	4
Simon Martin	3	4

The 2016/17 governance review delivered a number of initiatives including:-

- a self-evaluation exercise which identified areas in which the Board could work more effectively
- training needs for the Local Governing Bodies were ascertained
- bespoke key performance data training for the whole Board

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- an improved induction programme for new trustees

Review of Value for Money

The Accounting Officer has responsibility for ensuring that the academies deliver good value in the use of public resources. The Accounting Officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The Accounting Officer considers how the academies' use of their resources has provided good value for money during each academic year and report to the Academy Trust Board where value for money can be improved, including the use of benchmarking data where available.

In the current funding climate it is essential that both academies continually review their cost bases and potential areas for additional income generation. This exercise enabled both academies to set balanced budgets for the 2017/18 financial year and the key strategies used to achieve this included:-

- Voluntary severance scheme for teaching and support staff.
- Re-structuring of the senior leadership teams.
- Re-structuring of support staff roles and responsibilities.
- Review of the curriculum offer, particularly at Sixth Form, to improve retention and recruitment and to reduce teaching staff requirements.
- Reducing teachers' non-contact time.
- Additional income generation from facilities hire and the parental contribution scheme.

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 controls is based on an on-going process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised and to manage them efficiently, effectively and economically. The system of internal controls has been in place in the Academy Trust for the year ended 31 August 2017 and up to the date of the approval of the annual report and financial statements.

Capacity to Handle Risk

The trustees have reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The trustees are of the view that there is a formal on-going process for identifying, evaluating and managing the Academy Trust's significant risks and that this system has been in place for the year ended 31 August 2017 and up to the date of the

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approval of the annual report and financial statements. This process is reviewed regularly by the trustees.

Risk registers are maintained at both Academy Trust level and at individual academy level. Academy risk registers are reviewed on a termly basis by the LGBs and the ATB. The Academy Trust risk register is reviewed annually by the ATB.

The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the trustees;
- regular reviews by the trustees and the LGBs of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets and key performance indicators to measure financial and other performance;
- clearly defined purchasing (revenue purchase or capital investment) guidelines;
- detailed terms of reference for all committees;
- formal agendas for the ATB, ATB Finance, Audit & Risk Committee and LGB meetings (the minutes of the LGB meetings are reviewed by the ATB);
- delegation of authority and segregation of duties;
- formal written policies;
- policies and procedures required by law to protect the vulnerable;
- identification and management of risks.

The ATB Finance, Audit and Risk Sub-Committee is responsible for reviewing the Academy Trust's risk management policies and procedures, including those relating to internal financial controls and the internal audit work planned to address those risks. The Academy Trust has appointed the internal auditor of the Girls' Day School Trust to carry out a programme of internal checks and the Sub-Committee directs the work of the internal auditor to those areas of greatest risk. On an annual basis, the internal auditor reports to the ATB (through the Finance, Audit and Risk Sub-Committee) on the operation of the systems of control and on the discharge of the ATB's financial responsibilities. The internal audit carried out in the year ended 31 August 2017 did not identify any material control issues.

Review of Effectiveness

The Academy Trust is relatively small with only two academies and hence does not have any central senior executive leader. The Accounting Officer is a member of the Academy Trust Board and is also the Chief Executive of the Girls' Day School Trust (the academies' main sponsor).

TRUSTEES' REPORT

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

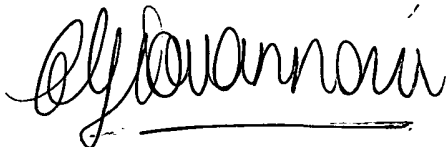
- the work of the ATB Finance, Audit and Risk Sub-Committee and internal audit function;
- the work of the external auditor;
- the financial management and governance self- assessment process;
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the ATB Finance, Audit and Risk Committee and a plan to address any weaknesses and ensure continuous improvement of the systems is in place.

Approved by order of the trustees on 11 December 2017 and signed on their behalf by:



Tom Beardmore-Gray
Trustee



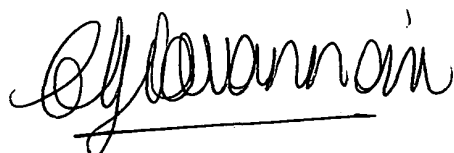
Cheryl Giovannoni
Accounting Officer

STATEMENT on REGULARITY, PROPRIETY and COMPLIANCE

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

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

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

A handwritten signature in black ink, appearing to read 'Cheryl Giovannoni', with a horizontal line drawn underneath it.

Cheryl Giovannoni
Accounting Officer

Date: 11 December 2017

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees of the GDST Academy Trust (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Annual Accounts Direction published by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the trustees are required to:

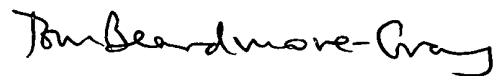
- a. select suitable accounting policies and then apply them consistently;
- b. observe the methods and principles in the Charities SORP 2015 (FRS 102) and the Academies' Accounts Direction 2016 to 2017;
- c. make judgements and accounting estimates that are reasonable and prudent;
- d. state whether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

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 ensuring that in its conduct and operation the charitable company applies financial and other controls which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the ESFA/DfE have been applied for the purposes intended.

The 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.

Approved by order of the members of the board of trustees on 11 December 2017
and signed on their behalf by:

A handwritten signature in black ink, reading "Tom Beardmore-Gray". The signature is written in a cursive style with a long horizontal stroke at the end.

Tom Beardmore-Gray
Trustee



Independent Auditor's Report to the Members of GDST Academy Trust

Opinion

We have audited the financial statements of GDST Academy Trust ('the charitable company') for the year ended 31 August 2017 which comprise the Statement of Financial Activities (including the income and expenditure account), the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102; The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

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

Basis for opinion

We have been appointed as auditor under the Companies Act 2006 and report in accordance with regulations made under that Act. We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Who we are reporting to

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 opinions we have formed.



Independent Auditor's Report to the Members of GDST Academy Trust (continued)

Conclusions relating to going concern

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

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report set out on pages 4 to 20, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report (incorporating the Strategic Report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Report (incorporating the Strategic Report) has been prepared in accordance with applicable legal requirements.



Independent Auditor's Report to the Members of GDST Academy Trust (continued)

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report (incorporating the Strategic Report).

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

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities set out on pages 19 and 20, 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, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.



Independent Auditor's Report to the Members of GDST Academy Trust (continued)

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Grant Thornton UK LLP

Joanne Love
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Manchester

[Date**]** 13 December 2017.



Independent Reporting Accountant's Assurance Report on Regularity to GDST Academy Trust and the Education and Skills Funding Agency

In accordance with the terms of our engagement letter dated 24 November 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by the GDST Academy Trust during the year to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to GDST Academy Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to GDST Academy Trust and the ESFA those matters we are required to state to them in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than GDST Academy Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

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

The accounting officer is responsible, under the requirements of GDST Academy Trust's funding agreement with the Secretary of State for Education dated 5 September 2007 and the Academies Financial Handbook, extant from 1 September 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

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



Independent Reporting Accountant's Assurance Report on Regularity to GDST Academy Trust and the Education and Skills Funding Agency (continued)

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

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

The work undertaken to draw our conclusion includes:

- an assessment of the risk of material irregularity and impropriety across the Academy Trust's activities;
- evaluation of the processes and controls established and maintained in respect of regularity, propriety and compliance of the use of public funds through observation of the arrangements in place and enquiry of the Accounting Officer;
- consideration and corroboration of the evidence supporting the Accounting Officer's statement on regularity, propriety and compliance; and
- limited testing on a sample basis of income and expenditure for the areas identified as high risk.

Conclusion

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

Grant Thornton UK LLP

Grant Thornton UK LLP
Chartered Accountants
Manchester

~~[**Date**]~~ 13 December 2017.

STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT)


	Note	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	2017 Total £'000	2016 Total £'000
Income						
Donations and capital grants	2	83	-	48	131	121
Other trading activities	3	848	-	-	848	783
Investment income	4	4	-	-	4	11
<i>Income from charitable activities</i>						
Funding for the academies' educational operations	5	58	9,631	40	9,729	9,972
Total incoming resources		993	9,631	88	10,712	10,887
Expenditure on:						
Raising funds	6	709	-	-	709	678
<i>Charitable activities:</i>						
Academies' educational operations	7	-	10,404	920	11,324	11,091
Total		709	10,404	920	12,033	11,769
Net income/(expenditure)		284	(773)	(832)	(1,321)	(882)
Transfers between funds	15	-	-	-	-	-
<i>Other recognised gains/(losses):</i>						
Actuarial (losses) on defined benefit pension schemes	24	-	(149)	-	(149)	(893)
Net movement in funds		284	(922)	(832)	(1,470)	(1,775)
Reconciliation of funds						
Total funds brought forward	15	1,531	(2,487)	32,424	31,468	33,243
Funds carried forward		1,815	(3,409)	31,592	29,998	31,468

All of the Academy Trust's activities derived from continuing operations during the above two financial periods.

BALANCE SHEET

	Note	2017 £'000	2017 £'000	2016 £'000	2016 £'000
Fixed assets					
Tangible assets	11		<u>31,361</u>		<u>32,219</u>
Current assets					
Stocks	12	1		2	
Debtors	13	484		539	
Cash at bank		<u>2,105</u>		<u>2,091</u>	
		2,590		2,632	
Liabilities					
Creditors: amounts falling due within one year	14	<u>(1,606)</u>		<u>(1,508)</u>	
Net current assets			<u>984</u>		<u>1,124</u>
Total assets less current liabilities			32,345		33,343
Defined benefit pension scheme liability	24		<u>(2,347)</u>		<u>(1,875)</u>
Total net assets			<u>29,998</u>		<u>31,468</u>
Funds of the Academy Trust					
Restricted funds:					
Fixed asset funds	15	31,592		32,424	
General funds	15	(1,062)		(612)	
Pension reserve	15	<u>(2,347)</u>		<u>(1,875)</u>	
Total restricted funds			28,183		29,937
Unrestricted funds:					
General funds	15	<u>1,815</u>		<u>1,531</u>	
Total unrestricted funds			<u>1,815</u>		<u>1,531</u>
Total funds			<u>29,998</u>		<u>31,468</u>

The financial statements were approved by the Trustees, and authorised for issue on 11 December 2017 and are signed on their behalf, by:



Tom Beardmore-Gray
Trustee

STATEMENT OF CASH FLOWS

	Note	2017 £'000	2016 £'000
Cash flows from operating activities			
Net cash provided by (used in) operating activities	19	(16)	(981)
Cash flows from investing activities	20	30	(21)
Change in cash and cash equivalents in the reporting period		<u>14</u>	<u>(1,002)</u>
Cash and cash equivalents at 1 September 2016		<u>2,091</u>	<u>3,093</u>
Cash and cash equivalents at 31 August 2017		<u>2,105</u>	<u>2,091</u>

NOTES TO THE FINANCIAL STATEMENTS

1 ACCOUNTING POLICIES

The Academy Trust is a company limited by guarantee (No. 6000347) and is an exempt charity. The principal objective of the Academy Trust is to advance education for the public benefit, by establishing, maintaining, operating and developing schools, including but not limited to academies.

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

Basis of preparation

The financial statements of the Academy Trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

The financial statements are presented in Sterling (£).

Going concern

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

Income

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

Grants

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

NOTES TO THE FINANCIAL STATEMENTS

General Annual Grant is recognised in full in the Statement of Financial Activities in the year for which it is received.

Capital grants are recognised when there is entitlement and not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance sheet in the restricted fixed asset fund.

Sponsorship income

The value of sponsorship provided to the Academy Trust is recognised in the Statement of Financial Activities in the period in which it is receivable, (where there are no performance related conditions) where the receipt is probable and the amount can be measured reliably.

Donations

Donations are included in the Statement of Financial Activities on a receivable basis (where there are no performance related conditions) where the receipt is probable and the amount can be measured reliably.

Other Income

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

Donated services and gifts in kind

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

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

Interest receivable

Interest receivable is included within the statement of financial activities on a receivable basis.

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

NOTES TO THE FINANCIAL STATEMENTS

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.

- **Expenditure on Raising Funds**

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

- **Charitable Activities**

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

All resources expended are inclusive of irrecoverable VAT.

Tangible fixed assets

Tangible fixed assets acquired since the Academy Trust was established are included in the accounts at cost. All assets costing more than £1,000 and with an expected useful life exceeding one year are capitalised.

Donated assets are recognised in the financial statements at valuation.

Depreciation

Depreciation is charged on a straight line basis beginning in the year in which the asset is brought into use at the following annual rates:

Leasehold buildings and improvements	2% p.a.
Leasehold building refurbishments	10% p.a.
Furniture, fittings and equipment	25% p.a.
Computer equipment	25% p.a.
Motor vehicles	25% p.a.

Where fixed assets have been acquired with the aid of specific grants or donations, they are included in the balance sheet at cost or valuation and are depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund (in the Statement of Financial Activities and carried forward in the balance sheet). The depreciation on such assets is charged in the Statement of Financial Activities over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

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

NOTES TO THE FINANCIAL STATEMENTS

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

Stock

Catering stocks are stated at the lower of cost and net realisable value.

Liabilities

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

Provisions

Provisions are recognised when the Academy Trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

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.

Taxation

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

Leased assets

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the Statement of Financial Activities on a straight line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS

Pensions

Academy Trust staff are members of three pension schemes, all of which are defined benefit schemes. More details of the schemes are given in note 24.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 24, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

Fund Accounting

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

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

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder/donor and include grants from the ESFA/DfE.

Financial instruments

NOTES TO THE FINANCIAL STATEMENTS

The academy trust only holds basic financial statements as defined in FRS102. The financial assets and financial liabilities of the academy trust and their measurement basis are as follows:

Financial assets – trade and other debtors are basic financial statements and are debt instruments measured at amortised cost as detailed in note 13. Prepayments are not financial instruments. Amounts due to Girl's Day School Trust are held at face value less any impairment.

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

Financial liabilities – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 14. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to Girl's Day School Trust are held at face value less any impairment.

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

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder/donor and include grants from the ESFA/DfE.

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

NOTES TO THE FINANCIAL STATEMENTS

Critical accounting estimates and assumptions (continued)

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

NOTES TO THE FINANCIAL STATEMENTS

2 DONATIONS AND CAPITAL GRANTS

	Unrestricted funds £'000	Restricted funds £'000	2017 Total £'000	Unrestricted funds £'000	Restricted funds £'000	2016 Total £'000
ESFA capital donation	-	-	-	-	-	-
Sponsor capital donation	-	11	11	-	8	8
Other capital donation	-	37	37	-	38	38
Sponsor revenue donation	57	-	57	67	-	67
Other donations	26	-	26	8	-	8
	<u>83</u>	<u>48</u>	<u>131</u>	<u>75</u>	<u>46</u>	<u>121</u>

3 OTHER TRADING ACTIVITIES

	Unrestricted funds £'000	Restricted funds £'000	2017 Total £'000	Unrestricted funds £'000	Restricted funds £'000	2016 Total £'000
Hire of facilities	192	-	192	170	-	170
Catering income	481	-	481	455	-	455
Sundry income	29	-	29	29	-	29
Transport scheme income	146	-	146	129	-	129
	<u>848</u>	<u>-</u>	<u>848</u>	<u>783</u>	<u>-</u>	<u>783</u>

NOTES TO THE FINANCIAL STATEMENTS

4 INVESTMENT INCOME

	Unrestricted funds £'000	Restricted funds £'000	2017 Total £'000	Unrestricted funds £'000	Restricted funds £'000	2016 Total £'000
Short term deposits	4	-	4	11	-	11

5 FUNDING FOR THE ACADEMY TRUST'S EDUCATIONAL OPERATIONS

	Unrestricted funds £'000	Restricted funds £'000	2017 Total £'000	Unrestricted funds £'000	Restricted funds £'000	2016 Total £'000
DfE/EFA revenue grants						
General Annual Grant (GAG)	-	8,969	8,969	-	8,791	8,791
Start-up grants	-	4	4	-	6	6
Other DfE grants	-	519	519	-	538	538
Capital grant	-	40	40	-	433	433
	-	9,532	9,532	-	9,768	9,768
Other Government grants						
Other Government grants	-	96	96	-	146	146
	-	96	96	-	146	146
Other income from the Academy Trust's educational operations						
	58	43	101	58	-	58
	58	43	101	58	-	58
	58	9,671	9,729	58	9,914	9,972

NOTES TO THE FINANCIAL STATEMENTS

6 EXPENDITURE

	Non pay expenditure			2017	2016
	Staff costs	Premises	Other	Total	Total
	£'000	£'000	Costs £'000	£'000	£'000
Costs of activities for generating funds	287	-	423	710	678
	287	-	423	710	678
Academy's educational operations					
Direct costs	7,393	404	440	8,237	8,034
Allocated support costs	1,490	1,170	426	3,086	3,057
	8,883	1,574	866	11,323	11,091
	9,170	1,574	1,289	12,033	11,769

Net income/(expenditure) for the year includes:

	2017	2016
	£'000	£'000
Depreciation	920	1,034
Operating lease rentals	20	27
Fees payable to auditor		
- Audit	17	15
- Other services	1	2
Loss/(profit) on disposal of fixed assets	1	-

NOTES TO THE FINANCIAL STATEMENTS

7 CHARITABLE ACTIVITIES

	Unrestricted funds £'000	Restricted funds £'000	2017 Total £'000	Unrestricted funds £'000	Restricted funds £'000	2016 Total £'000
Teaching and educational support staff costs	-	7,393	7,393	-	7,136	7,136
Depreciation	-	404	404	-	457	457
Educational supplies	-	267	267	-	252	252
Examination fees	-	136	136	-	145	145
Staff development	-	25	25	-	16	16
Other direct costs	-	13	13	-	28	28
Total	-	8,238	8,238	-	8,034	8,034

	Unrestricted funds £'000	Restricted funds £'000	2017 Total £'000	Unrestricted funds £'000	Restricted funds £'000	2016 Total £'000
Analysis of support costs						
Support staff costs	-	1,490	1,490	-	1,357	1,357
Depreciation	-	516	516	-	577	577
Technology costs	-	112	112	-	112	112
Premises costs	-	655	655	-	655	655
Other support costs	-	295	295	-	337	337
Governance costs	-	18	18	-	19	19
	-	3,086	3,086	-	3,057	3,057
	-	11,324	11,324	-	11,091	11,091

NOTES TO THE FINANCIAL STATEMENTS

8 STAFF COSTS

	2017 £'000	2016 £'000
a. Staff costs		
Wages and salaries	7,036	6,942
Social security costs	629	538
Other pension costs	1,356	1,086
	<u>9,021</u>	<u>8,566</u>
Supply teacher costs	32	21
Staff restructuring costs	117	187
	<u>9,170</u>	<u>8,774</u>

Analysis of restructuring costs

	2017 £'000	2016 £'000
Staff restructuring costs comprise:		
Severance payments	117	187
	<u>117</u>	<u>187</u>

b. Non-statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/non contractual severance payments totalling £116,790 (2016: £186,748). Individually the payments were:

	£		£
Belvedere:	10,010	Birkenhead:	30,000
	<u>10,010</u>		27,951
			19,154
			10,945
			7,652
			4,340
			3,000
			1,869
			1,869
			<u>106,780</u>

NOTES TO THE FINANCIAL STATEMENTS

c. Staff numbers

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

	2017	2016
Charitable activities	Number	Number
Teachers	142	134
Administration and support	126	125
Management	13	14
	281	273

d. Higher paid staff

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

	2017	2016
	Number	Number
£60,001 - £70,000	-	1
£70,001 - £80,000	1	1
£80,001 - £90,000	1	1
£90,001 - £100,00	1	-
£100,001 - £110,000	1	-
£110,001 - £120,000	-	1
£140,001 - £150,000	1	1

e. Key management personnel

The key management personnel of the Academy Trust comprise the trustees and the senior management teams. The senior management teams comprise the Principals, Associate Principal, Vice Principals, Assistant Vice Principals and the Chief Financial Officer. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust was £1,068,347 (2016: £1,060,476).

NOTES TO THE FINANCIAL STATEMENTS

9 RELATED PARTY EXPENSES, TRUSTEES' AND LOCAL GOVERNORS' REMUNERATION AND EXPENSES

The Principals and staff Local Governors only receive remuneration in respect of services they provide undertaking the roles of Principal and staff and not in respect of their services as Local Governors. The Trustees and Local Governors did not receive any payments, other than expenses, from the Academy Trust in respect of their roles as Trustees and Local Governors. The Principals' remuneration is shown below. The staff Local Governors are not Trustees and hence their remuneration is not disclosed.

	2017	2016
	£'000	£'000
Principal – Belvedere Academy	148	147
Principal – Birkenhead Academy	100	116

The employer's pension contributions paid in the year were:-

Principal – Belvedere Academy £21,996 (2016: £21,671)
Principal – Birkenhead Academy £16,480 (2016: £18,952)

The Trustees and Local Governors did not receive any payment or reimbursed expenses from the Academy Trust during the year (2016: £Nil).

Related party transactions involving the Trustees are set out in note 25 and 26.

10 TRUSTEES', LOCAL GOVERNORS' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the Academy Trust has purchased insurances to protect Trustees, Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy Trust business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the year ended 31 August 2017 was £1,040 (2016: £1,040). The cost of this insurance is included in the total insurance cost.

NOTES TO THE FINANCIAL STATEMENTS

11 TANGIBLE FIXED ASSETS

	Leasehold improvements £'000	Long leasehold buildings £'000	Leasehold refurbishments £'000	Educational furniture and equipment £'000	Motor vehicles £'000	ICT equipment £'000	Total £'000
Cost							
At 1 September 2016	22,563	13,530	328	993	6	1,898	39,318
Additions	24	-	-	25	-	13	62
Disposals	-	-	-	-	-	(97)	(97)
At 31 August 2017	<u>22,587</u>	<u>13,530</u>	<u>328</u>	<u>1,018</u>	<u>6</u>	<u>1,814</u>	39,283
Depreciation							
At 1 September 2016	2,276	2,097	125	948	6	1,647	7,099
Provided in the year	451	271	33	24	-	141	920
Disposals	-	-	-	-	-	(97)	(97)
At 31 August 2017	<u>2,727</u>	<u>2,368</u>	<u>158</u>	<u>972</u>	<u>6</u>	<u>1,691</u>	7,922
Net book value							
At 31 August 2017	<u>19,860</u>	<u>11,162</u>	<u>170</u>	<u>46</u>	<u>-</u>	<u>123</u>	31,361
At 31 August 2016	<u>20,287</u>	<u>11,433</u>	<u>203</u>	<u>45</u>	<u>-</u>	<u>251</u>	32,219

12 STOCKS

	2017 £'000	2016 £'000
Catering	<u>1</u>	<u>2</u>

NOTES TO THE FINANCIAL STATEMENTS

13 DEBTORS

	2017	2016
	£'000	£'000
ESFA capital grants receivable	-	51
ESFA other grants receivable	91	100
Amount due from The Girls' Day School Trust	18	50
VAT recoverable	163	166
Trade debtors	47	33
Other debtors	13	7
Prepayments and accrued income	152	132
	484	539

14 CREDITORS:

Amounts falling due within one year

	2017	2016
	£'000	£'000
Trade creditors	91	96
Accruals and deferred income	365	412
Taxation and social security	293	290
Amounts due to The Girls' Day School Trust	692	550
Other creditors	165	160
	1,606	1,508

DEFERRED INCOME

	2017	2016
	£'000	£'000
Deferred income at 1 September 2016	110	465
Resources deferred in the year	107	110
Amounts released from previous years	(110)	(465)
Deferred income at 31 August 2017	107	110

NOTES TO THE FINANCIAL STATEMENTS

DEFERRED INCOME (continued)

At the balance sheet date the Academy Trust was holding funds received in advance relating to:

	2017	2016
	£'000	£'000
Deferred EFA capital grants	24	23
Deferred EFA revenue grants	65	63
Funds received in advance for locker hire pupil lunches	10	7
Sundry	8	17
	<u>107</u>	<u>110</u>

NOTES TO THE FINANCIAL STATEMENTS

15 FUNDS

	Balance at 1 September 2016 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2017 £'000
Restricted general funds					
General Annual Grant	(614)	8,969	(9,417)	-	(1,062)
Start-Up Grant	-	4	(4)	-	-
Other EFA grants	-	519	(519)	-	-
LEA and other grants	-	96	(96)	-	-
Other restricted	2	43	(45)	-	-
Pensions reserve	(1,875)	-	(323)	(149)	(2,347)
	<u>(2,487)</u>	<u>9,631</u>	<u>(10,404)</u>	<u>(149)</u>	<u>(3,409)</u>
Restricted fixed asset funds					
DfE/ESFA capital grants	19,697	40	(580)	-	19,157
Private sector capital sponsorship	1,081	41	(51)	-	1,071
Capital expenditure from GAG	115	-	(11)	-	104
Local Authority capital grants	102	7	(7)	-	102
Private sector long leasehold grant	11,429	-	(271)	-	11,158
	<u>32,424</u>	<u>88</u>	<u>(920)</u>	<u>-</u>	<u>31,592</u>
Total restricted funds	<u>29,937</u>	<u>9,719</u>	<u>(11,324)</u>	<u>(149)</u>	<u>28,183</u>
Unrestricted funds	<u>1,531</u>	<u>994</u>	<u>(710)</u>	<u>-</u>	<u>1,815</u>
Total funds	<u>31,468</u>	<u>10,713</u>	<u>(12,034)</u>	<u>(149)</u>	<u>29,998</u>

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

The General Annual Grant must be used for the normal running costs of the academies within the Academy Trust. Section 3.10.1 of the Academies Financial Handbook removed the previous limits on the amount of General Annual Grant that may be carried forward for eligible academies (eligible academies being those that have moved to census based pupil number funding). Both Belvedere and Birkenhead Academy meet this criteria and hence the Academy Trust is not subject to a limit on the amount to GAG that can be carried forward.

NOTES TO THE FINANCIAL STATEMENTS

FUNDS (continued)

Start Up Grants are provided to support transitional costs for a period after an academy opens and to cover diseconomies of scale until an academy reaches its pupil number capacity. Start Up Grants may be carried forward until the end of the Start Up Period, with the Start Up Period being defined as 'the years before all age groups are present at their planned size'. Any grant remaining at the end of the Start Up Period is added to the GAG for carry over calculation purposes.

Local Authority grants relate to local authority funding for the provision of education by the academies within the Academy Trust.

The ESFA capital grants are provided by the Government for specific capital purposes.

Sponsorship funds are those funds provided by the academies' sponsors for specific capital projects. The long leasehold grants relate to the capitalisation of the 99 year leases of the properties at Belvidere Road and Devonshire Place which were granted to the Academy Trust by The Girls' Day School Trust.

The transfer from the restricted general fund to the restricted fixed asset fund of £nil (2016: £Nil) represents the total capital expenditure funded from the General Annual Grant during the year.

Analysis of academies by fund balance

Fund balances at 31 August 2017 were allocated as follows:

	Total £'000
Belvedere Academy	426
Birkenhead Academy	327
Central Services	-
Total before fixed asset funds and pension reserve	753
Restricted fixed asset funds	31,592
Pension reserve	(2,347)
Total funds	29,998

NOTES TO THE FINANCIAL STATEMENTS

Analysis of Academies by cost:

	Teaching and educational support staff costs £'000	Other support staff costs £'000	Educational supplies £'000	Other costs (excluding depreciation) £'000	Total £'000
Belvedere Academy	3,420	739	195	936	5,290
Birkenhead Academy	3,973	751	244	854	5,822
	7,393	1,490	439	1,790	11,112

16 ANALYSIS OF NET ASSETS BETWEEN FUNDS

Fund balances at 31 August 2017 are represented by:

	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	Total funds £'000
Tangible fixed assets	-	-	31,361	31,361
Current assets	1,893	401	296	2,590
Current liabilities	(78)	(1,463)	(65)	(1,606)
Pension scheme liability	-	(2,347)	-	(2,347)
Total	1,815	(3,409)	31,592	29,998

17 CAPITAL COMMITMENTS

The Academy Trust had capital commitments of £Nil at 31 August 2017 (2016: £Nil).

NOTES TO THE FINANCIAL STATEMENTS

18 COMMITMENTS UNDER OPERATING LEASES

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

	2017	Other
	£'000	2016
		£'000
Amounts due within one year	18	29
Amounts due between one and five years	11	28
Amounts due after five years		-
	29	57

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

	2017	2016
	£'000	£'000
Net income/(expenditure) for the year (as per the Statement of Financial Activities)	(1,321)	(882)
Depreciation (note 11)	920	1,034
Capital grants from DFE and other capital income	(88)	(548)
Loss on disposal of tangible fixed assets	1	-
(Increase)/decrease in stocks	1	-
(Increase)/decrease in debtors	64	(86)
Increase/(decrease) in creditors	88	(602)
Defined benefit pension scheme cost less contributions payable	287	84
Defined benefit pension scheme finance cost	36	30
Interest received	(4)	(11)
Net cash provided by/(used in) operating activities	(16)	(981)

20 CASH FLOWS FROM INVESTING ACTIVITIES

	2017	2016
	£'000	£'000
Interest received	4	11
Purchase of tangible fixed assets	(62)	(575)
Capital grants/donations from DFE	40	441
Capital funding received from sponsors and others	48	102
Receipts from sale of tangible fixed assets	-	-
Increase in capital creditors	-	-
Net cash provided by/(used in) investing activities	30	(21)

NOTES TO THE FINANCIAL STATEMENTS

21 ANALYSIS OF CASH AND CASH EQUIVALENTS

	2017 £'000	2016 £'000
Cash at bank and in hand	2,105	2,091
Total cash and cash equivalents	<u>2,105</u>	<u>2,091</u>

22 CONTINGENT LIABILITIES

There were no contingent liabilities to disclose at 31 August 2017 or 31 August 2016.

23 MEMBERS' LIABILITY

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

24 PENSION COMMITMENTS

Pension and similar obligations

The Academy Trust's employees belong to three principal pension schemes: The Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by the Merseyside Pension Fund and the GDST Pension Scheme for non-teaching staff. All three schemes are defined benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and that of the LGPS 31 March 2016. The GDST Pension Scheme was closed to future benefit accrual from 31 December 2016.

Support Staff Pensions

The deficit of £2,347k included in the financial statements is made up as follows:

	2017 £'000	2016 £'000
Local Government Pension Scheme	(2,141)	(1,597)
GDST Pension Scheme	(206)	(278)
	<u>(2,347)</u>	<u>(1,875)</u>

Contributions amounting to £143,412 (2016: £127,493) were payable to the schemes at 31 August 2017 and are included within creditors. Prepaid contributions amounted to £23,483 (2016: £Nil) at 31 August 2017 and are included within debtors.

NOTES TO THE FINANCIAL STATEMENTS

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

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

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from April 2019.

NOTES TO THE FINANCIAL STATEMENTS

The employer's pension costs paid to TPS in the period amounted to £828,906 (2016: £809,963). A copy of the valuation report and supporting documentation is on the [Teachers' Pensions website](#).

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

Local Government Pension Scheme

The Academy Trust is one of several employing bodies within the Local Government Pension Scheme (LGPS).

The LGPS is a funded defined benefit scheme with the assets held in separate trustee administered funds.

The total contribution made for the year ended 31 August 2017 was £333,465 of which employers' contributions totalled £237,263 and employees' contributions totalled £96,202. The amounts for each Academy were:

- Belvedere Employer contributions £109,161 and Employee contributions £47,334
- Birkenhead Employer contributions £128,102 and Employee contributions £48,868

The employer's contribution rate comprises two elements:

- The future service funding rate.
- The past service adjustment. This is a stepped amount for each of the three years of the valuation period.

	Belvedere 2017	Birkenhead 2017
Future service funding rate	15.10%	16.40%
Past service adjustment - 2017 total	£13,892	£7,908

NOTES TO THE FINANCIAL STATEMENTS

PENSION AND SIMILAR OBLIGATIONS (continued)

Local Government Pension Scheme (continued)

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

From 1 April 2008, the employees' contribution rate is banded according to the individual employee's pensionable pay. Employees' rate ranged from 5.5% to 9.9% in the year ended 31 August 2017.

Principal Actuarial Assumptions	Belvedere At 31 August 2017 %	Belvedere At 31 August 2016 %	Birkenhead At 31 August 2017 %	Birkenhead At 31 August 2016 %
Rate of increase in salaries	3.70	3.40	3.70	3.30
Rate of increase for pensions in payment	2.20	2.00	2.20	1.90
Discount rate for scheme liabilities	2.50	2.20	2.50	2.10
Inflation assumption (CPI)	2.20	1.90	2.20	1.80
Commutation of pensions to lump sums	50.00	50.00	50.00	50.00

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

	At 31 August 2017	At 31 August 2016
<i>Retiring today</i>		
Males	21.6	22.5
Females	24.7	25.4
<i>Retiring in 20 years</i>		
Males	24.2	24.9
Females	27.7	28.2

NOTES TO THE FINANCIAL STATEMENTS

PENSION AND SIMILAR OBLIGATIONS (continued)

Local Government Pension Scheme (continued)

	Belvedere Fair value at 31 Aug 2017 £'000	Belvedere Fair value at 31 Aug 2016 £'000	Birkenhead Fair value at 31 Aug 2017 £'000	Birkenhead Fair value at 31 Aug 2016 £'000
Equities	941	800	330	127
Government bonds	61	70	21	11
Other bonds	217	180	76	29
Property	144	125	50	20
Cash	86	56	30	9
Other	346	293	121	46
Total market value of assets	1,795	1,524	628	242
 Present value of scheme liabilities	 (3,107)	 (2,926)	 (1,457)	 (437)
 Surplus/(deficit) in the scheme	 (1,312)	 (1,402)	 (829)	 (195)

The actual return on the scheme assets was:

- Belvedere £161,000 (2016: £237,000)
- Birkenhead £33,000 (2016: £31,000)

Amount recognised in the statement of financial activities

	Belvedere 2017 £'000	Belvedere 2016 £'000	Birkenhead 2017 £'000	Birkenhead 2016 £'000
Current service cost (net of employer contributions)	131	50	163	47
Employer contributions				
Net interest cost	29	17	2	1
Admin expenses	3	4	4	3
Total operating charge	163	71	169	51

NOTES TO THE FINANCIAL STATEMENTS

PENSION AND SIMILAR OBLIGATIONS (continued)

Local Government Pension Scheme (continued)

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

	Belvedere	Belvedere	Birkenhead	Birkenhead
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
At 1 September	2,926	1,629	437	153
Current service cost	234	149	281	125
Interest cost	64	66	9	7
Employee contributions	47	51	47	34
Actuarial (gain)/loss	(162)	1,032	683	119
Benefits paid	(2)	(1)	-	(1)
At 31 August	3,107	2,926	1,457	437

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

	Belvedere	Belvedere	Birkenhead	Birkenhead
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
At 1 September	1,524	1,142	242	103
Expected return on assets	35	49	7	6
Actuarial gains/(losses)	91	188	218	25
Employer contributions	103	99	118	78
Employee contributions	47	51	47	34
Benefits paid	(2)	(1)	-	(1)
Administration expenses	(3)	(4)	(4)	(3)
At 31 August	1,795	1,524	628	242

The estimated value of employer contributions for the year ended 31 August 2017 is:

- Belvedere £125,000
- Birkenhead £148,000

NOTES TO THE FINANCIAL STATEMENTS

PENSION AND SIMILAR OBLIGATIONS (continued)

GDST Defined Benefits Pension Scheme

The GDST scheme is a funded defined benefits scheme, with the assets held in separate trustee administered funds. The scheme was closed to new entrants and to future accrual of benefits as of 31 December 2017.

The total contribution made for the year ended 31 August 2017 was £15,001 (2016: £43,224) of which employer's contributions totalled £9,694 (2016: £28,124) and employees' contributions totalled £5,307 (2016: £15,100).

The amounts for each academy were:

- Belvedere Employer contributions £1,048 (2016: £3,031) and Employee contributions £574 (2016: £1,659)
- Birkenhead Employer contributions £8,646 (2016: £25,093) and Employee contributions £4,733 (2016: £13,441)

Principal Actuarial Assumptions	At 31 August 2017	At 31 August 2016
Rate of increase in salaries	N/A	N/A
Rate of increase for pensions in payment/ inflation	2.35%	2.00%
Discount rate for scheme liabilities	2.40%	2.00%
Inflation assumption (CPI)	2.35%	1.95%

The Academy Trust's share of the assets and liabilities in the scheme and the expected rates of return were:

	Fair value at 31 Aug 2017 £'000	Fair value at 31 Aug 2016 £'000
Equities	340	353
Government bonds	186	113
Other bonds	99	101
Property	1	1
Cash	2	3
Other	107	103
Total market value of assets	735	674
 Present value of scheme liabilities	 (941)	 (952)
 Surplus/(deficit) in the scheme	 (206)	 (278)

NOTES TO THE FINANCIAL STATEMENTS

PENSION AND SIMILAR OBLIGATIONS (continued)

GDST Defined Benefits Pension Scheme

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

	At 31 August 2017	At 31 August 2016
<i>Retiring today</i>		
Males	22.9	23.1
Females	25.5	25.8
<i>Retiring in 20 years</i>		
Males	24.6	25.3
Females	27	27.8

Total expenditure recognised in the Statement of Financial Activities

	2017 £'000	2016 £'000
Current service cost (net of employer contributions)	(14)	34
Net interest cost	5	12
Employer contributions	-	-
Curtailments and administration expenses	-	(54)
Total operating charge	(9)	(8)

The actuarial gains and losses for the current year are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 102 is a £60,000 (2016: £142,000) loss.

NOTES TO THE FINANCIAL STATEMENTS

PENSION AND SIMILAR OBLIGATIONS (continued)

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

	2017	2016
	£'000	£'000
At 1 September	952	1,144
Current service cost	(3)	56
Interest cost	19	41
Employee contributions	3	8
Actuarial (gain)/loss	(10)	(216)
Benefits paid	(20)	(24)
Past Service cost	-	-
Curtailments and settlements	-	(57)
At 31 August	941	952

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

	2017	2016
	£'000	£'000
At 1 September	674	813
Interest income	14	29
Actuarial gains/(losses)	53	(171)
Employer contributions	13	22
Employee contributions	3	8
Benefits paid	(20)	(24)
Administration expenses	(2)	(3)
At 31 August	735	674

The estimated value of employer contributions for the year ended 31 August 2017 is £11,000.

NOTES TO THE FINANCIAL STATEMENTS

25 RELATED PARTY TRANSACTIONS

Owing to the nature of the Academy Trust's operations and the composition of the board of trustees/local governing body being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a trustee/local governor may have an interest. All transactions involving such organisations are conducted in accordance with the Academy Trust's financial regulations and normal procurement procedures.

The Girls' Day School Trust (GDST), the main sponsor of the Academy Trust, had the following trustees in common during the year:

Helen Williams
Richard Harris

Cheryl Giovannoni, the Chief Executive of the GDST and Tom Beardmore-Gray, the Finance Director of the GDST, are also trustees of the Academy Trust.

A formal operating agreement exists between the Academy Trust and the GDST whereby the GDST shall supply a number of services to the Academy Trust (at no more than such services could reasonably be obtained in the open market). The GDST has carried out a costing exercise to demonstrate that all services provided have actually been delivered to the Academy Trust at less than cost. The amount of services supplied in the year ended 31 August 2017 is as follows:

	2017	2016
	£'000	£'000
ICT support services	84	84
Payroll services	14	14
Internal audit services	1	2
Human resources advice	1	2
	100	102

NOTES TO THE FINANCIAL STATEMENTS

RELATED PARTY TRANSACTIONS (continued)

Creditors includes the sum of £692,356 (2016: £551,076) which was due from the Academy Trust to the GDST at 31 August 2017. This amount comprises:

	2017	2016
	£'000	£'000
Reimbursement of payroll costs	522	540
Creditor for services/advice	51	11
Other	119	-
	692	551

Debtors include the sum of £30,352 (2016: £49,800) receivable from the GDST.

26 TRUSTEES' and LOCAL GOVERNORS' REMUNERATION AND EXPENSES

The Principal and other staff Governors only receive remuneration in respect of services they provide undertaking the roles of Principal and Staff, and not in respect of their services as Governors. Other Governors did not receive any payments from the Academy Trust in respect of their role as Governors.

27 ULTIMATE CONTROLLING COMPANY

The ultimate controlling party is The Girls' Day School Trust, a charitable company incorporated in England and Wales.