

Crofton Schools Academy Trust
(A company limited by guarantee)

Annual Report and Financial Statements

For the Year Ended 31 August 2016



Crofton Schools Academy Trust
(A company limited by guarantee)

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Reference and Administrative Details of the Academy trust, its trustees and Advisers
For the Year Ended 31 August 2016

Members	D. Figg (resigned 31 August 2016) P. Goodwin (appointed 1 September 2016) S. Hannay (resigned 31 August 2016) N. Lawrence (resigned 31 August 2016) D. Moss S. Searle (resigned 31 August 2016) L. Sims (appointed 1 September 2016)
Trustees	A. Carter, Executive Headteacher ¹ S. Clements (appointed 9 December 2015) D. Figg ¹ P. Goodwin (resigned 31 August 2016) ¹ S. Hannay ¹ N. Lawrence (resigned 31 August 2016) ¹ D. Moss, Chair of Trustees C. Munday T. Smythe (resigned 31 August 2016) ¹ members of the Finance Committee at respective local school
Company registered number	07824714
Company name	Crofton Schools Academy Trust
Principal and registered office	Crofton Junior School Towncourt Lane Orpington Kent BR5 1EL
Senior management team	Andrea Carter, Executive Headteacher Abigail Carter, Assistant Headteacher - Infant School (resigned 14 March 2016) G. Baron, Assistant Headteacher - Junior School S. Branwood, Assistant Headteacher - Junior School L. Buddin, Business Manager A. Day, Assistant Headteacher - Infant School (appointed 25 January 2016) W. Giles, Head of School - Infant School P. Jolly, Assistant Headteacher - Junior School S. King, Head of School - Junior School S. Leader, Assistant Headteacher - Junior School K. Rumbold, Assistant Headteacher - Infant School J. Styles, Assistant Headteacher - Infant School D. Weaver, Assistant Headteacher - Junior School
Independent auditors	UHY Kent LLP t/a UHY Hacker Young Chartered Accountants and Statutory Auditors Thames House Roman Square Sittingbourne Kent ME10 4BJ
Bankers	Lloyds TSB PO Box 1000 Bromley Kent BX1 1LT

Crofton Schools Academy Trust

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Trustees' Report

For the Year Ended 31 August 2016

The trustees present their annual report together with the audited financial statements of Crofton Schools Academy Trust (the academy trust) for the year ended 31 August 2016. The trustees confirm that the Annual report and financial statements of the academy trust comply with the current statutory requirements, the requirements of the academy trust's governing document and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005.

Structure, governance and management

Constitution

The academy trust is a charitable company limited by guarantee and was set up by a memorandum of association on 26 October 2011. The academy trust's memorandum and articles of association are the primary governing documents of the academy trust. The memorandum and articles of association were amended by special resolution which was filed on 18 March 2015 following the trust's appointment to become a sponsor school academy.

The trustees act as the directors of the academy trust for the purposes of company law.

As the trust grows we must ensure that the members, board of trustees and governors are more efficient and effective.

The trust is currently re-determining the members to give greater independence from the trustees. The newly constituted group of members will comprise the Chair of the Board of Trustees plus four independent members drawn from the community.

The new Articles of Association will allow for a Board of Trustees comprising up to eleven trustees: a member of the LGB from each school (or cluster of schools), the Executive Head Teacher and five independent trustees. This newly constituted Board of Trustees will facilitate a renewed focus on the strategic role of the Board; enable more effective decision making and stronger accountability.

The trust has combined the governing bodies of both Crofton Infant and Crofton Junior School to streamline as the MAT expands. There will be lead governors in the areas of finance, personnel and safeguarding and no longer any sub-committees.

Details of the trustees, along with individual schools' governors, who served throughout the year, except as noted, are included in the Reference and Administrative Details on page 1.

Members' Liability

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

Trustees' indemnities

The individual academies each maintain trustees' and officers' liability insurance which gives appropriate cover for any legal action brought against trustees or other officers of the academy trust. The academy trust has also granted indemnities to each of its trustees and other officers to the extent permitted by law. Qualifying third party indemnity provisions (as defined by section 234 of the Companies Act 2006) were in force during the year and remain in force, in relation to certain losses and liabilities which the trustees or other officers may incur to third parties in the course of acting as trustees or officers of the academy trust.

Details of the insurance cover are provided in note 12 to the financial statements.

Principal Activities

The academy trust's principal object and activity is to manage Crofton Schools Academy Trust provision of education to pupils between the ages of 4 and 11.

Method of recruitment and appointment or election of trustees

Under the terms of its Articles, as at 31st August 2016, the academy trust established an Executive Committee of trustees as follows:

- the respective chairperson of each Local Governing Body
- the Chief Executive Officer (Executive Head Teacher)
- the respective chair of the personnel committee from each Local Governing Body
- the respective chair of the finance and premises committee from each Local Governing Body
- three independent trustees

There are currently only two appointed independent trustees.

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Trustees' Report (continued)
For the Year Ended 31 August 2016

Method of recruitment and appointment or election of trustee (continued)

The academy trust may also have any additional or further trustees as appointed in accordance with the Articles.

An independent trustee's term of office is four years but a trustee is eligible for re-election at the meeting at which they retire.

Appropriate training is provided to all new trustees, as required.

Policies and procedures adopted for the induction and training of trustees

During the year under review the Board of Trustees met 7 times and there were 5 LGB Finance and Premises Committee meetings. The training and induction provided for new trustees will depend on their existing experience. Where necessary induction will provide training on charity and educational legal and financial matters. The schools purchase a training package from the Local Authority which is specifically designed for training trustees and allows the trustees to attend as many courses as they feel would be relevant and beneficial.

Organisation structure

The academy trust consists of two academies: Crofton Infant School and Crofton Junior School. The academy trust is responsible for both academies. The Executive Head Teacher is Accounting Officer for the academy trust as a whole, and each academy has its own Head Teacher.

The trustees of the academy trust are supported by a combined local Governing Body and lead governors with responsibility of finance, personnel and safeguarding as follows:

The organisational structure consists of three levels: the directors/trustees, the Senior Leadership Team and the Middle Management Team. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

The trustees are responsible for the vision and direction of the trust, adopting an annual strategic plan and budget, monitoring the academy trust by the use of budgets and making major decisions about the development of the academy trust, capital expenditure and senior staff appointments.

The Senior Leadership Team comprises the Executive Head Teacher, Head Teacher and eight Assistant Head teachers, together with the Business Manager. These managers control the academies at an executive level implementing the policies laid down by the trustees and reporting back to them. As a group the Senior Leadership Team are responsible for the authorisation of spending within agreed budgets and the appointment of staff, though appointment boards for teaching posts always contains a governor.

The Middle Management Team includes Curriculum Area Leaders and Lead Practitioners. Along with the Senior Management Team, these leaders are responsible for the day to day operation for the academy trust, in particular organising the teaching staff, facilities and pupils.

The key management personnel of the academy trust comprise the trustees and senior leadership team as disclosed on page 1.

The remuneration policy, setting the terms and conditions for the key management personnel, was developed and approved by the board of trustees, after taking advice from the Executive Head Teacher and following guidance from the relevant professional pay review bodies. Naturally the Executive Head Teacher was not involved in setting her own remuneration package.

Only staff trustees, including the Executive Head Teacher, are remunerated, and these individuals are only receive remuneration in respect of services they provide under their contracts of employment, and not in respect of their role as trustees. Specific disclosures concerning staff trustees' remuneration is included in note 11.

The day to day running of the remuneration policy is delegated to the Executive Head Teacher and monitored by the Business Manager and Lead Finance Governor. All details for setting pay and remuneration of key management personnel are set out in the pay policy and appraisal policy which are reviewed annually by the board of trustees.

Remuneration of key management personnel is set at an individual level, and where possible the trustees have taken external professional advice which includes benchmarking, market trends and advice on structuring of incentives. Senior management salaries are linked directly to pay spines, helping trustees conclude that each individual receives remuneration at an appropriate level. As such salaries are linked to factors such as length of service and experience. Total remuneration packages include employer pension contribution rates at specific approved rates.

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Trustees' Report (continued)
For the Year Ended 31 August 2016

Organisation structure (continued)

The board always bear in mind the charitable status of the academy trust and in that recognise the fact the trust receives funding under a funding agreement with the Secretary of State for Education, and therefore ensure the remuneration paid to senior management personnel never exceeds an reasonable amount that provides value for money to the trust. The performance of senior management personnel is reviewed on a regular basis to ensure continuing value for money.

Total remuneration paid to senior management personnel is set out in note 9.

Risk management

The trustees have assessed the major risks to which each academy is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the academy, and its finances. The trustees have implemented a number of systems to assess risks that the trust faces, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school trips) and in relation to the control of finance. They have introduced systems, including operational procedures (e.g. vetting of new staff and visitors, supervision of school grounds) and internal financial controls (see below) in order to minimise risk. Where significant risk still remains they have ensured they have adequate insurance cover. Each academy has an effective system of financial controls and this is explained in more detail in the Governance Statement.

Connected organisations, including related parties

Parent-Teacher Association, Crofton Junior School PTA, registration number 1052857, and Crofton Infant School Parent Staff Association, registration number 1052854, are established as separately registered charities, which organise various fund raising events to provide facilities for the pupils of Crofton Schools Academy Trust.

Objectives, strategies and activities

The main objectives, strategies and activities of the academy trust during the year ended 31 August 2016 are summarised below:

Crofton Infant School

- The school achieved an outstanding status after an Ofsted visit in March 2016.
- The teacher support programmes and our Tree of Success support network within school continue to have a significant impact upon teaching and learning as over 50% of teaching is now outstanding.
- A clear system for assessment has been established and adapted in light of life after levels with a bespoke Crofton system being devised for September 2016.
- A forest school is now in place and fully trained staff have disseminated practice to enable quality learning to take place regularly in the outdoor environment.
- Data continues to show that strategies implemented to maintain and raise standards and pupil progress both in Foundation Stage and across Key Stage 1 have had a significant impact.
- Regular work scrutiny by SMT has ensured that marking in books is now having at least a good impact on children's learning with over 50% of teachers providing outstanding marking and feedback
- SMSC and British Values have been strengthened throughout the school under our 'Proud to be Purple' framework which now permeates through our EYFS and KS 1 curriculum.
- Our children have benefited from many external trips including, trips to Howlett's Zoo, Hastings Aquarium, the London Planetarium, Bodiam Castle as well as local visits to churches, shop markets and the local library. Theatre companies, a mobile farm and local residents and workers have also visited school to support our creative curriculum.
- Teachers are confident at levelling the children using the new curriculum statements and are able to level accurately justifying their judgements. Their competence at this has clearly been seen at cross school moderation sessions. Progress and attainment are rigorously tracked and parents are aware of the expectations within the new curriculum and how the Trust is assessing each child without levels.
- Children have continued to benefit from a wide range of sport activities that are provided by external coaches four lunchtimes a week. 70% of our children now take part in at least 3 lunchtime sport activities each week and are keen to participate in more. As a result of the take up at lunchtime, and positive parent responses, one of the providers has now set up a multi sports holiday club which runs out of Crofton Infant school during school holidays.
- A new Multi Games area has also been installed and staff have been trained in its use. The games area is used at all points of the day and has had a significant impact on the amount of physical activities that children are participating in.

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Trustees' Report (continued)
For the Year Ended 31 August 2016

Organisation structure - Crofton Infant School (continued)

- Links with other schools and the community were further developed through network links both locally and further afield and local cluster groups, resulting in the sharing of good practise, moderation sessions and bespoke support for schools that needed it. Links with local nurseries and pre-school settings have also been strengthened through regular 'bridge meetings' and provision of free training to these settings
- Parents continue to support the school in all its aims. Their support is shown in their response to questionnaires and parent forums; work at home with homework, attendance at school events, parent workshops and parents' evenings, fundraising and PSA meetings and most importantly in the partnership on a day to day basis.

Crofton Junior School

- The school was judged good by Ofsted in Nov 2013 but is now well on the way to outstanding
- All teaching at the school is now good or better, with the percentage of outstanding teacher profiles having increased to 56% this year
- Results remain high and well above the national in all areas.
- Children have benefited from many external trips that have been linked to work in school. These have included trips to the Natural History Museum, The Roman Villa, Metro Bank, Leeds Castle and the Fairfield Halls.
- Music has grown significantly across the school. Every child in KS2 now learns an instrument in class as well as having small group lessons twice a week. Children also benefit from singing lessons and music technology weekly. Music expertise as a result has risen significantly with the school now having a chamber choir and orchestra that have participated in many events.
- Children have benefited from a greater range of sport's opportunities as a result of the new P.E. funding and are showing greater enthusiasm in sport as a result. These have included cross country, athletics, golf and tennis taster sessions. Sports coaches have run sessions for children with a view to training teachers further. PPA sessions are now taught by qualified sports coaches in all year groups. Children have also taken part in a greater range of inter school sporting competitions.
- Extra-curricular clubs have expanded giving children additional opportunities to pursue interests outside of school. These now include: Performing arts. Music, choir, art, cross country, martial arts and Spanish.
- Crofton Allotments have been developed at the front of the school and each year group has been involved in planting a garden within this area. A very active gardening club ensures that this area is looking lovely at all times!
- The multi-media suite is in full use across the whole school and has had a significant impact on children's computing skills.
- Crofton News Team continues to produce termly broadcasts.
- Links with other schools and the community were further developed through network links both locally and further afield and local cluster groups, resulting in the sharing of good practise, moderation sessions and bespoke support for schools that needed it.
- Parents continue to support the school in all its aims. Their support is shown in their response to questionnaires and parent forums; work at home with homework, attendance at school events, parent workshops and parents' evenings, fundraising and PSA meetings and most importantly in the partnership on a day to day basis with school staff.
- The curriculum continues to be a strength, with entry point days being a major highlight to pupils and parents.
 - to think outside the box to continue to develop a quality education that is second to none;
 - to be proactive in our approach to take on new challenges particularly in the light of government changes;
 - to show a commitment to being nationally and internationally aware in terms of our constant drive to develop a world class education for the children we teach;
 - to develop our role as an effective sponsor, improve the effectiveness of the academy trust by keeping the curriculum and organisational structure under continual review;
 - to provide value for money for the funds expended;
 - to comply with all appropriate statutory and curriculum requirements;
 - to conduct the academy trust's business in accordance with the highest standards of integrity, probity and openness.

The Crofton Schools Academy Trust's main strategy is encompassed in its school vision which is to provide exciting and challenging educational opportunities for all children. To this end its aims include:

- to help pupils acquire knowledge and skills with understanding at a level appropriate to each pupil's age, aptitude and ability;
- to help pupils become balanced and independent young people, who are able to keep themselves safe and have respect for themselves and for others;
- to help pupils develop lively, enquiring minds, the ability to question and debate rationally, a range of physical skills and to apply themselves to a range of tasks.

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Trustees' Report (continued)
For the Year Ended 31 August 2016

Public benefit

Crofton Schools Academy Trust strives to promote and support the advancement of education within the Orpington area. The trust provides an extensive programme of educational and recreational activity designed to contribute to the overall education of our students in areas such as academic distinction, music the arts and sport.

Wherever possible the trust also aims to contribute to the benefit of the wider public, through the provision of incidental educational and other planned activities. Over the year, the contributions that benefited the local community included the following:

- provide Year 10 children with work placements;
- extensive involvement and support for school sporting activities including regular fixtures in the local primary school football league and taking part in the Crystal Palace cross country;
- running a charity week in June where the children organise fund raising activities and choose a charity to support – Dreams Come True, Evelina hospital, Cancer Research and Freddie Farmer Foundation
- the school is made available for use by the local Maypole Queen dance practice each year and let to various local community groups;
- the schools participate in many local community events such as local schools concert and the choir sing at local events.

Going concern

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

Financial key performance indicators

The trustees consider that the following are key performance indicators for the academy trust:

- percentage of income received from EFA spent on teaching staff (65%);
- percentage of income received from EFA spent on total staff costs (75%);
- income per pupil (£5,476).

The trustees have been pleased that expectations for all key performance indicators listed have been successfully met during the year.

Financial review

Most of the academy trust's recurrent income is obtained from the EFA in the form of grants, the use of which is restricted to particular purposes. The grants received from the EFA during the year ended 31 August 2016 and the associated expenditure are shown as restricted funds in the statement of financial activities.

During the year ended 31 August 2016, total expenditure of £6,349,357 was not sufficiently covered by recurrent grant funding from the EFA and other incoming resources. The excess of expenditure over income for the year was £353,351 before the actuarial loss on the Local Government Pension Scheme.

At 31 August 2016, the net book value of fixed assets was £13,262,565 and movements in tangible fixed assets are shown in note 13 to the financial statements. During the period the assets were used exclusively for providing education and the associated support services to the pupils of the academy trust.

Financial and risk management objectives and policies

Each academy uses various financial instruments including cash and various items such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the academy trust's operations.

The existence of these financial instruments exposes each academy to a number of financial risks which are described in more detail below. The main risks arising from the trust's financial instruments are liquidity risk and cash flow interest rate risk.

Liquidity risk - each academy manages its cash resources, including sufficient working capital, so that all its operating needs are met without the need for short-term borrowing.

Interest rate risk - each academy earns interest on cash deposits and with interest rates currently low, the directors will take appropriate action to ensure they maximise the income from these deposits.

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Trustees' Report (continued)
For the Year Ended 31 August 2016

Financial and risk management objectives and policies (continued)

Credit risk - this arises from the possibility that amounts owed to the academies will not be repaid. Neither academy partakes in credit activities so are only exposed to credit risk as it arises from normal business. Credit risk is managed through the use of approved banks and the prompt collection of amounts due.

Principal risks and uncertainties

The main risks that the academy trust is exposed to are summarised below. For each of these risks the probability, impact and seriousness have been considered together with appropriate action and avoidance plans:

Strategic and reputational - this covers unfavourable Ofsted reports, risk of uncontrollable events and insufficient demand for academy service, competition from other schools with similar objects and little scope for differentiation. Also includes the capacity of existing buildings to deliver teaching and learning to students.

Finance risk - the risk of the academy trust not operating within its budget and running a deficit. Risks linked to income not increasing at the same rate of inflation over the coming years. There are also risks in connection with the deficit on the Local Government Pension Scheme, although the trustees are comfortable with the current level of employer contributions the academy trust is required to pay.

Reserves policy

The trustees review the reserve levels of the academy trust annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of the reserves. The trustees have determined that the permitted level of free reserves for recurrent costs should be maintained in order to provide sufficient working capital to cover delays between spending and receipt of grants, and to provide a cushion to deal with unexpected emergencies such as urgent maintenance.

Financial position

The academy trust held fund balances at 31 August 2016 of £12,607,601.

These funds comprise restricted fixed asset funds of £13,262,565, other restricted funds of £51,611 and unrestricted funds of £349,425. There is also a pension reserve deficit of £1,056,000.

The fixed asset fund being unavailable for spending, representing as it does the net book value of fixed assets already acquired of £13,262,565.

The only fund in deficit at 31 August 2016 is the Local Government Pension Scheme reserve. Employer contributions are reviewed every three years in consultation with the scheme's administrators, and employer contributions due by the academy trust have been fixed for the three years from 1 April 2014.

The deficit on the LGPS does not mean that an immediate liability crystallises. The deficit results in a cash flow effect for the academy trust in the form of possible future increases in pension contributions, which, if required, will be met from the budgeted annual income. There is therefore no direct impact on the free reserves of the academy trust because of recognising the deficit.

Plans for future periods

The trustees' main plans for future periods are to:

- Maintain a drive for outstanding standards irrespective of the change in the educational landscape
- To grow the trust by adding further existing primary schools and a free school
- Ensure the trust stays at the forefront of technology development
- To secure an outstanding Ofsted judgement at the juniors
- To secure the trust image in the wider community through engagement at a national level e.g. FASNA conferences and regional school commissioner events
- Encourage local pre-schools to join the trust to enhance the quality of local pre-school education

Disclosure of information to auditors

In so far as the trustees are aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- the trustees have taken all the steps 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.

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Trustees' Report (continued)
For the Year Ended 31 August 2016

Auditors

The auditors, UHY Hacker Young, have indicated their willingness to remain in office, and the audit process will be reviewed in detail and re-appointment of the auditors will be considered following the forthcoming Annual General Meeting.

This report, incorporating the Strategic report, was approved by order of the Executive Committee of the academy trust, as the company directors, on 5 December 2016 and signed on the board's behalf by:

D. Moss
Chair of Trustees

DP Moss

A. Carter
Accounting Officer

AJ Carter

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Governance Statement

Scope of responsibility

As trustees, we acknowledge we have overall responsibility for ensuring that Crofton 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 Executive Headteacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Crofton 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 trustees' responsibilities statement. The board of trustees has formally met 7 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
A. Carter, Executive Headteacher	7	7
S. Clements	5	5
D. Figg	6	7
P. Goodwin	6	7
S. Hannay	7	7
N. Lawrence	6	7
D. Moss, Chair of Trustees	7	7
C. Munday	7	7
T. Smythe	2	7

Each academy has a separate Full Governing Body and Finance Committee. The Finance Committee is a sub-committee of the main governing body. Its purpose is to monitor budgets and advise on setting of budgets. The Finance Committee of each academy reports to the Full Governing Body and then this is reported to the Executive Committee.

Crofton Infant School and Junior School - attendance at Finance and Premises Committee meetings in the year was as follows:
Attendance at meetings in the year was as follows:

Trustee/governor	Meetings attended	Out of a possible
S. Bartlett	3	3
N. Charles-Lewis	3	5
M. Dowley	3	5
D. Figg	2	5
W. Giles	4	5
P. Goodwin	5	5
S. Hannay	4	5
T. Jolly	3	5
S. King	4	5
N. Lawrence	4	5
S. Searle	4	5
N. Sccular	4	5
P. Woods	2	5

Since the trust is a multi-academy trust, it is required to have an audit committee to comply with the Academies Financial Handbook. Its purpose is to assess the risks the academy trust faces and introduce necessary controls and procedures to ensure that these risks are adequately managed. The committee met two times during the year on 2 December 2015 and 7 March 2016. .

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Governance Statement (continued)

Review of value for money

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

The Accounting Officer considers how the academy 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 academy trust has delivered improved value for money during the year by:

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Crofton Schools Academy Trust for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The board of trustees has reviewed the key risks to which the academy 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 academy trust's significant risks, that has been in place for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

The risk and control framework

The academy 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 Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines.
- delegation of authority and segregation of duties;
- identification and management of risks.

The board of trustees has considered the need for a specific internal audit function and has decided to appoint the London Borough of Bromley Local Authority as internal auditor.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. On a semi-annual basis, the internal auditor reports to the board of trustees on the operation of the systems of control and on the discharge of the board of trustees financial responsibilities.

The semi-annual monitoring checks on the school systems help to ensure that appropriate systems are in place and are operating efficiently throughout the year, and narrative reports are issued to trustees after each monitoring visit.

Review of effectiveness

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

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

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Governance Statement (continued)

Review of effectiveness (continued)

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

Approved by order of the members of the board of trustees on 5 December 2016 and signed on their behalf, by:

D. Moss
Chair of Trustees

DP Moss

A. Carter
Accounting Officer

AJ Carter

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Statement on Regularity, Propriety and Compliance

As Accounting Officer of Crofton Schools Academy Trust I have considered my responsibility to notify the academy trust board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2015.

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

A. Carter
Accounting Officer



Date: 5 December 2016

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Statement of Trustees' Responsibilities
For the Year Ended 31 August 2016

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 Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the 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 2015 to 2016;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the board of trustees on 5 December 2016 and signed on its behalf by:

D. Moss
Chair of Trustees



Crofton Schools Academy Trust
(A company limited by guarantee)

Independent Auditors' Report on the Financial Statements to the Members of Crofton Schools Academy Trust

We have audited the financial statements of Crofton Schools Academy Trust for the year ended 31 August 2016 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an 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 charitable company and its members, as a body, for our audit work, for this report, or for the opinion we have formed.

Respective responsibilities of trustees and auditors

As explained more fully in the Statement of trustees' responsibilities, the trustees (who are also the directors of the academy trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the academy trust's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

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

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' report, incorporating the Strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

Crofton Schools Academy Trust
(A company limited by guarantee)

Independent Auditors' Report on the Financial Statements to the Members of Crofton Schools Academy Trust

Matters on which we are required to report by exception

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

- 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.

UHY Kent LLP

Elizabeth Jordan FCA (Senior statutory auditor)
for and on behalf of

UHY Kent LLP

Chartered Accountants and
Statutory Auditors

Thames House

Roman Square

Sittingbourne

Kent

ME10 4BJ

Date: 14 December 2016

Crofton Schools Academy Trust
(A company limited by guarantee)

Independent Reporting Accountants' Assurance Report on Regularity to Crofton Schools Academy Trust and the Education Funding Agency

In accordance with the terms of our engagement letter dated 25 September 2014 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Crofton Schools Academy Trust during the year 1 September 2015 to 31 August 2016 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 Crofton Schools Academy Trust and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Crofton Schools Academy Trust and the EFA 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 Crofton Schools Academy Trust and the EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Crofton Schools Academy Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Crofton Schools Academy Trust's funding agreement with the Secretary of State for Education dated 1 September 2012, and the Academies Financial Handbook extant from 1 September 2015, 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 2015 to 2016. 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 2015 to 31 August 2016 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 2015 to 2016 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

We conducted our work in accordance with Technical Release TECH 08/12 AAF issued by the Institute of Chartered Accountants In England and Wales. In accordance with that Technical Release we have carried out the procedures we consider necessary to be able to report on whether anything has come to our attention which suggests that in all material respects expenditure disbursed and income received have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them. Other than those procedures undertaken for the purposes of our audit of the financial statements of Crofton Schools Academy for the year ended 31 August 2015 which provide evidence on regularity, our work was limited to only those additional procedures necessary to provide limited assurance.

The work undertaken to draw to our conclusion included:

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

Crofton Schools Academy Trust
(A company limited by guarantee)

Independent Reporting Accountants' Assurance Report on Regularity to Crofton Schools Academy Trust and the Education 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 2015 to 31 August 2016 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

UHY Kent LLP

UHY Kent LLP
Chartered Accountants and
Statutory Auditors
Thames House
Roman Square
Sittingbourne
Kent
ME10 4BJ

Date: 14 December 2016

Crofton Schools Academy Trust
(A company limited by guarantee)

Statement of Financial Activities Incorporating Income and Expenditure Account
For the Year Ended 31 August 2016

	Note	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Income from:						
Donations and capital grants	2	48,259	-	556,757	605,016	295,057
Charitable activities	5	367,986	5,663,689	-	6,031,675	5,517,812
Other trading activities	3	65,192	-	-	65,192	61,604
Investments	4	825	-	-	825	721
Total income		482,262	5,663,689	556,757	6,702,708	5,875,194
Expenditure on:						
Charitable activities		273,815	5,753,810	321,732	6,349,357	5,953,850
Total expenditure	6	273,815	5,753,810	321,732	6,349,357	5,953,850
Net income / (expenditure) before transfers		208,447	(90,121)	235,025	353,351	(78,656)
Transfers between Funds	16	(102,622)	73,125	29,497	-	-
Net income / (expenditure) before other recognised gains and losses		105,825	(16,996)	264,522	353,351	(78,656)
Actuarial losses on defined benefit pension schemes	20	-	(574,000)	-	(574,000)	(20,000)
Net movement in funds		105,825	(590,996)	264,522	(220,649)	(98,656)
Reconciliation of funds:						
Total funds brought forward		243,600	(413,393)	12,998,043	12,828,250	12,926,906
		349,425	(1,004,389)	13,262,565	12,607,601	12,828,250
Total funds carried forward		349,425	(1,004,389)	13,262,565	12,607,601	12,828,250

Crofton Schools Academy Trust
(A company limited by guarantee)
Registered number: 07824714

Balance Sheet
As at 31 August 2016

	Note	£	2016 £	£	2015 £
Fixed assets					
Tangible assets	13		13,262,565		12,967,051
Current assets					
Debtors	14	242,188		218,697	
Cash at bank and in hand		806,704		695,619	
		1,048,892		914,316	
Creditors: amounts falling due within one year	15	(647,856)		(585,117)	
Net current assets			401,036		329,199
Total assets less current liabilities			13,663,601		13,296,250
Defined benefit pension scheme liability	20		(1,056,000)		(468,000)
Net assets including pension scheme liabilities			12,607,601		12,828,250
Funds of the academy					
Restricted income funds:					
General Annual Grant fund	16	615		615	
Other restricted funds	16	50,996		53,992	
Restricted fixed asset funds	16	13,262,565		12,998,043	
Restricted income funds excluding pension liability		13,314,176		13,052,650	
Pension reserve		(1,056,000)		(468,000)	
Total restricted income funds			12,258,176		12,584,650
Unrestricted income funds	16		349,425		243,600
Total funds			12,607,601		12,828,250

The financial statements were approved by the trustees, and authorised for issue, on 5 December 2016 and are signed on their behalf, by:

D. Moss
Chair of Trustees 

The notes on pages 21 to 36 form part of these financial statements.

Crofton Schools Academy Trust
(A company limited by guarantee)

Statement of Cash Flows
For the Year Ended 31 August 2016

	Note	2016 £	2015 £
Cash flows from operating activities			
Net cash provided by operating activities	18	170,749	356,652
Cash flows from investing activities:			
Dividends, interest and rents from investments		825	721
Purchase of tangible fixed assets		(617,246)	(652,935)
Capital grants from DfE/EFA		553,757	225,486
Capital funding received from sponsors and others		3,000	-
Net cash used in investing activities		(59,664)	(426,728)
Change in cash and cash equivalents in the year		111,085	(70,076)
Cash and cash equivalents brought forward		695,619	765,695
Cash and cash equivalents carried forward		806,704	695,619

Crofton Schools Academy Trust
(A company limited by guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2016

1. Accounting Policies

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

1.1 Basis of preparation of financial statements

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

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

First time adoption of FRS 102

It is the first period that the academy trust has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 August 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 1 September 2015.

As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards, however generally the impact of these has had no effect on comparative figures.

The main impact has therefore been to change the presentation of certain items in the accounts in order to comply with the new legislation, notably:

- i) capital grants are now shown in a donations and capital grants row on the Statement of Financial Activities, rather than within incoming resources from charitable activities; and
- ii) governance costs are now included with support costs, within costs of charitable activities, instead of appearing on a separate line on the Statement of Financial Activities.

The comparative figures have been restated only in respect of the recognition of LGPS interest costs. Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in income/expense. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in income/expense. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to change the finance credit of £10,000 to a finance debit of £17,000 and decrease the debit in other recognised gains and losses in the Statement of financial activities to £20,000 from £47,000. There is therefore no impact on the brought forward fund position or net movement in funds in the comparative period.

1.2 Fund accounting

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

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

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

Crofton Schools Academy Trust
(A company limited by guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2016

1. Accounting Policies (continued)

1.3 Income

All income is recognised once the academy 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.

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

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

1.4 Expenditure

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

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

1.5 Going concern

The trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the academy 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 academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements..

1.6 Turnover

Turnover comprises revenue recognised by the academy trust in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

Crofton Schools Academy Trust
(A company limited by guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2016

1. Accounting Policies (continued)

1.7 Tangible fixed assets and depreciation

All assets costing more than £1,000 are capitalised. Where assets are purchased in bulk there is a bulk purchase capitalisation policy of £5,000.

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.

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.

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is not charged on freehold land. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	2%
Long Term Leasehold Property	-	2%
Furniture and equipment	-	20%
Computer equipment and software	-	33.33%

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.

1.9 Taxation

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

1.10 Interest receivable

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

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.

Crofton Schools Academy Trust
(A company limited by guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2016

1. Accounting Policies (continued)

1.13 Liabilities and provisions

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

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 20, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

1.15 Financial instruments

The academy trust only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

Crofton Schools Academy Trust
(A company limited by guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2016

1. Accounting Policies (continued)

1.16 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 20, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2. Income from donations and capital grants

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Donations	48,259	-	3,000	51,259	134,376
Capital Grants	-	-	553,757	553,757	160,681
	<u>48,259</u>	<u>-</u>	<u>556,757</u>	<u>605,016</u>	<u>295,057</u>

In 2015, of the total income from donations and capital grants, £69,571 was to unrestricted funds and £225,486 was to restricted funds.

3. Trading activities

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Charity trading income				
Catering profit share	47,435	-	47,435	31,000
Lettings	17,757	-	17,757	30,604
	<u>65,192</u>	<u>-</u>	<u>65,192</u>	<u>61,604</u>
	<u>65,192</u>	<u>-</u>	<u>65,192</u>	<u>61,604</u>

Crofton Schools Academy Trust
(A company limited by guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2016

4. Investment income

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Short term deposits	825	-	825	721

In 2015, of the total investment income, £721 was to unrestricted funds and £NIL was to restricted funds.

5. Funding for Academy's educational operations

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
DfE/EFA grants				
General Annual Grant (GAG)	-	5,007,619	5,007,619	4,512,159
Other DfE/EFA grants	-	474,116	474,116	526,282
	-	5,481,735	5,481,735	5,038,441
Other government grants				
Local authority grants	-	181,954	181,954	201,195
	-	181,954	181,954	201,195
Other funding				
Other income from the academy trust's educational operations	54,438	-	54,438	50,377
Before and after school club	225,354	-	225,354	133,443
School trips	88,194	-	88,194	94,356
	367,986	-	367,986	278,176
	367,986	5,663,689	6,031,675	5,517,812

In 2015, of the total income from charitable activities, £278,176 was to unrestricted funds and £5,239,636 was to restricted funds.

6. Expenditure

	Staff costs 2016 £	Premises 2016 £	Other costs 2016 £	Total 2016 £	Total 2015 £
Academy's educational operations:					
Direct costs	4,006,670	166,619	481,350	4,654,639	4,229,408
Support costs	646,798	342,221	705,699	1,694,718	1,724,442
	4,653,468	508,840	1,187,049	6,349,357	5,953,850

In 2016, of the total expenditure, £273,815 (2015: £342,964) was to unrestricted funds and £6,075,542 (2015: £5,610,886) was to restricted funds.

Crofton Schools Academy Trust
(A company limited by guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2016

7. Charitable activities

	Total funds 2016 £	<i>Total funds 2015 £</i>
Direct costs - educational operations		
Wages and salaries	3,182,188	3,019,045
National insurance	253,283	208,781
Pension cost	571,199	464,399
Depreciation	305,645	302,449
Books, apparatus and stationery	319,711	213,280
Staff development	20,067	20,568
Other direct costs	2,546	886
	<u>4,654,639</u>	<u>4,229,408</u>
Support costs - educational operations		
Wages and salaries	530,068	493,040
National insurance	22,597	18,860
Pension cost	94,133	93,233
Depreciation	16,087	15,918
Maintenance of premises and equipment	80,495	170,195
Cleaning	97,994	94,735
Rent and rates	35,613	37,790
Heat and light	75,790	84,920
Insurance	37,767	44,696
Security	3,636	3,768
Technology costs	37,074	11,954
Bank interest and charges	570	289
Catering	224,952	216,029
Other support costs	315,315	314,673
School trips	122,627	124,342
	<u>1,694,718</u>	<u>1,724,442</u>
	<u><u>6,349,357</u></u>	<u><u>5,953,850</u></u>

8. Net incoming resources/(resources expended)

This is stated after charging:

	2016 £	<i>2015 £</i>
Depreciation of tangible fixed assets:		
- owned by the charity	321,732	318,367
Auditors' remuneration - audit	9,235	8,970
Auditors' remuneration - other services	2,630	3,325
Operating lease rentals	26,804	25,308
	<u><u>359,399</u></u>	<u><u>355,970</u></u>

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9. Staff costs

Staff costs were as follows:

	2016	2015
	£	£
Wages and salaries	3,704,944	3,452,041
Social security costs	275,880	227,641
Operating costs of defined benefit pension schemes	665,332	557,632
	<u>4,646,156</u>	<u>4,237,314</u>
Supply teacher costs	7,312	60,044
	<u>4,653,468</u>	<u>4,297,358</u>

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

	2016	2015
	No.	No.
Teachers	66	61
Administration and support	119	109
Management	12	12
	<u>197</u>	<u>182</u>

Average headcount expressed as a full time equivalent:

	2016	2015
	No.	No.
Teachers	56	51
Administration and support	63	56
Management	12	12
	<u>131</u>	<u>119</u>

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

	2016	2015
	No.	No.
In the band £ 60,001 - £ 70,000	1	1
In the band £ 70,001 - £ 80,000	1	1
In the band £ 80,001 - £ 90,000	1	1

All of the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2016, pension contributions for these staff amounted to £38,273 (2015 - £31,634).

The key management personnel of the academy trust comprise the trustees and the senior management team. The total amount of employee benefits (including employer pensions contributions) received by key management personnel for their services to the academy trust was £780,157 (2015: £742,496)

10. Central services

No central services were provided by the academy trust to its academies during the year and no central charges arose.

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11. Trustees' remuneration and expenses

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

		2016 £	2015 £
A. Carter, Executive Headteacher	Remuneration	85,000-90,000	85,000-90,000
	Pension contributions paid	10,000-15,000	10,000-15,000

During the year ended 31 August 2016, expenses totalling £35 (2015 - £25) were reimbursed to 1 trustee (2015 - 1).

12. Trustees' and Officers' Insurance

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the year ended 31 August 2016 was £1,542 (2015 - £1,542).

13. Tangible fixed assets

	Land and buildings £	Furniture and equipment £	Computer equipment £	Total £
Cost				
At 1 September 2015	13,236,731	341,389	358,595	13,936,715
Additions	553,665	-	63,581	617,246
At 31 August 2016	13,790,396	341,389	422,176	14,553,961
Depreciation				
At 1 September 2015	582,140	175,076	212,448	969,664
Charge for the year	175,388	60,938	85,406	321,732
At 31 August 2016	757,528	236,014	297,854	1,291,396
Net book value				
At 31 August 2016	13,032,868	105,375	124,322	13,262,565
At 31 August 2015	12,654,591	166,313	146,147	12,967,051

Included in land and buildings is freehold land at valuation of £2,905,723 (2015 - £2,905,723) and leasehold land at valuation of £1,481,000 (2015 - £1,481,000), which are not depreciated.

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14. Debtors

	2016	2015
	£	£
Trade debtors	21,453	25,712
Other debtors	106,108	75,593
Prepayments and accrued income	114,627	117,392
	<u>242,188</u>	<u>218,697</u>

15. Creditors: Amounts falling due within one year

	2016	2015
	£	£
Trade creditors	182,953	211,137
Accruals and deferred income	464,903	373,980
	<u>647,856</u>	<u>585,117</u>

	2016	2015
	£	£
Deferred income		
Deferred income at 1 September 2015	159,722	142,131
Resources deferred during the year	154,492	159,722
Amounts released from previous years	(159,722)	(142,131)
Deferred income at 31 August 2016	<u>154,492</u>	<u>159,722</u>

The deferred income included above relates to the following:

	2016	2015
	£	£
EFA universal infant free school meal funding	131,665	115,223
EFA rates grant	-	11,848
School trip income	-	13,863
Before and after school club income	22,827	18,626
Other	-	162
	<u>154,492</u>	<u>159,722</u>

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16. Statement of funds

	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Unrestricted funds						
Unrestricted funds	243,600	482,262	(273,815)	(102,622)	-	349,425
Restricted funds						
General Annual Grant (GAG) (note (i))	615	5,027,999	(5,176,890)	148,891	-	615
Other DfE/EFA grants (note (ii))	50,072	453,736	(434,769)	(21,963)	-	47,076
Other government grants (note (iii))	3,920	181,954	(128,151)	(53,803)	-	3,920
Pension reserve (note (iv))	(468,000)	-	(14,000)	-	(574,000)	(1,056,000)
	<u>(413,393)</u>	<u>5,663,689</u>	<u>(5,753,810)</u>	<u>73,125</u>	<u>(574,000)</u>	<u>(1,004,389)</u>
Restricted fixed asset funds (note (v))						
Restricted fixed asset fund	12,967,051	-	-	295,514	-	13,262,565
Capital grants	30,992	556,757	(321,732)	(266,017)	-	-
	<u>12,998,043</u>	<u>556,757</u>	<u>(321,732)</u>	<u>29,497</u>	<u>-</u>	<u>13,262,565</u>
Total restricted funds	<u>12,584,650</u>	<u>6,220,446</u>	<u>(6,075,542)</u>	<u>102,622</u>	<u>(574,000)</u>	<u>12,258,176</u>
Total of funds	<u>12,828,250</u>	<u>6,702,708</u>	<u>(6,349,357)</u>	<u>-</u>	<u>(574,000)</u>	<u>12,607,601</u>

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

(i) General Annual Grant must be used for the normal running costs of the Academy.

(ii) The other DfE/EFA grants fund is used to track non-GAG grants received from the EFA, the DfE or executive agencies of the DfE, and includes Pupil Premium and Universal Infant Free School Meal grant money and related expenditure.

(iii) The other government grants fund is used to track grants provided by government departments and includes the Individually Assigned Resources funding.

(iv) The pensions reserve is a restricted fund to account for the liability arising under The Local Government Pension Scheme.

(v) The restricted fixed asset funds are carried forward to meet the specific costs of fixed asset projects and to cover the depreciation charges that will be required on these projects going forward and the current fixed assets held. The transfers of £29,497 from the unrestricted fund represent the total capital expenditure from that fund during the year.

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16. Statement of funds (continued)

Analysis of academies by fund balance

Fund balances at 31 August 2016 were allocated as follows:

	Total 2016 £	Total 2015 £
Crofton Infant School	177,325	125,657
Crofton Junior School	223,711	172,550
Total before fixed asset fund and pension reserve	401,036	298,207
Restricted fixed asset fund	13,262,565	12,998,043
Pension reserve	(1,056,000)	(468,000)
Total	12,607,601	12,828,250

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 2016 £	Total 2015 £
Crofton Infant School	1,814,712	200,745	329,577	285,214	2,630,248	2,368,184
Crofton Junior School	2,306,955	351,123	357,184	382,115	3,397,377	3,240,299
	4,121,667	551,868	686,761	667,329	6,027,625	5,608,483

17. Analysis of net assets between funds

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Tangible fixed assets	-	-	13,262,565	13,262,565	12,967,051
Current assets	349,425	699,467	-	1,048,892	914,316
Creditors due within one year	-	(647,856)	-	(647,856)	(585,117)
Provisions for liabilities and charges	-	(1,056,000)	-	(1,056,000)	(468,000)
	349,425	(1,004,389)	13,262,565	12,607,601	12,828,250

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

	2016	2015
	£	£
Net income/(expenditure) for the year (as per Statement of financial activities)	353,351	(78,656)
Adjustment for:		
Depreciation charges	321,732	318,368
Dividends, interest and rents from investments	(825)	(721)
(Increase)/decrease in debtors	(23,491)	214,485
Increase in creditors	62,739	111,662
Capital grants from DfE and other capital income	(556,757)	(225,486)
Defined benefit pension scheme cost less contributions payable	(3,000)	(2,000)
Defined benefit pension scheme finance cost	17,000	19,000
Net cash provided by operating activities	170,749	356,652

19. Analysis of cash and cash equivalents

	2016	2015
	£	£
Cash in hand	806,704	695,619
Total	806,704	695,619

20. Pension commitments

The academy 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 The London Borough of Bromley Local Authority. 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 2013.

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

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

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20. Pension commitments (continued)

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

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS will be as at March 2016, 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 £426,000. (2015 - £344,000).

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £278,000. (2015 - £244,000), of which employer's contributions totalled £225,000. (2015 - £198,000) and employees' contributions totalled £53,000. (2015 - £46,000) The agreed contribution rates for future years are 24.3% 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:

	2016	2015
Discount rate for scheme liabilities	2.10 %	4.00 %
Rate of increase in salaries	3.30 %	3.70 %
Rate of increase for pensions in payment	2.00 %	2.20 %
Inflation assumption (CPI)	1.90 %	2.20 %

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

	2016	2015
Retiring today		
Males	23.2	23.1
Females	25.6	25.5
Retiring in 20 years		
Males	25.5	25.4
Females	28.5	28.4

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20. Pension commitments (continued)

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

	Fair value at 31 August 2016 £	<i>Fair value at 31 August 2015 £</i>
Equities	1,213,000	775,000
Debt instruments	252,000	170,000
Cash	15,000	6,000
Other	146,000	110,000
	<u>1,626,000</u>	<u>1,061,000</u>
Total market value of assets	<u>1,626,000</u>	<u>1,061,000</u>

The actual return on scheme assets was £293,000. (2015 - £34,000).

The amounts recognised in the statement of financial activities are as follows:

	2016 £	<i>2015 £</i>
Current service cost (net of employee contributions)	(222,000)	(196,000)
Net interest cost	(11,000)	(13,000)
Administration expenses	(6,000)	(6,000)
	<u>(239,000)</u>	<u>(215,000)</u>
Total	<u>(239,000)</u>	<u>(215,000)</u>

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

	2016 £	<i>2015 £</i>
Opening defined benefit obligation	1,529,000	1,221,000
Current service cost	222,000	196,000
Interest cost	59,000	49,000
Contributions by employees	53,000	46,000
Actuarial losses	819,000	17,000
	<u>2,682,000</u>	<u>1,529,000</u>
Closing defined benefit obligation	<u>2,682,000</u>	<u>1,529,000</u>

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

	2016 £	<i>2015 £</i>
Opening fair value of scheme assets	1,061,000	790,000
Return on plan assets (excluding net interest on the net defined pension liability)	48,000	36,000
Actuarial gains and (losses)	245,000	(3,000)
Contributions by employer	225,000	198,000
Contributions by employees	53,000	46,000
Administration expense	(6,000)	(6,000)
	<u>1,626,000</u>	<u>1,061,000</u>
Closing fair value of scheme assets	<u>1,626,000</u>	<u>1,061,000</u>

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21. Operating lease commitments

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

	2016	2015
	£	£
Amounts payable:		
Within 1 year	16,118	19,404
Between 1 and 5 years	7,400	8,718
Total	23,518	28,122

22. Related party transactions

During the year Crofton Infant School received £6,992 (2015 - £55,350) from the Crofton Infant School PTA and Crofton Junior School received £18,000 (2015 - £37,415) from the Crofton Junior School PTA.

J. Searle, the wife of S. Searle, a member of the Trust, worked at Crofton Junior School during the year and was paid a salary, under an employment contract, for her role as a teaching assistant. S. Searle, had no involvement in the appointment of J. Searle and the trustees are comfortable that J. Searle's salary provides value for money and is not at a preferential rate.

Crofton Junior School received £15,525 (2015 - £8,100) from the DfE for consultancy work carried out by D. Moss, the Chair of Trustees and a member, in her role as a National Leader of Governance. This arrangement exists because the DfE are unable to make payments to D.Moss personally and all amounts received have been passed on to her.

23. Controlling party

The academy trust is run by the management team on a day to day basis. Strategic decisions are made by the board of trustees. There is no ultimate controlling party.

24. 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.