

# REGISTRAR OF COMPANIES

**City of London  
Academy  
Islington  
Limited**

## **Annual Report and Financial Statements**

31 August 2018

Company Limited by Guarantee  
Registration Number  
06426966 (England and Wales)

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## Reference and administrative information

### Governors

Mr Henry Colthurst (Chairman)

Cllr Joe Caluori

Lady Helen Curran

Ms Angela Davies

Mrs Ann Holmes (term ended November 2018)

Ms Amy Hulley (term ended August 2018)

Ms Ruth Johal (term ended August 2018)

Judge Philip Katz

Mr Michael Laurie (term ended August 2018, reappointed 1 September 2018)

Ms Marion O'Hara

Mr William Paulton

Mr Eric Sorensen (appointed October 2018)

Ms Clare Verga

Mr Russell Willmer

Professor Richard Verrall

Mr Ron Zeghibe

### Senior leadership team

Executive Principal

Clare Verga

Head of School

Sonia Jacob (Vice Principal September 2018)

Vice Principal

Nick Chinnock (appointed Principal September 2018)

Vice Principal

Laurie Glees

Vice Principal

Oli Hamdi (resigned August 2018)

Vice Principal

Lynne Tanswell (resigned August 2018)

Assistant Vice Principal

Andrew Hesketh

Assistant Vice Principal

Abi King

Assistant Vice Principal

Phil Lucas (appointed September 2017)

Assistant Vice Principal

David Smith (resigned August 2018)

Assistant Vice Principal

Matthew Watton

Finance Director

Lynne Gravatt (resigned December 2017)

Ewan Dunn (appointed January 2018)

HR Director

Beno Azebiah (resigned September 2017)

Debbie Reynolds (appointed January 2018, resigned August 2018)

### Registered office

Prebend Street

Islington

London

N1 8PQ

### Company registration number

06426966 (England and Wales)

## Reference and administrative information

<b>Auditor</b>	Buzzacott LLP 130 Wood Street London EC2V 6DL
<b>Bankers</b>	NatWest Finsbury Square 78 Finsbury Pavement London EC2A 1AT
<b>Solicitors</b>	Comptroller & City Solicitor City of London Corporation PO Box 270 Guildhall London EC2P 2EJ

## **Report of the governors Year to 31 August 2018**

The governors (who are the directors and trustees) of the City of London Academy Islington (the Academy Trust), present their statutory report and financial statements for the year ended 31 August 2018. The annual report serves the purposes of both a trustees' report and a directors' report under company law.

The financial statements have been prepared in accordance with the accounting policies set out on pages 27 to 33 and comply with the Academy Trust's memorandum and articles of association, applicable laws and 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 United Kingdom and Republic of Ireland (FRS 102).

### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

#### **Constitution and principal activities**

The Academy Trust is a company limited by guarantee that was incorporated on 14 November 2007 to develop a new school in Islington. On 1 August 2011, the Academy Trust became an exempt charity for the purposes of the Charities Act 2011. The principal regulator of the Academy Trust is the Department for Education (DfE). The Education and Skills Funding Agency (ESFA) carries out the role of the principal regulator on behalf of the DfE. The Academy Trust's memorandum and articles of association and the funding agreement dated 10 March 2008 are the primary governing documents of the Academy Trust. The articles of association require the members of the Academy Trust to appoint at least three governors to be responsible for the affairs of the Academy Trust and the management of the Academy Trust.

#### **Method of recruitment and appointment or election of governors**

Details of the Governors who served during the year and up to the date of approval of the annual report and financial statements are included in the Reference and Administration Information on page 1.

As specified in the Academy Trust's Articles of Association, all Members may nominate and appoint up to 16 Governors. Governors are appointed based on the structure listed in the Articles of Association, by sponsors and consideration is taken into account of particular skills and experience they can offer.

#### **Policies and procedures adopted for the induction and training of governors**

All new governors receive a thorough induction and training programme supported by a day visit at the Academy Trust. Occasional training is also offered as updates in legislation and other matters are required.

#### **Principal activities**

The principal activity of the Academy Trust is to advance, for the public benefit, education in Islington by establishing, maintaining, carrying on, managing and developing a secondary school offering a broad curriculum with a strong emphasis on the teaching of business and enterprise.

## STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

### Members' liability

Every member of the Academy Trust undertakes to contribute to the assets of the Academy Trust 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.

### Governors indemnities

In accordance with normal commercial practice the Academy Trust has arranged cover to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy Trust business. Further details are provided at note 11 to the financial statements.

### Governors

The following governors were in office at the date these financial statements were approved and served from 1 September 2017 to the date of approval except where shown:

Governor	Appointed	Resigned
Mr Henry Colthurst (Chairman)	1 February 2016	
Cllr Joe Caluori	15 October 2015	
Lady Helen Curran	21 May 2016	
Ms Angela Davies	10 November 2015	
Ms Ann Holmes	1 September 2016	13 November 2018
Ms Amy Hulley	5 October 2015	31 July 2018
Ms Ruth Johal	4 April 2014	31 August 2018
Judge Philip Katz	1 September 2017	
Mr Michael Laurie	9 October 2014	31 August 2018
	Re-appointed 1 September 2018	
Ms Marion O'Hara	1 September 2016	
Mr William Paulton	12 October 2017	
Mr Eric Sorensen	1 October 2018	
Mr Russell Willmer	1 September 2017	
Ms Clare Verga	1 September 2012	
Professor Richard Verrall	1 August 2015	
Mr Ron Zeghibe	1 September 2017	

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

The key management personnel of the Academy Trust responsible for directing and controlling the Academy Trust comprise the governors together with the senior leadership team. Governors are not remunerated for their services as governors of the Academy Trust. However, certain governors (staff governors) are remunerated in their capacity as Academy Trust employees. Ms Clare Verga was remunerated in her position as Academy Principal. Ms Angela Davies and Ms Ruth Johal were remunerated as employees of the Academy.

## STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

### Arrangements for setting pay and remuneration of key management personnel (continued)

There is a Pay Committee comprising governors who meet in October each year to ratify the remuneration of key management personnel. The Pay Committee's practice is in line with expectations set out in an approved pay policy; and all decisions about pay are made in adherence to the policy. The remuneration is determined with reference to national pay scales. Staff governors are excluded from the decision making regarding their salaries.

### Trade union facility time

#### Relevant union officials

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

#### Percentage of time spent on facility time

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

#### Percentage of pay bill spent on facility time

Total cost of facility time	Zero
Total pay bill	
Percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) x 100	

#### Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as:  (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) x 100	Zero
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## **STRUCTURE, GOVERNANCE AND MANAGEMENT** (continued)

### **Trade union facility time** (continued)

City of London Academy Islington contributes towards Islington's trade union facilities agreement. This allows the school's employees to call upon the representatives who are funded under the local authority agreement, and whose trade union duties are paid for by the local authority.

### **Connected organisations including related party relationships**

City of London Academy Islington is sponsored by City, University of London and City of London Corporation. Related party transactions involving the sponsors and Governors are set out in notes 10 and 18 to the financial statements.

Both the City of London Corporation and City, University of London have long track records in providing high quality educational services to their local communities. City, University of London is an internationally renowned institution with substantial experience of teaching, learning and research. The Academy Trust's staff and students have access to the University's resources as well as its close contacts with professional institutions, businesses and industries. City of London Corporation which provides local government services for the Square Mile, already has significant responsibilities in education and uses its experience to guide the Academy Trust. The Corporation also guides the Academy Trust with governance and legal services.

Both these institutions have representatives on the Academy Trust's Board of Governors.

## **OBJECTIVES AND ACTIVITIES**

### **Objectives**

The main objectives of the Academy Trust are summarised below:

- ◆ to raise the standard of educational achievement of all pupils;
- ◆ to ensure that every child enjoys the same high quality education in terms of resourcing, tuition and care;
- ◆ to improve the effectiveness of the Academy Trust by keeping the curriculum and organisational structure under continual review;
- ◆ to provide value for money for the funds expended;
- ◆ to comply with all appropriate statutory and curriculum requirements;
- ◆ to conduct all business in accordance with the highest standards of integrity, probity and openness; and
- ◆ to be at the heart of its community, sharing facilities with other schools and the wider community.



## **OBJECTIVES AND ACTIVITIES (continued)**

### **Public benefit**

When setting the objectives of the Academy Trust for the year, the governors have given careful consideration to the Charity Commission's general guidance on public benefit and in particular to its supplementary guidance on advancing education.

### **Developments and activities during the year**

During the year:

- ◆ community engagement continued to increase with the use of the facilities for activities for the local community and sports associations; and
- ◆ the Academy Trust worked closely with its sponsor, City, University of London, with regards to university guidance, careers and mathematics;
- ◆ the Academy Trust worked closely with its sponsor, City of London Corporation, and other City Schools developing partnerships and collaboration.
- ◆ the Academy Trust has continued to maintain good working relationships with The Worshipful Companies of Saddlers, Drapers, Glovers, Fletchers and Weavers.
- ◆ the Academy Trust continued to develop links with local businesses and organisations, for example Deloitte and Angel Association.

### **Equal opportunities**

The governors recognise that equal opportunities are an integral part of good practice within the workplace. The Academy Trust has established equal opportunity in all areas of its activities including creating a working environment in which the contribution and needs of all people are fully valued.

## **STRATEGIC REPORT**

### **Achievements and performance**

The academic results for 2017/18 and other statistical information demonstrate:

- ◆ Provisional Progress 8 score of 0.46.
- ◆ Attainment 8 score 49.1.
- ◆ Third for student progress at GCSE in Islington.
- ◆ 100% pass rate at A2, with 77% of grades at A\*-C.
- ◆ Average vocational grade of Distinction- at KS5.
- ◆ Section 8 inspection in May 2018 during which the inspector reported that the school remains good and there is sufficient evidence of improved performance to suggest that the school may be judged outstanding if it received a section 5 inspection now
- ◆ The Academy received formal accreditation as a Transforming School from the SSAT in recognition of the outstanding professional learning opportunities it offers to staff

**STRATEGIC REPORT** (continued)

**Key Financial Performance Indicators**

The following are the key financial performance indicators that are reviewed on a regular basis by the Personnel, Finance and Premises Committee:

- ◆ Balance of income and expenditure;
- ◆ Year-to-date spend against forecast;
- ◆ Distribution of spend across categories (e.g. salaries, educational supplies, extra-curricular activities);
- ◆ Monthly cash flow and cash balance;
- ◆ Levels of donations to the Academy trust; and
- ◆ On-going capital investment.

**Going concern**

Following a major review of the Trust's 2017/18 cost base combined with additional income generated by increased entry intake expected for the next three years, material changes have been made for 2018/19. Notwithstanding the obvious concerns raised by staffing reductions, the Governing Body believes the action taken in setting the 2018/19 budget and forecasts for 2019/20 and 2020/21, puts the Trust on a secure footing. As such, the governors have a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future. Further details regarding the adoption of the going concern basis can be found in the accounting policies.

**Financial review**

***Financial report for the year***

During the year to 31 August 2018, total expenditure was £7,701,621 (2017 – £7,033,956). This figure was covered by grant funding from the ESFA and other income of £6,344,045 (2017 - £6,144,137) and the Academy Trust's brought forward reserves. The net deficit for the year (excluding restricted fixed asset funds, Local Government Pension Scheme accounting adjustments and other recognised gains and losses) was £395,930 (2017 – net surplus of £91,292).

As at 31 August 2018 the net book value of fixed assets was £29,136,635 (2016 - £29,887,448). Movements in tangible fixed assets are shown in note 13 to the financial statements.

The assets are primarily used for providing education and the associated educational support services to the pupils of the Academy Trust, as well as generating income in the form of lettings to the local community.

**STRATEGIC REPORT** (continued)

**Financial review** (continued)

***Financial report for the year*** (continued)

*Unrestricted general funds*

At 31 August 2018, the value of the free reserves held as unrestricted general funds was £242,428 (2017: £193,206). There is currently no target for level of unrestricted reserves held. As and when this reserve grows, the governors will review the policy to ensure that any reserves held will be to target necessary improvements to the Academy Trust's estate and its operational and organisational structure that improve the teaching facilities and environment throughout the Academy Trust.

*Restricted funds*

The Academy Trust aims to set a budget each year that will achieve a cumulative revenue (general funds) surplus after all costs. It is intended that the reserves will be held to allow the Academy Trust in future periods to target necessary improvements to its estate and operational and organisational structure to improve the teaching facilities and environment throughout the Academy Trust.

The Academy Trust's restricted reserves at the end of the year are £29,048,519 (2017 – £29,781,095). Excluding the balance on the capital fund and the deficit on the pension reserve, restricted general funds at 31 August 2018 amounted to £203,289 (2017 - £648,441).

**Investment policy**

The Academy Trust maintains control over its bank and petty cash balances and makes investment decisions with regards to use of those funds which are directed towards the provision of educational activities in line with the curricula of the schools and identified support needs. The Academy Trust has no other investments.

**Principal risks and uncertainties**

The Academy Trust maintains a risk register, which is reviewed on an on-going basis and updated as required. This process involves identifying the types of risk the Academy Trust faces, scoring and prioritising them in terms of their potential operational and financial impact, assessing the likelihood of occurrence and identifying means of mitigating the risks. At this stage in the Academy Trust's development, the principal risks and the mitigating actions are as follows:

- ♦ Failure to attract and retain suitably qualified and experienced staff, especially in key curriculum areas. In order to manage this risk, recruitment is targeted and all suitable applicants face a rigorous interview process. The Academy Trust aims to create an environment that is both pleasant and stimulating for both staff and students. The use of agency staff is kept to a minimum.

**STRATEGIC REPORT** (continued)

**Principal risks and uncertainties** (continued)

- ◆ Failure to achieve the targeted improvements in educational attainment and examination results. In order to manage this risk, the Academy Trust actively monitors the progress of students. Targets are established for individual students and where students are falling short of expectations, targeted interventions are used in order to realign the actual outcomes with the expectations. The Academy Trust also strives to ensure that it recruits high quality, experienced staff to provide students with the best opportunity for success.
- ◆ Failure to manage the budget. In order to manage this risk, the Academy Trust has an established Premises, Personnel and Finance Committee that regularly reviews the Academy Trust's management accounts and forecasts to enable the Academy Trust to anticipate better likely financial challenges. Clear procurement policies and procedures are also in place to ensure that the Academy Trust's funds are applied effectively and value for money is obtained.
- ◆ Reduction in funding either by budgeted cuts or reduction in student numbers. In order to manage this risk, student numbers are carefully monitored. Any variations of actual pupil numbers against those projected will be modelled into the following year's budget. The school is funded based upon the January school census and as such receives its funding on a 'lagged' basis. The Governing Body has also agreed upon a reserves policy that aims for a revenue surplus on the general restricted funds. This allows for a short term buffer where an in-year deficit is expected.

**Fundraising**

The Academy Trust does not undertake any fundraising activity activities that would fall under the provisions of the Charities (Protection and Social Investment) Act 2016.

## Report of the governors Year to 31 August 2018

### STRATEGIC REPORT (continued)

#### Plans for future years

During this time the Academy Trust aims to

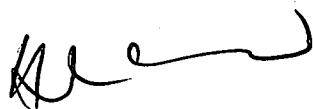
- ◆ Ensure that curriculum design and assessment performance measures achieve the best outcomes for the student;
- ◆ Maintain being oversubscribed;
- ◆ Meet Academy set targets;
- ◆ Increase entry into Post-16 courses;
- ◆ Develop a robust marketing strategy for the sixth form; and
- ◆ Further develop partnership with other City schools in coordination with City of London Academies Trust.

#### AUDITOR

Insofar as the governors are aware:

- ◆ there is no relevant audit information of which the Academy Trust's auditor is unaware; and
- ◆ the governors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Report of the governors, incorporating a strategic report, approved by the governors as the company directors and signed on their behalf by:



Henry Colthurst  
Chairman of the Governing Body

Approved on:

for December 2018

## Governance statement Year to 31 August 2018

### Scope of Responsibility

As governors, we acknowledge we have overall responsibility for ensuring that the City of London Academy Islington (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 achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Governing Body have delegated the day-to-day responsibility to the Executive Principal, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between the Academy Trust and the Secretary of State for Education. The Executive Principal is also responsible for reporting to the governing body any material weaknesses or breakdowns in internal control.

### Governance

The information on governance included here supplements that described in the report of the governors and in the statement of governors' responsibilities. The Governing Body has formally met four times during the last academic year. Attendance during the year at meetings of the governing body was as follows:

Governor	Number of meetings attended	Out of a possible
Mr Henry Colthurst (Chairman)	4	4
Cllr Joe Caluori	2	4
Lady Helen Curran	4	4
Ms Angela Davies	4	4
Ms Ann Holmes	4	4
Ms Amy Hulley	4	4
Ms Ruth Johal	4	4
Judge Philip Katz	4	4
Mr Michael Laurie	3	4
Ms Marion O'Hara	3	4
Mr William Paulton	2	4
Ms Clare Verga	4	4
Professor Richard Verrall	2	4
Mr Russell Willmer	4	4
Mr Ron Zeghibe	4	4

The Personnel, Finance and Premises Committee is a sub-committee of the main Governing Body. Its purpose is to report to the main Governing Body on the financial position of the Academy Trust as well as any building and personnel issues. The sub-committee meets termly to review the current performance of the Academy Trust ensuring any issues raised are discussed and resolved so that the Academy Trust is compliant with ESFA Financial Regulations, as well as the Funding Agreement.

## Governance statement Year to 31 August 2018

### Governance (continued)

At each meeting the key risks to the Academy are tabled and discussed, together with a full Site Report.

Attendance at meetings in the year was as follows:

Governor	Number of meetings attended	Out of a possible
Ms Marion O'Hara (Chairman)	3	3
Mr Henry Colthurst	3	3
Ms Amy Hulley	2	3
Mr Michael Laurie	2	3
Ms Clare Verga	3	3
Mr Russell Willmer	2	3
Mr Ron Zeghibe	3	3

The Curriculum and Community Committee is also a sub-committee of the main board of governors. Its purposes is to report on matters related to Teaching and Learning, Curriculum, Community Links and Partnerships. The sub-committee meets quarterly to ensure that terms of reference and requirements of the committee are met.

Attendance at meetings in the year was as follows:

Governor	Number of meetings attended	Out of a possible
Lady Helen Curran (Chairman)	3	3
Cllr Joe Caluori	2	3
Ms Angela Davies	3	3
Ms Ann Holmes	2	3
Ms Ruth Johal	2	3
Judge Philip Katz	2	3
Ms Clare Verga	3	3
Professor Richard Verrall	1	3

### Governance review

The Academy Trust reviews its Governance on an annual basis. A strategic away-day in February examined the aims of the Academy Trust and the role the governors play. A skills audit was conducted to guide the recruitment of new governors. The Link Governor roles were revised to ensure visits were more targeted and productive. Training opportunities were provided for all governors, and a self-evaluation exercise was undertaken during the year.

The Academy intends to conduct its next self-evaluation in the year to 31 August 2019.

### Review of value for money

As Accounting Officer, the Executive Principal has responsibility for ensuring that the Academy Trust delivers good value in the use of public resources. The Accounting Officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

## **Governance statement** Year to 31 August 2018

The Accounting Officer considers how the Academy Trust's use of its resources has provided good value for money during the academic year, and reports to the Governing Body where value for money can be improved, including the use on benchmarking data where available. The Accounting Officer for the Academy Trust has delivered and improved value for money during the year by:

### **1. Raising student attainment**

Students gained 100% pass rate at A2 with 77% at grade A\* to C and average vocational grades at KS5 were Distinction-.

At GCSE level students continue to make excellent progress with 86% achieving a grade 4 to 9 in English and 72% achieving a grade 4 to 9 in Maths. Provisional data for the Progress 8 measures show an above average score of 0.46 with an attainment 8 score of 49.19. We are third in Islington for student progress at GCSE.

The Academy Trust has a programme of targeted interventions across all subject areas to support student progress.

### **2. Financial governance**

The Academy Trust's governance arrangements include regular financial monitoring and the management accounts are produced on a monthly basis. The Personnel, Finance and Premises Committee met three times throughout the year. Regular review of budgets ensures expenditure is on track.

### **3. ICT provision**

The Academy Trust has continued to invest in the ICT infrastructure providing new machines in the library and sixth form to facilitate independent student study and replacing obsolete machines in classrooms.

### **4. Staff costs**

Staff costs are the major area of expenditure for the Academy Trust. Great care is given to ensuring that the staffing structure is appropriate, effective and cost effective. Benchmarking indicates that overall staff costs are above the sector average, however the positive outcomes for students show that spending is targeted effectively. The Academy Trust is expanding and funding is lagged, so that higher staffing costs are to be expected until it is full. Back office costs are below average according to benchmarking data.



**The purpose of the system of internal control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Academy Trust's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place at the Academy Trust for the year ended 31 August 2018 and up to the date of approval of the annual report and financial statements.

**Capacity to handle risk**

The Governing Body has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governing Body is of the view that there is an ongoing process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the year ended 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Governing Body.

**The risk and control framework**

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

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

The governors appointed City of London University Internal Audit Department to review and identify any weaknesses with the design of the overall control framework at the end of the year to 31 August 2018. Its programme of work included:

- ◆ Review and testing of payroll system and personnel files;
- ◆ Review of access levels to accounting systems and controls over data amendments and transactions;

**The risk and control framework** (continued)

- ◆ Review and testing of purchasing system and supporting documentation;
- ◆ Review and testing of income systems and supporting documentation;
- ◆ Review and testing of IT recovery procedures ;
- ◆ Review of bank reconciliations and procedures;
- ◆ Review of all control account reconciliations and procedures; and
- ◆ Review of letting procedures.

The review was the start of an ongoing dialogue on how to improve processes and systems at the Academy Trust.

**Review of effectiveness**

As Accounting Officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control. During the year, the Accounting Officer has been informed in their review of the system of internal control by the ongoing dialogue with the Personnel, Finance and Premises Committee. A comprehensive review of the internal control framework has been ongoing throughout the year. The outcomes of this review by City University have been studied and recommendations made are being implemented, including a thorough updating of the Financial Handbook to ensure good practice continues to be followed.

Approved by order of the Governing Body and signed on its behalf by:



Henry Colthurst  
Chairman of the Governing Body



Clare Verga  
Executive Principal and Accounting Officer

Approved on:

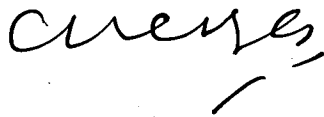
*for December 2018*

**Statement on regularity, propriety and compliance** Year to 31 August 2018

As Accounting Officer of the City of London Academy Islington (the 'Academy Trust'), I have considered my responsibility to notify the Academy Trust Governing Body and the Education and Skills Funding Agency of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the Academy Trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

I confirm that I and the Academy Trust's Governing Body are able to identify any material irregular or improper use of funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's funding agreement and the Academies Financial Handbook 2017.

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



Clare Verga  
Executive Principal and Accounting Officer

Date: 611212018

## Statement of governors' responsibilities Year to 31 August 2018

The governors (who are the trustees of City of London Academy Islington (the 'Academy Trust') for the purposes of charity law and are also the directors of the Academy Trust for the purposes of company law) are responsible for preparing the report of the governors and the financial statements in accordance with the Annual Accounts Direction issued by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the governors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Academy Trust and of the income and expenditure of the Academy Trust for that period. In preparing these financial statements, the governors are required to:

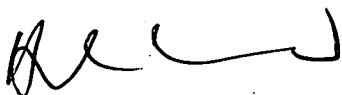
- ♦ select suitable accounting policies and then apply them consistently;
- ♦ observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- ♦ make judgments and estimates that are reasonable and prudent;
- ♦ state whether applicable United Kingdom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

The governors are responsible for keeping adequate accounting records that are sufficient to show and explain the Academy Trust's transactions and disclose with reasonable accuracy at any time the financial position of the Academy Trust 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 Academy Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The governors are responsible for ensuring that in its conduct and operation the Academy Trust 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 have been applied for the purposes intended.

The governors are responsible for the maintenance and integrity of the charity and financial information included on the Academy Trust'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 Governing Body and signed on its behalf by:



Henry Colthurst  
Chairman of the Governing Body

Date: 6th December 2018

## **Independent auditor's report on the financial statements Year to 31 August 2018**

### **Independent auditor's report to the members of City of London Academy Islington**

#### **Opinion**

We have audited the financial statements of City of London Academy Islington (the 'charitable company') for the year ended 31 August 2018 which comprise the statement of financial activities, the balance sheet, the statement of cash flows, the principal accounting policies and the related notes to the financial statements. 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), 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) (the Charities SORP 2015) and the Academies Accounts Direction 2017 to 2018.

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 2018 and of 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 2017 to 2018.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the 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.

#### **Conclusions relating to going concern**

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

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

## **Independent auditor's report on the financial statements Year to 31 August 2018**

### **Conclusions relating to going concern (continued)**

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

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

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

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

- ◆ the information given in the governors' report including the strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ◆ the governors' report including the strategic report has been prepared in accordance with applicable legal requirements.

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

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 governors' report including the strategic report.

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

- ◆ adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- ◆ the financial statements are not in agreement with the accounting records or returns; or
- ◆ certain disclosures of governors' remuneration specified by law are not made; or

## **Independent auditor's report on the financial statements** Year to 31 August 2018

### **Matters on which we are required to report by exception (continued)**

- ◆ we have not received all the information and explanations we require for our audit.

### **Requirements of trustees**

As explained more fully in the governors' responsibilities statement, the governors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the governors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the governors are responsible for assessing the 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 governors either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

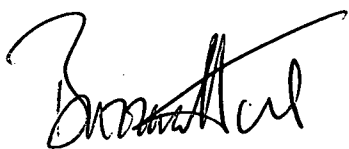
### **Auditor's responsibilities for the audit of the financial statements**

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

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

### **Use of our report**

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 the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Edward Finch (Senior Statutory Auditor)  
For and on behalf of Buzzacott LLP, Statutory Auditor  
130 Wood Street  
London  
EC2V 6DL

14/12/18

## **Independent reporting accountant's report on regularity Year to 31 August 2018**

### **Independent reporting accountant's assurance report on regularity to City of London Academy Islington and the Education and Skills Funding Agency**

In accordance with the terms of our engagement letter dated 13 July 2018 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by City of London Academy Islington (the 'Academy Trust'), during the period from 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

### **Respective responsibilities of City of London Academy Islington's Accounting Officer and the reporting accountant**

The Accounting Officer is responsible, under the requirements of City of London Academy Islington's funding agreement with the Secretary of State for Education dated 10 March 2008 and the Academies Financial Handbook 2017, extant from 1 September 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

### **Approach**

We conducted our engagement in accordance with the Academies Accounts Direction 2017 to 2018 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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



## Independent reporting accountant's report on regularity Year to 31 August 2018

### Approach (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.

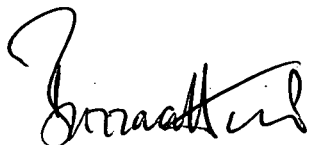
Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the Academy Trust's income and expenditure.

The work undertaken to draw to our conclusion includes:

- ◆ An assessment of the risk of material irregularity and impropriety across all of the Academy Trust's activities;
- ◆ Further testing and review of the areas identified through the risk assessment including enquiry, identification of control processes and examination of supporting evidence across all areas identified as well as additional verification work where considered necessary; and
- ◆ Consideration of evidence obtained through the work detailed above and the work completed as part of our financial statements audit in order to support the regularity conclusion.

### 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 from 1 September 2017 to 31 August 2018 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Buzzacott LLP  
Chartered Accountant  
130 Wood Street  
London  
EC2V 6DL

14/12/18

# Statement of financial activities Year to 31 August 2018

(including Income and Expenditure Account)

	Notes	Unrestricted funds £	General £	Fixed assets funds £	2018 Total funds £	2017 Total funds £
<b>Income from:</b>						
Donations and capital grants	2	1,000	268,462	16,167	285,629	352,423
Other trading activities	3	407,839	23,219	—	431,158	190,465
Investments	4	1,191	—	—	1,191	1,818
<b>Charitable activities</b>						
Funding for the Academy Trust's educational operations	5	—	5,616,067	—	5,639,386	5,587,592
<b>Total income</b>		<u>410,030</u>	<u>5,907,848</u>	<u>16,167</u>	<u>6,334,045</u>	<u>6,144,137</u>
<b>Expenditure on:</b>						
<b>Charitable activities</b>						
Academy Trust's educational operations	7	360,808	6,590,000	750,813	7,701,621	7,033,956
<b>Total expenditure</b>	6	<u>360,808</u>	<u>6,590,000</u>	<u>750,813</u>	<u>7,701,621</u>	<u>7,033,956</u>
<b>Net income (expenditure)</b>		49,222	(682,152)	(734,646)	(1,367,576)	(889,819)
Transfer between funds	16	—	—	—	—	—
<b>Other recognised gains and losses</b>						
Actuarial gains on defined benefit pension scheme	20	—	635,000	—	635,000	692,000
<b>Net movement in funds</b>		<u>49,222</u>	<u>(47,152)</u>	<u>(734,646)</u>	<u>(732,576)</u>	<u>(197,819)</u>
<b>Reconciliation of funds</b>						
Fund balances brought forward at 1 September 2018		<u>193,206</u>	<u>(299,559)</u>	<u>29,887,448</u>	<u>29,781,095</u>	<u>29,978,914</u>
Fund balances carried forward at 31 August 2018		<u>242,428</u>	<u>(346,711)</u>	<u>29,152,802</u>	<u>29,048,519</u>	<u>29,781,095</u>

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

All recognised gains and losses are included in the above Statement of Financial Activities.

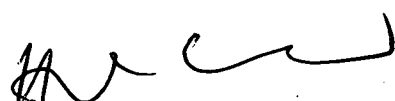
**22 Members' liability**

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 if 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.

# Balance sheet 31 August 2018

	Notes	2018 £	2018 £	2017 £	2017 £
<b>Fixed assets</b>					
Tangible fixed assets	13		29,136,635		29,887,448
<b>Current assets</b>					
Debtors	14	170,010		228,452	
Cash at bank and in hand		1,006,599		1,140,748	
		<u>1,176,609</u>		<u>1,369,200</u>	
<b>Liabilities</b>					
Creditors: amounts falling due within one year	15	(714,725)		(527,553)	
<b>Net current assets</b>			<u>461,884</u>		<u>841,647</u>
<b>Net assets excluding pension liability</b>			<u>29,598,519</u>		<u>30,729,095</u>
Defined benefit pension scheme liability	20		(550,000)		(948,000)
<b>Net assets including pension liability</b>	17		<u>29,048,519</u>		<u>29,781,095</u>
<b>The funds of the Academy Trust</b>					
Restricted funds					
Capital			29,152,802		29,887,448
General			203,289		648,441
Pension reserve			(550,000)		(948,000)
	16		<u>28,806,091</u>		<u>29,587,889</u>
Unrestricted funds					
General fund	16		<u>242,428</u>		<u>193,206</u>
			<u>29,048,519</u>		<u>29,781,095</u>

Approved by the governors of City of London Academy Islington, <sup>Limited</sup> Company Registration No. 06426966 (England and Wales) and signed on their behalf by:



H. COLTHURST

Chairman of the Governing Body

Approved on:

for December 2018

# Statement of cash flows Year to 31 August 2018

		2018 £	2017 £
<b>Net cash flows from operating activities</b>			
Net cash used in operating activities	A	(151,507)	(123,470)
<b>Cash flows from investing activities</b>			
Net cash provided (used in) by investing activities	B	17,358	(13,905)
<b>Change in cash and cash equivalents in the year</b>		(134,149)	(137,375)
<b>Cash and cash equivalents at 1 September 2017</b>		1,140,748	1,278,123
<b>Cash and cash equivalents at 31 August 2018</b>	C	1,006,599	1,140,748

## A Reconciliation of income (expenditure) to net cash flow from operating activities

	2018 £	2017 £
<b>Net expenditure for the year (as per the statement of financial activities)</b>	(1,376,047)	(889,819)
<b>Adjusted for:</b>		
Depreciation (note 13)	750,813	782,042
Capital grants from DfE and other capital income	(16,167)	(15,931)
Interest receivable (note 4)	(1,191)	(1,818)
Defined benefit pension scheme cost less contributions payable (note 20)	215,000	188,000
Defined benefit pension scheme finance cost (note 20)	22,000	27,000
Decrease (increase) in debtors	58,442	(83,239)
Increase (decrease) in creditors	187,172	(129,705)
<b>Net cash used in operating activities</b>	(151,507)	(123,470)

## B Cash flows from investing activities

	2018 £	2017 £
Bank interest received	1,191	1,818
Purchase of tangible fixed assets	—	(31,654)
Capital grants from DfE/ESFA	16,167	15,931
<b>Net cash (used in) provided by investing activities</b>	17,358	(13,905)

## C Analysis of cash and cash equivalents

	2018 £	2017 £
Cash at bank and in hand	1,006,599	1,140,748
<b>Total cash and cash equivalents</b>	1,006,599	1,140,748

**Statement of accounting policies**

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 City of London Academy Islington, 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), 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 2015), the Academies Accounts Direction 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006. The financial statements are presented in Sterling rounded to the nearest £1.

**Going concern**

The governors 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 governors 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 income is recognised when the Academy Trust has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

**Grants**

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

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

**Income (continued)**

***Grants (continued)***

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

***Sponsorship income***

Sponsorship income provided to the Academy Trust which amounts to a donation 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 it can be measured reliably.

***Donations***

Donations are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable and the amount can be reliably measured.

***Other income***

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

***Donated goods, facilities and services***

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

**Expenditure**

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

**Expenditure** (continued)

***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 stated net of recoverable VAT.

**Tangible fixed assets**

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

Assets costing more than £5,000 with an expected useful life exceeding one year are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Depreciation is provided on all tangible fixed assets other than freehold land at rates calculated to write off the cost of each asset on a straight-line basis over its useful economic life as follows:

- ◆ Land and buildings – 50 years (2%) straight line
- ◆ Plant and machinery – 10 years (10%) straight line
- ◆ IT equipment – 3 years (33.3%) straight line
- ◆ Motor vehicles and furniture – 5 years (20%) straight line

All professional fees and other associated costs incurred as part of capital development works are capitalised, irrespective of value. Depreciation is not charged on capital development works that are ongoing at the year end; such works are included at cost under the heading "assets under construction".

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.



**Debtors**

Debtors are recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid.

**Cash at bank and in hand**

Cash at bank and in hand represents such accounts and instruments that are available on demand. Notice deposits are included on the balance sheet as short term deposits.

**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.

**Leased assets**

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

**Financial instruments**

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

*Financial assets* – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. Prepayments are not financial instruments.

#### **Financial instruments (continued)**

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

*Financial liabilities* – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost. 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.

#### **Taxation**

The Academy Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

Accordingly, the Academy Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

#### **Pensions benefits**

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

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

The LGPS is a funded scheme and the assets are held separately from those of the Academy Trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities.

**Pensions benefits** (continued)

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**

The unrestricted general fund represents those monies that are freely available for application towards achieving any charitable purpose that falls within the Academy Trust's charitable objects 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 or donor and include grants from the Education and Skills Funding Agency.

**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 management and governors make estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, inherently, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

**Critical accounting estimates and areas of judgement (continued)**

***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 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 2013 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.
- ◆ The net book value of tangible fixed assets is based on the original cost/value of the asset net of provision for depreciation. The depreciation provision to date is based on the governors' assessment of the estimated useful economic lives of such assets. The rates of depreciation applied to each class of asset are discussed under 'tangible fixed assets' above.

These estimates also constitute the key critical areas of judgement by virtue of their significant effect on the financial statements.

**Agency Arrangements**

The Academy Trust acts as an agent in distributing 16-19 bursary funds from the ESFA. Payments received from the ESFA and subsequent disbursements to students are excluded from the Statement Of Financial Activities as the Academy Trust does not have control over the charitable application of the funds. The funds received and paid and any balances held are disclosed in note 21.

**1 General Annual Grant (GAG)**

Under the funding agreement with the Secretary of State the Academy Trust was subject to limits at 31 August 2018 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

**2 Donations and capital grants**

	Unrestricted funds £	Restricted fixed assets funds £'000	Restricted funds £	2018 Total funds £	2017 Total funds £
Capital grants – ESFA	—	—	16,167	16,167	15,931
Private sponsorship – City of London Corporation	—	175,000	—	175,000	181,500
Private sponsorship – City University	—	—	—	—	55,000
Donations and other income	1,000	93,462	—	94,462	99,992
	1,000	268,462	16,167	285,629	352,423

**3 Other trading activities**

	Unrestricted funds £	Restricted funds £	2018 Total funds £	2017 Total funds £
Catering income	93,977	—	93,977	96,210
Trip income	—	23,319	23,319	11,839
Premises income	93,776	—	93,775	94,255
Miscellaneous income	220,087	—	220,087	—
	407,839	23,219	431,158	202,304

During the year the Academy Trust provided staff support to City of London Academy Highbury Grove, a school within City of London Academies Trust. The total value of the recharges were £182,151, which have been included within miscellaneous income. There is a balance of £11,074 outstanding at 31 August 2018.

During the year the Academy Trust provided access and use of facilities to Richard Cloudesley SEN school. The value of the recharges were £36,970.

**4 Investment Income**

	Unrestricted funds £	Restricted funds £	2018 Total funds £	2017 Total funds £
Bank interest	1,191	—	1,191	1,818
	1,191	—	1,191	1,818

**5 Funding for Academy Trust's educational operations**

	Unrestricted funds £	Restricted funds £	2018 Total funds £	2017 Total funds £
<b>ESFA revenue grant</b>				
. General Annual Grant (GAG)	—	4,942,785	<b>4,942,785</b>	5,050,769
. Other ESFA revenue grants	—	555,358	<b>555,358</b>	426,694
	—	5,498,143	<b>5,498,143</b>	5,477,463
<b>Other government grants</b>				
. Special educational needs	—	117,924	<b>117,924</b>	110,129
	—	117,924	<b>117,924</b>	110,129
	—	5,616,067	<b>5,616,067</b>	5,587,592

**6 Expenditure**

		Non pay expenditure			
	Staff costs £	Premises £	Other costs £	2018 Total funds £	2017 Total funds £
<b>Academy Trust's educational operations</b>					
. Direct costs	4,607,194	750,813	305,914	<b>5,663,921</b>	5,135,952
. Allocated support costs	1,142,239	451,670	443,791	<b>2,037,700</b>	1,898,004
	5,749,433	1,202,483	749,705	<b>7,701,621</b>	7,033,956

	2018 funds £	2017 funds £
<b>Net expenditure for the year include:</b>		
Operating leases	<b>6,560</b>	6,560
Depreciation	<b>750,813</b>	782,042
Fees payable to auditor		
. Audit of financial statements	<b>13,000</b>	13,000
. Other services	<b>2,745</b>	4,500
. Other services – prior year under-accrual	—	3,065

**7 Charitable activities – Academy Trust’s educational operations**

	2018 Total funds £	2017 Total funds £
Direct costs	5,663,921	5,135,952
Support costs	2,037,700	1,898,004
	<b>7,701,621</b>	<b>7,033,956</b>

Analysis of support costs	2018 Total funds £	2017 Total funds £
Support staff costs	1,142,239	1,075,274
Technology costs	47,755	65,997
Premises costs	451,670	421,347
Other support costs	368,045	305,920
Governance costs	27,991	29,466
<b>Total support costs</b>	<b>2,037,700</b>	<b>1,898,004</b>

## 8 Comparative information

	Unrestricted funds £	Restricted funds			2017 Total funds £
		General £	Capital £	Other £	
<b>Income from:</b>					
Donations and capital grants	40,034	—	15,931	308,297	364,262
Other trading activities	190,465	—	—	—	190,465
Investments	1,818	—	—	—	1,818
Charitable activities					
· Funding for the Academy Trust's educational operations	—	5,477,463	—	110,129	5,587,592
<b>Total income</b>	<b>232,317</b>	<b>5,477,463</b>	<b>15,931</b>	<b>418,426</b>	<b>6,144,137</b>
<b>Expenditure on:</b>					
Charitable activities					
· Academy Trust's educational operations	172,782	5,660,706	782,042	418,426	7,033,956
<b>Total expenditure</b>	<b>172,782</b>	<b>5,660,706</b>	<b>782,042</b>	<b>418,426</b>	<b>7,033,956</b>
<b>Net income (expenditure)</b>	<b>59,535</b>	<b>(183,243)</b>	<b>(766,111)</b>	<b>—</b>	<b>(889,819)</b>
Transfer between funds	—	(15,723)	15,723	—	—
<b>Other recognised gains and losses</b>					
Actuarial gains on defined benefit pension scheme	—	692,000	—	—	692,000
<b>Net movement in funds</b>	<b>59,535</b>	<b>493,034</b>	<b>(750,388)</b>	<b>—</b>	<b>(197,819)</b>
<b>Reconciliation of funds</b>					
Fund balances brought forward as previously stated	133,671	(1,266,365)	30,637,836	—	29,505,142
Prior period adjustment	—	473,772	—	—	473,772
Fund balances brought forward as restated	133,671	(792,593)	30,637,836	—	29,978,914
Fund balances carried forward at 31 August 2017	193,206	(299,559)	29,887,448	—	29,781,095



**9 Staff**

**a) Staff costs**

Staff costs comprise:

	2018 Total funds £	2017 Total funds £
Wages and salaries	4,154,873	3,648,496
Social security costs	425,188	360,366
Pension contributions	732,233	653,449
	5,312,294	4,662,311
Supply and other staff costs	399,139	364,793
Staff severance payments	38,000	15,000
	5,749,433	5,049,760

**b) Staff severance payments**

There were two non-statutory/non-contractual severance payments totalling £38,000 made in the year to 31 August 2018 (2017 – one payment of £15,000).

**c) Staff numbers**

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

	2018 No.	2017 No.
<b>Charitable activities</b>		
Teachers	49	50
Administration and other staff	53	52
Management	12	8
	114	110

**9 Staff (continued)**

**d) Higher paid staff**

11 employees (2017 – six) earned more than £60,000 (including taxable benefits but excluding employers' pension contributions) during the year to 31 August 2018. The total emoluments of these employees were in the following ranges:

	2018 No.	2017 No.
£60,001 - £70,000	5	3
£70,001 - £80,000	3	1
£80,001 - £90,000	2	1
£110,001 - £120,000	—	1
£180,001 - £190,000	1	—
	<b>11</b>	<b>6</b>

All of the above employees benefiting from employer's pension participated in the Teachers' Pension Scheme. During the year to 31 August 2018, pension contributions for these staff members amounted to £138,030 (2017 – £60,630).

**e) Key management personnel**

The key management personnel of the Academy Trust comprise the trustees and the senior leadership team as listed on page 1. The total amount of employee benefits (including employee pension contributions and employer national insurance contributions) received by key management personnel for their services to the Academy Trust was £1,286,223 (2017 – 888,136).

**10 Governors' remuneration and expenses**

The Principal and staff governors only receive remuneration in respect of services they provide in undertaking their roles of Principal and staff and not in respect of their services as governors. The value of governors' remuneration and other benefits was as follows:

	2018 £'000	2017 £'000
C Verga – Principal		
. Remuneration	180 – 185	115 – 120
. Employer's pension contributions	30 – 35	15 – 20
A Davies – Staff Governor		
. Remuneration	55 – 60	55 – 60
. Employer's pension contributions	5 – 10	5 – 10
R Johal – Staff Governor		
. Remuneration	50 – 55	45 – 50
. Employer's pension contributions	5 – 10	5 – 10

Other governors do not receive any payments, other than expenses, from the Academy Trust in respect of their role as governors.

No travel or subsistence expenses were reimbursed to governors during the years to 31 August 2018 and 31 August 2017.

Other related party transactions involving the governors are set out in note 18.

# 11 Governors' and Officers' insurance

In accordance with normal commercial practice the Academy Trust has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy Trust business. The Academy Trust was part of the Academies Risk Protection Arrangement (RPA) during the year to 31 August 2018. The cost of this insurance is included in note 6.

# 12 Taxation

The Academy Trust is an exempt charity and therefore is not liable to income tax or corporation tax on income derived from its charitable activities, as it falls within the various exemptions available to entities qualifying as charitable companies for corporation tax purposes under Paragraph 1 Schedule 6 of the Finance Act 2010.

# 13 Tangible fixed assets

	Long leasehold property £	Furniture and equipment £	IT equipment £	Motor vehicles £	Total £
<b>Cost</b>					
At 1 September 2017	35,370,425	1,016,163	1,716,549	24,722	38,127,859
At 31 August 2018	35,370,425	1,016,163	1,716,549	24,722	38,127,859
<b>Depreciation</b>					
At 1 September 2017	5,557,121	1,010,410	1,648,158	24,722	8,240,411
Charge for the year	707,409	1,810	41,594	—	750,813
At 31 August 2018	6,264,530	1,012,220	1,689,752	24,722	8,991,224
<b>Net book values</b>					
At 31 August 2018	29,105,895	3,943	26,797	—	29,136,635
At 31 August 2017	29,813,304	5,753	68,391	—	29,887,448

The land on which the Academy Trust is sited is leased from the London Borough of Islington under a 125 year lease for a peppercorn rent of £1 per annum if demanded.

# 14 Debtors

	2018 £	2017 £
Trade debtors	27,793	25,437
VAT recoverable	17,691	52,930
Other debtors	833	—
Prepayments and accrued income	123,693	150,085
	170,010	228,452

**15 Creditors: amounts falling due within one year**

	2018 £	2017 £
Trade creditors	148,734	204,626
Taxation and social security costs	107,317	104,293
Other creditors	5,855	16,924
Accruals and deferred income	452,819	201,710
	<b>714,725</b>	<b>527,553</b>

	2018 £	2017 £
<b>Deferred income</b>		
Deferred income at 1 September 2017	96,057	249,409
Resources deferred in the year	276,068	54,736
Amounts released from prior years	(63,788)	(208,088)
Deferred income at 31 August 2018	<b>308,337</b>	<b>96,057</b>

Deferred income relates to income received during the year to be spent on various educational operations during 2018/19.

**16 Funds**

	September	Income £	Expenditure £	Gains, losses and transfers £	August
<b>Restricted general funds</b>					
ESFA General Annual Grant (GAG)	648,441	4,942,785	(5,406,887)	—	184,339
Pupil premium	—	454,199	(454,199)	—	—
Other grants	—	101,159	(101,159)	—	—
Pension reserve	(948,000)	—	(237,000)	635,000	(550,000)
	<b>(299,559)</b>	<b>5,498,143</b>	<b>(6,199,245)</b>	<b>635,000</b>	<b>(355,663)</b>
<b>Capital funds</b>					
ESFA capital grant	28,241,633	16,167	(707,490)	—	27,550,310
Private sector capital sponsorship	1,645,815	—	(43,323)	—	1,602,492
	<b>29,887,448</b>	<b>16,167</b>	<b>(750,813)</b>	<b>—</b>	<b>29,152,802</b>
<b>Other restricted funds</b>					
Other grants	—	117,924	(117,924)	—	—
Other income	—	291,781	(272,831)	—	18,950
	<b>—</b>	<b>409,243</b>	<b>(409,224)</b>	<b>—</b>	<b>18,950</b>
<b>Total restricted funds</b>	<b>29,587,889</b>	<b>5,924,015</b>	<b>(7,340,813)</b>	<b>635,000</b>	<b>28,806,091</b>
<b>Total unrestricted funds</b>	<b>193,206</b>	<b>410,030</b>	<b>(360,808)</b>	<b>—</b>	<b>242,428</b>
<b>Total funds</b>	<b>29,781,095</b>	<b>6,334,045</b>	<b>(7,701,621)</b>	<b>635,000</b>	<b>29,048,519</b>

## 16 Funds (continued)

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

### *Restricted general funds*

This fund represents grants received for the Academy Trust's operational activities and development.

### *Capital funds*

These grants relate to funding received from the ESFA and its predecessor and private sponsors to carry out works of a capital nature.

### *Other restricted funds*

These funds relate to monies received from the local government, private sector and private sponsors to carry out works of a capital or revenue nature.

### *General Annual Grant (GAG)*

Under the funding agreement with the Secretary of State, the Academy Trust was subject to a limit on the amount of GAG that it could carry forward at 31 August 2015. Note 1 discloses whether the limit was exceeded.

### **Comparative information**

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

	(restated) At 1 September 2016 £	Income £	Expenditure £	Gains, losses and transfers £	At 31 August 2017 £
<b>Restricted general funds</b>					
· ESFA General Annual Grant (GAG)	632,407	5,050,769	(5,019,012)	(15,723)	648,441
· Pupil premium	—	412,882	(412,882)	—	—
· Other grants	—	13,812	(13,812)	—	—
· Pension reserve	(1,425,000)	—	(215,000)	692,000	(948,000)
	<u>(792,593)</u>	<u>5,477,463</u>	<u>(5,660,706)</u>	<u>676,277</u>	<u>(299,559)</u>
<b>Capital funds</b>					
· ESFA capital grant	28,948,698	15,931	(738,719)	15,723	28,241,633
· Private sector capital sponsorship	1,689,138	—	(43,323)	—	1,645,815
	<u>30,637,836</u>	<u>15,931</u>	<u>(782,042)</u>	<u>15,723</u>	<u>29,887,448</u>
<b>Other restricted funds</b>					
· Other grants	—	110,129	(110,129)	—	—
· Other income	—	308,297	(308,297)	—	—
	<u>—</u>	<u>418,426</u>	<u>(418,426)</u>	<u>—</u>	<u>—</u>
<b>Total restricted funds</b>	<u>29,845,243</u>	<u>5,911,820</u>	<u>(6,861,174)</u>	<u>692,000</u>	<u>29,587,889</u>
<b>Total unrestricted funds</b>	<u>133,671</u>	<u>232,317</u>	<u>(172,782)</u>	<u>—</u>	<u>193,206</u>
<b>Total funds</b>	<u>29,978,914</u>	<u>6,144,137</u>	<u>(7,033,956)</u>	<u>692,000</u>	<u>29,781,095</u>

## 16 Funds (continued)

### Comparative information (continued)

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

	(restated) At 1 September 2016 £	Income £	Expenditure £	Gains, losses and transfers £	At 31 August 2018 £
<b>Restricted general funds</b>					
ESFA General Annual Grant (GAG)	632,407	9,993,554	(10,425,899)	(15,723)	184,339
Pupil premium	—	867,081	(867,081)	—	—
Other grants	—	114,971	(114,971)	—	—
Pension reserve	(1,425,000)	—	(452,000)	1,327,000	(550,000)
	<u>(792,593)</u>	<u>10,975,606</u>	<u>(11,859,951)</u>	<u>1,311,277</u>	<u>(365,661)</u>
<b>Capital funds</b>					
ESFA capital grant	28,948,698	32,098	(1,446,209)	15,723	27,550,310
Private sector capital sponsorship	1,689,138	—	(86,646)	—	1,602,492
	<u>30,637,836</u>	<u>—</u>	<u>(1,532,855)</u>	<u>15,723</u>	<u>29,152,802</u>
<b>Other restricted funds</b>					
Other grants	—	228,053	(228,053)	—	—
Other income	—	600,078	(600,078)	—	—
	<u>—</u>	<u>828,131</u>	<u>(828,131)</u>	<u>—</u>	<u>—</u>
<b>Total restricted funds</b>	<u>29,845,243</u>	<u>11,835,835</u>	<u>(14,201,987)</u>	<u>1,327,000</u>	<u>28,806,091</u>
<b>Total unrestricted funds</b>	<u>133,671</u>	<u>642,347</u>	<u>(533,590)</u>	<u>—</u>	<u>242,428</u>
<b>Total funds</b>	<u>29,978,914</u>	<u>12,478,182</u>	<u>(14,735,577)</u>	<u>1,327,000</u>	<u>29,048,519</u>

## 17 Analysis of net assets between funds

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	2018 £
<b>Fund balances at 31 August 2018 are represented by:</b>				
Tangible fixed assets	—	—	29,136,635	29,136,635
Current assets	242,428	918,014	16,167	1,176,609
Current liabilities	—	(714,725)	—	(714,725)
Non-current liabilities	—	—	—	—
Pension scheme deficit	—	(550,000)	—	(550,000)
<b>Total net assets</b>	<u>242,428</u>	<u>(346,711)</u>	<u>29,152,802</u>	<u>29,048,519</u>

#### 18 Related party transactions

The City of London Corporation and City, University of London are the sponsors of the Academy Trust. As part of the funding agreement with the Department for Education both have donated a total of £1m towards the capital cost of the new Academy Trust.

During the year, the City of London Corporation donated £175,000 (2017 - £150,000) to the Academy Trust for specific project work of which £25,000 was released from prior year. (2017 - £25,000) was deferred. In the year to 31 August 2018, The City, University of London donated £Nil to the Academy Trust for specific project work, which was fully spent in the year (2017 - £55,000).

#### 19 Contingent liabilities

##### *Funding agreement*

During the period of the Funding Agreement, in the event of the sale or disposal by other means of any asset for which a Government capital grant was received, the Academy Trust is required either to re-invest the proceeds or to repay to the Secretary of State for Education the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State. Upon termination of the Funding Agreement, whether as a result of the Secretary of State or the Academy Trust serving notice, the Academy Trust shall repay to the Secretary of State sums determined by reference to:

- (a) the value at that time of the Academy Trust's site and premises and other assets held for the purpose of the Academy Trust: and
- (b) the extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the Funding Agreement.

#### 20 Pension and similar obligations

The Academy Trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by The London Borough of Islington. Both are multi-employer defined benefit schemes.

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

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

### ***Teachers' Pension Scheme***

#### ***Introduction***

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

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

#### ***Valuation of the Teachers' Pension Scheme***

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

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



## 20 Pension and similar obligations (continued)

### *Teachers' Pension Scheme (continued)*

#### *Valuation of the Teachers' Pension Scheme (continued)*

- ♦ an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- ♦ the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

The TPS valuation for 2012 determined an employer rate of 16.48%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £434,348 (2017 - £349,695).

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 (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 2018 was £210,000 (2017 - £179,000), of which employer's contributions totalled £142,000 (2017 - £119,000) and employees' contributions totalled £68,000 (2017 - £60,000). The agreed contribution rates for future years are 11.3% for employers and a minimum contribution of 5.5% for employees.

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

Principal Actuarial Assumptions	At 31 August 2018	At 31 August 2017
Rate of increase in salaries	3.6%	3.7%
Rate of increase for pensions	2.1%	2.2%
Discount rate for scheme liabilities	2.8%	2.4%
Inflation assumption (CPI)	2.4%	2.2%

**20 Pension and similar obligations (continued)**

***Local Government Pension Scheme (LGPS) (continued)***

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 2018	At 31 August 2017
<i>Retiring today</i>		
Males	23.0	22.9
Females	26.2	26.1
<i>Retiring in 20 years</i>		
Males	25.2	25.1
Females	28.5	28.4

	Increase (decrease) in net pension liability £
<b>Sensitivity analysis for the year ended 31 August 2018</b>	
Discount rate +0.1%	446,000
Inflation rate +0.1%	656,000
Life expectancy +1 year	641,000
Pay growth +0.1%	566,000

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

	Fair value at 31 August 2018 £	Fair value at 31 August 2017 £
Equities	2,515,000	2,275,000
Debt instruments	744,000	765,000
Property	730,000	561,000
Cash and other liquid assets	22,000	20,000
Other	416,000	385,000
<b>Total market value of assets</b>	<b>4,427,000</b>	<b>4,006,000</b>
<b>Present value of scheme liabilities</b>		
Funded	(4,977,000)	(4,954,000)
<b>Deficit in the scheme</b>	<b>(550,000)</b>	<b>(948,000)</b>

The actual return on scheme assets was £234,000 (2017 - £379,000).

## 20 Pension and similar obligations (continued)

### *Local Government Pension Scheme (LGPS) (continued)*

Amounts recognised in statement of financial activities	2018 £	2017 £
Current service cost	(350,000)	(301,000)
Interest income	98,000	76,000
Interest cost	(120,000)	(103,000)
Admin expenses	(7,000)	(6,000)
Actuarial gains (losses)	635,000	692,000
<b>Total amount recognised in the SOFA</b>	<b>256,000</b>	<b>358,000</b>

Changes in the present value of defined benefit obligations were as follows:	2018 £	2017 £
At 1 September 2017	4,954,000	4,961,000
Current service cost	350,000	301,000
Interest cost	120,000	103,000
Employee contributions	68,000	60,000
Actuarial (gains) losses	(498,000)	(443,000)
Benefits paid	(17,000)	(28,000)
<b>At 31 August 2018</b>	<b>4,977,000</b>	<b>4,954,000</b>

Changes in the fair value of the Academy Trust's share of scheme assets:	2018 £	2017 £
At 1 September 2017	4,006,000	3,536,000
Interest income	98,000	76,000
Administration expenses	(7,000)	(6,000)
Actuarial gains	137,000	249,000
Employer contributions	142,000	119,000
Employee contributions	68,000	60,000
Benefits paid	(17,000)	(28,000)
<b>At 31 August 2018</b>	<b>4,427,000</b>	<b>4,006,000</b>

## 21 Agency arrangements

The Academy Trust distributes 16-19 bursary funds to students as an agent for ESFA. During the year ended 31 August 2018 the Academy Trust received £23,235 (2017 - £23,235) and disbursed £14,215 (2017 - £13,670) from the fund.