

THE ROYSTON SCHOOLS ACADEMY TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2018



THE ROYSTON SCHOOLS ACADEMY TRUST

(A Company Limited by Guarantee)

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THE ROYSTON SCHOOLS ACADEMY TRUST

(A Company Limited by Guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS MEMBERS, TRUSTEES AND ADVISERS FOR THE YEAR ENDED 31 AUGUST 2018

Members	D Brynjolfsson D Graham (resigned 30 October 2017) L Rawlings (resigned 22 October 2017) C Boston (appointed 22 November 2017) C Fage (appointed 22 November 2017)
Trustees	C Boston, Chair of Trustees D Graham (resigned 20 October 2017) D Webster L Judge (resigned 20 November 2018) D Brynjolfsson L Rawlings, Deputy Headteacher C Fage J Berry (resigned 12 June 2018) R Gerstein (resigned 17 September 2018) P Umande (resigned 12 December 2017) G Farquhar, Head Teacher (appointed 17 September 2018) D Morgan (appointed 20 November 2018)
Company Registered Number	07695881
Company name	The Royston Schools Academy Trust
Registered and principal office	Meridian School Garden Walk Royston Hertfordshire SG8 7JH
Company Secretary and Chief Financial Officer	A Merritt
Accounting Officer	L Rawlings (until 31 August 2018)
Senior Management Team	L Rawlings, Headteacher at Greneway and Roysia Middle School (up to 31 August 2018) K Horner, Acting Headteacher Meridian School (up to 31 August 2018)
Independent Auditors	Price Bailey LLP Chartered Accountants Statutory Auditors Causeway House 1 Dane Street Bishop's Stortford Hertfordshire CM23 3BT
Bankers	Lloyds TSB The Cross 2 Melbourn Street Royston Hertfordshire SG8 7BL

THE ROYSTON SCHOOLS ACADEMY TRUST

(A Company Limited by Guarantee)

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2018

The Trustees present their Annual Report together with the financial statements and Auditor's Report of The Royston Schools Academy Trust (The Trust or the Charitable Company) for the year ended 31 August 2018. The Annual Report serves the purposes of both a Trustees' Report, and a Directors' Report under company law.

The Trust operates 2 middle and 1 upper school academies (the Academies or the Schools) serving a catchment area in Royston and the surrounding villages. The Academies have a combined capacity of 1,681 and had a roll of 916 in the 2018 census.

Structure, Governance and Management

The Trust is a company limited by guarantee and an exempt charity. The Charitable Company's Memorandum and Articles of Association are its primary governing documents. The Trustees of The Charitable Company are also the Directors for the purposes of company law. The terms Trustee and Director are interchangeable. The Charitable Company includes the following Academies:

- Greneway Middle School converted and joined the Trust on 01 November 2011
- Meridian School converted and joined the Trust on 01 November 2011
- Roysia Middle School converted and joined the Trust on 01 November 2011

The operation of the Academies and employment of staff are the responsibility of the Trustees. The Trust retains control of Academy budgets and finances, and monitors these through its Finance Committee. Throughout this report the Board of Trustees is referred to as the Main Governing Body (MGB). Each Academy has appointed Local Governing Bodies (LGB) who have delegated authority to administer their Academy within agreed budgets.

Within this Report the term Trustee or Director refers to a member of the MGB and the term Governor to a member of an LGB. Details of the Trustees who served during the year are included in the Reference and Administrative Details section.

Members' Liability

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

Governors and Officers' Indemnities

The 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 Governors and Officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust business, and provides cover up to £5,000,000. It is not possible to quantify the Governors and Officers indemnity element from the overall cost of the RPA scheme.

Method of Recruitment and Appointment or Election of Trustees

Trustees are appointed from the LGB of our 3 Schools in accordance with the provisions detailed within the Memorandum and Articles of Association. The Chair, Vice-chair and a Parent Governor of each school's LGB represents the School on the MGB along with the School's Headteacher. Trustees are appointed for a period of 4 years. The arrangements are as set out in the Articles and Funding Agreement.

Policies and Procedures Adopted for the Induction and Training of Trustees and Governors

The Trust is committed to providing opportunities for Trustees and Governors to undertake and receive suitable training so as to enable them to perform their role effectively. To this end The Trust links with a number of local training providers. New Trustees and Governors are required to attend a training programme. The induction programme would involve a tour of the relevant Academy, meetings with students and staff and provision of policy and procedures documents that are appropriate to the role they undertake with particular emphasis on the committee work that they will undertake.

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TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2018

Organisational Structure

The governance of the Trust is defined in the Memorandum and Articles of Association together with the funding agreement with the Department of Education.

The MGB, which meets on at least 5 occasions per year, is responsible for setting general policy, adopting an annual budget, monitoring the Schools by the use of budgets and making major decisions about the direction of the Trust, capital expenditure and staff appointments. The Trust's Accounting Officer is a member of the MGB.

The Senior Leadership Team of each school report through their LGBs and are responsible at an executive level for implementing policies and the day to day operation of their School, in particular organising staff and resources. They are also responsible for the authorisation of spending within agreed budgets and for the appointment of staff following the vetting and safeguarding recruitment process.

The Accounting Officer has overall responsibility for the day to day financial management of the Charitable Company and has delegated responsibility for expenditure in accordance with agreed limits to specific budget holders who are each responsible for managing their own Schools and departments within the constraints of their allocated budgets. A system of financial controls is in place to manage this process.

Arrangements for Setting Pay and Remuneration of Key Management Personnel

Key management personnel include Trustees and those staff to whom the Trustees have delegated significant authority and responsibility in the day-to-day running of the Trust. The Trust has a pay policy which covers the setting of pay for teaching and support staff. The pay and remuneration of key management personnel is decided with reference to this policy and takes into account a variety of contributory factors such as experience of each staff member and pay scales for each role. In addition pay levels may be affected by nationally agreed pay awards, the ability to recruit and retain in post, all of which are in accordance with the Trust's pay policy. Whenever possible remuneration is benchmarked to establishments of a similar size and complexity.

All amendments to key management's pay and remuneration is approved by the appropriate sub-committee.

Trade Union Facility

The Trust had no employees who acted as union officials during the year.

Related Parties and other Connected Charities and Organisations

Owing to the nature of the Trust's operations and the composition of the MGB being drawn from local public and private sector organisations, it is inevitable that from time to time transactions will take place with organisations in which Trustees may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Trust's financial regulations and normal procedures. Any transaction where the Trustee may have a pecuniary interests only undertaken in accordance with the 'at cost' principle described in the Academies Financial Handbook.

The Trust is active in creating links and partnerships with other schools and organisations within the area. Our Extended Services provides support for families, pupils and professionals in all 12 schools in Royston and the surrounding area. Our Headteachers and staff are involved in groups across North Hertfordshire including Royston Area Schools Partnership, North Herts Consortium, North Herts Teaching Alliance and North Herts Schools Sports Partnership. The Upper School is an active member of the National College for Teaching and Leadership. The Middle Schools are active members of the National Middle Schools Forum.

The Trust does not have a formal sponsor.

Objectives and Activities

Objectives and Aims

The principal objective and aim of the Charitable Company is the operation of a number of Academies to provide free education and care for pupils of different abilities within its local community between the ages of 9 and 18.

THE ROYSTON SCHOOLS ACADEMY TRUST

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TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2018

Objectives, Strategies and Activities

During the year the Trust has focussed on two key objectives:

- Education excellence and
- Financial sustainability

The Trust has worked towards achieving these aims by consulting on a proposal to create a through school in Royston to improve the effectiveness of the Trust and review organisational structure

On 13 September 2017 the Trust issued a press release announcing the plan to create one "through school" in Royston. The consultation document for this was released on 20 October 2017 (consultation process - 20 October to 1 December 2017). The changes being proposed were:

- To merge all three Schools into a through school, under a new name, with middle years, upper years and sixth form provision. The School would admit pupils from ages 9 to 18 (years 5 to 13).
- To site the School on the current Garden Walk sites (where Greneway and Meridian Schools are currently situated).
- To deliver Sixth Form provision through a partnership between Meridian Sixth Form and The Knights Templar School Sixth Form in Baldock.
- To affect these changes for September 2018.

A 'significant change' case was submitted to the Department for Education (DfE).

A new Headteacher was recruited to lead the through school and provide consistent, efficient and effective leadership across all years in 2018-19. The new Headteacher worked with the Trustees to continue to progress the changes outlined in the objectives.

In April 2018, DfE approval was not yet received and there was a need for pupil place allocation. The Trust had little choice and in the best interests of students decided to continue to run high quality education at all three sites for the next academic year (2018-2019).

A review of cost savings and efficiencies was conducted. This led to a restructure of teaching staff which took place to create a through school staffing structure with one leadership team and middle leadership team focussed across Years 5 to 13. This structure was implemented for September 2018.

In addition, the Trust worked with a School Resource Management Adviser to review budget and propose plans to centralise support staff and services to realise further cost efficiencies.

Public Benefit

The Trustees believe that by working towards the objects and aims of the Trust as detailed above, they have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission.

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TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2018

Strategic Report

Achievements and Performance

Key Stage 2 SATs Test Results 2018

Key stage 2 covers school years 3 to 6 of which we cover years 5 and 6 (ages 9-11). It is a statutory requirement that children are tested at the end of Key Stage 2 (Year 6). The results for the Trust are:

% of pupils reaching the expected standard:		2018			2017		
	Greneway	Roysia	National	Greneway	Roysia	National	
Reading	73	65	75	73	63	72	
Grammar, Punctuation & Spelling	72	54	77	76	63	78	
Writing	49	60	78	66	63	77	
Maths	64	60	75	66	51	75	
Reading, Writing & Maths	43	44	64	53	42	62	

Average scale score:		2018			2017		
	Greneway	Roysia	National	Greneway	Roysia	National	
Reading	104.4	102.6	105.0	104.9	100.9	104.6	
Grammar, Punctuation & Spelling	104.5	101.1	106.1	105.3	101.3	106.5	
Maths	101.9	101.5	104.4	102.5	100.1	104.7	

GCSE Results

	2018	2017
Key Stage 2-4 Value Added	Progress 8 score 0.05	Progress 8 score - 0.38
Grade 4 and above English	65.5%	73.8%
Grade 4 and above Maths	70.9%	72.1%

A Level Results

	2018	2017
Entries in which A*-B achieved	47.1%	39.6%
Entries in which A*-C achieved	68.8%	61.2%
Entries in which A*-E achieved	98.7%	88.1%
Value added		0.07

Key Performance indicators

The Trustees receive monthly information to monitor the performance of the constituent Schools compared to financial budgets.

As funding is based on pupil numbers this is a key performance indicator. Pupil numbers for 2016 on which funding has been based were 1,070 (2015: 1,099).

In line with other educational establishments our principle cost is staffing. In 2018 staff costs were 75% of our overall costs (Budget 77%). The Trustees are confident that staffing levels are closely monitored. During the year a re-structuring of teaching staff was undertaken (see Financial review).

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TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2018

Going Concern

The underlying issue of low pupil numbers continues; overall the Trust was at 64% of capacity in the year with 29 less pupils than the prior year. With the challenge of delivering a curriculum the deficit on our GAG fund was £(486,961) compared to £(395,700) in 2017. With pupil number projections not showing any recovery in the immediate future the Trust has taken action in the year to reduce its cost base. With the re-structuring to a through school approach and the significant cost savings this will yield the Trust is forecasting to balance its budget in the financial year 2018-19.

Given the nature of the Trust's financial challenges during this period, the Trustees have been working closely with the Education and Skills Funding Agency (ESFA) to ensure that there are adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

Financial Review

The principal source of funding for the Trust is the General Annual Grant (GAG) and other grants that it receives from the Education and Skills Funding Agency (ESFA). For the year ended 31 August 2018 the Trust received £6,187,623 of GAG and other income. A high percentage of this income is spent on wages and salaries and support costs to deliver the Trust's primary objective of the provision of education.

Hertfordshire operates a Fund for Small Secondary Schools in Areas of Demographic Growth which is designed to support small secondary schools and academies with surplus places which will be needed in the near future. Meridian qualified for this funding and received £404,989 in the year.

During the year the Trust has been in discussion with the ESFA regarding its on-going deficit position. The deficit on our GAG fund for the year was £(486,961) taking the cumulative deficit to £(1,456,617). This is as a result of low pupil numbers, increases in national insurance and teachers' pension costs and the impact of changes in Government funding. The Trust has taken action to mitigate the impact as much as possible without impacting its primary objective which is the delivery of education. During the year the Trust re-structured its teaching staff. A major part of this was the creation of 1 Senior Leadership Team across the Trust rather than 1 at each School. Consequently the Trust made voluntary redundancies costing £101,724, see Note 9 Staff Costs.

The Trust received £153,007 of capital funding during the year for window replacement at the Roysia site. Pending decisions on the future of this site this project has been put on hold and the balance remaining on the funds has been included within other creditors (See Note 15) pending potential repayment to the ESFA.

The Trust exceeded the agreed £800,000 deficit funding under the Financial Notice to Improve which was issued in July 2014. Deficit funding as at 31 August 2018 was £1,295,000. The Trust has been in continued contact with the ESFA regarding its financial position and during the year a School Resource Management Advisor appointed by the ESFA worked with the Trust to identify areas of potential cost savings.

Due to the accounting rules for the Local Government Pension Scheme under FRS102, the Trust is recognising a significant pension fund deficit of £914k. This does not mean that an immediate liability for this amount crystallises and such a deficit generally results in a cash flow effect in the form of increased employer contributions over a number of years.

Reserves Policy

The Trustees are aware of the requirement to balance current and future needs. Due to the demographics of the area the Trust was unable to balance its budget. The additional funding secured from the ESFA enables the Trust to pursue its educational strategy outlined above for the foreseeable future.

Investment Policy

There are no investments held to meet the Trust's day-to-day requirements other than cash balances which at the year end were £825,885. These balances are held with a major UK clearing bank. These cash balances are required to meet the operational needs of the Trust. Speculative investment is not permitted.

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TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2018

Principal Risks and Uncertainties

There is a process established whereby the Trust works with the LGB's in maintaining risk registers identifying the major risks, to which each Academy is exposed, and identifying actions and procedures to mitigate those risks. Part of this process includes the register being approved and monitored by the MGB via the Audit Committee and the Resources Committees of each Academy with a formal review of the process undertaken on an annual basis. New Trustees have highlighted the need to strengthen Trust risk management. Additionally, the most recent annual audit highlighted an opportunity to introduce a Trust risk register. The Trustees have agreed to establish a Trust-wide risk register and undertake a full review of both existing and future risks to include actions and procedures to mitigate. The principal risks facing the Trust are outlined below; those facing the Academies at an operational level are addressed by its systems and by internal financial and other controls.

The Trustees report that the Trust's financial and internal controls conform to guidelines issued by the ESFA, and that improvements to the wider framework of systems dealing with business risk and risk management strategy continue to be made and formally documented.

It is recognised that systems can only provide reasonable but not absolute assurance that major risks have been adequately managed.

The Trustees assess the other principal risks and uncertainties facing the Trust as follows:

- each Academy Trust has considerable reliance on continued Government funding through the ESFA and 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 potential failure to effectively manage the Trust's finances, internal controls, compliance with regulations and legislation, statutory returns, etc. The Trustees continue to review and ensure that appropriate measures are in place to mitigate these risks;
- reputational - the continuing success of the individual Academies is dependent on continuing to attract applicants in sufficient numbers by maintaining the highest educational standards. To mitigate this risk Trustees ensure that student progress and outcomes 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 Academies is reliant on the quality of its staff and the Trustees monitor and review policies and procedures and recruitment to ensure continued development and training of staff as well as ensuring there is clear succession planning;
- fraud and mismanagement of funds - The Trust has appointed Price Bailey to carry out independent and external checks on financial systems and records as required by the Academy Financial Handbook. All finance staff receive training to keep up to date with financial practice requirements and develop their skills in this area;
- financial instruments – the Trust only deals with bank balances, cash and trade creditors, with limited trade (and other) debtors. The risk in this area is considered to be low; and
- defined benefit pension liability – as the Government has agreed to meet the defined benefit pension liability of any Academy ceasing to exist the main risk to the Trust is an annual cash flow funding of part of the deficit. Trustees take these payments into account when setting the annual budget plan.

The Trust through its Finance and Audit Committee ensures that Contingency Plans are in place for each Academy and that the level of insurance cover is appropriate.

Fundraising

The Trust only held small fundraising events during the year. The Trust does not work with professional fundraisers or companies who carry out fundraising on its behalf. During the year no complaints or issues have arisen as a result of fundraising events.

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TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2018

Plans for Future Periods

Our core purpose is to provide all members of the school community with the challenge and opportunity to continually raise their aspiration, strive to meet their goals and develop the skills to ensure they are a success in their future endeavours on an academic, personal and social level. RSAT Vision Statement, September 2018

- Continue to develop and strengthen the through school approach.
- Work with key agencies and stakeholders to conclude any significant changes required to achieve the above core purpose.
- Ensure the financial stability of the Trust.
- Locate all pupils Years 5 to 13 on the Garden Walk sites from September 2019.
- Explore alternative uses for the Roysia site.
- Following the governance review that was undertaken in the current year to implement a structure that supports the through school educational model.
- Centralising support staff and services to ensure efficient and effective through school approach

Funds Held as Custodian Trustee on Behalf of Others

The Trust does not hold any funds as Custodian Trustee on behalf of others.

Auditor

Insofar as the Trustees are aware:

- there is no relevant audit information of which the Charitable Company's Auditor is unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Auditor is aware of that information.

The Trustees' Report, incorporating a Strategic Report, was approved by the Board of Trustees on 11 December 2018 signed on the Board's behalf by:



Mrs C Boston
Chair of Trustees

THE ROYSTON SCHOOLS ACADEMY TRUST

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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

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

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

GOVERNANCE

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has formally met 13 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
C Boston	12	12
D Graham	1	2
D Webster	13	13
L Judge	13	13
D Brynjolfssen	13	13
L Rawlings	12	13
C Fage	12	13
J Berry	10	11
R Gerstein	9	13
P Umande	1	4

The composition of the Board of Trustees has changed over the financial year 2017/18.

During the year the following trustees resigned from the Trust:

- D Graham (October 2017)
- P Umande (December 2017)
- J Berry (June 2018)

The Board of Trustees faced the following challenges in the year:

- Financial sustainability of the Trust.
- Developing the Trust Board structure alongside a restructure of schools
- Effective and Efficient Board Structure - The Trust was set up in 2011 (with Local Governing Bodies represented at Trust level) and this does not fit current principles of governance framework

With 'significant change case proposed, a review of governance structures was undertaken. Various governance models, informed by local and national best practice were reviewed and an agreed through school model planned. In 2018/19 an interim governance structure is being implemented. The 2017 Skills Audit was used to inform discussions for another Skills Audit undertaken in September 2018.

In 2018/19 an interim governance structure is being adopted. New Articles of Association, Terms of Reference and Governance structures will be developed for operation in 2019/20.

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GOVERNANCE STATEMENT (continued)

The Finance and Audit Committee is a sub-committee of the Board of Trustees.

Its purpose is:

- to review the effectiveness of the Trust's internal control system established to ensure that the aims, objectives and key performance targets of the organisation are achieved in the most economic and effective;
- to review the actions and judgement of management in relation to the Trust's financial statements;
- to review external audit service and recommend appointment of external Auditor to the Board of Trustees;
- to review and select the Trust's insurance cover; and
- monitor the Trust's compliance with its Financial Notice to Improve and liaise with the ESFA regarding this.

Historically, the Committee operated outside of Board of Trustees meetings, however during 2016/17 with frequent Trust meetings taking place, the purpose and remit of this Committee was incorporated within Board of Trustee meetings as appropriate.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
C Boston	1	2
D Brynjolfssen	2	2
L Judge	2	2
D Webster	2	2
L Rawlings	2	2
P Umande	1	1

REVIEW OF VALUE FOR MONEY

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

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

- Restructuring the organisation to achieve significant savings on expenditure
- Sustaining educational outcomes
- Use of resources to ensure effective education outcomes (see Progress 8 outcomes).
- Pupil Premium - Strategy statements outline how students eligible for the Pupil Premium funding are a key focus with targeted intervention improving outcomes.
- Financial governance and oversight
- Financial reporting and updates at regular Trust meetings ensures compliance with Financial Notice to Improve (FNI), oversight of financial policies, systems and procedures and review of spending linked to planning with EFSA and benchmarking practice (eg. staffing, teaching group sizes).
- Trustees receive monthly management accounts from the Trust Finance and Administration Coordinator which result in action being taken to address any significant variances that may have arisen and that are likely to have a negative impact on the budget out-run.
- Demonstrating good value for money and efficient and effective use of resources
- There are procedures across the Trust for assessing need, obtaining goods and services that provide best value in terms of suitability, efficiency, time and cost. The Trust uses competitive tendering as a process for ensuring value for money.
- Use of shared Personnel (for example, the Trust's IT Manager) support strategic Trust-level developments and opportunities to identify and implement efficiencies (for example, collective purchasing to achieve value for money for IT hardware and software).

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GOVERNANCE STATEMENT (continued)

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

CAPACITY TO HANDLE RISK

The Board of Trustees has reviewed the key risks to which the Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Trust's significant risks. This process is regularly reviewed by the Board of Trustees.

New Trustees have highlighted the need to strengthen the Trust risk management process. Additionally, the most recent annual audit highlighted an opportunity to introduce a Trust risk register. The Trustees have agreed to establish a Trust-wide risk register and undertake a full review of both existing and future risks to include actions and procedures to mitigate. The principal risks facing the Trust are outlined below; those facing the Academies at an operational level are addressed by its systems and by internal financial and other controls.

THE RISK AND CONTROL FRAMEWORK

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

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

The Board of Trustees has considered the need for a specific internal audit function and has decided to appoint Hacker Young and Johnson Matthey as internal auditor.

The nature of the Internal Auditors work was to review of financial procedures and transactions against authorisation levels/procedures. Internal checks take place on an annual basis for Meridian Upper School, whilst checks for Greneway and Roysia Middle Schools take place every second year. After the work we have decided to centralise finance within the Trust reflecting one set of policy/procedures.

On an annual basis, the Internal Auditors' report to the Board of Trustees through the Finance and Audit Committee on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

New Trustees have highlighted the need to review the annual budget allocation and setting process across the Schools to ensure the overall Trust's finances are balanced.

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GOVERNANCE STATEMENT (continued)

REVIEW OF EFFECTIVENESS

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

- the work of the Internal Auditor;
- the work of the external Auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the Trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Resources Committees and a plan to ensure continuous improvement of the system is in place.

Approved by the Board of Trustees on 11 December 2018 and signed on their behalf, by:



Mrs C Boston
Chair of Trustees



L Rawlings
Accounting Officer

[Faint handwritten text]

THE ROYSTON SCHOOLS ACADEMY TRUST

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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of The Royston Schools Academy Trust I have considered my responsibility to notify the Board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Trust, under the funding agreement in place between the Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

I confirm that I and the 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 Trust's funding agreement and the Academies Financial Handbook 2017.

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



Mrs L Rawlings
Accounting Officer

Date: 11 December 2018

THE ROYSTON SCHOOLS ACADEMY TRUST

(A Company Limited by Guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES FOR THE YEAR ENDED 31 AUGUST 2018

The Trustees (who are also the Directors of the Charitable Company for the purposes of company law) are responsible for preparing the Strategic Report, the Trustees' Report and the financial statements in accordance with the Annual Accounts Requirements issued by the ESFA, United Kingdom Accounting Standards (UKGAAP) 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 2017 to 2018;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in business.

The 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 the Board on Trustees on 11/12/18 and signed on its behalf by:



Mrs C Boston
Chair of Trustees

THE ROYSTON SCHOOLS ACADEMY TRUST

(A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE ROYSTON SCHOOLS ACADEMY TRUST

OPINION

We have audited the financial statements of The Royston Schools Academy Trust (the 'Trust') for the year ended 31 August 2018 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Academies Accounts Direction 2017 to 2018 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Trust's affairs as at 31 August 2018 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 2017 to 2018 issued by the Education & Skills Funding Agency.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our Report. We are independent of the Trust 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 Trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

OTHER INFORMATION

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

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

We have nothing to report in this regard.

THE ROYSTON SCHOOLS ACADEMY TRUST

(A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE ROYSTON SCHOOLS ACADEMY TRUST

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 the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Report and the Strategic Report have 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 Trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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

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

RESPONSIBILITIES OF TRUSTEES

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

In preparing the financial statements, the Trustees are responsible for assessing the Trust'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 Trust or to cease operations, or have no realistic alternative but to do so.

AUDITORS' 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 Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

THE ROYSTON SCHOOLS ACADEMY TRUST

(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
ROYSTON SCHOOLS ACADEMY TRUST**

USE OF OUR REPORT

This Report is made solely to the Trust'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 Trust's Members those matters we are required to state to them in an Auditors' 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 Trust and its Members, as a body, for our audit work, for this report, or for the opinions we have formed.

Gary Miller (Senior Statutory Auditor)
for and on behalf of

Price Bailey LLP
Chartered Accountants
Statutory Auditors
Causeway House
1 Dane Street
Bishop's Stortford
Hertfordshire
CM23 3BT
17 December 2018

THE ROYSTON SCHOOLS ACADEMY TRUST

(A Company Limited by Guarantee)

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO THE ROYSTON SCHOOLS ACADEMY TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter dated 12 October 2018 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Royston Schools Academy Trust during the year 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

RESPECTIVE RESPONSIBILITIES OF THE ROYSTON SCHOOLS ACADEMY TRUST'S ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT

The Accounting Officer is responsible, under the requirements of The Royston Schools Academy Trust's funding agreement with the Secretary of State for Education dated 1 November 2011, and the Academies Financial Handbook extant from 1 September 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

APPROACH

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

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

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

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

The work undertaken to draw to our conclusions includes:

- Consideration and corroboration of the evidence supporting the Accounting Officers statement on regularity, propriety and compliance.
- Evaluation of the general control environment of the Trust, extending the procedures required for financial statements to include regularity.
- Discussions with and representations from the Accounting Officer and other key management personnel.
- An extension of substantive testing from our audit of the financial statements to cover matters pertaining to regularity, propriety and compliance in particular checking that selected items were appropriately authorised, and appropriate.

THE ROYSTON SCHOOLS ACADEMY TRUST

(A Company Limited by Guarantee)

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO THE
ROYSTON SCHOOLS ACADEMY TRUST 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 2017 to 31 August 2018 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Reporting Accountant

Price Bailey LLP

Chartered Accountants

17 December 2018

THE ROYSTON SCHOOLS ACADEMY TRUST

(A Company Limited by Guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2018**

	Note	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
INCOME FROM:						
Donations and capital grants	2	19,173	138,098	67,979	225,250	225,628
Charitable activities	3	228,446	6,137,833	-	6,366,279	6,388,282
Other trading activities	4	264,963	-	-	264,963	271,914
Investments	5	449	-	-	449	472
TOTAL INCOME		513,031	6,275,931	67,979	6,856,941	6,886,296
EXPENDITURE ON:						
Charitable activities		513,031	6,741,694	721,100	7,975,825	7,954,255
TOTAL EXPENDITURE	6	513,031	6,741,694	721,100	7,975,825	7,954,255
NET EXPENDITURE BEFORE TRANSFERS		-	(465,763)	(653,121)	(1,118,884)	(1,067,959)
Transfers between funds	17	-	(87,564)	87,564	-	-
NET EXPENDITURE BEFORE OTHER RECOGNISED GAINS AND LOSSES		-	(553,327)	(565,557)	(1,118,884)	(1,067,959)
Actuarial gains on defined benefit pension schemes	22	-	366,000	-	366,000	831,000
NET MOVEMENT IN FUNDS		-	(187,327)	(565,557)	(752,884)	(236,959)
RECONCILIATION OF FUNDS:						
Total funds brought forward		-	(2,028,998)	9,610,127	7,581,129	7,818,088
TOTAL FUNDS CARRIED FORWARD		-	(2,216,325)	9,044,570	6,828,245	7,581,129

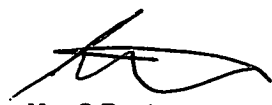
THE ROYSTON SCHOOLS ACADEMY TRUST

**(A Company Limited by Guarantee)
REGISTERED NUMBER: 07695881**

**BALANCE SHEET
AS AT 31 AUGUST 2018**

	Note	£	2018 £	2017 £
FIXED ASSETS				
Tangible assets	13		9,003,507	9,532,274
CURRENT ASSETS				
Debtors	14	140,042	171,600	
Cash at bank and in hand		1,292,946	293,216	
		<u>1,432,988</u>	<u>464,816</u>	
CREDITORS: amounts falling due within one year	15	<u>(1,584,250)</u>	<u>(538,961)</u>	
NET CURRENT LIABILITIES			<u>(151,262)</u>	<u>(74,145)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>8,852,245</u>	<u>9,458,129</u>
CREDITORS: amounts falling due after more than one year	16		<u>(1,110,000)</u>	<u>(750,000)</u>
NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES			<u>7,742,245</u>	<u>8,708,129</u>
Defined benefit pension scheme liability	22	(914,000)	<u>(914,000)</u>	<u>(1,127,000)</u>
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u><u>6,828,245</u></u>	<u><u>7,581,129</u></u>
FUNDS OF THE TRUST				
Restricted income funds:				
Restricted income funds	17	(1,302,325)	(901,998)	
Restricted fixed asset funds	17	9,044,570	9,610,127	
		<u></u>	<u></u>	
Restricted income funds excluding pension liability		7,742,245	8,708,129	
Pension reserve		<u>(914,000)</u>	<u>(1,127,000)</u>	
Total restricted income funds			<u>6,828,245</u>	<u>7,581,129</u>
TOTAL FUNDS			<u><u>6,828,245</u></u>	<u><u>7,581,129</u></u>

The financial statements on pages 20 to 41 were approved by the Trustees, and authorised for issue, on and are signed on their behalf by:


Mrs C Boston
Trustee

THE ROYSTON SCHOOLS ACADEMY TRUST

(A Company Limited by Guarantee)

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2018**

	Note	2018 £	2017 £
Cash flows from operating activities			
Net cash provided by/(used in) operating activities	19	1,086,845	(13,810)
Cash flows from investing activities:			
Interest received		449	472
Proceeds from the sale of tangible fixed assets		-	12,660
Purchase of tangible fixed assets		(87,564)	(135,280)
Net cash used in investing activities		(87,115)	(122,148)
Change in cash and cash equivalents in the year		999,730	(135,958)
Cash and cash equivalents brought forward		293,216	429,174
Cash and cash equivalents carried forward		1,292,946	293,216

THE ROYSTON SCHOOLS ACADEMY TRUST

(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018

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 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 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

The Royston Schools Academy Trust constitutes a public benefit entity as defined by FRS 102.

The Trust's functional and presentational currency is Pounds Sterling.

1.2 Company status

The Trust is a company limited by guarantee. Members are noted on page 1. In the event of the Trust being wound up, the liability in respect of the guarantee is limited to £10 per Member. The Trust's registered office is Meridian School, Garden Walk, Royston, Hertfordshire, SG8 7JH.

1.3 Fund accounting

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

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

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

1.4 Income

All income is recognised once the Trust 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.

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.

THE ROYSTON SCHOOLS ACADEMY TRUST

(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

1.5 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 Trust's educational operations, including support costs and those costs relating to the governance of the Trust apportioned to charitable activities.

All expenditure is inclusive of irrecoverable VAT.

1.6 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 Trust to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements..

1.7 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:

Long Term Leasehold Land	-	125 years straight line
Long Term Leasehold Buildings	-	18-26 years straight line
Furniture and fixtures	-	10 years straight line
Motor vehicles	-	15 years straight line
Computer equipment	-	5 years 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.

1.8 Operating leases

Rentals under operating leases are charged to the Statement of Financial Activities incorporating Income and Expenditure Account on a straight line basis over the lease term.

THE ROYSTON SCHOOLS ACADEMY TRUST

(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

1.9 Interest receivable

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

1.10 Taxation

The Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by 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.

1.11 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.

1.12 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.

1.13 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 Trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions 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.

1.14 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 14. Prepayments are not financial instruments. 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 notes 15 and 16. 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.

THE ROYSTON SCHOOLS ACADEMY TRUST

(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

1.15 Pensions

Retirement benefits to employees of the 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 Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 22, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the Trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities 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.

1.16 Redundancy Payments

Redundancy payments are recognised in the period in which the employee ceased to work for the Trust. The amount is included as creditors as actual payment occurred after the year end.

1.17 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 Trustees make 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 22, 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 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

THE ROYSTON SCHOOLS ACADEMY TRUST

(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
Donations	19,173	138,098	-	157,271	219,810
Capital grants	-	-	67,979	67,979	5,818
	<u>19,173</u>	<u>138,098</u>	<u>67,979</u>	<u>225,250</u>	<u>225,628</u>
Total 2018	<u>19,173</u>	<u>138,098</u>	<u>67,979</u>	<u>225,250</u>	<u>225,628</u>
	<u>20,119</u>	<u>199,691</u>	<u>5,818</u>	<u>225,628</u>	
Total 2017	<u>20,119</u>	<u>199,691</u>	<u>5,818</u>	<u>225,628</u>	

3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
DfE/ESFA grants				
General Annual Grant (GAG)	-	5,230,631	5,230,631	5,465,805
Other DfE / ESFA grants	-	227,699	227,699	193,003
	<u>-</u>	<u>5,458,330</u>	<u>5,458,330</u>	<u>5,658,808</u>
Other government grants				
Local Authority grants	-	679,503	679,503	511,423
	<u>-</u>	<u>679,503</u>	<u>679,503</u>	<u>511,423</u>
Other funding				
Catering income	228,446	-	228,446	218,051
	<u>228,446</u>	<u>-</u>	<u>228,446</u>	<u>218,051</u>
Total 2018	<u>228,446</u>	<u>6,137,833</u>	<u>6,366,279</u>	<u>6,388,282</u>
	<u>218,051</u>	<u>6,170,231</u>	<u>6,388,282</u>	
Total 2017	<u>218,051</u>	<u>6,170,231</u>	<u>6,388,282</u>	

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FOR THE YEAR ENDED 31 AUGUST 2018**

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Hire of facilities	86,760	-	86,760	68,585
Rental income	19,278	-	19,278	19,038
Other income	158,925	-	158,925	184,291
Total 2018	264,963	-	264,963	271,914
Total 2017	271,914	-	271,914	

5. INVESTMENT INCOME

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Bank Interest	449	-	449	472
Total 2017	472	-	472	

6. EXPENDITURE

	Staff costs 2018 £	Premises 2018 £	Other costs 2018 £	Total 2018 £	Total 2017 £
Provision of education:					
Direct costs	3,999,257	-	629,221	4,628,478	4,656,132
Support costs	1,560,974	602,429	1,183,944	3,347,347	3,298,123
Total 2018	5,560,231	602,429	1,813,165	7,975,825	7,954,255
Total 2017	5,512,484	583,005	1,858,766	7,954,255	

In 2017, of the total expenditure, £510,556 was to unrestricted funds, £6,754,446 was to restricted funds and £689,253 was to fixed asset reserve funds.

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**NOTES TO THE FINANCIAL STATEMENTS
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7. CHARITABLE ACTIVITIES

	2018 £	2017 £
Direct costs	4,628,478	4,656,132
Support costs	3,347,347	3,298,123
	<hr/>	<hr/>
Total	7,975,825	7,954,255
	<hr/>	<hr/>

	2018 £	2017 £
Analysis of support costs		
Support staff costs	1,560,974	1,583,881
Depreciation	616,078	603,865
Technology costs	81,361	100,172
Premises costs (excluding depreciation)	602,429	583,005
Other support costs	465,060	407,051
Governance costs	21,445	20,149
	<hr/>	<hr/>
Total	3,347,347	3,298,123
	<hr/>	<hr/>

8. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets: - owned or leased by the Trust	616,078	603,865
Auditors' remuneration - audit	8,300	8,050
Auditors' remuneration - non-audit	7,615	8,150
	<hr/>	<hr/>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018

9. STAFF COSTS

a. Staff costs

Staff costs were as follows:

	2018 £	2017 £
Wages and salaries	4,127,355	4,211,969
Social security costs	393,930	385,343
Operating costs of defined benefit pension schemes	857,465	856,351
	<u>5,378,750</u>	<u>5,453,663</u>
Agency staff costs	79,757	55,526
Staff restructuring costs	101,724	3,295
	<u>5,560,231</u>	<u>5,512,484</u>

Staff restructuring costs comprise:

	2018 £	2017 £
Severance payments	101,724	3,295
	<u>101,724</u>	<u>3,295</u>

b. Staff numbers

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

	2018 No.	2017 No.
Teachers	79	76
Administration and support	81	82
Management	7	7
	<u>167</u>	<u>165</u>

Average headcount expressed as a full time equivalent:

	2018 No.	2017 No.
Teachers	67	68
Administration and support	47	46
Management	7	7
	<u>121</u>	<u>121</u>

c. Higher paid staff

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

	2018 No.	2017 No.
In the band £ 60,001 - £ 70,000	1	2
In the band £ 70,001 - £ 80,000	1	1
In the band £ 80,001 - £ 90,000	1	1

The above employees participated in the Teachers' Pension Scheme.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018

9. STAFF COSTS (continued)

d. Key management personnel

The key management personnel of the Trust comprise the Trustees and the Headteachers assisted by the Chief Financial Officer as listed on page 1. The total amount of employee benefits (including employer pension contributions and national insurance) received by key management personnel for their services to the Trust was £299,660 (2017 - £308,861).

Included in the above are employer pension contributions of £44,188 (2017 - £44,717) and employer national insurance contributions of £26,788 (2017 - £27,573).

10. CENTRAL SERVICES

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

- Financial services.
- Clerking services.
- ICT Support.

The Trust charges for these services on the following basis:

A percentage basis calculated on the proportion of Trust GAG funding received in the year, or on actual hours is used.

The actual amounts charged during the year were as follows:

	2018 £'000	2017 £
Greneway Middle School	64,683	61,909
Meridian School	93,220	89,533
Roysia Middle School	32,342	30,023
Total	<u>190,245</u>	<u>181,465</u>

11. TRUSTEES' REMUNERATION AND EXPENSES

One or more Trustees has been paid remuneration or has received other benefits from an employment with the 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:

		2018 £'000	2017 £'000
Mrs L Judge	Remuneration	25-30	25-30
	Pension contributions paid	5-10	5-10
Ms Z Linington	Remuneration	NIL	15-20
	Pension contributions paid	NIL	0-5
Mrs L Rawlings	Remuneration	70-75	65-70
	Pension contributions paid	10-15	10-15

During the year, expenses totalling £NIL (2017: £NIL) were reimbursed to NIL trustees (2017: NIL).

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018

12. TRUSTEES' AND OFFICERS' INSURANCE

The 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, Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust business, and provides cover up to £10,000,000. It is not possible to quantify the Trustees, Governors and officers indemnity element from the overall cost of the RPA scheme.

13. TANGIBLE FIXED ASSETS

	Leasehold property £	Furniture and fixtures £	Computer equipment £	Motor vehicles £	Total £
Cost					
At 1 September 2017	12,108,283	366,638	537,762	30,335	13,043,018
Additions	10,362	11,741	65,461	-	87,564
Impairment of asset	-	(800)	-	-	(800)
At 31 August 2018	12,118,645	377,579	603,223	30,335	13,129,782
Depreciation					
At 1 September 2017	3,040,219	181,835	273,638	15,052	3,510,744
Charge for the year	494,366	36,664	82,015	3,033	616,078
Impairment of asset	-	(547)	-	-	(547)
At 31 August 2018	3,534,585	217,952	355,653	18,085	4,126,275
Net book value					
At 31 August 2018	8,584,060	159,627	247,570	12,250	9,003,507
At 31 August 2017	9,068,064	184,803	264,124	15,283	9,532,274

14. DEBTORS

	2018 £	2017 £
Trade debtors	66,173	18,526
VAT recoverable	20,915	65,055
Other debtors	3,471	6,794
Prepayments and accrued income	49,483	81,225
	<u>140,042</u>	<u>171,600</u>

15. CREDITORS: Amounts falling due within one year

	2018 £	2017 £
Trade creditors	197,988	175,275
Other taxation and social security	99,809	90,972
Repayable ESFA funding	185,000	-
Other creditors	219,365	107,245
Accruals and deferred income	882,088	165,469
	<u>1,584,250</u>	<u>538,961</u>

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15. CREDITORS: Amounts falling due within one year (continued)

	2018 £	2017 £
Deferred income		
Deferred income at 1 September 2017	62,084	101,734
Resources deferred during the year	607,530	62,084
Amounts released from previous years	(62,084)	(101,734)
	<u>607,530</u>	<u>62,084</u>
Deferred income at 31 August 2018	<u>607,530</u>	<u>62,084</u>

The majority of deferred income held at 31 August 2018 related to £66,912 of ESFA funding, £500,000 of Local Authority funding and £38,947 of NESSie funding that relates to the next financial year.

16. CREDITORS: Amounts falling due after more than one year

	2018 £	2017 £
Repayable ESFA funding	<u>1,110,000</u>	<u>750,000</u>

17. STATEMENT OF FUNDS

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/(out) £	Gains/ (losses) £	Balance at 31 August 2018 £
Unrestricted funds						
Unrestricted funds	-	513,031	(513,031)	-	-	-
Restricted funds						
General Annual Grant (GAG)	(969,652)	5,230,631	(5,632,999)	(84,600)	-	(1,456,620)
Restricted trip donations	-	138,098	(135,134)	(2,964)	-	-
Other Government grants	-	505,206	(464,459)	-	-	40,747
Extended Services	67,654	211,886	(167,404)	-	-	112,136
Pupil Premium	-	181,173	(181,173)	-	-	-
Other restricted fund	-	8,937	(7,525)	-	-	1,412
Pension reserve	(1,127,000)	-	(153,000)	-	366,000	(914,000)
	<u>(2,028,998)</u>	<u>6,275,931</u>	<u>(6,741,694)</u>	<u>(87,564)</u>	<u>366,000</u>	<u>(2,216,325)</u>
Restricted fixed asset funds						
Restricted fixed asset fund	9,532,274	-	(616,331)	87,564	-	9,003,507
Devolved Formula Capital Grant	22,699	28,724	(11,952)	-	-	39,471
Capital Maintenance Fund	55,154	39,255	(92,817)	-	-	1,592
	<u>9,610,127</u>	<u>67,979</u>	<u>(721,100)</u>	<u>87,564</u>	<u>-</u>	<u>9,044,570</u>
Total restricted funds	<u>7,581,129</u>	<u>6,343,910</u>	<u>(7,462,794)</u>	<u>-</u>	<u>366,000</u>	<u>6,828,245</u>
Total of funds	<u>7,581,129</u>	<u>6,856,941</u>	<u>(7,975,825)</u>	<u>-</u>	<u>366,000</u>	<u>6,828,245</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018

17. STATEMENT OF FUNDS (continued)

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

Trip donations

This represents contributions made by parents to the running of educational visits for the pupils of the Academies and the associated costs of running the trips.

Other Government grants

This represents various grants from local and national Government bodies for the provision of specific services to pupils of the Academies.

Pension reserve

This fund represents the Trust's share of the deficit on the Local Government Pension Scheme (LGPS)

Extended services

This represents funding received from Hertfordshire County Council and partnership schools to provide support for families, pupils and professionals in all 12 schools in Royston and the surrounding areas.

Other restricted funds

Other restricted funds are funds restricted for other purposes.

Pupil Premium

This represents funding to be used to help raise achievement and improve outcomes for pupils from low income families who are eligible for free school meals.

Devolved Formula Capital (DFC)

The Trust is to use the DFC allocation to maintain and improve its buildings and facilities.

Capital Maintenance Fund

This represents funding received from the ESFA for Condition Improvement Fund projects.

Restricted fixed assets funds

Restricted fixed asset funds represent resources which are to be applied to specific capital purposes imposed by the DFE/ ESFA

The transfer between funds represents the net adjustment for additions and disposals of fixed assets purchased using GAG funding.

General Annual Grant (GAG)

This represents funding from the ESFA to cover the costs of recurrent expenditure.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018

17. STATEMENT OF FUNDS (continued)

ANALYSIS OF ACADEMIES BY FUND BALANCE

Fund balances at 31 August 2018 were allocated as follows:

	Total 2018 £	Total 2017 £
Greneway Middle School	223,871	398,644
Meridian School	(1,463,827)	(1,206,453)
Roysia Middle School	(62,369)	(94,189)
Total before fixed asset fund and pension reserve	(1,302,325)	(901,998)
Restricted fixed asset fund	9,044,570	9,610,127
Pension reserve	(914,000)	(1,127,000)
Total	6,828,245	7,581,129

ANALYSIS OF ACADEMIES BY COST

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2018 £	Total 2017 £
Greneway Middle School	1,312,574	438,975	181,671	494,471	2,427,691	2,329,361
Meridian School	2,086,241	920,399	313,431	454,701	3,774,772	3,842,329
Roysia Middle School	600,442	201,600	81,294	273,947	1,157,283	1,178,700
	3,999,257	1,560,974	576,396	1,223,119	7,359,746	7,350,390

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17. STATEMENT OF FUNDS (continued)

STATEMENT OF FUNDS - PRIOR YEAR

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/(out) £	Gains/ (losses) £	Balance at 31 August 2017 £
Unrestricted funds	-	510,556	(510,556)	-	-	-
Restricted funds						
General Annual Grant (GAG)	(573,955)	5,496,783	(5,760,257)	(132,223)	-	(969,652)
Restricted trip donations	-	199,691	(198,431)	(1,260)	-	-
Other Government grants	-	337,870	(337,870)	-	-	-
Extended Services	48,964	173,553	(154,863)	-	-	67,654
Pupil Premium	-	162,025	(162,025)	-	-	-
Pension reserve	(1,817,000)	-	(141,000)	-	831,000	(1,127,000)
	<u>(2,341,991)</u>	<u>6,369,922</u>	<u>(6,754,446)</u>	<u>(133,483)</u>	<u>831,000</u>	<u>(2,028,998)</u>
Restricted fixed asset funds						
Restricted fixed asset fund	10,002,656	-	(603,865)	133,483	-	9,532,274
Devolved Formula Capital Grant	9,578	29,095	(15,974)	-	-	22,699
Capital Maintenance Fund	147,845	(23,277)	(69,414)	-	-	55,154
	<u>10,160,079</u>	<u>5,818</u>	<u>(689,253)</u>	<u>133,483</u>	<u>-</u>	<u>9,610,127</u>
Total restricted funds	<u>7,818,088</u>	<u>6,375,740</u>	<u>(7,443,699)</u>	<u>-</u>	<u>831,000</u>	<u>7,581,129</u>
Total of funds	<u>7,818,088</u>	<u>6,886,296</u>	<u>(7,954,255)</u>	<u>-</u>	<u>831,000</u>	<u>7,581,129</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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18. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	9,003,507	9,003,507
Current assets	-	1,391,925	41,063	1,432,988
Creditors due within one year	(185,000)	(1,399,250)	-	(1,584,250)
Creditors due in more than one year	185,000	(1,295,000)	-	(1,110,000)
Provisions for liabilities and charges	-	(914,000)	-	(914,000)
	<u>-</u>	<u>(2,216,325)</u>	<u>9,044,570</u>	<u>6,828,245</u>

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	9,532,274	9,532,274
Current assets	386,963	-	77,853	464,816
Creditors due within one year	(386,963)	(151,998)	-	(538,961)
Creditors due in more than one year	-	(750,000)	-	(750,000)
Provisions for liabilities and charges	-	(1,127,000)	-	(1,127,000)
	<u>-</u>	<u>(2,028,998)</u>	<u>9,610,127</u>	<u>7,581,129</u>

19. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2018 £	2017 £
Net expenditure for the year (as per Statement of Financial Activities)	(1,118,884)	(1,067,959)
Adjustment for:		
Depreciation charges	616,078	603,865
Losses on investments	(449)	(472)
Impairment of fixed assets	253	(10,862)
Decrease in debtors	31,558	75,648
Increase in creditors	1,405,289	244,970
Defined benefit pension adjustment	153,000	141,000
Net cash provided by/(used in) operating activities	<u>1,086,845</u>	<u>(13,810)</u>

20. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2018 £	2017 £
Cash in hand	1,292,946	293,216
Total	<u>1,292,946</u>	<u>293,216</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018

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 £10 for the debts and liabilities contracted before he/she ceases to be a Member.

22. PENSION COMMITMENTS

The Trust'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 Hertfordshire County Council. 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 £90,312 were payable to the schemes at 31 August 2018 (2017 - 88,263) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

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

The TPS valuation for 2012 determined an employer rate of 16.4%, 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 £492,757 (2017 - £497,759).

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).

Under the definitions set out in FRS 102, the TPS is an unfunded 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.

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22. PENSION COMMITMENTS (continued)

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 2018 was £314,000 (2017 - £314,000), of which employer's contributions totalled £260,000 (2017 - £257,000) and employees' contributions totalled £54,000 (2017 - £57,000). The agreed contribution rates for future years are 27.8% 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:

	2018	2017
Discount rate for scheme liabilities	2.80 %	2.50 %
Rate of increase in salaries	2.50 %	2.50 %
Rate of increase for pensions in payment / inflation	2.40 %	2.40 %

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

	2018	2017
Retiring today		
Males	22.5	22.5
Females	24.9	24.9
Retiring in 20 years		
Males	24.1	24.1
Females	26.7	26.7

As at the 31 August 2018 the Trust has a pension liability of £914,000 (2017 - £1,127,000). The sensitivity analysis detailed below would increase/(decrease) the closing defined obligation in the following way:

Sensitivity Movement	At 31 August 2018 £	At 31 August 2017 £
Discount rate +0.1%	(92,000)	(88,000)
Discount rate -0.1%	92,000	88,000
Mortality assumption - 1 year increase	33,000	32,000
Mortality assumption - 1 year decrease	(33,000)	(32,000)
CPI rate +0.1%	84,000	72,000
CPI rate -0.1%	(84,000)	(72,000)

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

	Fair value at 31 August 2018 £	Fair value at 31 August 2017 £
Equities	1,734,000	1,858,000
Corporate bonds	1,145,000	715,000
Property	262,000	200,000
Cash and other liquid assets	131,000	85,000
Total market value of assets	3,272,000	2,858,000

The actual return on scheme assets was £161,000 (2017 - £251,000).

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018

22. PENSION COMMITMENTS (continued)

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

	2018 £	2017 £
Current service cost	(384,000)	(361,000)
Interest income	75,000	50,000
Interest cost	(104,000)	(87,000)
Total	(413,000)	(398,000)

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

	2018 £	2017 £
Opening defined benefit obligation	3,985,000	4,169,000
Current service cost	384,000	361,000
Interest cost	104,000	87,000
Employee contributions	54,000	57,000
Actuarial gains	(280,000)	(630,000)
Benefits paid	(61,000)	(59,000)
Closing defined benefit obligation	4,186,000	3,985,000

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

	2018 £	2017 £
Opening fair value of scheme assets	2,858,000	2,352,000
Interest income	75,000	50,000
Actuarial losses	86,000	201,000
Employer contributions	260,000	257,000
Employee contributions	54,000	57,000
Benefits paid	(61,000)	(59,000)
Closing fair value of scheme assets	3,272,000	2,858,000

23. OPERATING LEASE COMMITMENTS

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

	2018 £	2017 £
Amounts payable:		
Within 1 year	20,200	22,487
Between 1 and 5 years	13,936	34,136
Total	34,136	56,623

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

24. 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 11.

Owing to the nature of the Trust and the composition of the Board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which a Trustee may have an interest. All transactions involving such organisations are conducted at arms length and in accordance with the Trust's financial regulations and normal procurement procedures.

Any transactions where the Trustee has a pecuniary interest is only undertaken in accordance with the 'at cost' principle stated in the Academies Financial Handbook.