

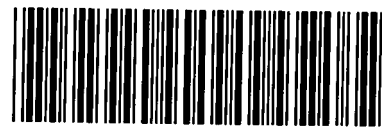
FOLIO EDUCATION TRUST

(A Company Limited by Guarantee)

Annual Report and Financial Statements Year ended 31 August 2018

**Company Registration Number:
07627302 (England and Wales)**

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FOLIO EDUCATION TRUST

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Folio Education Trust

Reference and Administrative Details

Members

Mr P Huitson, BA
Mr J Diamond BSc. ACA
Mr K Plummer (Appointed 1 September 2017)
Mrs A Roderigues
Mr A Inkester
Dr T Crayford

Trustees

Mr P Huitson, BA
Mr J Diamond BSc. ACA
Mr J Wilden
Dr T Crayford
Mrs J Speller (Appointed 1 September 2017)
Mrs V John (Appointed 1 September 2017)

Company Secretary

Mr R Baker, FCA

Senior Management Team:

- Executive Head Teacher - Folio Trust
- Director of Finance and Shared Services - Folio Trust
- Acting Head of School - WCGS
- Head Teacher - St Peters Primary School
- Acting Co Heads - St Peters Primary School
- Head Teacher - Park Hill Junior School
- Head Teacher - Coombe Wood School

Mr J Wilden

Mr R Baker, FCA

Mr J Bean

Mr P Thomas (Resigned 30 April 2018)

Mrs C Barriball and Mrs S Sandle (Appointed 1 May 2018)

Mrs C Daniels (Retired 31 August 2018)

Mr B Laker (Appointed 1 June 2018)

Principal and Registered Office

Croydon Road
Wallington, Surrey, SM6 7PH

Company Registration Number

07627302 (England and Wales)

Independent Auditor

Buzzacott LLP
130 Wood Street
London, EC2V 6DL

Bankers

Lloyds TSB
49-53 High Street
Sutton
Surrey SM1 1DT

Solicitors

Stone King LLP
Boundary House
91 Charterhouse Street
London, EC1M 6HR

Folio Education Trust

Trustees' Report

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

The Trust operated three academies serving a catchment area across South London but predominantly in the London Boroughs of Sutton and Croydon.

Structure, Governance and Management

Constitution

The Trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the trust. The trustees of Folio Education Trust are also the directors of the charitable company for the purposes of company law. The charitable company was known as Wallington County Grammar School Academy Trust until 13 October 2015, when the Academy converted to a Multi Academy Trust and was renamed WCGS Academy Trust. At this point many of the Governors resigned their role as Directors and Trustees of the company, but retained their role as Local Governors of the school. On 24 October 2016 the Trust was renamed Folio Education Trust.

Details of the trustees who served during the year are included in the Reference and Administrative Details on page 1.

Members' Liability

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

Trustees' Indemnities

In accordance with normal commercial practice the Trust has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust business. The insurance provides cover up to £10,000,000 on any one claim.

Method of Recruitment and Appointment or Election of Trustees

Six Trustees make up the Trust Board of the Multi Academy Trust

Three Trustees were appointed by the Members and act as 'Appointed Trustees' for 4 year terms.

One Trustee acts also as an ex-officio Trustee and as the Executive Headteacher for the Trust.

Two additional Trustees act as 'Academy Trustees' for 2 year terms and are elected by the Trustees from those put forward by the Local Advisory Boards which act as a local governance structure for individual schools.

When appointing 'Local Advisors' and 'Trustees' regard is given, so far as is possible, to the skills and professional backgrounds of the Advisors and Trustees. This is to ensure that all committees have all the necessary skills required to contribute fully to the Trust's development.

Folio Education Trust

Trustees' Report (continued)

Policies and Procedures Adopted for the Induction and Training of Trustees

During the period Trustees attended courses carried out in the Trust as well as seminars on offer through local government and external providers such as Octavo Governor Services provided within Croydon. New Trustees are inducted by the Executive Head Teacher and other members of the Senior Leadership Team (SLT). All Trustees are provided with a Handbook which contains all the "need to know" information about the Trust ensuring that all Trustees have an in-depth knowledge of the school.

The Trust has developed a governance model of using 'Lead Advisors' who visit the schools preceding committee meetings to support and challenge the schools. This initiative ensures that Lead Advisors develop an area of expertise within school evaluation and are able to improve the level of accountability while making committee meetings more time efficient and targeted. Lead Advisors are given additional support in the form of Job Descriptions and Person Specifications which make them fully aware of what is expected of them. They are also provided with a list of evaluation questions to help pose challenges to the school which is linked to the Ofsted Evaluation Framework.

Local Advisory Board for Wallington County Grammar School – Lead Advisor roles

Lead Advisor for Leadership & Management

Lead Advisor for Outcomes of Pupils

Lead Advisor for Teaching, Learning and Assessment

Lead Advisor for Financial Management

Lead Advisor for Safeguarding and Child Protection

Lead Advisor for Health & Safety and Educational Visits

Lead Advisor for SEND and Disadvantaged Pupils

Local Advisory Board for Park Hill Junior School – Lead Advisor roles

Lead Advisor for Leadership & Management

Lead Advisor for Outcomes of Pupils

Lead Advisor for Teaching, Learning and Assessment

Lead Advisor for Financial Management

Lead Advisor for Safeguarding and Child Protection

Lead Advisor for Health & Safety and Educational Visits

Lead Advisor for SEND and Disadvantaged Pupils

Local Advisory Board for St Peter's Primary School – Lead Advisor roles

Lead Advisor for Leadership & Management

Lead Advisor for Outcomes of Pupils

Lead Advisor for Teaching, Learning and Assessment

Lead Advisor for Financial Management

Lead Advisor for Safeguarding and Child Protection

Lead Advisor for Health & Safety and Educational Visits

Lead Advisor for SEND and Disadvantaged Pupils

Folio Education Trust

Trustees' Report (continued)

Organisational Structure

The Multi-Academy Trust (MAT) known as Folio Education Trust appointed an Executive Headteacher to oversee the performance of following schools:

Wallington County Grammar School, Sutton (WCGS)
St Peters Primary School, Croydon (SPPS)
Park Hill Junior School, Croydon (PHJS)

The Executive Headteacher is also responsible for overseeing expansion projects which at present include the opening of Coombe Wood School, Croydon in September 2018. This school is being delivered under the Department for Education's Free School programme.

The organisational structure for the Senior Leadership Team (SLT) of each school in existence is as follows:

WCGS -	Acting Head of School Deputy Headteacher x2 Assistant Headteacher x2
SPPS -	Acting Co-Heads of School Assistant Headteacher x1
PHJS -	Headteacher Deputy Headteacher x2 Assistant Headteacher x1

SLT's are responsible for day-to-day operational running of the school. Each school retains a Local Advisory Board (LAB) who act as an essential part of the Folio Governance structure. Each LAB has a Chair, Vice Chair and Lead Advisors who all support and challenge the school in specific areas of school evaluation and development. Each LAB has two committees to oversee the school. These are LAB Standards which looks at Quality of Teaching, Learning and Assessment and Outcomes of Pupils and LAB Resources which looks at Personal Development, Behaviour and Welfare of students and staff, Health and Safety and contextual Financial Risk Variables. Each committee meets once each Term to oversee progress against specific development objectives and agreed Key Performance Indicators (KPIs). There are six meetings in total. All minutes from LAB meetings are shared with the Trust Board.

Folio Education Trust

Trustees' Report (continued)

Folio Trust Board oversees the work of the LABs. The Trust Board holds overall decision making responsibility for all schools within the Trust. While matters relating to curriculum, behaviour and teaching and learning routines and procedures are delegated to the LABs and SLTs of each school, the Trust Board retains more strategic oversight of matters such as:

- Setting financial budgets and the levy for shared services
- All major service contracts to maximise purchasing power and economies of scale
- All major significant capital projects
- Shared services such as financial management, HR services, legal services and IT support.
- Remuneration of staff salaries and appraisal and capability mechanisms
- Admissions.

The Executive Leadership Team for the Trust includes:

- Executive Headteacher
- Director of Finance and Shared Services

Arrangements for setting pay and remuneration of key management personnel

The key management personnel of the Trust responsible for directing and controlling the MAT comprise the Trustees and Trust Senior Management Team. The Trustees receive no remuneration for their role as trustees.

Executive Headteacher

The Trust uses benchmark comparisons from other Trusts which are of a similar size and in similar geographical locations. The salary for the Executive Headteacher is set by the Trust Board Remuneration Committee. The Trust Board Remuneration Committee has developed its own formulaic way of determining the salary of Senior Executives which is linked to the size (number of children) in the care of the MAT.

Director of Finance and Shared Services

The Trust uses benchmark comparisons from other Trusts which are of a similar size and in similar geographical locations. The salary for the Director of Finance and Shared Services is set by the Trust Board Remuneration Committee. The Trust Board Remuneration Committee has developed its own formulaic way of determining the salary of Senior Executives which is linked to the size (number of children) in the care of the MAT.

Head of School / Headteacher

The Trust uses benchmark comparisons from other schools which are of a similar size and in similar geographical locations. The salary for a Head of School / Headteacher is set by the Trust Board Remuneration Committee which also uses guidance within the School Teachers Pay and Conditions Document (STPCD) as a guide to ensure the salary is proportionate to the size and type of school.

Folio Education Trust

Trustees' Report (continued)

Other Senior Staff (Deputy Headteachers and Assistant Headteachers)

The Trust Finance and Shared Services Committee are delegated responsibility to set a salary structure for the school which identifies suitable pay ranges for senior staff on the leadership pay scale. These scales are benchmarked for equality and consistency. A rigorous process of appraisal and performance management monitors and uses performance related pay.

Trade Union Facility Time

Relevant Union Officials

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
5	4.78

Percentage of time	Number of employees
0%	1
0%-1%	2
1%-50%	2

Total cost of facility time (£000s)	£2,000
Total Pay bill (£000s)	£8,282,000
Percentage of pay bill spent on facility time	0.024%

Time spent on paid trade union activities as a percentage of total paid facility time hours	0.74%
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Folio Education Trust

Trustees' Report (continued)

Related Parties and other Connected Charities and Organisations

The Trust is a member of the Partnership of Sutton Secondary Schools (PSSS or Sutton Alliance) and the Croydon Headteacher's Association (CHTA), which includes autonomous converter academies and maintained schools within the London Borough of Sutton and the London Borough of Croydon. The schools in the Partnership work together for the benefit of all their students and the young people of Sutton, Croydon and surrounding areas working collectively on matters of shared interest and co-operating with the Local Authority (LA) and local primary schools, secondary schools and special schools. The Trust continues to purchase some services from the LA under normal business arrangements but now also look to other LAs to ensure value for money. An example of this would be that Governor Training is currently procured from Croydon Octavo Services. During 2017/18 Folio Education Trust was a significant contributor to the Sutton Alliance Review process which organised peer review visits to other Sutton schools supporting school evaluation, development and assessing the effectiveness of school improvement strategies.

The Trust incurred related party transactions in the year with Ascend Education. Further details of these transactions are disclosed in note 27.

Objectives and Activities

Folio Education Trust has a very clear 'Core Ideology'.

'Folio' comes from the Latin word 'folium' meaning 'leaf'. Its definition is linked to the way in which the pages of a manuscript or a book are arranged and presented to the reader. The Trust has chosen this name to represent the knowledge and understanding required by people to unlock their aspirations and reach their personal best. 'A book is a dream that you hold in your hand'. The Trust also uses the term 'Folio' to represent the growth of children into well-rounded and successful young adults.

Folio Education Trust Core Purpose – Why do we exist?

- To implement a child centred focus to ensure all decisions lead to the development of confident young people who have character.
- To change people's lives through exceptional and memorable experiences that ensure people discover and then reach their personal best and unlock improved life chances.
- To be an employer of choice and give staff the motivation to achieve job satisfaction and develop professionally through a talent management framework.
- To offer service provision that listens, understands and adjusts to the people that are being served.
- To develop a self-improving system between all academies within the Trust where collaboration occurs with the core purpose of raising standards.
- To explore beyond education to help remove barriers which prevent social inclusion.

Folio Education Trust Mission - What do we believe?

That we are outstanding. Not because we say it, but because we work hard at it. We are dedicated, committed and focused. We believe that every person will reach their personal best and overcome any challenge through a shared culture and ethos. We are dedicated to developing as successful individuals, creating a positive environment where all of us will learn. We never fail because we never give up. We believe in ourselves. We believe in each other.

Folio Education Trust

Trustees' Report (continued)

Folio Education Trust Core Values - What guides us?

Our values system is shared by all academies within the Trust and is the cornerstone of our existence. It ensures that everything we do is with young people in mind and promotes a culture and ethos which allows all to BELIEVE.

Believe in ourselves and those around us encouraging ability and creativity.

Endeavour at all times and never give up.

Love what we do and the end result will be a logical consequence.

Inclusion will help us ensure we are one community without isolation.

Emotional intelligence will guide our decision making.

Value our community and develop a sense of social responsibility.

Excellence will be achieved with a growth mind-set.

Within Folio Education Trust each school earns its 'autonomy'. This means that through being rated by Ofsted as either 'good' or 'outstanding' each school is allowed to determine the choices it makes with regards routines and processes linked to the key evaluative areas of school inspection. Should any school be judged as 'Requires Improvement' or 'Inadequate' then the Trust will insist on change management to ensure specific school improvement strategies are immediately employed. The Trust will not allow any school within the Trust to fail and will take the necessary step to ensure all children and staff are well supported within a rigorous accountability framework.

Each school within Folio Education Trust retains its own identity which may include a school motto, core values and image. Only when there is consensus between the Trust and the school will any of these things change.

Existing schools within Folio Education Trust include:

Wallington County Grammar School, Sutton (WCGS)

St Peters Primary School, Croydon (SPPS)

Park Hill Junior School, Croydon (PHJS)

Coombe Wood School (CWS) – Opening September 2018

Other activities within Folio Education Trust:

Folio Education Trust is developing as part of the DfE's Free School Programme new comprehensive secondary school provision to be located in South Croydon.

Coombe Wood School opened in September 2018 and has since 2014 been a significant development project for the Trust supported by the DfE and the Education Skills and Funding Agency (ESFA).

This project will deliver pupil place planning requirements specifically for children living in the South Croydon Area.

Folio Education Trust

Trustees' Report (continued)

Strategic Report for schools within Folio Education Trust

Wallington County Grammar School – Ofsted 'Outstanding' Judgement – January 2017 (<https://files.api.ofsted.gov.uk/v1/file/2655837>)

The outcomes for pupils at Wallington County Grammar School are exceptional because:

1. Attainment at GCSE far in excess of national standards.
2. Students consistently make progress (from their already high starting points) in the top 2% of schools nationally at GCSE. Progress in core subjects is exceptionally high, almost always in the top 5% in the country and often in the top 1%.
3. Disadvantaged students make progress far above other disadvantaged students nationally with similar starting points and even made progress in the top 2% of all students at GCSE in 2018. In 2014 we were recognised for our work by being awarded a 'Pupil Premium Award'.
4. Students with Special Educational Needs and Disabilities made progress in the top 10% of all students in the country at GCSE in 2018.

Effectiveness of 16-19 Study Programmes

Sixth Form provision is outstanding because:

1. Progress (L3VA) was significantly positive in 2018 and has been in three out of the last four years.
2. In 2018, 86% of our U6th Leavers went onto university in the United Kingdom or the United States, with the vast majority of other students taking a gap year. 3% of students went on to study in Oxbridge universities, 7% went on to study either medicine or dentistry and 47% gained places in top 20 universities.
3. Pastoral care, safeguarding and child protection permeates the entire Sixth Form ensuring all children experience effective care, enabling them to achieve the best outcomes and move forward to their next destination of education, employment or training.
4. We have a superb co-curricular and enrichment programme that equips students with the skills to be successful undergraduates. This is supported by outstanding pastoral care which helps support students with their emotional health and careers guidance.
5. We have an empowered and highly effective student leadership and prefect team that run whole school events and act as excellent role models for younger students.

Folio Education Trust

Trustees' Report (continued)

WCGS Development Priorities for 2018/2019:

Priority One: Launch, develop and embed our new core values of Commitment, Compassion, Courage and Creativity in all stakeholders.
Priority Two: Develop staff's subject specific knowledge and skills to inform Deep Thinking Challenges that push the most able out of their comfort zone as part of fully differentiated work for all students.
Priority Three: To ensure staff and student wellbeing.
Priority Four: To enhance the quality of collaboration and governance across Folio Education Trust.
Priority Five: To continue to safeguard the financial health of the School and develop its built environment.

Folio Education Trust

Trustees' Report (continued)

St Peter's Primary School (SPPS) – Osted 'Good' School – January 2013
(<https://files.api.ofsted.gov.uk/v1/file/2184649>)

Outcomes of Pupils Summary: Data taken from Analyse School Performance (ASP) document November 2018

Progress in Reading, Writing and Maths:

Number of Pupils = 54

Reading = Average (1.62)

Writing = Well Below Average (-3.10)

Maths = Average (0.69)

Percentage of Pupils Achieving Expected Progress or Higher in English Writing and Maths combined:

The School = 52%

The Local Authority = 66%

The National = 64%

Percentage of pupils achieving the higher standard:

The School = 5%

The Local Authority = 11%

The National = 10%

Outcomes of **Disadvantaged Pupils** Summary: Data taken from Analyse School Performance (ASP) document November 2018

Progress for disadvantaged pupils in Reading, Writing and Maths:

Number of Disadvantaged Pupils = 16

Reading = 1.59 (National for Non Disadvantaged Pupils = 0.31)

Writing = -4.73 (National for Non Disadvantaged Pupils = 0.24)

Maths = -0.79 (National for Non Disadvantaged Pupils = 0.31)

Folio Education Trust

Trustees' Report (continued)

SPPS Development Priorities for 2018/2019:

Priority One: To improve the quality of teaching and learning across the school, leading to improved standards by the end of Key Stage 2.
Priority Two: To increase the % of children achieving the expected standard or above in RWM (combined) so that it is at least in line with the National Average.
Priority Three: To improve outcomes for Disadvantaged Children and in doing so narrow the gap between Disadvantaged and Other Children within the school
Priority Four: To develop the quality of leadership across the school, creating a distributive leadership structure and clear accountability measures.
Priority Five: To improve the personal, social and emotional development of pupils at our school through the establishment of a consistent approach to behaviour management and an increased focus on PSHE.
Priority Six: To improve collaborative opportunities across the Folio community of schools and with parents and the Local Advisory Board.

Folio Education Trust

Trustees' Report (continued)

Park Hill Junior School (PHJS) – Ofsted 'Good' School – October 2014
(<https://files.api.ofsted.gov.uk/v1/file/2431087>)

Outcomes of Pupils Summary: Data taken from Analyse School Performance (ASP) document November 2018

Progress in Reading, Writing and Maths:

Number of Pupils = 74.

Reading = Average (0.99)

Writing = Well Below Average (-3.15)

Maths = Above Average (2.43)

Percentage of Pupils Achieving Expected Progress or Higher in English Writing and Maths combined:

The School = 73%

The Local Authority = 66%

The National = 64%

Percentage of pupils achieving the higher standard:

The School = 20%

The Local Authority = 11%

The National = 10%

Outcomes of **Disadvantaged Pupils** Summary: Data taken from Analyse School Performance (ASP) document November 2018

Progress for disadvantaged pupils in Reading, Writing and Maths:

Number of Disadvantaged Pupils = 17

Reading = -1.21 (National for Non Disadvantaged Pupils = 0.31)

Writing = -4.43 (National for Non Disadvantaged Pupils = 0.24)

Maths = -1.28 (National for Non Disadvantaged Pupils = 0.31)

Folio Education Trust

Trustees' Report (continued)

PHJS Development Priorities for 2018/2019:

Priority one: Improve Writing Across the Curriculum.
Priority Two: Improving outcomes for SEND Pupils.
Priority Three: Improving outcomes for Disadvantaged Pupils.
Priority Four: Improving outcomes for pupils with English as an additional language with strong links to 'no recourse to public funds'.
Priority Five: Further develop collaboration with parents, Local Advisory Board and the wider Trust community.

Folio Education Trust

Trustees' Report (continued)

Other Activities within Folio Education Trust

The Multi-Academy Trust was set up to enable the Trust to deliver a new Free School in South Croydon. At this point this project has been approved by the Department for Education and is obtaining a capital budget from the EFA and planning permission from Croydon Council to build on a site identified with Croydon's Local Plan. This project is planned to developed secondary school comprehensive provision of places opening in September 2018.

Public Benefit

The Trust's trustees confirm that they have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission excercising their powers of duties. The previous discussion regarding objectives and activities demonstrate how the public benefit test has been met.

Going Concern

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

Folio EducatonTrust

Trustees' Report (continued)

Financial Review

Most of the Trust's income is obtained from the Department for Education (DfE) in the form of recurrent and capital grants, the use of which is restricted to particular purposes. The grants received during the period and the associated expenditure are shown as restricted funds in the Statement of Financial Activities (SOFA).

Grants received for capital purposes are shown on the SOFA as restricted fixed asset funds. The balance sheet fixed asset fund is reduced by depreciation charges over the expected useful life of the asset.

Grants and donations have also been given to the Trust, mainly from parents who donate on a regular basis, to supplement grant income. This income is usually used to cover running costs of co-curricular activities that are additional to the basic school activities but are considered important for expanding pupil opportunities, it is shown as unrestricted income in the SOFA.

In accordance with the Charities SORP 2015, grants and donations received for specific purposes are shown in the SOFA as restricted funds.

Expenditure for the year was not completely covered by grants from the DfE, and the Academy Trust has used £453,000 of unrestricted funds to supplement this income.

Fixed Assets purchased in the year have been funded by capital grants received of £897,000. At 31 August 2018, the net book value of fixed assets was £26.5m and movements in tangible fixed assets are shown in Notes 12 and 13 to the financial statements. The assets are used primarily for providing the Trust's educational operations and associated support services to the pupils of the Trust.

Valuations of land and buildings are based on desktop valuations undertaken by the Education and Skills Funding agency. The Trust has applied this valuation as at 31 August 2015 to Land and Buildings of Wallington County Grammar School as shown in the balance sheet and adjusted it to allow for any additions in subsequent years. The value of Land and Buildings for Park Hill Junior School and St Peters Primary School is based on valuations as at 31 August 2017.

The Trust held fund balances at 31 August 2018 of £24.9m which consisted of £27.1m being the value of the Restricted Fixed Asset Fund, £116,000 of general restricted funds, £176,000 of Unrestricted Reserves and the deficit on the defined benefit pension schemes of £2,493,000. The purposes of the restricted funds are set out in Note 17.

Folio Education Trust

Trustees' Report (continued)

Reserves Policy

Maintaining an appropriate level of financial reserves is considered essential in protecting the trust from financial risk generated by, for example;

- income reduction due to Government funding changes
- unexpected falls in student numbers
- cash flow issues due to delays in receipt of funding
- emergencies

As the MAT expands we will look to fund the expansion by driving further financial efficiency savings by means of a shared services offering across schools within the MAT and the increased purchasing power that increased size brings with it.

In general it is considered prudent to maintain a level of useable reserves sufficient to cover unexpected and unplanned events so that the trust's primary objective is preserved. At the same time, the trust wishes to ensure that it uses its funding to benefit the students in its care which implies an imperative to consider actively the use of reserves to enhance educational provision. Trustees will monitor levels of reserves in financial reports provided by the Director of Finance and Shared Services and in the audited annual financial statements. Trustees will aim for a prudent level of reserves to be maintained, bearing in mind the recurrent spending needs to ensure high quality provision. In deciding the level of reserves Trustees will take into account the following:

- one month salary bill
- the Trust's annual budget
- the need for any large project spend such as facilities development or building condition needs
- any uncertainty, turbulence or expected reduction in funding arrangements, including the level of transitional protection within the school funding and its expiry date
- anticipated funding over the next three years.

This policy will be reviewed annually.

The Trust has inherited a significant deficit from the Local Government Pension Schemes. The value of the liabilities and the deficit are highly influenced by the actuarial assumptions, and current asset values are depressed due to current economic conditions. 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.

The Trust's pension reserve is reporting a deficit at 31 August 2018 of £2,493,000, compared to a deficit at 31st August 2017 of £2,745,000.

The Trust has Other Restricted Reserves of £116,000. The purpose of these reserves is disclosed in Note 17.

The Trust has Unrestricted Reserves of £176,000. Net Unrestricted Income was £421,000 of which £476,000 was transferred to Restricted Reserves to cover running costs. Unrestricted reserves will help to cover running costs over the next twelve months.

Tangible fixed assets are all held for use by the Trust, hence are not included in the reserves policy. The Trust's cash reserves at 31 August 2018 are £2,171,000.

Folio Education Trust

Trustees' Report (continued)

Investment Policy

Trustees are firmly committed to ensuring that all funds under their control are administered in such a way as to maximise return while minimising risk. Trustees do not consider the investment of surplus funds as a primary activity, but rather a requirement for the effective management of the various funds entrusted to the Board. Trustees' management of cash flow should ensure that there are always sufficient funds in the main bank accounts to cover operational costs. Banks must be selected from approved banks included in the Financial Services Compensation Scheme (FSCS). Trustees will seek to ensure that any cash not required for operating expenses is placed on deposit at the most favourable rate. Arrangements for deposits may include, but are not limited to Treasury Bonds and CCLA Deposit Accounts. Deposit account providers must be selected from the approved banks covered by the Financial Services Compensation Scheme (FSCS) or from the CCLA.

Principal Risks and Uncertainties

The Trust practices, through its Board of Trustees and the constituted sub-committees, risk management principles. Any major risks highlighted at any sub-committee are brought to the main board with proposed mitigating actions and they continue to be actively reported until the risk is adequately mitigated. The Board of Trustees accepts managed risk as an inevitable part of its operations but maintains an objective not to run unacceptable levels of risk in any area. The subjective nature of the process requires major risks to be resolved by the Board of Trustees collectively, whilst minor risks are dealt with by the Senior Management Team within the school. The principal risks facing the Trust are:

-Reputational risk - mitigated by maintaining good relations with local stakeholders, improving standards in learning and behaviour, and providing a broad-based and relevant curriculum.

-Performance risk - mitigated by monitoring each student's progress at each Key Stage and providing additional resources as necessary.

-Financial risk - the principal risks here are a reduction in student numbers, reductions in central government funding, unbudgeted increases in teaching or support staff costs or unbudgeted major capital repairs. The risks here are mitigated by careful budget planning and monitoring and by holding sufficient reserves to cover challenging financial circumstances.

-Risks associated with personnel - mitigated by ensuring that the school has correct recruitment and performance management procedures, and that all staff are supported, motivated and valued.

Folio Education Trust

Trustees' Report (continued)

Plans for Future Periods

Folio Education Trust has a strategic vision which includes expansion of the number of schools within its care.

Coombe Wood School

The Trust is involved in opening a new secondary school in South Croydon in September 2018. This is part of the DfE's Free School programme and is being fully funded by the ESFA. It will be a comprehensive school for girls and boys aged 11 – 18. Funding for the school will increase as pupils on roll grows. When at full capacity the school will be 1680 pupils.

Additional Primary / Secondary Schools

The Trust has aspirations during the 2018/2019 financial year to support and collaborate with an additional Primary / Secondary School. This will expand the Shared Services model for the Trust and therefore make it more financially viable offering services to all schools which promote quality and value for money.

School Improvement Model

The Trust wishes to develop a targeted school improvement model for Secondary and Primary Schools. This will include targeted reviews which help with evaluation and the development of key objectives to raise standards. The model will promote a self-improving system where all schools within the Trust collaborate and support each other to move towards outstanding Ofsted judgements.

Folio Education Trust

Trustees' Report (continued)

Funds Held as Custodian Trustee on Behalf of Others

The Trust holds £5,000 on behalf of the family of a former WCGS student, Jamal Ottun, which is to be used to award a Scholarship to one of our sixth form students. The family participate in the selection of the student to receive the award based upon recommendations from the school. The payment will be made in the spring term of the student's first year at University, and the family then intend to replace the fund for subsequent years awards.

The Trust also administers funds on behalf of the Croydon School Sports Partnership, an organisation based at St Peters Primary School, which works to improve PE and school sport within the London Borough of Croydon. At the 31 August 2018 funds held amounted to £120,000.

Auditor

Insofar as the trustees are aware:

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

Trustees' report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 12 December 2018 and signed on the Board's behalf by:

Signed



Dr Tim Crayford
Trustee

12 December 2018

Folio Education Trust

Governance Statement

Scope of Responsibility

As trustees we acknowledge we have overall responsibility for ensuring that Folio 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 Board of Trustees has delegated the day-to-day responsibility to the Executive Headteacher, 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 Folio Education Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Trust Board has met 3 times during the year and the Finance & Operations Committee has met 4 times during the year. Attendance during the year at meetings was as follows:

Trustee	Trust Board		Finance & Operations Committee	
	Meetings Attended	Out of a possible	Meetings Attended	Out of a possible
Mr P Huitson	2	3	3	4
Mr J Diamond	3	3	3	4
Mr J Wilden	3	3	4	4
Dr T Crayford	3	3	4	4
Mrs V John	3	3	3	4
Mrs J Speller	3	3	N/A	N/A

Folio Education Trust

Governance Statement (continued)

Review of Value for Money

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

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

- the economic, efficient and effective use of all the resources in their charge – for example to produce better educational results;
- the avoidance of waste and extravagance;
- the prudent and economical administration of the organisation;
- the establishment and maintenance of a system of financial governance, including sound internal spending controls, keeping up to date financial records, continuous financial monitoring and timely reporting;
- ensuring all financial transactions represent value for money.

A key objective is to achieve value for money not only for the organisation itself but for the taxpayer more generally. So whilst it involves an academy trust living within its budget and using its resources properly and with probity, it is primarily about how it continuously improves both the educational and wider societal outcomes for its pupils with the resources available.

With schools budgets continuing to come under pressure due to the financial constraints being placed upon the public sector and increasing employment costs that have not been funded, it is essential that we develop innovative ways of ensuring that monies are spent in the most effective ways to achieve the best outcomes for the students.

1 . Maximisation of Efficiency within Curriculum Spending

One of the measures that the Trust has taken again this year is to set aside an unassigned pot of money for curriculum spending by challenging each subject area to reduce their regular capitation by 25%. This fund has then been made available for subject leaders to bid for during the year to ensure that monies are spent in the areas requiring development rather than using what has been more generic or formulaic calculation of what each department receives. In submitting their bids the subject leaders are required to indicate:

- How this investment will aid school improvement and improve teaching and learning.
- How success of the initiative will be monitored and impact measured.
- Finally, an evaluation is carried out and included in the subject area evaluation.

This approach ensures a much more targeted approach of investing in areas of need that make a measureable difference, whilst not starving departments of the funds necessary to deliver the core objectives within their subjects.

Folio Education Trust

Governance Statement (continued)

2 . Collaboration Locally and Nationally

The Trust also takes a lead in a number of local initiatives targeted at driving improvement whilst minimising cost to the school communities as a whole. A fantastic example of this is the Sutton Alliance Review which is something which Wallington has taken a leading role in developing.

This review takes the form of a mini Ofsted style review of areas that the school in question wishes to be examined, either because they think this is an area they believe to be already excellent and they wish to confirm their own evaluation methodology, or an area they feel that they need assistance in, in order to learn and improve by gathering specific input from other schools in preparation for any inspection that may take place.

The reviews are carried out by senior leaders within the Sutton Alliance who rotate through the schools so that they get experience of reviewing and being reviewed. As the schools' own staff are being used, this minimises overall cost, delivering great value for money and also creates a great means for training and developing future leaders.

Another example of co-operation at this level that drives improvement and saves cost within the local borough is the regular forum style meetings that take place for Headteachers, Deputy Headteachers, and Business Managers. Each forum has its own targeted benefits with the Heads and Deputies looking to drive improvement and innovation and with the Business Managers looking to work together to drive down costs by collaboration and conducting benchmarking analysis.

With the transition to Multi-Academy Trust (MAT) status, initiatives have also been embarked upon to look at MAT to MAT collaboration both within Sutton, and also looking outwards across the South East as we look to expand.

Benchmarking has continued at a local level to ensure that schools evaluate what staffing models are working well within individual schools as well as sharing ideas for saving costs in any other innovative ways. Wallington has extended this level of co-operation by also working closely with the Boys Academic State Schools (BASS) group to help gather benchmarking data and ideas from schools across the country whose profile more closely matches that of a school with a high achieving selective nature.

This involvement with BASS has also extended to sharing ideas with groups throughout the schools so Heads, Deputies, Heads of Sixth Form and Subject areas also get together to share and learn from one another in a very cost effective way.

In addition to this the Executive Headteacher continues to be closely involved with the Grammar Schools Heads Association.

Folio Education Trust

Governance Statement (continued)

3 . Monitoring and Governance

All of these initiatives need to be closely monitored and evaluated and the Trust continues to work hard with its Trustees and Local Advisors to ensure transparency and deliver the appropriate level of challenge.

The Trust uses Lead Advisors to oversee specific areas of the schools' performance and in particular the Trusts Finance and Operations Committee has continued to be of huge benefit to the MAT with its ability to dive deeply into the key areas of income generation and spending, concentrating on the following financial risk variables:

- Teaching staff supply costs
- Administrative staff supply costs
- Subject area capitation and printing costs
- Parental financial voluntary contributions
- Capital spending and premises costs

By focusing on these areas we have seen control of costs and an improvement in the support from our parents which has allowed for greater investment in co-curricular activities; these have a huge impact on the confidence and sense of achievement of our students.

Continued attention to the higher spend areas of expenditure has led to a number of initiatives that have helped us to achieve what we consider to be a very positive financial performance this year under difficult financial conditions. This has also allowed us to set a budget that will enable us to weather this period of austerity as we look to build the MAT and drive further financial efficiency savings by means of a shared services offering across schools within the MAT and the increased purchasing power that increased size brings with it.

Folio Education Trust

Governance Statement (continued)

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 on-going process designed to identify and prioritise the risks to the achievement of trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Folio Education Trust for the year to 31 August 2018 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

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

The Risk and Control Framework

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

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

Folio Education Trust

Governance Statement (continued)

The Trustees have considered the need for a specific internal audit function and have decided not to appoint an internal auditor. However, the Trustees have appointed a Local Advisor for Financial Management for each school. The Local Advisor's role includes giving advice on financial matters and performing a range of checks on the Trust's financial systems. In particular the checks carried out in the current year included:

- Testing of internal controls in relation to payroll systems
- Testing of purchasing procedures

On a termly basis, the Local Advisor reports to the Trust Board on the operation of the systems of control and on the discharge of the Trust Boards financial responsibilities.

Review of Effectiveness

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

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

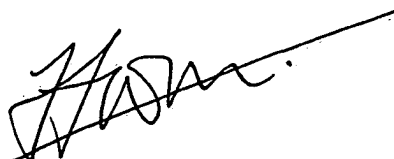
The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Finance and Operations Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Trustees on 12 December 2018 and signed on its behalf by:



Dr Tim Crayford

Trustee



Mr Jonathan Wilden

Accounting Officer

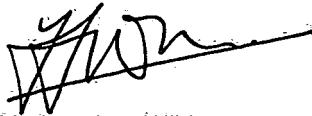
Folio Education Trust

Statement of Regularity, Propriety and Compliance

As Accounting Officer of Folio Education Trust I have considered my responsibility to notify the Trust Board of Trustees 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 trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

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

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



Mr Jonathan Wilden

Accounting Officer

12 December 2018

Folio Education Trust

Statement of Trustees' Responsibilities

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

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

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

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

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

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by order of the members of the Board of Trustees on 12 December 2018 and signed on its behalf by:



Dr Tim Crayford

Trustee

Folio Education Trust

Independent Auditor's Report on the Financial Statements to the Members of Folio Education Trust

Opinion

We have audited the financial statements of Folio Education Trust (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 and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), 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.

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.

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.

Folio Education Trust

Independent Auditor's Report on the Financial Statements to the Members of Folio Education Trust (continued)

Conclusions relating to going concern

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

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

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the annual report 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 Trustees' report including the strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' report including the strategic report has been prepared in accordance with applicable legal requirements.

Folio Education Trust

Independent Auditor's Report on the Financial Statements to the Members of Folio Education Trust (continued)

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 Trustees' report including the strategic report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

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

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

Folio Education Trust

Independent Auditor's Report on the Financial Statements to the Members of Folio Education Trust (continued)

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. 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.



Katherine Patel (Senior Statutory Auditor)

For and on behalf of Buzzacott LLP, Statutory Auditor

130 Wood Street

London

EC2V 6DL

17 December 2018

Folio Education Trust

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

In accordance with the terms of our engagement letter dated 28 September 2017 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 Folio Education 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 Folio Education Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Folio Education Trust 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 Folio Education Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Folio Education Trust's Accounting Officer and the reporting accountant

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

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2017 to 2018. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the 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.

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.

Folio Education Trust

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

Approach (continued)

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.

B. Baccott

Reporting Accountant
Buzacott LLP
Chartered Accountants
130 Wood Street
London
EC2V 6DL

17 December 2018

Folio Education Trust

Statement of Financial Activities for the year ended 31 August 2018 (including Income and Expenditure Account)

		Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total 2018	Total 2017
	Note	£000	£000	£000	£000	£000
Income and endowments from:						
Donations and capital grants	2	152	30	897	1,079	870
Transfer from Local Authority on Conversion	30	-	-	-	-	11,683
Charitable activities:						
Funding for the Trust's educational operations	3	735	8,964	-	9,699	7,421
Other trading activities	4	106	4	-	110	61
Investments	5	-	-	-	-	3
Total		993	8,998	897	10,888	20,038
Expenditure on:						
Raising funds	6	18	16	-	34	26
Charitable activities:						
Academy trust educational operations	6,7	524	10,114	383	11,021	8,281
Other		30	-	-	30	-
Total Expenditure		572	10,130	383	11,085	8,307
Net income / (expenditure) before transfers		421	(1,132)	514	(197)	11,731
Transfers between funds	17	(476)	453	23	-	-
Net Income/(Expenditure)		(55)	(679)	537	(197)	11,731
Other recognised (losses) /gains:						
Actuarial gains/(losses) on defined benefit pension schemes	17,26	-	636	-	636	339
Losses on impairments of Fixed Assets	13	-	-	(2,459)	(2,459)	-
Net movement in funds		(55)	(43)	(1,922)	(2,020)	12,070
Reconciliation of funds						
Total funds brought forward		231	(2,334)	28,986	26,883	14,813
Total funds carried forward		176	(2,377)	27,064	24,863	26,883

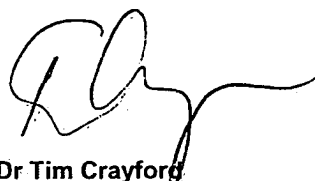
Folio Education Trust

Balance Sheet as at 31 August 2018

Company Number 07627302

	Notes	2018 £000	2018 £000	2017 £000	2017 £000
Fixed assets					
Intangible assets	12		16		14
Tangible assets	13		<u>26,485</u>		<u>28,972</u>
			<u>26,501</u>		<u>28,986</u>
Current assets					
Stock	14	21		3	
Debtors	15	559		569	
Cash at bank and in hand		<u>2,171</u>		<u>1,842</u>	
		<u>2,751</u>		<u>2,414</u>	
Liabilities					
Creditors: Amounts falling due within one year	16	<u>(1,896)</u>		<u>(1,772)</u>	
Net current assets			<u>855</u>		<u>642</u>
Net assets excluding pension liability			<u>27,356</u>		<u>29,628</u>
Defined benefit pension scheme liability	26		<u>(2,493)</u>		<u>(2,745)</u>
Total assets			<u>24,863</u>		<u>26,883</u>
Funds of the trust:					
Restricted funds					
. Fixed asset fund	17	27,064		28,986	
. Restricted income fund	17	116		411	
. Pension reserve	17	<u>(2,493)</u>		<u>(2,745)</u>	
Total restricted funds			<u>24,687</u>		<u>26,652</u>
Unrestricted income funds	18		<u>176</u>		<u>231</u>
Total funds			<u>24,863</u>		<u>26,883</u>

The financial statements on pages 35-37 were approved by the trustees, and authorised for issue on 12 December 2018 and are signed on their behalf by:



Dr Tim Crayford
Trustee

Folio Education Trust

Statement of Cash Flows for the year ended 31 August 2018

	Notes	2018 £000	2017 £000
Cash flows from operating activities			
Net cash used in operating activities	21	(212)	674
Cash flows from investing activities	23	541	3
Cash flows from financing activities	22	-	(11)
Change in cash and cash equivalents in the reporting period		329	666
Cash and cash equivalents at 1 September 2017		1,842	1,176
Cash and cash equivalents at the 31 August 2018	24	2,171	1,842

Folio Education Trust

Notes to the Financial Statements for the period ended 31 August 2018

1 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 Trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS102)), the Academies Accounts Direction 2016 to 2017 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

Folio Trust meets the definition of a public benefit entity under FRS 102.

Going Concern

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

Folio Education Trust

Notes to the Financial Statements for the period ended 31 August 2018

Income

All income is recognised when the 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.

General Annual Grant is recognised in full in the Statement of Financial Activities in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

- **Sponsorship Income**

Sponsorship income provided to the 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 trust has provided the goods or services.

- **Transfer on Conversion**

Where assets are transferred to the Trust on conversion, the assets are measured at fair value and recognised in the balance sheet at the point when the risks and rewards of ownership pass to the Trust. An equal amount of income is recognised as Transfer on Conversion.

Folio Education Trust

Notes to the Financial Statements for the period ended 31 August 2018

Expenditure

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

- **Expenditure on Raising Funds**

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

- **Charitable Activities**

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

All expenditure is stated exclusive of VAT.

Intangible Fixed Assets

Intangible assets costing £1,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment.

Amortisation is provided on intangible fixed assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

- Purchased computer software **20% per annum**

Tangible Fixed Assets

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

Folio Education Trust

Notes to the Financial Statements for the period ended 31 August 2018

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 expected useful life, as follows:

• Freehold buildings	2% per annum
• Leasehold Buildings	Over the term of the lease
• Fixtures, fittings and equipment	20% per annum
• ICT hardware	33% per annum
• Motor Vehicles	25% per annum

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

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

Folio Education Trust

Notes to the Financial Statements for the period ended 31 August 2018

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 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 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.

Stock

Unsold catering stocks are valued at the lower of cost or net realisable value.

Taxation

The 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 Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by part 11, chapter 3 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.

Folio Education Trust

Notes to the Financial Statements for the period ended 31 August 2018

Pensions Benefits

Retirement benefits to employees of the Trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes and the assets are held separately from those of the trust.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 26, 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 trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities and comprises the interest cost on the defined benefit obligation and interest income on the schemes' assets, calculated by multiplying the fair value of the schemes' assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the schemes' assets and the actual return on the schemes' assets is recognised in other recognised gains and losses.

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

Folio Education Trust

Notes to the Financial Statements for the period ended 31 August 2018

Fund Accounting

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

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

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

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 26, will impact the carrying amount of the pensions liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Folio Education Trust

Notes to the Financial Statements for the year ended 31 August 2018 (continued)

2 Donations and capital grants

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total 2018	Total 2017
	£000	£000	£000	£000	£000
Capital Grants	-	-	897	897	711
Donations	152	30	-	182	159
	<u>152</u>	<u>30</u>	<u>897</u>	<u>1,079</u>	<u>870</u>
2017 Total	<u>143</u>	<u>16</u>	<u>711</u>	<u>870</u>	

3 Funding for the Trust's Educational Operations

	Unrestricted Funds	Restricted Funds	Total 2018	Total 2017
	£000	£000	£000	£000
DfE / ESFA grants				
General Annual Grant (GAG)	-	7,987	7,987	6,143
Other DfE/ESFA grants	-	529	529	414
Start Up Grants	-	-	-	50
	<u>-</u>	<u>8,516</u>	<u>8,516</u>	<u>6,607</u>
Other income from the Trust's educational operations	735	448	1,183	814
	<u>735</u>	<u>8,964</u>	<u>9,699</u>	<u>7,421</u>
2017 Total	<u>475</u>	<u>6,946</u>	<u>7,421</u>	

Folio Education Trust
Notes to the Financial Statements for the year ended
31 August 2018 (continued)

4 Other Trading activities

	Unrestricted Funds	Restricted General Funds	Total 2018	Total 2017
	£000	£000	£000	£000
Hire of facilities	37	-	37	27
Other	69	4	73	34
	<u>106</u>	<u>4</u>	<u>110</u>	<u>61</u>
2017 Total	<u>57</u>	<u>4</u>	<u>61</u>	

5 Investment income

	Unrestricted Funds	Restricted General Funds	Total 2018	Total 2017
	£000	£000	£000	£000
Bank Interest	-	-	-	3
	<u>-</u>	<u>-</u>	<u>-</u>	<u>3</u>
2017 Total	<u>3</u>	<u>-</u>	<u>3</u>	

Folio Education Trust

Notes to the Financial Statements for the year ended 31 August 2018 (continued)

6 Expenditure

	Staff Costs (Note 8) £000	Non Pay Expenditure Premises £000	Other £000	Total 2018 £000	Total 2017 £000
Expenditure on raising funds	-	-	34	34	26
Trust's educational operations:					
· Direct costs	7,062	-	1,303	8,365	6,215
· Allocated support costs	1,221	1,035	400	2,656	2,066
	<u>8,283</u>	<u>1,035</u>	<u>1,737</u>	<u>11,055</u>	<u>8,307</u>
2017 Totals	<u>6,050</u>	<u>901</u>	<u>1,356</u>	<u>8,307</u>	

Net income/(expenditure) for the year includes:

	2018 £000	2017 £000
Operating lease rentals	51	46
Depreciation	383	412
Amortisation of intangible fixed assets (included within Charitable Activities – Academy trust educational operations)	1	-
Fees payable to auditor for:		
- statutory audit	13	13
- other services	<u>7</u>	<u>1</u>

Folio Education Trust
Notes to the Financial Statements for the year ended
31 August 2017 (continued)

7 Charitable Activities

	Total 2018 £000	Total 2017 £000
Direct costs – educational operations	8,365	6,215
Support costs – educational operations	2,656	2,066
	11,021	8,281

Analysis of Direct Costs	Unrestricted Funds	Restricted Funds	Restricted Fixed Asset Funds	Total 2018 £000	Total 2017 £000
	£000	£000	£000		
Staff Costs	181	6,880	-	7,061	5,202
Educational Supplies	-	467	-	467	270
Examination Fees	-	144	-	144	136
Catering	343	-	-	343	242
School Trips	-	272	-	272	277
Other Direct Costs	-	78	-	78	88
Total direct costs	524	7,841	-	8,365	6,215

Analysis of support costs

	2018 £000	2017 £000
	£000	£000
Support staff costs	-	1,221
Depreciation and amortisation	-	384
Technology costs	-	113
Premises costs	-	652
Other support costs	-	286
Total support costs	-	2,272
Total	524	10,113
2017 Total	377	7,492

Folio Education Trust

Notes to the Financial Statements for the year ended 31 August 2018 (continued)

8 Staff

a. Staff costs

Staff costs during the period were:

	Total 2018 £000	Total 2017 £000
Wages and salaries	6,209	4,518
Social security costs	605	445
Operating costs of defined benefit pension schemes	1,370	1,007
	8,184	5,970
Agency staff costs	64	66
Severance Payments	35	14
	8,283	6,050

b. Non statutory/non contractual staff severance payments

Included in staff costs are two non-statutory/non-contractual severance payments (2017: one) totalling £35,000 (2017: £14,250). Individually the payments made were: £5,000 on 12 April 2018 and £30,000 on 24 April 2018.

c. Staff numbers

The average number of persons employed by the trust during the period was as follows:

	2018 No.	2017 No.
Teachers	109	107
Administration and support	145	138
Management	2	2
	256	247

d Higher paid staff

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

	2018 No.	2017 No.
£60,001 - £70,000	4	2
£70,001 - £80,000	1	2
£80,001 - £90,000	1	-
£110,001 - £120,000	1	1

Aggregate pension scheme costs for higher paid employees were £124,000 (2017:£97,000)

e Key management personnel

The key management personnel of the Trust comprise the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Trust was £539,000 (2017: £423,000).

Folio Education Trust **Notes to the Financial Statements for the year ended** **31 August 2018 (continued)**

9 Central Services

The trust has provided the following central services to its schools during the year:

- * Human resources
- * Financial Services
- * Legal Services
- * Educational Support Services
- * Others as arising

The Trust charges for these services on the following basis:

5% of GAG income

	2018	2017
	£000	£000
The actual amounts charged during the year were:		
Wallington County Grammar School	426	470
Park Hill Junior School	70	35
St Peters Primary School	78	39
	<u>574</u>	<u>544</u>

Folio Education Trust

Notes to the Financial Statements for the year ended

31 August 2018 (continued)

10 Related Party Transactions - Trustees' Remuneration and Expenses

One or more Trustees has been paid remuneration or has received other benefits from an employment with the Trust. The Executive Headteacher only receives remuneration in respect of services he provides undertaking the role of Executive Headteacher under his contract of employment.

The value of Executive Headteacher's remuneration and other benefits was as follows:

J Wilden (Executive Headteacher and trustee)

· Remuneration £115,000-£120,000 (2017: £115,000 - £120,000)

· Employer's pension contributions paid £15,000-£20,000 (2017: £15,000 - £20,000)

11 Trustees' and Officers' Insurance

In accordance with normal commercial practice the Trust has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust business. The insurance provides cover up to £10,000,000 on any one claim.

Folio Education Trust
Notes to the Financial Statements for the year ended
31 August 2018 (continued)

12 Intangible Fixed Assets

	Computer Software £000	Total £000
Cost		
At 1 September 2017	17	17
Additions	3	3
At 31 August 2018	20	20
Amortisation		
At 1 September 2017	3	3
Charged in year	1	1
At 31 August 2018	4	4
Carrying amount		
At 31 August 2017	14	14
At 31 August 2018	16	16

13 Tangible Fixed Assets

	Freehold Land and Buildings £000	Leasehold Land and Buildings £000	Furniture and Equipment £000	Assets under Construction £000	Motor Vehicles £000	Total £000
Cost/Valuation						
At 1 September 2017	25,386	4,747	646	2	29	30,810
Additions	48	28	192	153	-	421
Disposals	(65)	-	-	-	-	(65)
Impairments	(1,381)	(2,077)	-	-	-	(3,458)
At 31 August 2018	23,988	2,698	838	155	29	27,708
Depreciation						
At 1 September 2017	1,477	16	335	-	11	1,839
Impairments	(985)	(14)	-	-	-	(999)
Charged in year	236	22	118	-	7	383
At 31 August 2018	728	24	453	-	18	1,223
Net book values						
At 31 August 2017	23,909	4,731	312	2	18	28,972
At 31 August 2018	23,260	2,674	385	155	11	26,485

Impairments to Land and Buildings are as a result of new desktop valuations received from the ESFA in the year.

Folio Education Trust
Notes to the Financial Statements for the year ended
31 August 2018 (continued)

14 Stock

	2018	2017
	£000	£000
Clothing	16	-
Catering	5	3
	<u>21</u>	<u>3</u>

15 Debtors

	2018	2017
	£000	£000
Trade debtors	110	14
VAT recoverable	141	131
Other debtors	9	15
Prepayments and accrued income	299	409
	<u>559</u>	<u>569</u>

Folio Education Trust
Notes to the Financial Statements for the year ended
31 August 2018 (continued)

16 Creditors: Amounts Falling due within one year

	2018	2017
	£000	£000
Trade creditors	181	243
Other taxation and social security	159	145
Other creditors	1,003	834
Accruals and deferred income	553	550
	1,896	1,772
Deferred income (Included above)	2018	2017
	£000	£000
Deferred income at 1 September 2017	172	439
Released from previous years	(172)	(439)
Resources deferred in the year	126	172
Deferred Income at 31 August 2018	126	172

Deferred income relates to projects and trips that will take place in the following year as well as rental income received in advance.

FOLIO EDUCATION TRUST
Notes to the Financial Statements for the year ended
31 August 2018 (continued)

17 Funds

	Balance at 1 September 2017 £000	Income £000	Expenditure £000	Gains, losses and transfers £000	Balance at 31 August 2018 £000
Restricted general funds					
General Annual Grant (GAG)	-	7,897	(8,350)	453	-
Other Restricted Funds (See below)	411	1,101	(1,396)	-	116
Pension reserve	(2,745)	-	(384)	636	(2,493)
	<u>(2,334)</u>	<u>8,998</u>	<u>(10,130)</u>	<u>1,089</u>	<u>(2,377)</u>
Restricted fixed asset funds	28,986	-	(383)	(2,459)	26,144
DfE/EFA capital grants		897			897
Capital expenditure from other funds				23	23
	<u>28,986</u>	<u>897</u>	<u>(383)</u>	<u>(2,436)</u>	<u>27,064</u>
Total restricted funds	<u>26,652</u>	<u>9,895</u>	<u>(10,513)</u>	<u>(1,347)</u>	<u>24,687</u>
Total unrestricted funds	<u>231</u>	<u>993</u>	<u>(572)</u>	<u>(476)</u>	<u>176</u>
Total funds	<u>26,883</u>	<u>10,888</u>	<u>(11,085)</u>	<u>(1,823)</u>	<u>24,863</u>

The specific purposes for which the restricted funds are to be applied are as follows:	£000
Central Trust funds	(113)
Funds used to set up a new Free School	(20)
Funds held in trust	5
Funds to be used to purchase educational equipment	4
Funds used to run the Croydon School Sports Partnership	121
St Peters Expansion funding	91
Other	28
	<u>116</u>

Net transfers from unrestricted to restricted funds relate to amounts used from unrestricted funds to cover the operational costs of the Trust which are not covered by funding income.

Analysis of academies by fund balance

Fund balances at 31 August 2018 were allocated as follows:

	Total 2018 £000	Total 2017 £000
Wallington County Grammar School	61	127
Park Hill Junior School	64	126
St Peters Primary School	123	55
Croydon Schools Sports Partnership	120	110
Coombe Wood School	(20)	-
Central services	(56)	224
Total before fixed assets and pension reserve	<u>292</u>	<u>642</u>
Restricted fixed asset fund	27,064	28,986
Pension reserve	(2,493)	(2,745)
Total	<u>24,863</u>	<u>26,863</u>

FOLIO EDUCATION TRUST
Notes to the Financial Statements for the year ended
31 August 2018 (continued)

17 Funds (contd)

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

	Balance at 1 September 2016 £000	Income £000	Expenditure £000	Gains, losses and transfers £000	Balance at 31 August 2017 £000
Restricted general funds					
General Annual Grant (GAG)	-	6,143	(6,400)	257	-
Funds transferred on conversion (Note 30)	-	274	(78)	-	196
Other Restricted Funds	164	823	(749)	(23)	215
Pension reserve	(1,962)	(851)	(271)	339	(2,745)
	(1,798)	6,389	(7,498)	573	(2,334)
Restricted fixed asset funds	16,427	711	(360)	-	16,778
Transfer on conversion (Note 30)	-	12,260	(52)	-	12,208
	16,427	12,971	(412)	-	28,986
Total restricted funds	14,629	19,360	(7,910)	573	26,652
Total unrestricted funds	184	678	(397)	(234)	231
Total funds	14,813	20,038	(8,307)	339	26,883

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

	Balance at 1 September 2016 £000	Income £000	Expenditure £000	Gains, losses and transfers £000	Balance at 31 August 2018 £000
Restricted general funds					
General Annual Grant (GAG)	-	14,040	(14,750)	710	-
Funds transferred on conversion	-	274	(78)	-	196
Other Restricted Funds	164	1,924	(2,145)	(23)	(80)
Pension reserve	(1,962)	(851)	(655)	975	(2,493)
	(1,798)	15,387	(17,628)	1,662	(2,377)
Restricted fixed asset funds	16,427	711	(743)	(2,459)	13,936
Transfer on conversion	-	12,260	(52)	-	12,208
DfE/EFA capital grants		897	-	-	897
Capital expenditure from GAG		-	-	23	23
	16,427	13,868	(795)	(2,436)	27,064
Total restricted funds	14,629	29,255	(18,423)	(774)	24,687
Total unrestricted funds	184	1,671	(969)	(710)	176
Total funds	14,813	30,926	(19,392)	(1,484)	24,863

Folio Education Trust

Notes to the Financial Statements for the year ended 31 August 2018 (continued)

18. Analysis of Net Assets between Funds

Fund balances at 31 August 2018 are represented by:

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total Funds
	£000	£000	£000	£000
Intangible fixed assets	-	-	16	16
Tangible fixed assets	-	-	26,485	26,485
Net Current assets	176	116	563	855
Pension scheme liability	-	(2,493)	-	(2,493)
Total net assets	176	(2,377)	27,064	24,863

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

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total Funds
	£000	£000	£000	£000
Intangible fixed assets	-	-	14	14
Tangible fixed assets	-	-	28,972	28,972
Net Current assets	231	411	-	642
Pension scheme liability	-	(2,745)	-	(2,745)
Total net assets	231	(2,334)	28,986	26,883

19 Capital Commitments

	2018	2017
	£000	£000
Contracted for, but not provided in the financial statements	£1,150k	-

20 Commitments under operating leases

Operating Leases

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

	2018	2017
	£000	£000
Amounts due within one year	60	38
Amounts due between one and five years	44	35
	104	73

Folio Education Trust
Notes to the Financial Statements for the year ended
31 August 2018 (continued)

21 Reconciliation of Net Income/(expenditure) to Net
Cash Flow from Operating Activities

	2018	2017
	£000	£000
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	(197)	11,731
Adjusted for:		
Amortisation (note 12)	1	-
Depreciation charges (note 13)	383	412
Capital grants from DfE and other capital income	(897)	(711)
Fixed Assets transferred on conversion	-	(12,260)
Interest receivable (note 6)	-	(3)
Defined benefit pension scheme obligation inherited	-	851
Defined benefit pension scheme cost less contributions payable (note 26)	312	220
Defined benefit pension scheme finance cost (note 26)	70	51
(Increase)/decrease in stocks	(18)	-
(Increase)/decrease in debtors	10	(350)
Increase/(decrease) in creditors	124	723
Repayments of borrowing	-	11
Net cash provided by / (used in) Operating Activities	(212)	674

22 Cash Flows from Financing Activities

	2018	2017
	£000	£000
Repayments of borrowing	-	(11)
Cash inflows from new borrowing	-	-
Net cash provided by / (used in) financing activities	-	(11)

23 Cash Flows from Investing Activities

	2018	2017
	£000	£000
Dividends, interest and rents from investments	-	3
Purchase of tangible fixed assets	(356)	(711)
Capital grants from DfE/EFA	897	711
Net cash provided by / (used in) investing activities	541	3

24 Analysis cash and cash equivalents

	At 31 August	At 31 August
	2018	2017
	£000	£000
Cash in hand and at bank	2,171	1,842
Total cash and cash equivalents	2,171	1,842

Folio Education Trust
Notes to the Financial Statements for the year ended
31 August 2018 (continued)

25 Members' Liability

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

Folio Education Trust

Notes to the Financial Statements for the year ended 31 August 2018 (continued)

26 Pension and Similar Obligations

The 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 Boroughs of Sutton and Croydon. Both are multi-employer defined benefit pension schemes.

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

Contributions amounting to £126,961 were payable to the schemes at 31 August 2018 (2017: £121,479) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

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

Folio Education Trust
Notes to the Financial Statements for the period ended
31 August 2018 (continued)

26 Pension and Similar Obligations (continued)

During the year the employer contribution rate was 16.4% (2017: 16.15%)

The pension costs paid to TPS in the period amounted to £939,000. (2017: £490,000)

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 academy has set out above the information available on the scheme.

Folio Education Trust **Notes to the Financial Statements for the year ended** **31 August 2018 (continued)**

26 Pension and Similar Obligations (continued)

Net LGPS Pension Liability

	London Borough of Sutton	London Borough of Croydon	Total	2017
Pension Liability as at 1 September 2017	(1,762)	(983)	(2,745)	(2,813)
Interest Payable	(43)	(27)	(70)	(51)
Administration Expenses	(1)	-	(1)	(1)
Service Cost	(368)	(307)	(675)	(483)
Actuarial Losses	124	-	124	(89)
Employer Contributions	217	145	362	264
Return on assets less interest	19	18	37	196
Change in financial assumptions	359	180	539	(142)
Experience gain/loss on defined benefit obligation	(64)	-	(64)	374
Pension liability as at 31 August 2018	(1,519)	(974)	(2,493)	(2,745)

Local Government Pension Scheme - London Borough of Sutton

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

The total contribution made for the year ended 31 August 2018 was £270,000 (2017: £255,000), of which employer's contributions totalled £217,000 (2017: £203,000) and employees' contributions totalled £53,000 (2017: £52,000)

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	3.80%	4.20%
Rate of increase for pensions in payment/inflation	2.30%	2.70%
Discount rate for scheme liabilities	2.65%	2.60%

Folio Education Trust
Notes to the Financial Statements for the year ended
31 August 2018 (continued)

26 Pension and Similar Obligations (continued)

Sensitivity Analysis	£000	£000	£000
Adjustment to discount rate	+0.1%	0.0%	-0.1%
Present value of total obligation	3,758	3,902	3,919
Projected Service Cost	322	329	336
Adjustment to long term salary increase	+0.1%	0.0%	-0.1%
Present value of total obligation	3,844	3,902	3,831
Projected Service Cost	329	329	329
Adjustment to pension increases and deferred revaluation	+0.1%	0.0%	-0.1%
Present value of total obligation	3,913	3,902	3,764
Projected Service Cost	336	329	322
Adjustment to life expectancy assumptions	+1 Year	None	-1 Year
Present value of total obligation	3,973	3,902	3,708
Projected Service Cost	339	329	319

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	24.5	24.4
Females	26.1	26.0
<i>Retiring in 20 years</i>		
Males	26.8	26.7
Females	28.5	28.3

Folio Education Trust
Notes to the Financial Statements for the year ended
31 August 2018 (continued)

26 Pension and Similar Obligations (continued)

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

	Fair value at 31 August 2018 £000	Fair value at 31 August 2017 £000
Equity instruments	1,615	1,261
Debt instruments	534	531
Property	196	156
Cash	38	4
Total market value of assets	2,383	1,952
Less Liabilities	(3,902)	(3,714)
Net Pension Liability	(1,519)	(1,762)

Amounts recognised in the statement of financial activities

	2018 £000	2017 £000
Service Cost	368	363
Net Interest on defined liability	43	41
Expected return on assets	1	1
	412	405

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

	2018 £'000	2017 £'000
At 1 September	3,714	3,621
Current service cost	368	363
Interest cost	97	79
Changes in financial assumptions	(359)	(82)
Changes in demographical assumptions	-	156
Employee contributions	53	52
Expected gain/loss on defined pension obligations	64	(374)
Benefits paid	(35)	(101)
At 31 August	3,902	3,714

Folio Education Trust
Notes to the Financial Statements for the year ended
31 August 2018 (continued)

26 Pension and Similar Obligations (continued)

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

	2018	2017
	£'000	£'000
At 1 September	1,952	1,659
Interest income	54	38
Return on plan assets (excluding net interest on the net defined pension liability)	19	191
Actuarial gain/(loss)	124	(89)
Employer contributions	217	203
Employee contributions	53	52
Benefits paid	(35)	(101)
Administration Expenses	(1)	(1)
At 31 August	2,383	1,952

Folio Education Trust

Notes to the Financial Statements for the year ended 31 August 2018 (continued)

26 Pension and Similar Obligations (continued)

Local Government Pension Scheme - London Borough of Croydon

Park Hill Junior School and St Peters Primary School joined the Trust on 1 April 2017 at which point the schools' portion of the deficit on the LGPS for the London Borough of Croydon was pooled and transferred to the Trust.

The total contribution made for the year ended 31 August 2018 was £190,000 (2017: £80,000), of which employer's contributions totalled £145,000 (2017: £61,000) and employees' contributions totalled £45,000 (2017: £19,000).

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	2.80%	2.90%
Rate of increase for pensions in payment/inflation	2.30%	2.40%
Discount rate for scheme liabilities	2.80%	2.50%
Sensitivity Analysis	£000	
Adjustment to discount rate	0.50%	
Present value of total obligation	227	
Adjustment to long term salary increase	0.50%	
Present value of total obligation	23	
Adjustment to pension increases and deferred revaluation	0.50%	
Present value of total obligation	203	

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	22.3	22.3
Females	24.4	24.4
<i>Retiring in 20 years</i>		
Males	24	24
Females	26.2	26.2

Folio Education Trust
Notes to the Financial Statements for the year ended
31 August 2018 (continued)

26 Pension and Similar Obligations (continued)

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

	Fair value at 31 August 2018 £000	Fair value at 31 August 2017 £000
Equity instruments	297	140
Debt instruments	67	35
Property	50	22
Cash	4	6
Total market value of assets	418	203
Less Liabilities	(1,392)	(1,186)
Net Pension Liability	(974)	(983)

Amounts recognised in the statement of financial activities

	2018 £000	2017 £000
Service Cost	307	120
Current Service Cost	-	-
Net Interest on defined liability	34	12
Deficit transferred on conversion	-	(851)
	341	(719)

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

	2018 £'000	2017 £'000
At 1 September	1,186	-
Transferred on conversion 1st April 2017	-	967
Current service cost	307	120
Interest cost	34	12
Changes in financial assumptions	(180)	68
Employee contributions	45	19
At 31 August	1,392	1,186

Folio Education Trust
Notes to the Financial Statements for the year ended
31 August 2018 (continued)

26 Pension and Similar Obligations (continued)

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

	2018	2017
	£'000	£'000
At 1 September	203	-
Transferred on conversion	-	116
Interest income	7	2
Return on plan assets (excluding net interest on the net defined pension liability)	18	5
Employer contributions	145	61
Employee contributions	45	19
At 31 August	418	203

Folio Education Trust

Notes to the Financial Statements for the year ended

31 August 2018 (continued)

27 Related Party Transactions

Owing to the nature of the Trust and the composition of the Board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the Trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the Academics Financial Handbook and with the Trust's financial regulations and normal procurement procedures relating to connected and related party transactions. The following related party transactions took place in the financial period.

Ascend Education - a company in which Mrs J Baker, (spouse of Mr R Baker, Director of Finance) is a director:

The Trust purchased HR services from Ascend Education totalling £19,705 (2017 £nil) of which £2,000 was outstanding as at 31 August 2018

The Trust made the purchase at arms length in accordance with its financial regulations, a process in which Mr Baker neither participated in, nor influenced.

In entering into the transaction the Trust has complied with the requirements of the Academies Financial Handbook 2018.

The service has been provided at no more than cost and Ascend Education has provided a statement of assurance confirming this.

28 Agency Arrangements

The Trust administers the disbursement of discretionary support for learners, 16-19 Bursary Funds, on behalf of the ESFA. In the year it received £19,388 and disbursed £6,814

29 Events after the end of the reporting period

Coombe Wood School was operational from 1 September 2018

FOLIO EDUCATION TRUST **Notes to the Financial Statements for the year ended** **31 August 2018 (continued)**

30 Conversion to an Academy Trust

On 1st April 2017 Park Hill Junior School and St Peter's Primary School converted to academy status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Folio Education Trust Ltd from the London Borough of Croydon for £nil consideration. The academies joining the group included a transfer of assets when joining.

The transfer was accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as a net gain in the Statement of Financial Activities as Donations – Transfer from Local Authority on Conversion.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the SOFA.

Park Hill Junior School	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset	
	£000	£000	£000	Total £000
Tangible fixed assets				
· Freehold land and buildings	-	-	7,513	7,513
· Leasehold land and buildings	-	-	400	400
Budget surplus on LA funds	-	94	-	94
Budget surplus on other school funds	-	21	-	21
Net Assets	-	115	7,913	8,028
St Peter's Primary School				
Tangible fixed assets				
· Leasehold land and buildings	-	-	4,347	4,347
Budget surplus on LA funds	-	82	-	82
Budget surplus on other school funds	-	77	-	77
Net Assets	-	159	4,347	4,506
Pooled deficit on LGPS Pension fund	-	(851)	-	(851)
Total	-	(577)	12,260	11,683