

**Excell3 Independent Schools Limited**  
**(operating as King Solomon International Business School)**

Trustees Report and Financial Statements

For the Year Ended 31 August 2017



**Excell3 Independent Schools Limited**  
**(A Company Limited by Guarantee)**

**Contents**

---

	Page
<b>Reference and Administrative Details</b>	1 - 2
<b>Trustees' Report</b>	3 - 13
<b>Governance Statement</b>	14 - 18
<b>Statement on Regularity, Propriety and Compliance</b>	19
<b>Statement of Trustees' Responsibilities</b>	20
<b>Independent Auditors' Report on the Financial Statements</b>	21 - 23
<b>Independent Reporting Accountant's Assurance Report on Regularity</b>	24 - 25
<b>Statement of Financial Activities Incorporating Income and Expenditure Account</b>	26
<b>Balance Sheet</b>	27
<b>Statement of Cash Flows</b>	28
<b>Notes to the Financial Statements</b>	29 - 48

**Excell3 Independent Schools Limited**  
**(A Company Limited by Guarantee)**

**Reference and Administrative Details**  
**For the Year Ended 31 August 2017**

---

**Members**

I Bhogal (resigned 1 April 2017)  
G Brown  
D Illingworth  
C Imafidon

**Trustees**

G Brown, Chair  
Dr C Byfield, CEO to 31 August 2017 Accounting Officer<sup>1</sup>  
C Bailey<sup>1</sup>  
Revd P Sellick (resigned 3 January 2017)<sup>1</sup>  
L Fields, Principal (appointed 5 June 2017, resigned 30 August 2017)  
A Talburt  
Revd P Beetham<sup>1</sup>  
C Brown<sup>1</sup>  
Revd Canon B Clover  
K Wilson  
Dr M Yeadon<sup>1</sup>  
Revd B Scott  
M Ison<sup>1</sup>

<sup>1</sup> Members of Finance, Resources and Marketing Committee

**Senior management team**

L Fields, Principal from 5 June 2017  
Dr C Byfield, CEO to 5 June 2017 and thereafter Founder  
D Dunkley, Head of Secondary/Vice Principal  
A Simmonds, Chief Finance Officer  
M Yates, Head of Teaching and Learning  
J Bhalsod, SENCO  
S Brooks, Business & External Relations Manager  
A Oyede, Head of Primary

**Company name**

Excell3 Independent Schools Limited

**Principal and registered office**

Learning Village  
Richard Street  
Birmingham  
West Midlands  
B7 4AA

**Company registered number**

07654452

**Excell3 Independent Schools Limited**  
**(A Company Limited by Guarantee)**

**Reference and Administrative Details of the Academy, its Trustees and Advisers**  
**For the Year Ended 31 August 2017**

---

**Advisers (continued)**

**Independent auditors**

Dains LLP  
Statutory Auditor  
Chartered Accountants  
15 Colmore Row  
Birmingham  
B3 2BH

**Bankers**

Lloyds Bank  
114-116 Colmore Row  
Birmingham  
B3 3BD

**Solicitors**

Anthony Collins Solicitors LLP  
134 Edmund Street  
Birmingham  
B3 2ES

**Excell3 Independent Schools Limited**  
**(A Company Limited by Guarantee)**

**Trustees' Report**  
**For the Year Ended 31 August 2017**

---

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year 1 September 2016 to 31 August 2017. The Annual Report serves the purposes of both a Trustees' Report, and a Directors' report under company law.

Since the academy qualifies as small under section 383, the strategic report required of medium and large companies under The Companies Act 2006 (Strategic Report and Director's Report) Regulations 2013 is not required.

The free school is based in central Birmingham with four students' streams coming on board at 1 September 2016, Reception, Year 1 and Year 7 and Year 8, totalling 301 students.

**Structure, governance and management**

**a. Constitution**

The academy is a charitable company limited by guarantee and an exempt charity.

The charitable company's Memorandum of Association is the primary governing document of the academy trust.

The Trustees of Excell3 Independent Schools Limited are also the directors of the charitable company for the purpose of company law.

The charitable company's only free school is King Solomon International Business School.

Details of the Trustees who served during the year are included in the Reference and administrative details on page 1.

**b. 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 £1, for the debts and liabilities contracted before they ceased to be a member.

**c. Trustees' indemnities**

The Trustees benefit from risk protection purchased by the Academy Trust from the Department for Education to cover the liability of the Trustees arising from negligent acts, errors or omissions occurring whilst on Academy Trust business. The limit of this protection is £5,000,000.

**d. Method of recruitment and appointment or election of Trustees**

The Trust shall have the following Trustees, as set out in its Articles of Association and Funding Agreement:

- up to 8 Trustees who are appointed by the Members;
- up to 1 Trustee appointed by Excell3 Ltd;
- up to 1 Trustee appointed by Woodard;
- minimum of 2 Parent Trustees who are elected by the parents of registered students at the Academy Trust;
- The total number of Trustees who are employees of the Academy Trust shall not exceed one third of the total number of Trustees
- Additional individuals can be Co-opted unto the board provided that the total amount of Trustees does not exceed 15.

Trustees are appointed for a 4 year period, although this time limit does not apply to the Principal if the Principal is a Trustee. Subject to remaining eligible to be a particular type of Trustees, any Trustees can be re-appointed or re-elected at a General Meeting.

When appointing new Trustees, the Board of Trustees will give consideration to the skills and experience mix of existing Trustees, in order to ensure the Board of Trustees has the necessary skills to contribute fully to the Academy Trust's ongoing development.

**e. Policies and procedures adopted for the induction and training of Trustees**

The training and induction provided for new Trustees will depend upon their existing experience but will always include a tour of the School and a chance to meet staff and students. All Trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents they will need to undertake their role as Trustees. As there are normally only new Trustee appointments each year, inductions tend to be done informally and are tailored specifically to the individual. Advantage is taken of specific courses offered by various external organisations as appropriate.

Training courses are organised during the year to keep the Trustees updated on relevant developments impacting on their roles and responsibilities. All Trustees have access to 'The Key' which provides regular updates.

**f. Organisational structure**

The Board of Trustees will meet at least four times each academic year with an additional Strategic Planning meeting. The Board of Trustees establishes an overall framework for the governance of the Academy Trust and determines membership, terms of reference and procedures of Committees of the Board of Trustees and other groups. It receives reports including policies from its Committees for ratification. It monitors the activities of the Committees through the minutes of their meetings and through direct reporting from the elected Chair of each Committee. The Board of Trustees may from time to time establish working groups to perform specific tasks over a limited timescale.

There are 3 Committees of the Board of Trustees as follows:

- Finance, Resources and Marketing Committee
- Curriculum and Standards Committee
- Trust Development Committee

Each Committee has its own terms of reference detailing the responsibilities discharged to it.

**Trustees' Report (continued)**  
**For the Year Ended 31 August 2017**

---

The following decisions are reserved to the full Board of Trustees:

- to consider any proposals for changes to the status or constitution of the Academy Trust and its committee structure;
- to appoint or remove the Chair and / or Vice Chair; and
- to appoint and / or consider the performance management of the Principal

The Trustees are responsible for setting general policy, adopting an annual development plan and budget, approving the annual statutory accounts, monitoring the Academy Trust by the use of budgets and other data, and making the major decisions about the direction of the Academy Trust, capital expenditure and staff appointments.

The Trustees have devolved the day-to-day management of the Academy Trust to the C.E.O., Principal or Acting Principal and the Senior Leadership Team ('SLT'). The SLT comprises the Principal or Acting Principal, Head of Secondary, Chief Finance Officer, Director of Teaching and Learning, Head of Primary, SENCO and the Business and Community Liaison Manager. The C.E.O. from 1 September 2016 was the Academy Trust's Accounting Officer and has overall responsibility for the day to day financial management of the Academy Trust. The SLT implements the policies laid down by the Trustees and reports back to them on performance.

**g. Arrangements for Setting Pay and Remuneration of Key Management Personnel**

The Trustees consider the Board of Trustees as comprising part of the key management personnel of the Academy Trust as they have overall control of the Academy Trust. All Trustees, other than the C.E.O, give of their time freely. Details of Trustee Expenses and related party transactions are disclosed in note 10 and note 30.

Trustees are required to disclose all relevant interests and register them with the Clerk to the Governors, and, in accordance with the Trust's policy, withdraw from decisions where a conflict of interest arises. Any transactions which occurred during the year with related parties are detailed in note 30 respectively.

The Principal, Acting Principal, C.E.O. and SLT are in charge of running and operating the Academy Trust on a day to day basis. The pay of the Principal or Acting Principal, C.E.O. and other members of the SLT are reviewed annually and increases are benchmarked against other Principals or Acting Principal, C.E.O.'s and SLT's pay within the Academy Sector and the employment market in the Birmingham area.

**h. Related Parties and Other Connected Charities and Organisations**

There are no related parties or connected organisations which either control or significantly influence the decisions and operations of the Academy Trust.

## **Objectives and Activities**

### **a. Objects and aims**

The principle objects of the Academy Trust, as set out in its Articles of Association, are to:

- advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school with a designated multi – denominational Christian faith school, offering a broad and balanced curriculum) the academy conducted in accordance with the principles, practices and tenets of the Christian faith both generally and in particular in relation to daily acts of worship; and
- promote for the benefit of the inhabitants of the areas in which the Academy is situated the provision of facilities for recreation or other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity, disablement, financial hardship or social and economic circumstances for the public at large in the interests of social welfare and with the object of improving the condition of life of the said inhabitants.

The aims of the Academy Trust during the period ended 31 August 2017 are summarised below:

- To embed our vision in pursuit of education excellence, to develop our student character, equip students with the skills to effectively live, work and trade in the global economy and to be successful.
- To embed our Christian ethos evident throughout the school giving due regard to students of other faith traditions and none.
- To embed the school's international business specialism in all years of the school
- To further develop the character of our students to enable them to be confident, well rounded individuals in terms of attitude, behaviour and academic aspirations.
- To seek to remove cultural barriers through promoting high expectations of all students and the provision of educational opportunities for all
- To exceed progress measures in national performance table for all year groups.
- To continue to embed the International Baccalaureate (IB) learner profile in the curriculum
- To maximise engagement with students, their families and the local community.
- To establish and maintain effective and dynamic partnerships with local schools and other educational establishments.

### **b. Objectives, strategies and activities**

The Academy Trust's main objectives for the period ended 31 August 2017 were focused as follows:

1. The implementation of a robust Monitoring, Evaluation and Review system (MER) which has ensured that there is a high quality of provision across the school.
2. To strengthen both the Governing body and the SLT.
3. To implement a robust CPD programme to ensure that our staff develop professionally.
4. To recruit fully qualified teachers with the specialisations needed to ensure students are able to work towards the IB.



**c. Public benefit**

The Academy Trust aims to advance for the public benefit education in Birmingham and the surrounding area, offering a broad curriculum and an excellent education environment for its students.

The Academy Trust also allows use of its facilities for recreational and other leisure time occupation for the community at large in the interests of social welfare and with the interest of improving the life of that community.

The Trustees confirm that they have complied with the requirement in the Charities Act 2011 to have due regard to the Charity Commission general guidance on public benefit in exercising their powers or duties. They have referred to this guidance when reviewing the Academy Trust's aims and objectives and in planning its future activities.

## **Strategic report**

### **Achievements and performance**

The Academy Trust is in its second year of operation since it opened as an Academy Trust on 1 September 2015.

The Academy Trust is committed to continual improvement which is achieved in a number of ways, including improvement in planning, review meetings, continual professional development, lesson observations, performance management, self-evaluation, data analysis and action planning.

### **Key student/outcome data**

- Attendance for the whole school for the academic year 2016-2017 was 94.58% (Primary 95.05%, Secondary 94.25%) just below the national average of 96.1% Primary and 95% Secondary (national data for the academic year to 2016).
- Fixed term exclusion is 16.67% exclusions as a proportion of the school roll (secondary and primary), significantly above the national average of 3.92% (\*reported in national statistics Dec 2016 for the year 2014-2015). The proportion of students on roll (secondary and primary) with one or more FTE was 11.11% compared to a national average of 7.51%.
- Fixed term exclusion is 0% for primary, which is significantly below the national average of 1.1% and 27.9% for secondary, which is significantly above the national average of 7.51%. The proportion of students on roll with one or more FTE was 0% for primary, which is significantly below the national average of 0.52% and 18.61% in secondary compared to a national average of 3.92%.
- Permanent exclusion for primary is 0%, which is below the national average of 0.02% and for secondary it is 0.58%, which is above the national average of primary 0.02% and secondary 0.15%.
- In Year 1 most students achieved 'secure' or 'above secure' in reading (88%), writing (79%) and mathematics (88%).
- Year 1 phonics outcome in 2017 was 87.5%, this is above the 2016 national average.
- Year 1 phonics outcomes in 2017 was 100% for Pupil Premium students, which is above the national average of 69%.
- EYFS Good Level of Development in 2017 is 76.7% which is above national average.
- Progress differences between disadvantaged students and all students in the core subjects in the secondary school are less than 6% in both Year 7 and Year 8.
- Male and female students in Year 7 and Year 8 are both achieving above national expected progress in English and Maths with a gender difference of 9% in English and 2% in Maths.

### **Other key student achievements**

- The school was presented with a Commendation by the Lord Mayor of Birmingham at the Council Chamber for winning 3rd place in the Knight of Saint Columba for its Christmas drama performance
- A King Solomon student received the 'Outstanding Student' certificate at a FEAST event, an interfaith event, which brings together teenagers from different faiths and cultures to build friendships, explore faith and change lives.
- The school's year 8 football team won Aston Under 13 Division 2 and have now been promoted to division 1
- Students ran two successful enterprise days, both of which were highly supported by parents
- The primary phase delivered an excellent Christmas production parents, which resulted in the recruitment of a year 4 child to the school.

**a. Key performance indicators**

Although the Academy Trust's Funding Agreement is not subject to a specific carry forward limit on the amount of GAG funding, the main financial performance indicator is the level of reserves held at the balance sheet date and, in particular, the amount of GAG funding carried forward at the balance sheet date. At 31 August 2017, the balance of the GAG Restricted Fund was £2,262, which is after a transfer of £200 to the Restricted Fixed Asset Fund to fund capital expenditure during the period.

Further details on the level of reserves held by the Academy Trust are set out in the Reserves Policy section below.

As the majority of the Academy Trust's funding is based on student numbers, student numbers is also a key performance indicator. As noted earlier in this report, student numbers at the most recent census were 301 which was below full capacity by 11 students.

Staffing costs are another key performance indicator for the Academy Trust and the percentage of total staff costs to DfE grant income (GAG, Pupil Premium and Year 7 Catch Up funding) for the period was 99.8%, while the percentage of staff costs to total costs was 62.7%.

**b. Going concern**

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

**Excell3 Independent Schools Limited**  
**(A Company Limited by Guarantee)**

**Trustees' Report (continued)**  
**For the Year Ended 31 August 2017**

---

**Financial review**

The majority of the Academy Trust's income is received from the Department of Education ('DfE') in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the period ended 31 August 2017 and the associated expenditure of these grants are shown as Restricted Funds in the Statement of Financial Activities.

The Academy Trust also receives grants for fixed assets from the DfE and other organisations and funders, and these are shown as Restricted Fixed Asset Funds in the Statement of Financial Activities. The balance of the Restricted Fixed Asset fund is reduced by the depreciation charges on the assets acquired using these funds.

During the period ended 31 August 2017, the total expenditure of £2,060,833 (excluding pension and capital expenditure) was covered by the recurrent grant funding from the DfE, together with other incoming resources. The excess of incoming resources over total expenditure for the period was £8,438. £200 of the excess was transferred to the fixed asset fund and used to fund capital expenditure.

Land, buildings and other assets are funded by the DfE and other organisations in the form of a capital grant and are included in the Statement of Financial Activities, at £6,261.

The net book value of fixed assets at 31 August 2017 were £6,932,249, which includes the value of land and buildings of £6,655,569 after depreciation charges for the period of £228,276. The fixed assets held by the Academy Trust are used exclusively for providing education and associated support services to the students of the Academy Trust.

The balance of total funds held at 31 August 2017 were £7,416,156 which comprised of the following:

Restricted Funds (excluding Pension Liability)	£2,262
Restricted Pension Liability Fund	(£205,000)
Restricted Fixed Asset Fund	£7,618,894
Unrestricted Funds	£Nil

The key financial policies reviewed and adopted during the period included the Financial Procedures policies, which lays out the framework for the Academy Trust's financial management, including financial responsibilities of the Board of Trustees, Principal, Managers, Budget Holders and other staff, as well as the delegated authorities for spending.

**a. Reserves policy**

The Trustees will review the reserve levels of the Academy Trust annually. This review will encompass the nature of the income and expenditure streams, the need to match income with commitments and the nature of reserves. The Trustees also take into consideration the future plans of the Academy Trust, the uncertainty over future income streams, and other key risks identified during the risk review.

The Trustees have determined that the appropriate level of free cash reserves would be approximately 2% of total incoming resources. The reason for this is to provide sufficient working capital to cover delays between spending and receipts of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance, long term staff absences etc. However the Academy Trust's current level of reserves is £7,416,156, of which £2,262 is free reserves. The trust recognises that in the past two years the Academy Trust has not maintained sufficient working capital in line with its policy. Going forward into 2017/18 the governing body has set a surplus budget which will ensure that it adheres to the reserve policy. Each month the budget will be reviewed against achieved actual to ensure that the policy is achieved.

## **b. Principal Risks and Uncertainties**

The Trustees have assessed the major risks to which the Academy Trust is exposed, especially in the operational areas, such as in relation to teaching, health & safety, safeguarding and school trips, and in relation to the control of finances. They have introduced systems, including operational procedures and internal financial controls in order to minimise this risk and are agreeing a Risk Management Strategy and Risk Management Plan. Where significant financial risk still remains, the Trustees have ensured the Academy Trust has adequate insurance cover in place. The Risk Management Plan will be constantly reviewed in light of any new information and formally reviewed annually.

The principle risks and uncertainties facing the Academy Trust are as follows:

### **Financial**

The Academy Trust has considerable reliance on continued Government funding through the DfE. In the period, approximately 97% of the Academy Trust's incoming resources was ultimately Government funded and whilst this level is expected to continue, there is no assurance that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

### **Failures in governance and / or management**

The risk in this area arises from the potential failure to effectively manage the Academy Trust's finances, internal controls, compliance with regulations and legislation, statutory returns etc. The Trustees continue to review and ensure appropriate measures are in place to mitigate these risks.

### **Reputational**

The continuing success of the Academy Trust is dependent on continuing to attract applicants in sufficient numbers by maintaining the highest educational standards. To mitigate this risk, the Trustees ensure that student success and achievement are closely monitored and reviewed.

### **Safeguarding and child protection**

The Trustees continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health & safety and discipline.

### **Staffing**

The success of the Academy Trust is reliant on the quality of its staff, so the Trustees monitor and review policies and procedures to ensure continued development and training of staff as well as ensuring there is clear succession planning.

**Trustees' Report (continued)**  
**For the Year Ended 31 August 2017**

---

**Fraud and mismanagement of funds**

The Academy Trust has engaged Smith Cooper Chartered Accountants to perform a program of work aimed at checking and reviewing the financial systems and records as required by the Academies Financial Handbook. All finance staff receive training to keep them up to date with financial practice requirements and to develop their skills in this area.

The Trustees examine the financial health of the Academy Trust formally every term, reviewing performance against budgets and overall expenditure by means of regular update reports at all full Trustees and Finance, Resources and Marketing Committee meetings.

The Trustees recognise that the Local Government Pension Scheme deficit represents a significant potential liability to the Academy Trust. However, as the Trustees consider the Academy Trust is able to meet its known annual contribution commitments for the foreseeable future, the risk from this liability is minimised

**Plans for future periods**

The Academy Trust strives to continually improve levels of attainment for all students, equipping them with the qualifications, skills and character to follow their chosen pathway, whether it be into further and higher education or employment, as well as promoting the continued professional development of its staff.

The incoming year we look forward to moving into our newly refurbished building and occupying our brand new purpose built sport hall and MUGA pitch.

We will witness the organic growth of the school as the school begins its third year of operation. The school expansion will be accompanied by a significant increase in the number of staff employed at the school including specialist teachers. The addition of specialist teachers and other key appointments, such as the Assistant Principal for Character Development and the Assistant Principal for Pastoral Care will allow the school to move further towards realising its exciting and ambitious vision.

The Primary phase will be building on its successful intervention programmes which were introduced last year, to ensure that the accelerated progress that our students made last year continues. Additional interventions will be provided for those children who are behind in their reading and writing.

The Secondary School will be introducing a wider range of extra curriculum activities and student leadership opportunities will be provided to students to develop their leadership skills.

**Funds held as custodian**

The Academy Trust and its Trustees do not act as Custodian Trustees of any other charity.

**Excell3 Independent Schools Limited**  
**(A Company Limited by Guarantee)**

**Trustees' Report (continued)**  
**For the Year Ended 31 August 2017**

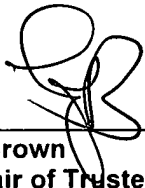
---

**Disclosure of information to auditors**

Insofar as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Trustees have taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

The Trustees' Report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 30 November 2017 and signed on its behalf by:



---

**G Brown**  
**Chair of Trustees**

**Excell3 Independent Schools Limited**  
**(A Company Limited by Guarantee)**

**Governance Statement**

---

**Scope of Responsibility**

As trustees, we acknowledge we have overall responsibility for ensuring that Excell3 Independent Schools Limited has an effective and appropriate system of control, financial and otherwise. However such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The board of trustees has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Excell3 Independent Schools Limited and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

**Governance**

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The board of trustees has formally met 5 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
G Brown, Chair	4	5
Dr C Byfield, CEO to 31 August 2017 Accounting Officer	5	5
C Bailey	5	5
Revd P Sellick	1	2
L Fields, Principal	0	1
A Talburt	5	5
Revd P Beetham	3	5
C Brown	3	5
Revd Canon B Clover	3	5
K Wilson	4	5
Dr M Yeadon	4	5
Revd B Scott	4	5
M Ison	4	5

The Board of Trustees has seen some changes in the year as it has appointed additional Trustee as the Governing body recognised that additional skills and expertise were required by the board.

The year has been a challenging one for the board. The financial security of free schools has always presented a challenge, as free schools have no brought forward reserves on which to rely on. This Academy trust is no different and financial security has been a challenge. However this challenge has been effectively managed by our Chief Finance Officer who is a Qualified Chartered Accountant and a Trustee and Associate Trustee with a strong financial background in academy finances.



**Governance Statement (continued)**

---

**Goverence reviews**

The Governing Body undertook a review on the effectiveness of the governance structure and were satisfied that the revised structure it put in place last year was. It became clear in the review that the governance structure was cumbersome and would benefit from being streamlined. As a result the number of committees has been reduced and the committees now have a clear structure and mandate.

Within the review it also became apparent that there were weaknesses within the Governing Body and a recruitment drive was undertaken. The resultant Trustees appointments have strengthened the board and covered the missing skills gap identified in the review.

The Trustees roles are steadily being embedded which has resulted in greater levels of contribution from the Trustees as they take responsibility for specific aspects of governance. The board has nominated three governors to act as Link Governors which allows them to work strategically with the Principal and SLT in the following areas:

- Strategic Planning; Governance, Leadership and Staffing
- Teaching and Learning
- Attendance and Punctuality

The Board is in the process of carrying out a further skills audit to ensure that it now has all the skills required to govern the Academy Trust.

The Finance, Resources and Marketing Committee is a sub-Committee of the Board of Trustees. Its purpose is to provide oversight, guidance and assistance to the Board of Trustees on all matters related to Finance, Resources, Premises, Health & Safety and Marketing of the Academy Trust. This committee also acts as the Academy Trust's Audit Committee.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
M Ison	5	5
Revd P Beetham	1	5
C Brown	4	5
C Bailey	3	5
Dr C Byfield	4	5
Revd P Sellick	2	2
M Yeadon	1	1

**Governance Statement (continued)**

---

**Review of Value for Money**

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

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

- Reviewing the payroll providers enabled the academy trust to move away from the local authority provider to a cheaper provider who understood the needs of a free school.
- Timing the purchase of a year contract with a recruiter so the contract covers two recruitment years for the school.
- Being successful in a bid to buy furniture from an auction run by a school which was closing thus enabling the school to use its capital Furniture and fittings budget for other items.
- Sourcing and effectively negotiating deals with a range of suppliers for its capital fixtures and furniture budget to ensure the school obtained value for money.

**The Purpose of the System of Internal Control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy 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 Excell3 Independent Schools Limited for the year 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements.

**Capacity to Handle Risk**

The board of trustees has reviewed the key risks to which the academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy's significant risks, that has been in place for the year 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

**Governance Statement (continued)**

---

**The Risk and Control Framework**

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

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

The board of trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have appointed Smith Cooper Accountants, as Responsible Officer (RO), to perform additional checks..

The RO's role includes giving advice on financial matters and performing a range of checks on the academy's financial systems. In particular the checks carried out in the current period included:

- review of and testing of income recognition and recording systems and procedures
- review of and testing of payroll systems and procedures
- review of and testing of procurement systems and procedures
- review of and testing of control account reconciliation procedures
- review of and testing of bank control procedures
- Review of management information preparation procedures, including information prepared for and presented to the Board of Trustees

On an annual basis, the RO reports to the board of trustees through the finance committee on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

The RO has delivered the schedule of work as planned and there were no material control issues identified. The recommendations within the report are in the process of being acted upon.

**Governance Statement (continued)**

---

**Review of Effectiveness**

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

- the work of the Responsible Officer;
- the work of the external auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the academy who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the board of trustees on <sup>30 November 2017</sup> Select date above and signed on their behalf, by:

  
\_\_\_\_\_  
**G Brown**  
**Chair of Trustees**

  
\_\_\_\_\_  
**C Byfield**  
**Accounting Officer**

**Excell3 Independent Schools Limited**  
**(A Company Limited by Guarantee)**

**Statement on Regularity, Propriety and Compliance**

---

As Accounting Officer of Excell3 Independent Schools Limited I have considered my responsibility to notify the academy trust board of trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2016.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2016.

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



**C Byfield**  
**Accounting Officer**

30 November 2017

**Excell3 Independent Schools Limited**  
**(A Company Limited by Guarantee)**

**Statement of Trustees' Responsibilities**  
**For the Year Ended 31 August 2017**

---

The Trustees (who act as governors of Excell3 Independent Schools Limited and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Annual Accounts Direction issued by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

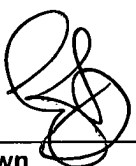
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting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

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

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

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

Approved by order of the members of the board of trustees on 30 November 2017 and signed on its behalf by:

  
**G Brown**  
**Chair of Trustees**

**Excell3 Independent Schools Limited**  
**(A Company Limited by Guarantee)**

**Independent Auditors' Report on the Financial Statements to the Members of Excell3 Independent Schools Limited**

---

**Opinion**

We have audited the financial statements of Excell3 Independent Schools Limited for the year ended 31 August 2017 which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. 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 FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

This report is made solely to the academy'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 academy'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 academy and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

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

**Basis of opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the academy in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

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

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

**Excell3 Independent Schools Limited**  
**(A Company Limited by Guarantee)**

**Independent Auditors' Report on the Financial Statements to the Members of Excell3 Independent Schools Limited**

---

**Other information**

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

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

We have nothing to report in this regard.

**Opinion on other matters prescribed by the Companies Act 2006**

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

- the information given in the Trustees' Report including the Strategic Report for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Report has been prepared in accordance with applicable legal requirements.

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

In the light of our knowledge and understanding of the academy and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report including the Strategic Report.

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

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

**Responsibilities of trustees**

As explained more fully in the Statement of Trustees' Responsibilities, the Trustees (who are also the directors of the academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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



**Excell3 Independent Schools Limited**  
**(A Company Limited by Guarantee)**

**Independent Auditors' Report on the Financial Statements to the Members of Excell3 Independent Schools Limited**

---

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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



Andrew Morris FCA (Senior Statutory Auditor)

for and on behalf of

**Dains LLP**

Statutory Auditor  
Chartered Accountants

Birmingham  
30 November 2017

**Excell3 Independent Schools Limited**  
**(A Company Limited by Guarantee)**

**Independent Reporting Accountants' Assurance Report on Regularity to Excell3 Independent Schools Limited and the Education and Skills Funding Agency**

---

In accordance with the terms of our engagement letter dated 10 October 2016 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Excell3 Independent Schools Limited during the year 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Excell3 Independent Schools Limited and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Excell3 Independent Schools Limited and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Excell3 Independent Schools Limited and the ESFA, for our work, for this report, or for the conclusion we have formed.

**Respective responsibilities of Excell3 Independent Schools Limited's accounting officer and the reporting accountant**

The Accounting Officer is responsible, under the requirements of Excell3 Independent Schools Limited's funding agreement with the Secretary of State for Education dated 16 March 2015, and the Academies Financial Handbook extant from 1 September 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2016 to 2017. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

**Approach**

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

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

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

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

**Excell3 Independent Schools Limited**  
**(A Company Limited by Guarantee)**

**Independent Reporting Accountants' Assurance Report on Regularity to Excell3 Independent Schools Limited and the Education and Skills Funding Agency (continued)**

---

**Conclusion**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



**Dains LLP**

Statutory Auditor  
Chartered Accountants

Birmingham

Date: 30 November 2017

**Excell3 Independent Schools Limited**  
**(A Company Limited by Guarantee)**

**Statement of Financial Activities incorporating Income and Expenditure Account**  
**For the Year Ended 31 August 2017**

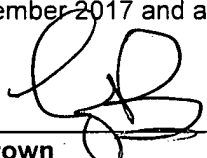
	Note	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
<b>Income from:</b>						
Donations and capital grants	2	55	-	6,261	6,316	1,948,109
Charitable activities:	3					
Funding for the Academy's educational operations		24,257	2,007,203	-	2,031,460	1,242,416
Other trading activities	4	37,586	-	-	37,586	14,690
Investments	5	170	-	-	170	419
<b>Total income</b>		<b>62,068</b>	<b>2,007,203</b>	<b>6,261</b>	<b>2,075,532</b>	<b>3,205,634</b>
<b>Expenditure on:</b>						
Charitable activities		13,209	2,167,624	616,075	2,796,908	1,505,077
<b>Total expenditure</b>	6	<b>13,209</b>	<b>2,167,624</b>	<b>616,075</b>	<b>2,796,908</b>	<b>1,505,077</b>
<b>Net income / (expenditure) before investment losses</b>		<b>48,859</b>	<b>(160,421)</b>	<b>(609,814)</b>	<b>(721,376)</b>	<b>1,700,557</b>
Actuarial losses on defined benefit pension schemes		-	(61,000)	-	(61,000)	(30,000)
<b>Net income / (expenditure) before transfers</b>		<b>48,859</b>	<b>(221,421)</b>	<b>(609,814)</b>	<b>(782,376)</b>	<b>1,670,557</b>
Transfers between Funds	15	(48,859)	48,659	200	-	-
<b>Net income / (expenditure) before other recognised gains and losses</b>		<b>-</b>	<b>(172,762)</b>	<b>(609,614)</b>	<b>(782,376)</b>	<b>1,670,557</b>
<b>Net movement in funds</b>		<b>-</b>	<b>(172,762)</b>	<b>(609,614)</b>	<b>(782,376)</b>	<b>1,670,557</b>
<b>Reconciliation of funds:</b>						
Total funds brought forward		-	(29,976)	8,228,508	8,198,532	6,527,975
<b>Total funds carried forward</b>		<b>-</b>	<b>(202,738)</b>	<b>7,618,894</b>	<b>7,416,156</b>	<b>8,198,532</b>

**Excell3 Independent Schools Limited**  
**(A Company Limited by Guarantee)**  
**Registered number: 07654452**

**Balance Sheet**  
**As at 31 August 2017**

	Note	£	2017 £	£	2016 £
<b>Fixed assets</b>					
Tangible assets	12		6,932,249		6,962,112
<b>Current assets</b>					
Debtors	13	875,334		1,546,884	
Cash at bank and in hand		68,711		167,766	
		<u>944,045</u>		<u>1,714,650</u>	
<b>Creditors:</b> amounts falling due within one year	14	(255,138)		(454,230)	
<b>Net current assets</b>			<u>688,907</u>		<u>1,260,420</u>
<b>Total assets less current liabilities</b>			<u>7,621,156</u>		<u>8,222,532</u>
Defined benefit pension scheme liability	20	(205,000)			(24,000)
<b>Net assets including pension scheme liabilities</b>			<u><u>7,416,156</u></u>		<u><u>8,198,532</u></u>
<b>Funds of the academy</b>					
Restricted income funds:					
Restricted income funds	15	2,262		(5,976)	
Restricted Fixed Asset funds	15	7,618,894		8,228,508	
Restricted income funds excluding pension liability		<u>7,621,156</u>		<u>8,222,532</u>	
Pension reserve		<u>(205,000)</u>		<u>(24,000)</u>	
Total restricted income funds			<u><u>7,416,156</u></u>		<u><u>8,198,532</u></u>
<b>Total funds</b>			<u><u>7,416,156</u></u>		<u><u>8,198,532</u></u>

The financial statements on pages 26 to 48 were approved by the Trustees, and authorised for issue, on 30 November 2017 and are signed on their behalf, by:

  
**G Brown**  
Chair of Trustees

  
**C Byfield**  
Accounting Officer

**Excell3 Independent Schools Limited**  
**(A Company Limited by Guarantee)**

**Statement of Cash Flows**  
**For the Year Ended 31 August 2017**

	<b>Note</b>	<b>2017 £</b>	<b>2016 £</b>
<b>Cash flows from operating activities</b>			
Net cash provided by operating activities	17	<u>271,651</u>	<u>174,142</u>
<b>Cash flows from investing activities:</b>			
Interest receivable		170	419
Purchase of tangible fixed assets		(377,137)	(2,008,034)
Capital grants from DfE/ESFA		<u>6,261</u>	<u>1,948,109</u>
<b>Net cash used in investing activities</b>		<u>(370,706)</u>	<u>(59,506)</u>
<b>Change in cash and cash equivalents in the year</b>		<b>(99,055)</b>	<b>114,636</b>
Cash and cash equivalents brought forward		<u>167,766</u>	<u>53,130</u>
<b>Cash and cash equivalents carried forward</b>	18	<u><u>68,711</u></u>	<u><u>167,766</u></u>

**1. Accounting Policies**

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

**1.1 Basis of preparation of financial statements**

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

Excell3 Independent Schools Limited constitutes a public benefit entity as defined by FRS 102.

**1.2 Going concern**

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

**1. Accounting Policies (continued)**

**1.3 Income**

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

Grants are included in the Statement of Financial Activities incorporating Income and Expenditure Account 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 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.

General Annual Grant is recognised in full in the Statement of Financial Activities incorporating Income and Expenditure Account 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.

The trust is benefitting from the ESFA's Free School Building Programme for the construction of King Solomon International Business School. The funding for the programme is not recognised as a capital grant until there is unconditional entitlement from costs being incurred, and the development occurring on a site where the trust controls through ownership the site where a development is occurring. The expenditure is capitalised in assets under construction until the project is complete.

Donations are recognised on a receivable basis where receipt is probable and the amount can be reliably measured.

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

**1.4 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 charitable activities are costs incurred on the academy's educational operations, including support costs and those costs relating to the governance of the academy appointed to charitable activities.

All expenditure is inclusive of irrecoverable VAT.



**1. Accounting Policies (continued)**

**1.5 Tangible fixed assets and depreciation**

All assets costing more than £1,000 are capitalised 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 incorporating Income and Expenditure Account 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 incorporating Income and Expenditure Account. 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 these assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	2% straight line
Fixtures and fittings	-	25% straight line
Computer equipment	-	33.33% straight line

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 incorporating Income and Expenditure Account.

**1.6 Interest receivable**

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

**1.7 Debtors**

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

**1.8 Cash at Bank and in hand**

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

**1. Accounting Policies (continued)**

**1.9 Liabilities and provisions**

Liabilities and provisions 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 anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

**1.10 Financial instruments**

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

*Financial assets* - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 13. Prepayments are not financial instruments. Amounts due to the academy's wholly owned subsidiary are held at face value less any impairment. Cash at bank is classified as a basic financial instrument and is measured at face value.

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

**1.11 Taxation**

The academy 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 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.

**1.12 Pensions**

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Governments Pension Scheme ("LGPS"). These are defined benefit schemes.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 20, 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.

**1. Accounting Policies (continued)**

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 operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities incorporating Income and Expenditure Account 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.

**1.13 Fund accounting**

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

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

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

**Notes to the Financial Statements**  
**For the Year Ended 31 August 2017**

**1. Accounting Policies (continued)**

**1.14 Critical accounting estimates and areas of judgment**

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

Critical accounting estimates and assumptions:

The academy trust makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed 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 20, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgment:

Tangible fixed assets are depreciated over their useful lives taking into account residual values where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors.

**2. Income from donations and capital grants**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
Capital Grants	-	-	6,261	6,261	1,948,109
Donations	55	-	-	55	-
	<u>55</u>	<u>-</u>	<u>6,261</u>	<u>6,316</u>	<u>1,948,109</u>
<i>Total 2016</i>	<u>-</u>	<u>-</u>	<u>1,948,109</u>	<u>1,948,109</u>	

**Notes to the Financial Statements**  
**For the Year Ended 31 August 2017**

**3. Funding for Academy's educational operations**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
<b>DfE/ESFA grants</b>				
General Annual Grant (GAG)	-	1,601,447	1,601,447	895,534
Post Opening Grant (Start Up Grant)	-	184,997	184,997	185,000
Other DfE/ESFA grants	-	213,657	213,657	108,504
	-	2,000,101	2,000,101	1,189,038
<b>Other government grants</b>				
Local authority grants	-	7,102	7,102	22,585
	-	7,102	7,102	22,585
<b>Other funding</b>				
Other income from the academy trust's educational operations	24,257	-	24,257	30,793
	24,257	-	24,257	30,793
	24,257	2,007,203	2,031,460	1,242,416
<i>Total 2016</i>	19,432	1,222,984	1,242,416	

**4. Other trading activities**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Hire of facilities	35,891	-	35,891	14,690
Fundraising activities	669	-	669	-
Tuckshop income	1,026	-	1,026	-
	37,586	-	37,586	14,690
<i>Total 2016</i>	14,690	-	14,690	

**Excell3 Independent Schools Limited**  
**(A Company Limited by Guarantee)**

**Notes to the Financial Statements**  
**For the Year Ended 31 August 2017**

**5. Investment income**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Short term deposits	170	-	170	419
<i>Total 2016</i>	419	-	419	

**6. Expenditure**

	Staff costs 2017 £	Premises 2017 £	Other costs 2017 £	Total 2017 £	Total 2016 £
Activities:					
Direct costs	1,217,411	-	139,969	1,357,380	811,885
Support costs	537,091	93,004	809,433	1,439,528	693,192
	1,754,502	93,004	949,402	2,796,908	1,505,077
<i>Total 2016</i>	915,346	60,870	528,861	1,505,077	

**7. Support costs**

	Activities £	Total 2017 £	Total 2016 £
Depreciation	407,000	407,000	199,651
Technology costs	35,991	35,991	6,325
Premises costs	295,818	295,818	60,870
Other support costs	149,944	149,944	149,694
Governance costs	13,684	13,684	16,638
LGPS finance income	-	-	(7,000)
Support staff costs	339,668	339,668	176,756
National insurance	29,130	29,130	12,268
Pension cost	168,293	168,293	29,351
	1,439,528	1,439,528	644,553
<i>At 31 August 2016</i>	644,553	644,553	

**Excell3 Independent Schools Limited**  
**(A Company Limited by Guarantee)**

**Notes to the Financial Statements**  
**For the Year Ended 31 August 2017**

**8. Net income/(expenditure)**

This is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets: - owned by the charity	407,000	199,651
Fees payable to auditor for: -audit	6,000	6,000
	<u>6,000</u>	<u>6,000</u>

**9. Staff costs**

Staff costs were as follows:

	2017 £	2016 £
Wages and salaries	1,267,300	665,945
Social security costs	116,324	53,725
Operating costs of defined benefit pension schemes	314,103	108,715
	<u>1,697,727</u>	<u>828,385</u>
Supply teacher costs	56,775	68,961
Staff restructuring costs	-	18,000
	<u>1,754,502</u>	<u>915,346</u>

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

	2017 No.	2016 No.
Teachers	18	11
Administration and support	25	16
Management	1	1
	<u>44</u>	<u>28</u>

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

	2017 No.	2016 No.
In the band £60,001 - £70,000	1	1
In the band £70,001 - £80,000	2	0
In the band £90,001 - £100,000	0	1

The key management personnel of the academy trust comprise the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer national insurance and pension contributions) received by key management personnel for their services to the academy trust was £464,651 (2016 £216,720)

**10. Trustees' remuneration and expenses**

One or more Trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The Principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and other staff members under their contracts of employment, and not in respect of their role as Trustees. The value of Trustees' remuneration and other benefits was as follows:

		2017 £	2016 £
L Fields (appointed 5 June 2017)	Remuneration	15,000-20,000	
	Pension contributions paid	0-5,000	
C Byfield (appointed 1 September 2016)	Remuneration	75,000-80,000	
	Pension contributions paid	5,000-10,000	
M Newman (resigned 31 August 2016)	Remuneration		90,000-95,000
	Pension contributions paid		10,000-15,000

During the year, no Trustees received any benefits in kind (2016 - £NIL).

During the year ended 31 August 2017, travel and subsistence expenses totalling £1,060 were reimbursed or paid directly to 4 Trustees (2016 - £1,400 to 5 Trustees).

**11. Trustees' and Officers' Insurance**

The academy trust has opted into the Department for Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business, and provides cover up to £10,000,000. It is not possible to quantify the Trustees and officers indemnity element from the overall cost of the RPA scheme.



**Excell3 Independent Schools Limited**  
**(A Company Limited by Guarantee)**

**Notes to the Financial Statements**  
**For the Year Ended 31 August 2017**

**12. Tangible fixed assets**

	Freehold property £	Fixtures and fittings £	Computer equipment £	Total £
<b>Cost</b>				
At 1 September 2016	6,699,942	88,618	373,203	7,161,763
Additions	261,367	11,950	103,820	377,137
At 31 August 2017	6,961,309	100,568	477,023	7,538,900
<b>Depreciation</b>				
At 1 September 2016	77,464	15,265	106,922	199,651
Charge for the year	228,276	24,011	154,713	407,000
At 31 August 2017	305,740	39,276	261,635	606,651
<b>Net book value</b>				
At 31 August 2017	6,655,569	61,292	215,388	6,932,249
At 31 August 2016	6,622,478	73,353	266,281	6,962,112

Included in freehold property is land at a valuation of £300,000 (2016- £300,000) which is not depreciated.

Freehold property consists of Waterlinks House which has been renovated throughout the current and prior years. The building is currently recognised at historical cost, however once this work has been completed the Trustees intend to seek a formal valuation.

**13. Debtors**

	2017 £	2016 £
Trade debtors	1,100	-
Other debtors	803,301	1,393,166
Prepayments and accrued income	33,699	46,789
VAT recoverable	37,234	106,929
	875,334	1,546,884

**14. Creditors: Amounts falling due within one year**

	2017 £	2016 £
Trade creditors	68,529	72,369
Other taxation and social security	30,704	66,685
Other creditors	90,839	259,697
Accruals and deferred income	65,066	55,479
	255,138	454,230

**Excell3 Independent Schools Limited**  
**(A Company Limited by Guarantee)**

**Notes to the Financial Statements**  
**For the Year Ended 31 August 2017**

---

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

	<b>2017</b>	2016
	<b>£</b>	<b>£</b>
<b>Deferred income</b>		
Deferred income at 1 September 2016	<b>15,000</b>	-
Resources deferred during the year	<b>55,222</b>	15,000
Amounts released from previous years	<b>(15,000)</b>	-
	<u><b>55,222</b></u>	<u>15,000</u>
Deferred income at 31 August 2017	<u><b>55,222</b></u>	<u>15,000</u>

Deferred income relates to Universal Infant Free School Meals grant received in the year but which will be utilised in the year ended 31 August 2018.

**Excell3 Independent Schools Limited**  
**(A Company Limited by Guarantee)**

**Notes to the Financial Statements**  
**For the Year Ended 31 August 2017**

**15. Statement of funds**

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
<b>Unrestricted funds</b>						
General Funds	-	62,068	(13,209)	(48,859)	-	-
<b>Restricted funds</b>						
General Annual Grant (GAG)	(5,976)	1,601,447	(1,639,632)	46,423	-	2,262
Post Opening Grant (Start Up Grant)	-	184,997	(184,997)	-	-	-
Pupil Premium	-	147,927	(147,927)	-	-	-
Other grants	-	72,832	(75,068)	2,236	-	-
Pension reserve	(24,000)	-	(120,000)	-	(61,000)	(205,000)
	<u>(29,976)</u>	<u>2,007,203</u>	<u>(2,167,624)</u>	<u>48,659</u>	<u>(61,000)</u>	<u>(202,738)</u>
<b>Restricted fixed asset funds</b>						
DfE/ESFA capital grants and property donation	8,216,257	-	(606,297)	200	-	7,610,160
Capital expenditure from GAG	2,351	-	(1,661)	-	-	690
Big Lottery	9,900	-	(1,856)	-	-	8,044
Devolved Formula Capital (DFC)	-	6,261	(6,261)	-	-	-
	<u>8,228,508</u>	<u>6,261</u>	<u>(616,075)</u>	<u>200</u>	<u>-</u>	<u>7,618,894</u>
Total restricted funds	<u>8,198,532</u>	<u>2,013,464</u>	<u>(2,783,699)</u>	<u>48,859</u>	<u>(61,000)</u>	<u>7,416,156</u>
Total of funds	<u>8,198,532</u>	<u>2,075,532</u>	<u>(2,796,908)</u>	<u>-</u>	<u>(61,000)</u>	<u>7,416,156</u>

**Statement of funds - prior year**

	Balance at 1 September 2015 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2016 £
<b>Unrestricted funds</b>						
General Funds	-	34,541	-	(34,541)	-	-
	<u>-</u>	<u>34,541</u>	<u>-</u>	<u>(34,541)</u>	<u>-</u>	<u>-</u>

**Excell3 Independent Schools Limited**  
**(A Company Limited by Guarantee)**

**Notes to the Financial Statements**  
**For the Year Ended 31 August 2017**

**15. Statement of funds (continued)**

**Restricted funds**

Pre-opening grant	50,987	-	(11,361)	(39,626)	-	-
General Annual Grant (GAG)	-	895,534	(961,876)	60,366	-	(5,976)
Post Opening Grant (Start Up Grant)	-	185,000	(185,000)	-	-	-
Pupil Premium	-	59,349	(67,980)	8,631	-	-
Other grants	-	83,101	(85,209)	2,108	-	-
Pension reserve	-	-	6,000	-	(30,000)	(24,000)
	<u>50,987</u>	<u>1,222,984</u>	<u>(1,305,426)</u>	<u>31,479</u>	<u>(30,000)</u>	<u>(29,976)</u>

**Restricted fixed asset funds**

DfE/ESFA capital grants and property donation	6,476,988	1,938,209	(198,940)	-	-	8,216,257
Capital expenditure from GAG	-	-	(711)	3,062	-	2,351
Big Lottery	-	9,900	-	-	-	9,900
	<u>6,476,988</u>	<u>1,948,109</u>	<u>(199,651)</u>	<u>3,062</u>	<u>-</u>	<u>8,228,508</u>
Total restricted funds	<u>6,527,975</u>	<u>3,171,093</u>	<u>(1,505,077)</u>	<u>34,541</u>	<u>(30,000)</u>	<u>8,198,532</u>
Total of funds	<u>6,527,975</u>	<u>3,205,634</u>	<u>(1,505,077)</u>	<u>-</u>	<u>(30,000)</u>	<u>8,198,532</u>

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

**Restricted Funds:**

The General Annual Grant (GAG) is used for educational purposes in line with the academy's objects and its funding agreement.

The start up grant was used to establish the Academy.

Other DfE/ESFA grants are used to provide additional support in specific areas in the school as set out by their terms.

**Notes to the Financial Statements**  
**For the Year Ended 31 August 2017**

**15. Statement of funds (continued)**

**Restricted Fixed Asset Funds:**

The capital grant is being used for the reallocation of the academy whilst refurbishment work is carried out on our main school property.

The Big Lottery grant was spent in providing a primary outdoor equipment.

The Devolved Formula Capital grant has been spent on repairing the playground.

Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2017.

**16. Analysis of net assets between funds**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	6,932,248	6,932,248
Current assets	-	191,924	752,121	944,045
Creditors due within one year	-	(189,662)	(65,475)	(255,137)
Provisions for liabilities and charges	-	(205,000)	-	(205,000)
	-	(202,738)	7,618,894	7,416,156

**Analysis of net assets between funds - prior year**

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £
Tangible fixed assets	-	-	6,962,112	6,962,112
Current assets	50,026	242,269	1,422,355	1,714,650
Creditors due within one year	(50,026)	(248,245)	(155,959)	(454,230)
Provisions for liabilities and charges	-	(24,000)	-	(24,000)
	-	(29,976)	8,228,508	8,198,532

**Excell3 Independent Schools Limited**  
**(A Company Limited by Guarantee)**

**Notes to the Financial Statements**  
**For the Year Ended 31 August 2017**

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

	2017 £	2016 £
Net (expenditure)/income for the year (as per Statement of Financial Activities)	(782,376)	1,670,557
<b>Adjustment for:</b>		
Depreciation charges	407,000	199,651
Interest receivable	(170)	(419)
Decrease in debtors	671,550	353,361
Decrease in creditors	(199,092)	(124,899)
Capital grants from DfE/ESFA and other capital income	(6,261)	(1,948,109)
Defined benefit pension scheme adjustments	181,000	24,000
<b>Net cash provided by operating activities</b>	<b>271,651</b>	<b>174,142</b>

**18. Analysis of cash and cash equivalents**

	2017 £	2016 £
Cash in hand	68,711	167,766
Total	<b>68,711</b>	<b>167,766</b>

**19. Capital commitments**

At 31 August 2017 the academy had capital commitments as follows:

	2017 £	2016 £
Contracted for but not provided in these financial statements	<b>240,576</b>	-

## **20. Pension commitments**

The academy's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by West Midlands Pension Fund. Both are Multi-Employer Defined Benefit Pension Schemes.

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

Contributions amounting to £42,157 were payable to the schemes at 31 August 2017 (2016 - £6,863) and are included within creditors.

### **Teachers' Pension Scheme**

#### **Introduction**

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

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

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

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

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

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £94,000 (2016 - £60,000).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website ([www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx](http://www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx)).

**Notes to the Financial Statements**  
**For the Year Ended 31 August 2017**

**20. Pension commitments (continued)**

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

**Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £124,000 (2016 - £71,000), of which employer's contributions totalled £87,000 (2016 - £57,000) and employees' contributions totalled £37,000 (2016 - £14,000). The agreed contribution rates for future years are 17.6% for employers and 5.5 - 12.5% for employees.

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

Principal actuarial assumptions:

	<b>2017</b>	<b>2016</b>
Discount rate for scheme liabilities	<b>2.60 %</b>	2.20 %
Rate of increase in salaries	<b>4.20 %</b>	3.75 %
Rate of increase for pensions in payment / inflation	<b>2.70 %</b>	2.00 %

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

	<b>2017</b>	<b>2016</b>
Retiring today		
Males	<b>21.8 years</b>	23.1 years
Females	<b>24.3 years</b>	25.8 years
Retiring in 20 years		
Males	<b>24.0 years</b>	25.3 years
Females	<b>26.6 years</b>	28.1 years

<b>Sensitivity analysis</b>	<b>At 31 August 2017 £</b>	<b>At 31 August 2016 £</b>
Discount rate +0.1%	<b>(14,000)</b>	(2,000)
Discount rate -0.1%	<b>15,000</b>	3,000
Mortality assumption - 1 year increase	<b>15,000</b>	3,000
Mortality assumption - 1 year decrease	<b>(15,000)</b>	(3,000)
CPI rate +0.1%	<b>15,000</b>	3,000
CPI rate -0.1%	<b>(14,000)</b>	(3,000)



**Notes to the Financial Statements**  
**For the Year Ended 31 August 2017**

**20. Pension commitments (continued)**

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

	<b>Fair value at 31 August 2017 £</b>	<b>Fair value at 31 August 2016 £</b>
Equities	<b>169,000</b>	47,000
Government bonds	<b>20,000</b>	5,000
Other bonds	<b>10,000</b>	7,000
Property	<b>20,000</b>	6,000
Cash and other liquid assets	<b>13,000</b>	5,000
Other	<b>35,000</b>	8,000
<b>Total market value of assets</b>	<b>267,000</b>	<b>78,000</b>

The actual return on scheme assets was £23,000 (2016 - £7,000).

The amounts recognised in the Statement of Financial Activities incorporating Income and Expenditure Account are as follows:

	<b>2017 £</b>	<b>2016 £</b>
Current service cost	<b>(207,000)</b>	(58,000)
Net interest cost	-	1,000
<b>Total</b>	<b>(207,000)</b>	<b>(57,000)</b>
<b>Actual return on scheme assets</b>	<b>23,000</b>	<b>7,000</b>

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

	<b>2017 £</b>	<b>2016 £</b>
Opening defined benefit obligation	<b>102,000</b>	-
Current service cost	<b>207,000</b>	58,000
Interest cost	<b>3,000</b>	-
Employee contributions	<b>37,000</b>	14,000
Benefits paid	<b>(1,000)</b>	-
Actuarial losses	<b>124,000</b>	30,000
<b>Closing defined benefit obligation</b>	<b>472,000</b>	<b>102,000</b>

**Excell3 Independent Schools Limited**  
**(A Company Limited by Guarantee)**

**Notes to the Financial Statements**  
**For the Year Ended 31 August 2017**

---

**20. Pension commitments (continued)**

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

	2017 £	2016 £
Opening fair value of scheme assets	78,000	-
Return on plan assets (excluding net interest in the net defined pension liability)	20,000	6,000
Interest income	3,000	1,000
Employer contributions	87,000	57,000
Employee contributions	37,000	14,000
Benefits paid	(1,000)	-
Other actuarial gains	43,000	-
	<hr/>	<hr/>
Closing fair value of scheme assets	267,000	78,000
	<hr/>	<hr/>

**21. Members' liability**

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £ 1 for the debts and liabilities contracted before he/she ceases to be a member.

**22. Related party transactions**

No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 10.