

Twyford
C of E
Academies Trust

TWYFORD CHURCH OF ENGLAND ACADEMIES TRUST

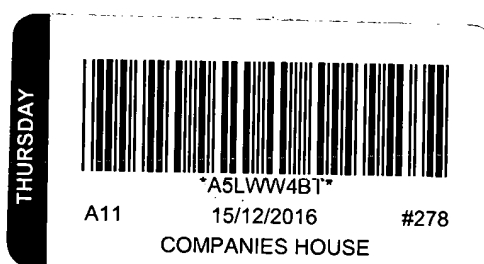
(A Company Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended

31st August 2016

Company Registration Number
07648968 (England and Wales)



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REFERENCE AND ADMINISTRATIVE DETAILS

Members	<p>Mr Andrew Bickley (Also a Director. Appointed Chair of Directors, 14th September 2016)#(2015/16)*(2016/17)</p> <p>The Right Rev'd Pete Broadbent</p> <p>Mrs Christine Catlin</p> <p>Mrs Christine Peppiatt (Also a Director. Resigned as Chair of Directors and as a Member 14th September 2016, reappointed as a member 3rd November 2016)*(2015/6)#(2016/17)</p> <p>Mr Inigo Woolf #</p>
Directors	<p>Mr Michael Arthur (Staff Governor)#</p> <p>Ms Hilary Belden</p> <p>Mr David Bush (resigned 13th July 2016)*</p> <p>Dr Michael Cross (appointed 13th July 2016)*</p> <p>Mrs Judy Ebubedike (Parent Governor, resigned 14th September 2016)</p> <p>Mrs Louise Gibb*</p> <p>Mr John Goddard*#</p> <p>Dame Alice Hudson (Executive Head Teacher and Accounting Officer)*</p> <p>Miss Mina Vuoto (Staff Governor, resigned 22nd September 2015)*</p> <p>Dr Neil Yates *#</p> <p>* Member of the Resources Committee.</p> <p># Member of the Audit and Risk Committee.</p>
Company Secretary	Mrs Valerie Drake
Leadership Team	<p>Dame Alice Hudson (Executive Head Teacher)</p> <p>Mr Keir Smith (Associate Head Teacher)</p> <p>Ms Karen Barrie (Associate Head Teacher)</p> <p>Mr Richard Lane (Director of Finance & Operations)</p>
Principal and Registered Office	<p>Twyford C of E High School</p> <p>Twyford Crescent</p> <p>London W3 9PP</p>
Company Registration Number	07648968 (England and Wales)
Independent Auditor	<p>RSM UK Audit LLP</p> <p>The Pinnacle</p> <p>170 Midsummer Boulevard</p> <p>Milton Keynes MK9 1BP</p>
Bankers	<p>Lloyds Bank PLC</p> <p>Education Support Team</p> <p>3rd Floor</p> <p>Queen Square</p> <p>Wolverhampton WV1 1TF</p>
Solicitors	<p>Eversheds</p> <p>Eversheds House</p> <p>70 Great Bridgewater Street</p> <p>Manchester M1 5ES</p>

DIRECTORS' REPORT

The Directors of Twyford Church of England Academies Trust ('the Academies Trust'/'the Trust') present their annual report together with the financial statements and auditor's report of the charitable company for the year ended 31 August 2016. The annual report serves the purposes of both a trustees' report under charity law and a directors' report under company law.

The Academies Trust operates two secondary schools in the London Borough of Ealing (Twyford C of E High School and William Perkin C of E High School) with a combined pupil capacity of 2,800 and a roll of 2,088 on the school census date 1st October 2015.

Structure, Governance and Management

Constitution

The Academies Trust is a company limited by guarantee and an exempt charity. The charitable company was incorporated on 26th May 2011. The charitable company's memorandum and articles of association are the primary governing documents of the Academies Trust. The Directors act as the trustees for the charitable activities of the Academies Trust and are also the directors of the charitable company for the purposes of company law. The charitable company is known as Twyford Church of England Academies Trust. The Academies Trust also operates under the Ealing Teaching School Alliance name. Details of the Directors and Members who served throughout 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.

Method of Recruitment and Appointment or Election of Directors and Members

Members comprise the founding Members of the Academies Trust, the current Chair of the Board of Directors, and the local diocesan bishop.

Trust Directors are either appointed by the Board or elected by school governing bodies, staff or parents or appointed by the Secretary of State. Four Directors may be nominated for appointment by existing Directors as follows:

- Two by the London Diocesan Board for Schools (LDBS)
- One by the Bishop of Willesden
- One by the Ealing Deanery Synod.

Up to two chairs of local governing bodies are elected as Directors. At least two staff Directors are elected by staff members of local governing bodies. At least two parent Directors are elected by parent members of local governing bodies, who are themselves elected. Directors may also appoint staff or parent Directors. The Executive Headteacher is a Director. The Directors may appoint up to three co-opted Directors. The Secretary of State may appoint one or more Directors when he/she has serious concerns and has issued a warning notice. Director appointments normally follow a recommendation by the Members.

Policies and Procedures Adopted for the Induction and Training of Directors

New Directors are given an extensive briefing on the governance of the school by the Company Secretary. This includes meeting the Headteacher and the Chair of Directors and being given a tour of Trust schools. New Directors are also given information about available training courses which may be appropriate. Briefings on issues affecting the Academies Trust are circulated to directors by the Company Secretary from time to time.

Organisational Structure

The Directors of the Academies Trust have overall responsibility for the management of the organisation. This responsibility is exercised through a committee structure including local governing bodies for the Twyford C of E High School and the William Perkin C of E High School which opened in September 2013. Committees have also been established at Trust level to oversee audit and risk, resource and pay issues and at local level to oversee curriculum and student issues. Day-to-day management is delegated to the Executive Headteacher (who is the Accounting Officer), Executive Group and School Leadership Teams via a scheme of delegation. Under the scheme of delegation, Directors have retained responsibility for determining key policies, plans and strategies, the annual budget and setting key performance targets. Indemnity insurance is in place, limiting directors' exposure to claims (details are found in note 13).

Arrangements for Setting Pay and Remuneration of Key Management Personnel

Key Management Personnel are Trust Directors and the Leadership Team. With the exception of the Executive Headteacher, and staff directors, Directors of the Academies Trust are unpaid. Remuneration of Trust Directors and members of the Leadership Team who receive pay is determined by the Pay Committee in accordance with the Academies Trust's Pay Policy. The Executive Headteacher, Associate Headteachers and teaching staff representatives are paid with reference to the Teachers' Pay and Conditions document published by the Department for Education. The Executive Headteacher and Associate Headteachers' pay is set with reference to comparative/benchmark information produced by Kreston Reeves and others. The remuneration of the Director of Finance and Operations and support staff representatives is determined with reference to the scale of grades used by the Local Authority and a recognised job evaluation system.

DIRECTORS' REPORT (continued)

Related Parties and Co-operation with Other Organisations

The Academies Trust does not have any subsidiaries or related companies in the corporate sense. The Academies Trust is affiliated with the LDBS and receives professional services support from both the LDBS and the London Borough of Ealing. The Academies Trust actively cooperates in the areas of curriculum development, staff training and raising standards with several local primary and secondary schools, mainly through local authority and LDBS connections but also as lead school in the Ealing Teaching School Alliance.

Objectives and Activities

Objects and Aims

The objects of the Academies Trust are to advance, for the public benefit, education in the United Kingdom by establishing, maintaining, carrying on, managing and developing Church of England schools offering a broad and balanced curriculum and conducted in accordance with the principles, practices and tenets of the Church of England. In the furtherance of these objects the Trust may provide educational facilities and services to the wider community for the public benefit.

The Academies Trust takes as its motto, 'I have come that you should have life and life in all its fullness'. The text is taken from John chapter 10 verse 10 and from this the Trust has created the 10:10 Ethic which is the principle that informs all the Academies Trust schools. We believe that:

- All individuals have God-given gifts which they can develop for the good of others.
- All individuals do bad things sometimes but that it is not acceptable to believe that anyone has to stay in a 'bad place'.
- All individuals can find their valued place within the community.

Objectives, Strategies and Activities

The Trust's current strategic goals are to:

- Achieve 'outstanding' grading at both Trust schools and sustain these standards. Twyford C of E High School was inspected by OFSTED in May 2012 and retained its 'outstanding' grade. William Perkin C of E High School was inspected by OFSTED in June 2015 and was graded 'outstanding'.
- Establish a Teaching School as a core function within the Trust schools. The Trust was awarded Teaching School status in April 2013 as lead school for the Ealing Teaching School Alliance and a programme of work is being implemented to raise standards and develop teacher training across the Alliance.
- Establish a centre of excellence for teaching and learning in four specialisms (Music, Languages, Science and RE/Ethics). Music, Languages and RE/Ethics specialisms are well established at Twyford C of E High School. William Perkin C of E High School has Science, Languages and RE/Ethics as specialisms. The London Schools Excellence Fund has funded projects providing support for language teaching in local 'feeder' primary schools and science teaching.
- Expand Trust provision in a managed and sustainable way.
 - William Perkin C of E High School continues to grow with each new year 7 cohort of pupils and the number on the roll at Twyford C of E High School has been increased slightly.
 - In 2014, the Trust gained approval to open a third high school, provisionally named North Twyford C of E High School, in the London Borough of Ealing. The school cannot open until a site has been secured which depends on a complex planning process. Further progress has been made in establishing central support functions, ensuring that in the long run all schools benefit from economies of scale.

Public Benefit

In setting objectives and planning activities, directors of the Trust have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission. The Trust continues to provide public benefit to the local community through its many activities - including provision of facilities to clubs and supplementary schools - involving not just its pupils but also a broad cross-section of the general public.

DIRECTORS' REPORT (continued)

Strategic Report

Achievements and Performance

Key targets for 2015/16 and performance against them are shown below:

- Outstanding attainment. At Twyford C of E High School: 90% of Key Stage 4 students achieved 5 A*-C grades at GCSE - including English and Maths. This is a 3 percentage point improvement on the previous year and above national benchmarks for similar schools. A level performance also compared very well with other schools and A2 results improved. At AS, Twyford C of E High School was in the top 10% of schools and at A2 in the top 15% of schools nationally. At William Perkin C of E High School, Key Stage 3 progression rates are well above national expectations. This was recognised by OFSTED who rated the school outstanding when they inspected in June 2015.
- New key stage 4 English and Maths courses and phase 1 of key stage 5 syllabus changes launched. This target has been fully met.
- The Teaching School models best teaching practice. Progress has been made with a high quality School Direct programme for initial teacher training. There were 10 trainees at Trust schools in the year and 6 have subsequently been appointed to substantive roles. This was double the previous year's intake. Development programmes for teachers at different levels continue to improve and grow. Funding was secured for a project for delivering continuing professional development for Science and Maths teachers. The project is being successfully delivered.
- Pupil learning behaviour is outstanding. Very high standards have been achieved at William Perkin C of E High School both in class and in wider learning activities. Improvements have been made to reward and sanction systems at Twyford C of E High School resulting in, among other things, significantly improved punctuality and attendance.
- At risk groups, including pupil premium and special educational needs, make progress in line with other groups. Disadvantaged pupils made good progress in comparison with benchmarks, and disparities have been reduced.
- All students access wider learning opportunities including information, advice and guidance (IAG) about careers and progression. IAG has been successfully integrated into the pastoral programme for years 9 to 13 at Twyford C of E High School. A high proportion of students are engaged in extended electives, clubs and other wider learning activities. Further work is planned to develop sport and music activities.
- Outstanding delivery of Music, Languages and Science taught programmes and wider learning. Good progress has been made at both schools with redesigning wider learning programmes to ensure they are sustainable. Further work is planned to ensure specialisms at both schools deliver consistently outstanding taught programmes.
- Improvement in sports facilities. Funding was secured from the Football Foundation for an artificial grass pitch at William Perkin C of E High School. This has now been completed and is in use. A pavilion is also being built with funding support from several bodies including Ealing Council and Sport England. Ealing Council have also assumed the role of client for both projects. The pavilion project is due to be completed in early 2017. Limited progress has been made in planning sports facility improvements at Twyford C of E High School.
- Review governance arrangements. Revisions to the Articles of Association and Scheme of Delegation have been drafted. The new documents should be finalised and implemented by early 2017.

Key Performance Indicators

The Trust monitors performance against targets for a range of key performance indicators four times in the year, covering Pupil Progress, Quality of Teaching and Learning, Behaviour, Training and Financial Performance. For 2015/16, Pupil Progress targets were substantially met for key stages 4 and 5 and partially met for key stage 3. AS results were in the top 10% of schools nationally and A2 results were in the top 15% (ALPS). GCSE results were in the top 5% for progress and children achieving the EBAC (FFT). Key stage 3 pupil progress is measured internally in terms of those on track to achieve challenging end of year targets with 75% on target being considered outstanding. At William Perkin, more than 75% of pupils were on target in English and Maths although the figure overall was slightly below outstanding at 72%. At Twyford High School the figure was 64%. Teaching and Learning has mostly met targets: All graded lesson observations were good or outstanding. Behaviour has fully met targets at William Perkin C of E High School and mostly met targets at Twyford C of E High School. Attendance and punctuality have significantly improved at Twyford High School and are already very good at William Perkin. Conduct points and exclusions are also closely monitored. Pastoral intervention stages have been introduced in 2016/17 with a KPI that 85% of pupils should be at stages 1 or 2 (i.e. no interventions or form tutor involvement only). Training has fully met targets and Financial Performance targets (covering net worth, liquidity, surplus and efficiency) have also been fully met (see details of performance against the net worth/reserves KPI below).

Going Concern

After making appropriate enquiries, the directors of the Trust have 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.

Financial Review

Most of the Trust's income is received from the Education Funding Agency (EFA) in the form of recurrent grants which have to be used to meet the education and support running costs of the Trust's schools. The grants received in 2015/16 and associated expenditure are shown in the Statement of Financial Activities and note 19.

DIRECTORS' REPORT (continued)

During the year ended 31 August 2016, incoming resources were greater than resources expended by £18,219,000 (2015 £239,000) after taking account of the actuarial loss (2015 loss) on the Local Government Pension Scheme.

The net book value of fixed assets at 31 August 2016 was £27.760m (2015 £8.272m). This comprised the deemed cost of Twyford C of E High School land and buildings for which the Trust enjoys the risks and rewards of ownership (while not formally owning a freehold or leasehold interest), additions in the year of £320,000 (2015 £798,000) funded from revenue income and capital grants from the EFA and depreciation deducted of £507,000 (2015 £450,000). The William Perkin C of E High School land and buildings are occupied under a 125 year lease and the £19.675m valuation is included in fixed asset additions and donations. Apart from letting for community use, assets were used exclusively for providing education and associated support services to the pupils of the Trust's schools.

Reserves Policy

At 31 August 2016 the Trust held reserves of £25.552m (2015 £7.333m) - comprising a fixed asset reserve of £27.609m (2015 £8.112m), working capital (including cash) backed reserves and a pension scheme reserve £3.551m in deficit (2015 £1.929m in deficit). As a reserves key performance indicator, the Trust aims to hold general annual grant funds and unrestricted funds of between 3% and 5% of general funds income for each school and for the Academies Trust overall to provide funding to meet unexpected losses of income or additional costs. General reserves in excess of this are accumulated for reinvestment in premises and capital equipment. As the table below shows, this KPI was achieved in 2015/16. The Trust also aims to maintain cash reserves equivalent to at least 25 cash days to meet unexpected requirements. Cash reserves include other restricted funds (parental donations) of £414,000 (2015 £260,000), raised to help fund facilities improvements and additional equipment. Unrestricted reserves of £236,000 (2015 £195,000) have been generated mainly from hiring out premises. Cash balances were well above target on 31 August 2016 mainly because one month's payroll was owed to the London Borough of Ealing who provide payroll services to the Trust. The pension fund reserve deficit of £3.551m (2015 £1.929m) has arisen as a result of longer life expectancies and lower expected returns on assets than previously envisaged. Prior to the March 2013 valuation and review of contributions, Trust directors decided to un-pool the Trust's scheme from that of the London Borough of Ealing. Following the review, the Trust pays an annual contribution of £102,000 in addition to normal funding levels to recover the deficit over a period of 20 years from 2010. Further details of reserve balances are shown in note 19.

Reserves Key Performance Indicators

	2016			2015		
	General			General Annual		
	Annual Grant	General	Funds as a	Grant Funds	General	Funds as a
	Funds and	Funds	% of	and	Funds	% of
	Unrestricted	Incoming	Incoming	Unrestricted	Incoming	Incoming
	Income Funds	Resources	Resources	Income Funds	Resources	Resources
	£000s	£000s	%	£000s	£000s	%
Twyford C of E High School	657	9,343	7.0%	750	9,496	7.9%
William Perkin C of E High School	170	3,993	4.3%	139	2,891	4.8%
Academies Trust	827	13,960	5.9%	890	12,674	7.0%

Investment Policy

Directors' investment powers are set out in the Articles of Association and allow funds not immediately required for the furtherance of its objectives to be invested in such instruments as are considered suitable and diverse by a competent financial expert with performance being regularly reviewed by directors. The Trust has adopted a Treasury Management Policy which requires that surplus funds are invested in money market and deposit accounts with a Fitch rating of F1/A or higher, for a period not exceeding one year. Where other criteria are met, the policy favours ethical investments.

Principal Risks and Uncertainties

The Trust relies on the EFA for most of its income - which is received monthly - and keeps surplus funds in low risk bank deposits. Providing the terms of the funding agreement are complied with it is not envisaged that the Trust faces substantial risk to cash flow or liquidity.

The main risks the Trust faces - identified through the risk management process - are:

- Risk of failing to attract/retain suitably skilled staff, particularly inspirational senior leaders. It is becoming more difficult to recruit high quality teaching staff. To help ensure a continuing supply of high quality teachers, the Trust has been expanding its initial teacher training activities and also improving continuing professional development for existing staff. The majority of last year's cohort of ten trainee teachers have progressed into permanent posts at Trust schools. This year twelve trainees have been recruited to the programme. There is also a shortage of high quality leadership staff and the Trust may well find it difficult to appoint an Associate Headteacher for North Twyford High School.
- Risk of failing to deliver the third High School project. This would impact the Trust's growth objective but is mainly a reputational risk until a funding agreement is signed at which point there is also a financial risk if the student recruitment target is not met. Currently progress with the project depends on securing a permanent site which is subject to a town planning process.

DIRECTORS' REPORT (continued)

- Risk of government funding decreasing or failing to keep up with cost increases. Developments concerning the implementation of the new national funding formula are being closely watched. The Trust routinely submits a response when funding changes are being consulted on. While funding rules are determined locally, our feedback can affect policy. When funding rules are determined at national level our influence is more limited.
- Risk of a failure of systems to ensure financial targets are met. A five-year forecast is regularly reviewed and updated. Currently it shows possible deficits in future years due to frozen funding levels and expected cost increases. In these circumstances, systems to ensure financial targets are met by securing compensating efficiency savings will be tested.
- Risk of a failure of pastoral care systems/safeguarding. The Trust has well developed systems which help reduce the risk of a failure resulting in injury or the death of a pupil or member of staff. Nevertheless, as is the case for all schools, this remains a significant reputational risk.

Plans for Future Periods

As previously outlined in the Objectives, Strategies and Activities section above, the Trust is managing the growth of William Perkin C of E High School as each new year group is admitted. A third school has been approved and is planned to open in 2017. In the long term the Trust aims to establish itself as a successful multi-academy trust with up to five outstanding schools in close proximity.

Employee Consultation and Disabled Employees

The Academies Trust will employ disabled persons when they appear to be suitable for a particular vacancy and every effort is made to ensure that they are given full and fair consideration when such vacancies arise.

During employment the Academies Trust seeks to work with employees, taking into account their personal circumstances to ensure appropriate training, development and advancement opportunities are available to enable them to reach their full potential.

Statement as to Disclosure of Information to Auditors

In so far as the Directors are aware:

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

The Directors' Report is approved by order of the Board of Trustees and the Strategic Report (included therein) is approved by the Board of Trustees in their capacity as the Directors at a meeting on 7th December 2016 and signed on its behalf by:



Mr Andrew Bickley
Chair of Directors
7 December 2016

GOVERNANCE STATEMENT

Scope of Responsibility

As directors, we acknowledge we have overall responsibility for ensuring that Twyford Church of England Academies 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 Directors 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 Twyford Church of England Academies Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Directors any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Directors' Report and in the Statement of Directors' Responsibilities.

Directors carried out a self-evaluation process during the second half of the year and a number of improvements to governance processes were identified. Members and Directors have also reviewed governance structures and in the final stages of updating the Trust's governing documents.

The Board of Directors has formally met 6 times during the year. Attendance during the year at meetings of the Board of Directors was

Director	Meetings Attended	Out of a possible
Mrs Christine Peppiatt (Chair until 14th September 2016)	6	6
Mr Andrew Bickley (Vice Chair, elected Chair 14th September 2016)	6	6
Mr Michael Arthur	5	6
Ms Hilary Belden	6	6
Mr David Bush	6	6
Mr Michael Cross	1	1
Mrs Judy Ebubedike	3	6
Mrs Louise Gibb	6	6
Mr John Goddard	5	6
Dame Alice Hudson (Executive Headteacher)	6	6
Miss Mina Vuoto	0	0
Dr Neil Yates	4	6

Members have attended meetings during the year as appropriate.

The Resources Committee is a sub-committee of the Board. Its purpose is to review the Trust's finances and resources. Attendance at Resources Committee meetings in the year was as follows:

Director	Meetings Attended	Out of a possible
Mr John Goddard (Chair)	5	5
Mr David Bush	4	5
Dr Michael Cross	0	0
Mrs Louise Gibb	5	5
Dame Alice Hudson (Executive Headteacher)	5	5
Mrs Christine Peppiatt	5	5
Miss Mina Vuoto	1	1
Dr Neil Yates	3	5

The Audit and Risk Committee is a sub-committee of the Board. Its purpose is to review the work of the Trust's auditors and risk management. Attendance at Audit and Risk Committee meetings in the year was as follows:

Director	Meetings Attended	Out of a possible
Mr Inigo Woolf (Chair)	3	3
Mr Michael Arthur	3	3
Mr Andrew Bickley	3	3
Mr John Goddard	3	3
Mrs Judy Ebubedike	2	3

Review of Value for Money

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

GOVERNANCE STATEMENT (continued)

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 available. The accounting officer for the Trust has delivered improved value for money during the year by:

- Improving educational results. Key stage 4 examination results show a small increase in the already high percentage of students gaining 5 GCSEs at grades A*-C including English and Maths. Results at Key stage 5 have not improved this year but remain in the top 25% of schools;
- Better purchasing. Contracts for printers and photocopiers have been retendered and improved terms secured;
- Better income generation. The contribution from letting premises to community groups has increased;
- More efficient. The Trust has achieved economies of scale by not increasing support functions proportionately as the number of pupils enrolled at William Perkin C of E High School increases. Greater efficiency has also been achieved by restructuring curriculum options. These have enabled the Trust to continue to deliver outstanding outcomes with amongst the lowest per pupil funding in the Borough.

The Trust's use of resources is closely monitored by the Resources Committee of the Directors. The Committee contains expertise in finance, procurement, estates management and human resource management.

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 academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Twyford Church of England Academies Trust for the year ended 31 August 2016 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Board of Directors has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Directors 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 ended 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Directors.

The Risk and Control Framework

The Academies 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 five-year forecasts, an annual budget and periodic financial reports which are reviewed and agreed by the Resources Committee;
- regular reviews by the Directors of reports which indicate financial performance against budgets and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks.

The Board of Directors appointed RSM Risk Assurance Services LLP, to carry out a supplementary programme of work covering the operation of core financial systems, IT controls, budgetary control and corporate governance. They reported to Directors in June 2016. This programme has complied with the EFA's requirements. Their programme this year - which has been delivered as planned - included a review of core financial systems, budget monitoring and corporate governance. No high priority issues were identified but one medium priority recommendation and one low priority recommendation were made. Both recommendations have now been implemented.

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:

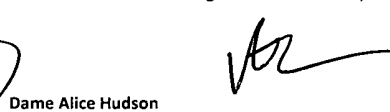
- the findings from the supplementary programme of audit work;
- the work of the external auditor;
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Audit and Risk 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 Directors on 7th December 2016 and signed on its behalf by:



Mr Andrew Bickley
Chair of Directors



Dame Alice Hudson
Accounting Officer

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As accounting officer of Twyford Church of England Academies Trust I have considered my responsibility to notify the Trust Board of Directors and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

I confirm that I and the Trust Board of Directors 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 2015.

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 Directors and EFA.



Dame Alice Hudson
Accounting Officer

7th December 2016

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors who are also the Trustees of Twyford Church of England Academies Trust for the purposes of charity law are responsible for preparing the Directors' Report (including the Strategic Report) and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of Twyford Church of England Academies Trust and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the directors 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 2015 to 2016;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS102) have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

The Directors 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 Directors on 27th December 2016 and signed on its behalf by:



Mr Andrew Bickley
Chair of Directors



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TWYFORD CHURCH OF ENGLAND
ACADEMIES TRUST
YEAR ENDED ON 31 AUGUST 2016

We have audited the financial statements of Twyford Church of England Academies Trust for the year ended 31 August 2016 on pages 11 to 33. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Academies Accounts Direction 2015/2016 issued by the Education Funding Agency.

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.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 9, the directors (who act as trustees for the charitable activities of the charitable company, and are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

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

Opinion on other requirement of the Companies Act 2006

In our opinion the information given in the Directors' Report and the incorporated Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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

RSM UK Audit LLP

SARAH MASON (Senior Statutory Auditor)
For and on behalf of RSM UK AUDIT LLP, Statutory Auditor
Chartered Accountants
The Pinnacle
170 Midsummer Boulevard
Milton Keynes
Bucks
MK9 1BP

12 December 2016.

STATEMENT OF FINANCIAL ACTIVITIES for the year ended 31 August 2016
(including Income & Expenditure Account)

	Notes	Unrestricted Funds £000s	Restricted General and Other Funds £000s	Restricted Fixed Asset Funds £000s	Total 2016 £000s	Total 2015 £000s
Income and endowments from:						
Donations and capital grants	4	-	220	19,861	20,081	565
Charitable activities:						
Funding for the academy trust's educational operations	5	-	13,789	-	13,789	12,389
Other trading activities	6	127	-	-	127	243
Investments	7	-	4	-	4	4
Total		127	14,013	19,861	34,001	13,201
Expenditure on:						
Raising Funds	8	86	-	-	86	146
Charitable activities:						
The academy trust's educational operations	8	-	13,687	507	14,194	12,721
Total		86	13,687	507	14,280	12,867
Net income		41	326	19,354	19,721	334
Transfers between funds	19	-	(143)	143	-	-
Other recognised losses:						
Remeasurement of net defined benefit obligations	19, 29	-	(1,502)	-	(1,502)	(95)
Net movement in funds		41	(1,319)	19,497	18,219	239
Reconciliation of funds						
Total funds brought forward	19	195	(974)	8,112	7,333	7,094
Total funds carried forward		236	(2,293)	27,609	25,552	7,333

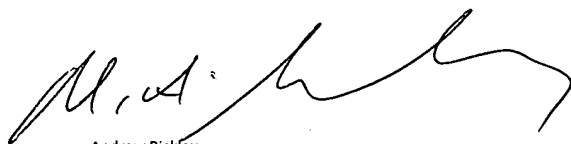
All of the Academy Trust's activities derive from continuing operations during the above two financial periods.

BALANCE SHEET as at 31 August 2016

Company Number 07648968

	Notes	2016 £000s	2015 £000s
Fixed assets			
Tangible assets	14	27,760	8,272
		<u>27,760</u>	<u>8,272</u>
Current assets			
Debtors	15	755	522
Cash at bank and in hand		2,407	2,453
		<u>3,162</u>	<u>2,975</u>
Creditors: amounts falling due within one year	16	(1,689)	(1,835)
Net current assets		<u>1,473</u>	<u>1,140</u>
Total assets less current liabilities		<u>29,233</u>	<u>9,412</u>
Creditors: amounts falling due after more than one year	17, 18	(130)	(150)
Net assets excluding pension liability		<u>29,103</u>	<u>9,262</u>
Defined benefit pension scheme liability	29	(3,551)	(1,929)
Total net assets		<u>25,552</u>	<u>7,333</u>
Funds of the Academies Trust:			
Restricted funds			
Fixed asset fund	19	27,609	8,112
General funds	19	844	695
Other funds	19	414	260
		<u>28,867</u>	<u>9,067</u>
Restricted funds excluding pension reserve		<u>28,867</u>	<u>9,067</u>
Pension reserve	19	(3,551)	(1,929)
Total restricted funds		<u>25,316</u>	<u>7,138</u>
Unrestricted income funds			
General funds	19	236	195
Total unrestricted funds		<u>236</u>	<u>195</u>
Total Funds		<u>25,552</u>	<u>7,333</u>

The financial statements on pages 11 to 34 were approved by the Board of Directors, and authorised for issue on 7th December 2016 and were signed on its behalf by:


 Andrew Bickley
 Chair of Directors

STATEMENT OF CASH FLOWS for the year ended 31 August 2016

	Notes	2016 £000s	2015 £000s
Cash flows from operating activities			
Net cash provided by operating activities	24	104	1,212
Cash flows from investing activities	25	(130)	(448)
Cash flows from financing activities	26	(20)	160
		<hr/>	<hr/>
Net (decrease)/increase in cash and cash equivalents in the reporting period		(46)	924
		<hr/>	<hr/>
Cash and cash equivalents at 1 September		2,453	1,529
		<hr/>	<hr/>
Cash and cash equivalents at 31 August	27	2,407	2,453
		<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2016

1. Statement of Accounting Policies

General Information

Twyford Church of England Academies Trust is a charitable company limited by guarantee incorporated in England and Wales. The address of the Trust's principal place of business is given on page 1. The nature of the Trust's operations are set out in the Directors' Report.

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

First time adoption of FRS 102

The financial statements of the Academies Trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

Twyford Church of England Academies Trust meets the definition of a public benefit entity under FRS 102.

These financial statements are the first financial statements of Twyford Academies Trust prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the Charities SORP 2015 (SORP 2015). The financial statements of the Academies Trust for the year ended 31 August 2015 were prepared in accordance with previous Generally Accepted Accounting Practice ('UK GAAP') and SORP 2005.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the Directors have amended certain accounting policies to comply with FRS 102 and SORP 2015. The trustees have also taken advantage of certain exemptions from the requirements of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

Explanation of transition to FRS 102

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

Comparative figures have been restated to reflect the adjustments made, except to the extent that the Trustees have taken advantage of exemptions to retrospective application of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

Reconciliations and descriptions of the effect of the transition to FRS102 and SORP 2015 on total funds at the transition date and the comparative year end and net income/(expenditure) for the comparative period reported under previous UK GAAP and SORP 2005 are given below:

Reconciliation of total funds

There has been no change to the total funds on the implementation of FRS102 and SORP 2015.

Reconciliation of net income/(expenditure)

	31 August 2015 £000s
Net income/(expenditure) previously reported under UK GAAP	355
Change in recognition basis of LGPS interest cost	(21)
Net income/(expenditure) reported under FRS102	<u>334</u>

Change in recognition of LGPS interest cost

Under previous UK GAAP the Academies Trust recognised an expected return on defined benefit plan assets in income and expenditure. Under FRS 102 a net interest expense, based on the net defined benefit liability using the discount rate applied to the defined benefit obligation, is recognised in income and expenditure. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to increase the debit to income and expenditure by £21,000 and decrease the debit in other recognised gains and losses in the SoFA by an equivalent amount.

Going Concern

The Directors 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 Directors make this assessment in respect of a period of one year from the date of approval of the financial statements. The Directors have reviewed a 3-year financial forecast for the Trust - including a sensitivity analysis - and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2016

1. Statement of Accounting Policies

Income

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

Grants

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

The general annual grant is recognised in full in the Statement of Financial Activities in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

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

Other grants from government agencies and other bodies are recognised in the period in which they are receivable to the extent the conditions of funding have been met. Where income is received in advance of entitlement of receipt its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received the income is accrued.

Sponsorship Income

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

Donations

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

Other Income

Other income, including the hire of facilities, is recognised at fair value of consideration received or receivable in the period it is receivable and to the extent the academy trust has provided the goods or services.

Donated goods, facilities and services

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

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

Expenditure

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

Expenditure on Raising Funds

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

Charitable Activities

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

All resources expended are inclusive of irrecoverable VAT.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2016 (continued)

1. Statement of Accounting Policies (continued)

Tangible Fixed Assets

Assets costing £2,000 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 unrestricted fund.

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	26 years
Leasehold buildings	60 years
Leasehold land	The term of the lease (125 years)
Furniture and equipment	10 years
Computer equipment	4 years - 10 years

Land and buildings for which the Trust has the rights and responsibilities of ownership are treated as freehold land and buildings.

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.

Liabilities

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

Provisions

Provisions are recognised when the academy trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

Leased Assets

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

Taxation

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

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2016 (continued)

1. Statement of Accounting Policies (continued)

Financial Instruments

The Academy Trust has chosen to adopt Sections 11 and 12 of FRS 102 in full in respect of financial instruments.

Financial assets and liabilities

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial liabilities are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), unless the arrangement constitutes a financing transaction. A financial asset or financial liability that is payable or receivable in one year is measured at the undiscounted amount expected to be received or paid net of impairment, unless it is a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and financial liabilities are offset only when there is a current legally enforceable right to set off the recognised amounts and the intention to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

Pensions Benefits

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ('TPS'), the Local Government Pension Scheme ('LGPS') and the Church of England Funded Pension Scheme ('CEFPS'). These are multi-employer defined benefit schemes.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a projected unit credit method. As stated in note 29, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

The CEFPS is a funded scheme and the assets are held separately from those of the Trust in separate trustee administered funds. The Trust is unable to identify its share of the underlying assets and liabilities since each employer in the scheme pays a common contribution rate. The CEFPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

Fund Accounting

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

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

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

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2016 (continued)

1. Statement of Accounting Policies (continued)

Agency Arrangements

The Academies Trust acts as an agent in the distributing of 16-19 bursary funds from the Education Funding Agency (EFA). Related payments received from the EFA and subsequent disbursements to students are excluded from the Statement of Financial Activities to the extent that the Trust does not have a beneficial interest in the individual transactions. The allowance of 5% as a contribution to administration costs and contributions to the cost of school trips and equipment are however recognised in the statement of financial activities. Where funds have not been fully applied in the year then an amount will be included in amounts due to the EFA.

The Academies Trust also acts as an agent in distributing School Direct funding from the National College for Teaching and Leadership. Related payments received from the National College of Teaching and Leadership and subsequent disbursements to partner schools in the Ealing Teaching School Alliance and teacher training colleges are excluded from the Statement of Financial Activities to the extent that the Trust does not have a beneficial interest in the individual transactions. Funding for trainee teachers employed in Trust schools is retained by the Trust. Where funds have not been fully applied in the year then an amount will be included in amounts due to the National College for Teaching and Leadership.

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 Academies 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 29, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement

The Directors consider that judgements concerning risks and their mitigation, as described in the Directors' Report, have the most significant effect on amounts recognised in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2016 (continued)

2 Prior year statement of financial activities

	Unrestricted Funds £000s	Restricted General and Other Funds £000s	Restricted Fixed Asset Funds £000s	Total 2015 £000s
Income and endowments from:				
Donations and capital grants	-	210	355	565
Charitable activities:				
Funding for the academy trust's educational operations	-	12,389	-	12,389
Other trading activities	243	-	-	243
Investments	-	4	-	4
Total	243	12,603	355	13,201
Expenditure on:				
Raising Funds	146	-	-	146
Charitable activities:				
The academy trust's educational operations	-	12,271	450	12,721
Total	146	12,271	450	12,867
Net income/(expenditure)	97	332	(95)	334
Transfers between funds	-	(283)	283	-
Other recognised losses:				
Actuarial losses on defined benefit pension schemes	-	(95)	-	(95)
Net movement in funds	97	(46)	188	239
Reconciliation of funds				
Total funds brought forward	98	(928)	7,924	7,094
Total funds carried forward	195	(974)	8,112	7,333

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2016 (continued)

3 General Annual Grant (GAG)

Under the funding agreement with the Secretary of State the academy trust was subject to a limit at 31 August 2016 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

All academies within the Trust that were subject to limits did not exceed them during the year ended 31 August 2016.

4 Donations and Capital Grants

	Unrestricted Funds £000s	Restricted General and Other Funds £000s	Restricted Fixed Asset Funds £000s	Total 2016 £000s	Total 2015 £000s
Fixed asset donation	-	-	19,675	19,675	-
Capital grants	-	-	186	186	346
Other donations	-	220	-	220	219
	<u>-</u>	<u>220</u>	<u>19,861</u>	<u>20,081</u>	<u>565</u>

5 Funding for the Academies Trust's Educational Operations

	Unrestricted Funds £000s	Restricted General and Other Funds £000s	Restricted Fixed Asset Funds £000s	Total 2016 £000s	Total 2015 £000s
DfE/EFA revenue grants					
General Annual Grant (GAG) (note 2)	-	11,141	-	11,141	10,326
Start Up Grant	-	276	-	276	23
Teaching School, School Direct and Training Grants	-	228	-	228	88
Other DfE/EFA grants	-	447	-	447	435
	<u>-</u>	<u>12,092</u>	<u>-</u>	<u>12,092</u>	<u>10,872</u>
Other Government grants					
Local authority grants - Special Education Needs	-	684	-	684	610
Mayor of London grant - London Schools Excellence Fund	-	4	-	4	91
Other income from the Academies Trust's educational operations	-	1,009	-	1,009	816
	<u>-</u>	<u>1,697</u>	<u>-</u>	<u>1,697</u>	<u>1,517</u>
Total	<u>-</u>	<u>13,789</u>	<u>-</u>	<u>13,789</u>	<u>12,389</u>

6 Other Trading Activities

	Unrestricted Funds £000s	Restricted General and Other Funds £000s	Restricted Fixed Asset Funds £000s	Total 2016 £000s	Total 2015 £000s
Hire of facilities	127	-	-	127	243
	<u>127</u>	<u>-</u>	<u>-</u>	<u>127</u>	<u>243</u>

7 Investment Income

	Unrestricted Funds £000s	Restricted General and Other Funds £000s	Restricted Fixed Asset Funds £000s	Total 2016 £000s	Total 2015 £000s
Interest on short term deposits	-	4	-	4	4
Total	<u>-</u>	<u>4</u>	<u>-</u>	<u>4</u>	<u>4</u>

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2016 (continued)

8 Expenditure

	Staff Costs	Non Pay Expenditure		Total	Total
		Premises	Other Costs	2016	2015
	£000s	£000s	£000s	£000s	£000s
Expenditure on raising funds	-	86	-	86	146
Academy Trusts' educational operations					
Direct costs	9,053	-	469	9,522	8,507
Allocated support costs	1,692	983	1,997	4,672	4,214
Total	10,745	1,069	2,466	14,280	12,867

Net income/(expenditure) for the year includes:

		2016	2015
		£000s	£000s
Operating lease rentals	- plant and machinery	123	116
Depreciation		507	450
Fees payable to RSM UK Audit LLP (formerly Baker Tilly	- audit	-	-
UK Audit LLP) and its associates for	previous year	22	22
	current year	3	5
Net interest on defined benefit pension liability	- other services	71	62

9 Charitable Activities - Academies Trust's educational operations

	Total	Total
	2016	2015
	£000s	£000s
Direct costs - educational operations	9,522	8,507
Support Costs - educational operations	4,672	4,214
	14,194	12,721
Analysis of support costs		
Support staff costs	1,692	1,584
Depreciation	507	450
Technology costs	213	189
Premises costs	983	807
Other support costs	1,196	1,099
Governance costs	81	85
Total Support Costs	4,672	4,214

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2016 (continued)

10 Central Services

The Trust has provided the following central services to its academies during the year:

Strategic management and governance
Human Resources and Payroll services
Financial services
Information Technology and Data services
Professional and Legal services
Specialist curriculum support and outreach projects
Educational support services
Teaching School and Initial Teacher Training support

The trust charges for these services, after deducting £347,000 (2015: £286,000) of income attributable to central services on the following basis:
Flat percentage of directly attributable general funds income 9.5% (2015: 11.4%) after excluding project funds received in advance and the charging of £30,000 (2015: £30,000) from Twyford C of E High School for the provision of office facilities.

The actual amounts charged during the year were as follows:

	2016 £000s	2015 £000s
Twyford C of E High School	895	955
William Perkin C of E High School	393	330
North Twyford C of E High School	5	-
	1,293	1,285

11 Staff

Staff costs

Staff costs during the year were:

	2016 £000s	2015 £000s
Wages and salaries	8,179	7,485
Social security costs	772	663
Operating costs of defined benefit pension schemes	1,296	1,046
	10,247	9,194
Supply staff costs	473	544
Staff restructuring costs	25	28
	10,745	9,766

Staff restructuring costs comprise:

Redundancy payments	23	28
Severance payments	2	-
	25	28

Non statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £1,511 (2015: £12,550), comprising one payment of £1,511.

Staff numbers

The average number of people employed by the Academies Trust during the year expressed as full time equivalents was as

	2016 Number	2015 Number
Teachers	132	116
Administration and support	61	62
Management	13	16
	206	194

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2016 (continued)

11 Staff (continued)

The average number of people employed by the Academies Trust during the year expressed as a headcount was as follows:

	2016 Number	2015 Number
Teachers	160	121
Administration and support	84	96
Management	14	17
	<hr/> 258	<hr/> 234

Higher Paid Staff

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

	2016 Number	2015 Number
£60,001 - £70,000	11	8
£70,001 - £80,000	1	1
£80,001 - £90,000	-	2
£90,001 - £100,000	2	-
£110,001 - £120,000	-	1
£120,001 - £130,000	1	-
	<hr/> 15	<hr/> 12

Thirteen (2015: ten) of the above employees participated in the Teachers' Pension Scheme. During the period ended 31 August 2016, pension contributions for these staff amounted to £156,000 (2015: £104,000). One (2015: two) employee participated in the Local Government Pension Scheme and pension contributions for this employee amounted to £10,000 (2015: £18,000). One (2015: nil) employee participated in the Church of England Funded Pension Scheme and pension contributions for this employee amounted to £9,000 (2015: £nil). All three pension schemes are defined benefit schemes.

Key Management Personnel

The key management personnel of the academy trust comprise the trustees and the leadership team as listed on page 1. The total amount of employee benefits (including employer's pension contributions and employer's national insurance) received by key management personnel for their services to the Academies Trust was £479,000 (2015: £460,000).

12 Related Party Transactions - Directors'/Governors' remuneration and expenses

One or more directors has been paid remuneration or has received other benefits from an employment with the Academies Trust. The Executive Headteacher and other staff directors only receive remuneration in respect of services they provide undertaking the roles of Executive Headteacher and staff members under their contracts of employment.

Dame Alice Hudson, Executive Headteacher and Director:

Remuneration £120,581 (2015: £119,628)

Employer's pension contributions paid £19,872 (2015: £16,841)

Mr Michael Arthur, Staff Director

Remuneration £55,000 - £60,000 (2015: £55,000 - £60,000)

Employer's pension contributions paid £5,000 - £10,000 (2015: £5,000 - £10,000)

Ms Mina Vuoto, Staff Director

Remuneration £30,000 - £35,000 (2015: £30,000 - £35,000)

Employer's pension contributions paid £0 - £5,000 (2015: £0 - £5,000)

During the year ended 31 August 2016, travel and subsistence expenses totalling £nil were reimbursed to no directors (2015: £735 to one director).

Other related party transactions involving the Directors are set out in note 30.

13 Directors' and Officers' Insurance

In accordance with normal commercial practice the Academies Trust has purchased insurance to protect directors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academies Trust business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the period ended 31 August 2016 was £1,200 (2015: £1,093). The cost of this insurance is included in the total insurance cost.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2016 (continued)

14 Tangible Fixed Assets

	Freehold Land and Buildings £000s	Leasehold Land and Buildings £000s	Furniture and Equipment £000s	Computer Equipment £000s	Total £000s
Cost					
At 1 September 2015	8,467	-	84	1,094	9,645
Additions	77	19,675	61	182	19,995
At 31 August 2016	8,544	19,675	145	1,276	29,640
Depreciation					
At 1 September 2015	1,083	-	7	283	1,373
Charge for year	321	-	11	175	507
At 31 August 2016	1,404	-	18	458	1,880
Net book values					
At 31 August 2016	7,140	19,675	127	818	27,760
At 1 September 2015	7,384	-	77	811	8,272

It has not been possible to separate out the cost of computer software (an intangible asset) from computer hardware, so the combined costs are treated as a tangible fixed asset.

Freehold land and buildings at the Twyford C of E High School site were valued on transfer (1st October 2011) by Ian Naylor, BSc (Hons) MRICS of Sanderson Weatherall LLP on a depreciated replacement cost basis. Land was valued at £300,000. The property is held in trust for the school by the London Diocesan Board for Schools.

William Perkin C of E High School occupies a new school building in Greenford. A 125 lease was granted by the London Borough of Ealing on 14th October 2016 and prior to that the building was occupied under licence with substantially the same rights. The site was valued by Ian Naylor, BSc (Hons) MRICS of Sanderson Weatherall LLP on a depreciated replacement cost basis as at 31st August 2016. Land was valued at £715,000.

15 Debtors

	2016 £000s	2015 £000s
Trade debtors	105	33
VAT recoverable	263	139
Prepayments and accrued income	387	350
	755	522

16 Creditors: amounts falling due within one year

	2016 £000s	2015 £000s
Trade creditors	1,134	1,166
Other creditors	118	75
Accruals and deferred income	437	594
	1,689	1,835

Included within other creditors is £20,000 relating to repayments due in the next year for a loan from SALIX. The loan was agreed in 2015, is interest free and repayable by half yearly instalments over a period of 8 years.

Deferred income

	2016 £000s
Deferred income at 1 September 2015	414
Resources deferred in the period	297
Amounts released from previous year	(372)
Deferred income at 31 August 2016	339

£86,000 (2015: £nil) of deferred income relates to Special Educational Needs top-up funding and £57,000 (2015: £nil) relates to grant funding for business rates. The remainder relates to income received in advance from organisations hiring premises and parents for music tuition, trips and activities taking place in the new academic year.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2016 (continued)

17 Creditors: amounts falling due after more than one year

	2016 £000s	2015 £000s
Other creditors	130	150
	130	150

Other creditors relates to repayments due after more than a year for a loan from SALIX. The loan was agreed in 2015, is interest free and repayable by half yearly instalments over a period of 8 years.

18 Loans

Included within creditors is a SALIX loan. The loan principal of £160,000 was provided for energy improvements and was agreed in 2015. The loan is interest free and repayable by half yearly instalments over a period of 8 years.

<i>Loan analysis</i>	2016 £000s	2015 £000s
The loan is repayable as follows:		
In one year or less	20	10
Between one and two years	20	20
Between two and five years	60	60
In five years or more	50	70
	150	160

19 Funds

	Balance at 1 September 2015 £000s	Incoming Resources £000s	Resources Expended £000s	Gains, Losses and Transfers £000s	Balance at 31 August 2016 £000s
Restricted general funds					
General Annual Grant (GAG) excluding pension reserve	695	11,141	(11,122)	(123)	591
Start Up Grant	-	276	(49)	-	227
Teaching School, School Direct and Training grants	-	228	(228)	-	-
Other DfE/EFA grants	-	447	(447)	-	-
Local Authority Special Educational Needs Funding	-	684	(684)	-	-
London Schools Excellence Fund grant	-	4	(4)	-	-
Other Income	-	1,053	(1,027)	-	26
Pension reserve	(1,929)	-	(120)	(1,502)	(3,551)
	(1,234)	13,833	(13,681)	(1,625)	(2,707)
Restricted fixed asset funds					
Assets transferred on conversion	5,806	-	(254)	-	5,552
DfE/EFA capital grants	1,454	186	(117)	-	1,523
Capital expenditure from GAG	405	-	(117)	94	382
Governors' Fund sponsored capital expenditure	447	-	(19)	49	477
Asset donated by the Local Authority	-	19,675	-	-	19,675
	8,112	19,861	(507)	143	27,609
Other restricted funds					
Twyford C of E High School Governors' Fund	247	163	(1)	(22)	387
William Perkin C of E High School School Fund	13	17	(5)	2	27
	260	180	(6)	(20)	414
Total restricted funds	7,138	33,874	(14,194)	(1,502)	25,316
Unrestricted funds					
General funds	195	127	(86)	-	236
Total unrestricted funds	195	127	(86)	-	236
Total funds	7,333	34,001	(14,280)	(1,502)	25,552

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2016 (continued)

19 Funds (continued)

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

Restricted General Funds:

General Annual Grant Fund is income from the DfE/EFA to be used for the normal running costs of the Academies Trust including education and support costs. Under the funding agreement with the Secretary of State, the Academies Trust was subject to a limit on the amount of GAG that it could carry forward at 31 August 2016. Note 3 discloses whether the limit was exceeded. Start Up Grant relates to DfE/EFA funding for starting up a third school. Teaching School and School Direct grants from the DfE were given to fund the Ealing Teaching School Alliance, run by the Academies Trust. Other EFA/DfE grants were given for specific purposes. Local Authorities funded additional support for students with special needs. The London Schools Excellence Fund paid for a languages outreach project with primary schools and a science project. Other income mainly related to amounts received for educational visits and activities to be used for that specific activity. The pension reserve relates to the Trust's share of the deficit on the Local Government Pension Scheme.

Restricted Fixed Asset Funds:

This includes income from the DfE/EFA for the purchase of capital works or equipment such as £119,000 funding for ICT equipment for William Perkin C of E High School. £94,000 (2015: £43,000) was transferred from the GAG fund for capital works and IT equipment and £49,000 (2015: £240,000) was transferred from the Twyford C of E High School Governors' Fund mainly to replace all internal lockers with weatherproof external ones. £19.675m was a donation from the London Borough of Ealing in the form of a leasehold interest in the William Perkin High School site.

Other Restricted Funds:

These comprise funds made up of voluntary donations mainly from parents of children at each school.

Unrestricted Funds:

This comprises income arising from hiring the premises to local groups and clubs.

Analysis of academies by fund balance

Fund balances at 31 August 2016 were allocated as follows:

	2016 £000s	2015 £000s
Twyford C of E High School	1,029	998
William Perkin C of E High School	238	152
North Twyford C of E High School	227	-
Total before fixed assets and pension reserve	1,494	1,150
Restricted fixed asset fund	27,609	8,112
Pension reserve	(3,551)	(1,929)
Total	25,552	7,333

Analysis of academies by cost

Expenditure incurred by each academy during the year was as follows:

	Teaching and Educational Support Staff Costs £000s	Other Support Staff Costs £000s	Educational Supplies £000s	Other Costs (excluding depreciation) £000s	Total Expenditure (excluding depreciation) 2016 £000s	Total Expenditure (excluding depreciation) 2015 £000s
Twyford C of E High School	5,991	642	327	1,469	8,429	8,434
William Perkin C of E High School	2,427	295	60	758	3,540	2,391
North Twyford C of E High School	38	-	-	6	44	24
Central services	597	755	82	206	1,640	1,547
Academies Trust	9,053	1,692	469	2,439	13,653	12,396

20 Analysis of net assets between funds

Fund balances at 31 August 2016 are represented by:

	Unrestricted Funds £000s	Restricted General and Other Funds £000s	Restricted Fixed Asset Funds £000s	Total Funds 2016 £000s	Total Funds 2015 £000s
Tangible fixed assets	-	-	27,760	27,760	8,272
Current assets	236	2,926	-	3,162	2,975
Current liabilities	-	(1,668)	(21)	(1,689)	(1,835)
Non-current liabilities	-	-	(130)	(130)	(150)
Pension scheme liability	-	(3,551)	-	(3,551)	(1,929)
Total net assets	236	(2,293)	27,609	25,552	7,333

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2016 (continued)

21 Capital Commitments

	2016 £000s	2015 £000s
Contracted for but not provided in the financial statements	<u>220</u>	<u>168</u>

22 Commitments under operating leases

Operating leases

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

	2016 £000s	2015 £000s
Amounts due within one year	125	75
Amounts due between one and five years	216	24
Amounts due after five years	-	24
Total	<u>341</u>	<u>123</u>

Twyford C of E High School uses the Twyford Avenue Sports Ground under licence. The annual charge is £28,000 and the licence can be broken in July of each year.

23 Financial Instruments

The Academies Trust has the following financial instruments:

	2016 £000s	2015 £000s
Financial Assets		
Debt Instruments measured at amortised cost	<u>223</u>	<u>151</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>1,382</u>	<u>1,504</u>

24 Reconciliation of net income to net cash inflow from operating activities

	2016 £000s	2015 £000s
Net income (as per the Statement of Financial Activities)	19,721	355
Depreciation (note 14)	507	450
Capital grants from DfE and other capital income	(186)	(346)
Fixed asset donation	(19,675)	-
Interest receivable (note 7)	(4)	(4)
Defined benefit pension cost less contributions payable (note 29)	191	4
Defined benefit pension finance income (note 29)	(71)	57
Operating cashflows before working capital	<u>483</u>	<u>516</u>
(Increase)/decrease in debtors	(233)	593
(Decrease)/increase in creditors	(146)	103
Net cash inflow from operating activities	<u>104</u>	<u>1,212</u>

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2016 (continued)

25 Cash flows from investing activities

	2016 £000s	2015 £000s
Interest received (note 7)	4	4
Purchase of tangible fixed assets (note 14)	(320)	(798)
Capital grants from DfE/EFA	186	346
Net cash provided by/(used in) investing activities	(130)	(448)

26 Cash flows from financing activities

	2016 £000s	2015 £000s
Debt due beyond a year:		
Unsecured SALIX loan repayable by 2023.	(20)	160
Net cash used in financing activities	(20)	160

27 Analysis of cash and cash equivalents

	2016 £000s	2015 £000s
Cash in hand and at bank	2,407	2,453
Total	2,407	2,453

28 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 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.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2016 (continued)

29 Pension and similar obligations

The Academy Trust's employees belong to three principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; the Local Government Pension Scheme (LGPS) for most non-teaching staff, which is managed by The London Pensions Fund Authority; and the Church of England Funded Pension Scheme (CEFPS) for chaplaincy staff. All are multi-employer defined-benefit schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012, of the LGPS 31 March 2013 and of the CEFPS at 31 December 2012.

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year (2015 Nil).

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed 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

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

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

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.48% from September 2015, which will be payable during the implementation period until the next valuation as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The pension costs paid to TPS in the year amounted to £980,000 (2015: £735,000).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (www.teacherspensions.co.uk).

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

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2016 (continued)

29 Pension and similar obligations (continued)

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £319,000 (2015 £304,000), of which employer's contributions totalled £213,000 (2015 £202,000) and employees' contributions totalled £106,000 (2015 £102,000). The agreed contribution rates for future years are 13.3 per cent (2015 13.3%) for employers and 5.5 - 12.5 per cent for employees.

Trust directors have decided to un-pool the Trust's scheme from that of the London Borough of Ealing. Following the latest actuarial valuation, the Trust pays an annual contribution of £105,000 (2015 £101,000) in addition to normal funding levels to recover the deficit over a period of 20 years from 2010.

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

The following information is based on a full actuarial valuation of the fund at 31 March 2013 updated to 31 August 2016 by a qualified independent actuary.

	2016	2015
Rate of increase in salaries	3.65% *	4.05% *
Rate of increase for pensions in payment	2.00%	2.30%
Discount rate	2.20%	4.00%
Inflation (CPI)	1.90%	2.30%
Commutation of pensions lump sums	50.00%	50.00%

* An adjustment has been made for short term pay restraint in line with the latest actuarial valuation.

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

	2016 Years	2015 Years
Retiring today		
Males	23.0	23.0
Females	25.6	25.5
Retiring in 20 years		
Males	25.3	25.2
Females	28.0	27.9

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2016 (continued)

29 Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

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

	Fair value at 31 August 2016 £000s	Fair value at 31 August 2015 £000s
Equities	1,336	857
Other Bonds	475	325
Property	187	137
Cash	8	7
Other	-	44
Total Market Value of assets	<u>2,006</u>	<u>1,370</u>

The actual return on scheme assets was £263,000 (2015 £60,000).

Amounts recognised in the statement of financial activities

	2016 £000s	2015 £000s
Current service cost (net of employee contributions)	352	299
Net interest cost	71	62
Administration expenses	12	10
Total operating charge	<u>435</u>	<u>371</u>

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

	2016 £000s
At 1 September	3,299
Current service cost	352
Interest cost	133
Employee contributions	95
Actuarial loss on liabilities	1,703
Benefits paid	(25)
At 31 August	<u>5,557</u>

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

	2016 £000s
At 1 September	1,370
Interest on plan assets	62
Return on plan assets (excluding net interest on the net defined pension liability)	201
Employer contributions	315
Employee contributions	95
Benefits paid	(25)
Administration expenses	(12)
At 31 August	<u>2,006</u>

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2016 (continued)

29 Pension and similar obligations (continued)

The Church of England Funded Pension Scheme

The Trust participates in the CEFPS and employs 2 members of the scheme out of a total membership of approximately 8,500 active members.

The CEFPS is a defined benefit scheme but the Trust is unable to identify its share of the underlying assets and liabilities since each employer in the scheme pays a common contribution rate.

A valuation of the scheme was carried out at 31 December 2015. This revealed a shortfall of £236m, with assets of £1,308m and a funding target of £1,544m, assessed using the following assumptions:

- An investment strategy of:
 - for investments backing liabilities for pensions in payment, an allocation to gilts, increasing linearly from 10% at 31 December 2012 to 2/3 by 31 December 2029, with the balance in return-seeking assets; and
 - for investments backing liabilities prior to retirement, a 100% allocation to return-seeking assets.
- Investment returns of 3.2% pa on gilts and 5.2% pa on equities;
- RPI inflation of 3.2% pa (and pension increases consistent with this);
- Increase in pensionable stipends of 3.2% pa; and
- Post-retirement mortality in accordance with 80% of the S1NMA and S1NFA tables, with allowance made for improvements in mortality rates from 2003 in line with the CMI 2012 core projections, with a long term annual rate of improvement of 1.5% for males and females.

For schemes such as the CEFPS, paragraph 9(b) of FRS 102 requires the Trust to account for pension costs on the basis of contributions actually payable to the Scheme in the year.

Following the results of the 2015 valuation, the Trust's contribution rate remains at 39.9% of pensionable stipends (of which 11.9% will be in respect of the £236m shortfall in the Scheme and 28% is in respect of accrual of future benefits and the day-to-day expenses of running the Scheme).

Contributions rates will be reviewed at the next valuation of the Scheme, due as at 31 December 2018.

30 Related Party Transactions

Owing to the nature of the Trust's operations and the composition of the board of governors being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the board of governors may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the academy's financial regulations and normal procurement procedures.

Staff governors receive salary payments from the Trust and parent governors have financial dealings with the Trust as other parents do. Governors with these interests do not take part in decisions which directly affect them or their children.

Mr I Woolf is an employee of the London Diocesan Board for Schools (LDBS). Expenditure totalling £22,158 (£2015: £26,000), relating to a subscription to an advice service, training course fees and project management services took place in the year. A grant of £36,000 (2015: Nil) was paid by the LDBS to support chaplaincy costs during the year. Furthermore the freehold of the Twyford C of E High School site is owned by the LDBS (see note 14). £520 of expenditure was outstanding at the end of the year (2015 £nil).

Key management personnel disclosure is included in note 11.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2016 (continued)

31 Amounts for which the Trust is Acting as an Agent

16-19 Bursaries

The Academies Trust administers the disbursement of the discretionary support for learners 16-19 Bursary Funds on behalf of the EFA.

	2016 £000s	2015 £000s
EFA/DfE grants	40	39
Retained to meet expenses incurred by the Trust in providing benefits to qualifying students and administering the funds and recognised in income and expenditure in the statement of financial activities.	(2)	(7)
EFA/DfE grants for which the Trust is acting as an agent	<u>38</u>	<u>32</u>
Disbursed to students	(26)	(25)
Balance unspent at 31 August 2016	<u><u>12</u></u>	<u><u>7</u></u>

School Direct

The Academies Trust administers the disbursement of School Direct Funding on behalf of the National College of Teaching and Leadership (part of the Department for Education).

	2016 £000s	2015 £000s
EFA/DfE grants	236	83
Retained to meet the salaries and course fees of trainee teachers employed at Trust schools and recognised in income and expenditure in the statement of financial activities.	(128)	-
EFA/DfE grants for which the Trust is acting as an agent	<u>108</u>	<u>83</u>
Disbursed to partner schools and teacher training colleges	(87)	(42)
Balance unspent at 31 August 2016	<u><u>21</u></u>	<u><u>41</u></u>