

THE SCHELWOOD TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2018

LANDAU BAKER LIMITED

Chartered Accountants & Statutory Auditors

Mountcliff House

154 Brent Street

London

NW4 2DR



THE SCHELWOOD TRUST
(A Company Limited by Guarantee)

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REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2018

Members	Mr E John Mr J King-Harris (resigned 18 January 2018) Mr P Ward Ms M Waller (appointed 8 October 2018)
Trustees	Mr J Reekie, Chair ¹ Miss K M Higgins ¹ Ms J Rockall ¹ Mr P E Rowley ¹ Mr D Tottingham (resigned 10 October 2017) ¹ Mr R S Robertson ¹ Mr K Iyer ¹ Mr P Merison (resigned 6 June 2018) Mr P Makh (resigned 30 September 2017) Mrs W Barnett (appointed 10 October 2017) ¹ Mrs S Shariff (appointed 15 January 2018) ¹ ¹ Director of the company
Company registered number	07899845
Company name	The Schelwood Trust
Principal and registered office	Northampton Avenue Slough Berkshire SL1 3BW
Company secretary	Mrs J Vucic
Chief executive officer	Ms J Rockall
Senior leadership team	Ms J Rockall, Headteacher (Herschel Grammar School) HGS Mrs J Vucic, Business Manager Mr S Devereux, Deputy Headteacher HGS Mr M Bourne, Deputy Headteacher HGS Mrs A Oxley, Assistant Headteacher HGS Mr G Whittaker, Assistant Headteacher HGS Mr G Parsons, Assistant Headteacher HGS Miss K Higgins, Headteacher (Beechwood School) B Mr B Bowker, Deputy Headteacher B Mr I Priestley, Deputy Headteacher B Mr R Prosser, Deputy Headteacher B Mr M Gaffin, Assistant Headteacher B Ms J Sabbagh, Assistant Headteacher B

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

Advisers (continued)

Independent auditors	Landau Baker Limited Chartered Accountants Statutory Auditors Mountcliff House 154 Brent Street London NW4 2DR
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Bankers	Lloyds Bank plc 123 High Street Town Centre Slough SL1 1EH
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Solicitors	Winckworth Sherwood Minerva House 5 Montagu Close London SE1 9BB
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THE SCHELWOOD TRUST
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2018

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the 1 September 2017 to 31 August 2018. The Annual Report serves the purposes of both a Trustees' Report, and a Directors' report under company law.

The trust operates two academies for pupils aged 11 to 19 serving a catchment area in Slough, Berkshire. Herschel Grammar School had a capacity of 900 pupils and had a roll of 956 pupils in the school census in May 2018. Beechwood School had a capacity of 905 pupils and had a roll of 787 pupils in the school census in May 2018.

STRUCTURE, GOVERNANCE AND MANAGEMENT

a. Constitution

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

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

The Trustees of The Schelwood Trust are also the directors of the charitable company for the purpose of company law.

The charitable company is known as The Schelwood Trust. The company changed its name on 9 August 2016 and became a multi-academy trust when Beechwood School joined the trust on 1 October 2016.

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

b. Members' liability

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

c. Method of recruitment and appointment or election of trustees

The management of the academies is the responsibility of the trustees who are elected and co-opted under the terms of the Articles of Association. These provide for up to 10 trustees appointed by the members, of whom not more than one third may be staff trustees. Local governing bodies have been established for each academy in the trust.

The term of office for any trustee is 4 years. The Head Teachers' terms of office runs parallel with their terms of appointment. Subject to remaining eligible to be a particular type of trustee, trustees may be reappointed or re-elected.

d. Policies and procedures adopted for the induction and training of trustees

The training and induction provided for new governors will depend on their experience. Where necessary an induction will provide training on charity and educational, legal and financial matters. All new governors are given a tour of the academies and the chance to meet with staff and students. All governors are provided with copies of policies, procedures, minutes, budgets, plans and other documents that they will need to understand their role as trustees and directors of the academies.

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

e. Organisational structure

The academies have established management structures to enable their efficient running. The structure consists of three levels: the Trustees, the governors and the executive who are the senior leadership team.

The governing board of each academy has considered its role thoughtfully and decided that the role of the governors is to approve the strategic direction and objectives of the academy and monitor its progress towards these objectives.

The governing body has approved a scheme of delegation which sets out a statement on the system of internal control, responsibilities, standing orders, a scheme of delegation and terms of reference.

Governors are responsible for setting general policy, adopting an annual plan and budget, monitoring the academy by use of budgets and making major decisions about the direction of the academy, including capital expenditure and senior staff appointments.

The local governing bodies are sub committees of the Trust Board.

f. Trustees' indemnities

Subject to the provisions of the Companies Act, every governor or other officer of the academy shall be indemnified out of the assets of the academy against any liability incurred by them in that capacity in defending any proceedings, whether civil or criminal, in which judgment is given in favour or in which they are acquitted or in connection with any application in which relief is granted to them by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the academy

OBJECTIVES AND ACTIVITIES

a. Objects and aims

The principal object and activity of the trust is the operation of Herschel Grammar School and Beechwood School to provide a broad and balanced education for pupils of all abilities. The governors have referred to the guidance issued by the Charity Commission in respect of public benefit when reviewing the aims and objectives of the academy.

In accordance with the articles of association, the academy has adopted a "Scheme of Government" approved by the Secretary of State for Education. The Scheme of Government specifies, amongst other things, the basis for admitting pupils to the academy, the catchment area from which the pupils are drawn, and that the curriculum should comply with the substance of the national curriculum.

The main objectives of the trust during the period are summarised below:

b. Objectives , strategies and activities

Herschel Grammar School

Our objectives for the next academic year are as follows.

- Improve the wellbeing and professional development of staff;
- Ensure the consistency of high pupil achievement across all subject areas;
- Reduce the gender attainment gap at A Level;
- Develop outstanding middle leadership through targeted professional development;
- Continue to foster culture of open professional dialogue around teaching and learning;
- Further develop relationships with parents and feeder schools to support transition and ensure admissions arrangements are understood;
- Develop CEIAG in line with revised statutory guidance;
- Develop online learning through a programme of professional development;

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

- Make pupil wellbeing and mental health a sharp focus;
- Improve the consistency of high quality form tutoring;
- Take effective action to ensure financial stability;

Our objectives are encompassed in our MAT's aims which are to:

- ensure the highest of standards in all aspects of our work as we facilitate the learning and personal development of the young people in our care;
- enable young people to secure academic success;
- position young people to be well-prepared for their future lives;
- develop young people so they are able to be active citizens who engage positively with their communities;
- equip young people to be able to recognise and seize opportunities and successfully negotiate challenges;
- nurture young people so they are capable, confident and have a belief in self;
- inspire young people so they enjoy their learning and personal development, hold high aspirations and fulfil their ambitions;
- serve, support and work in effective partnership with our local families and communities;
- invest in staff so they have high quality professional development opportunities and enjoy professional fulfilment.

Our Academy's ethos is determined by our values. Herschel Grammar School is committed to;

- Being a caring, inclusive and disciplined environment in which all individuals make a contribution and are valued and rewarded
- Being a centre of excellence where learners achieve their full potential in academic, personal, social, physical and moral development
- Being a working partnership of learners, parents, staff, governors and the community
- Preparing learners for the demands and opportunities in a rapidly changing world

Our main activities will be:

- investing in staff professional development;
- implementing an effective wellbeing and mental health strategy;
- embedding policy and practice development from last academic year;
- developing further our pedagogical practices with an emphasis on metacognition;
- collaborating with our MAT partner and the Local Authority's School Effectiveness Consultant to support pace of improvement.

Beechwood School

Our objectives for the next academic year are as follows.

- Driving outcomes for learners so that specific attainment and progress targets are met.
- Addressing the knowledge and language deficit which exists for some of our learners – i.e. developing oracy, reading and writing.
- Addressing the deficit in students' awareness of how to learn and their ability to approach learning effectively.
- Ensuring that the highest expectations exist for all.
- Ensuring assessment design is fully fit for purpose, is valid, reliable and provides good value with regards to advancing students' learning.
- Ensuring all students exhibit a readiness for learning.
- Developing our rewards and sanctions systems further to promote outstanding behaviour for learning.
- To ensure our interventions to secure strong outcomes are strengthened.
- Reduce fixed term exclusions.
- Expand our enrichment offer to enhance further the learning experience of students.

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

- Ensure we enhance further our leadership and management development programmes to secure an increased proportion of leadership (at all levels) which can be judged as outstanding.
- Take effective action to ensure financial stability.

Our objectives are encompassed in our MAT's aims which are to:

- ensure the highest of standards in all aspects of our work as we facilitate the learning and personal development of the young people in our care;
- enable young people to secure academic success;
- position young people to be well-prepared for their future lives;
- develop young people so they are able to be active citizens who engage positively with their communities;
- equip young people to be able to recognise and seize opportunities and successfully negotiate challenges;
- nurture young people so they are capable, confident and have a belief in self;
- inspire young people so they enjoy their learning and personal development, hold high aspirations and fulfil their ambitions;
- serve, support and work in effective partnership with our local families and communities;
- invest in staff so they have high quality professional development opportunities and enjoy professional fulfilment.

Our Academy's ethos is determined by our values. We value all, we respect all, we believe in all, we see the good and potential in all. We also have a very strong sense of all having an entitlement to experience excellence and success. We are determined to "do our best to be the best that we can be".

Our main activities will be:

- investing in staff professional development;
- embedding policy and practice development from last academic year;
- developing further our pedagogical practices with an emphasis on meta-cognition;
- collaborating with our MAT partner and the Local Authority's School Effectiveness Consultant to support pace of improvement;
- liaising with the LA, ESFA and DfE to address concerns about the negative effect of PFI on our school finances.

c. Achievements and performance

Herschel Grammar School

Our Key Performance Indicators for 2018-19 are detailed in our School Improvement Plan and are as follows:

- 100% of Year 11 pupils achieve at least grade 4 in their GCSEs including English and Maths
- 98% of Year 11 pupils achieve at least a grade 5 in their GCSEs including English and Maths
- At least 60% of GCSE grades are 9-7
- At least 30% of GCSE grades are 9-8
- Achieve a Progress 8 score of between 0.4 and 0.8
- 100% A Level pass rate
- At least 64% of A Level grades are A*-B
- At least 34% of A Level grades are A*-A
- Achieve a red Alps score
- Pupils are equipped with the knowledge, understanding and skills necessary to be successful in their adult life

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TRUSTEES' REPORT (continued)
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Achievement and Performance Data:

GCSE Outcomes – Comparative data 2016-17 and 2017-18:

	2017 results	2018 results
% English (Lit/Lang) and Maths 4+	99	99
% English (Lit/Lang) and Maths 5+	91	90
% English (Lit/Lang) and Maths 7+	54	50
% Maths 4+	99	100
% Maths 5+	93	94
% Maths 7+	67	66
% English 4+	100	99
% English 5+	98	95
% English 7+	67	65
Progress 8 Score (e.g. +0.07)	+0.74	+0.55
% of students with < all ebacc buckets filled	100	99
% of students making <0 progress re Progress 8	24	18
Attainment 8 Grade	A/B	6.8
% Passing 2 Science (4+)	97.5	99.3

A Level Results – Comparative data:

	2016	2017	2018
%A* to C	86.1	84.2	86.3
% A* to E	99.1	99.7	99

Attendance Data - 2017 to 2018

Authorised Absence	3.85%
Unauthorised Absence	0.14%
Overall Attendance	96%

Beechwood School

Our Key Performance Indicators for 2018-19 are detailed in our School Improvement Plan and are as follows:

- At least 80% of Year 7 meet or exceed age-related expectations in English, Maths and Science by the end of Year 7, based on their KS2 outcomes. 90% of higher attaining (110+ SAS) to achieve 'Excellence'.
- At least 80% of Year 8 meet or exceed age-related expectations in English, Maths and Science by the end of Year 8, based on their KS2 outcomes. 85% of higher attaining (110+ SAS) to achieve 'Excellence'.
- At least 80% of Year 9 to meet end of year targets (informed by FFT20/DfE estimates) in English, Maths and Science.
- At least 80% of Year 10 meet end of year targets (informed by FFT20/DfE estimates) in English, Maths and Science.
- At least 75% of Year 11 meet end of year targets (informed by FFT20/DfE estimates) in order to achieve a whole school P8 that is at least above the floor standard and aims to secure a '0' score moving to a positive overall score. Progress scores in English and Maths to be in line with the national average range.
- At least 90% of learning walks and work scrutiny demonstrate good or better behaviour for learning.
- At least 90% of interventions demonstrate clear progress.
- Fixed term exclusions are reduced by 25%.
- 10 percentage point increase in Achievement Points for each year group for praise, and behaviour logs reflect 10 percentage point reduction of students causing concern in each year group.
- 100% of enrichment provision to reflect increased and wider student participation. Expanded offer

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FOR THE YEAR ENDED 31 AUGUST 2018

comparative to 2017-2018 across all curriculum areas.

- Middle Leadership is predominantly outstanding (ref OFSTED criteria).
- Senior Leadership is outstanding (ref OFSTED criteria).

Achievement and Performance Data:

GCSE Outcomes - Comparative data 2016-17 and 2017-18:

	2017 results	2018 results
% English (Lit/Lang) and Maths 4+	42.2	50.4
% English (Lit/Lang) and Maths 5+	15.6	22.6
% English (Lit/Lang) and Maths 7+	3	4.4
% Maths 4+	47	53.3
% Maths 5+	20	23.4
% Maths 7+	3.7	6.6
% English 4+	67.4	74.5
% English 5+	44.4	51.8
% English 7+	6.7	16.8
Progress 8 Score (e.g. +0.07)	-0.76	-0.56
% of students with < all ebacc buckets filled	57.8	27
% students making <0 progress re Progress 8	67.2	64.2
Attainment 8 Grade	D+	4
Passing 2 Science	27.4%	56.93%

A Level Results - Comparative data:

	2016	2017	2018
A* to C	43.9%	57.7%	66%
A* to E	78.6%	100%	95.7%

BTEC Level 3 Results - Comparative data:

	Health & Social Care		Business Studies		Science		Art	
	2017	2018	2017	2018	2017	2018	2017	2018
D*	0%	0%	0%	0%	0%	0%	0%	0%
D	0%	0%	7%	6%	0%	9%	25%	0%
M	0%	18%	50%	38%	0%	45%	75%	40%
P	71%	82%	36%	50%	32%	46%	0%	60%
U	29%	0%	7%	6%	68%	0%	0%	0%

Attendance Data - 2017 to 2018:

Authorised Absence	4.3%
Unauthorised Absence	1.3%
Overall Attendance	94.4%

d. Public benefit

In setting the objectives, the trustees have given careful consideration to the Charity Commission's general guidance on public benefit and in particular to this supplementary public benefit guidance on advancing education.

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As a trust we make the best use of our skills, expertise and experience with regards to the community. Some examples of this are:

- Raising money for local, national and international charities
- 6th form contribution to the community service scheme
- Sports leader programmes that provide sporting activities and events to local Primary Schools
- Maths/Science support to local Primary Schools
- Music programmes by the school's choir and orchestra to the wider community such as a local Nursing Home and concerts in public places
- Providing governor leadership to the local SASH schools.

ACHIEVEMENTS AND PERFORMANCE

a. Going concern

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

b. Key performance indicators

The academy trust set a balanced budget for 2018/19 as defined by the ESFA and showed a (deficit) on restricted general funds for that year (before restricted fixed assets fund and pension reserve) of £(286,089) (2017: £(178,799)). Total income revenue reserves at 31 August 2018 amounted to £737,174 (2017: £430,822). The academy trust will continue to trade with sufficient balances so as to continue the high standard of education offered to its students.

c. FUNDRAISING ACTIVITIES/INCOME GENERATION

Herschel Grammar School does some fundraising through parental contributions but outside of that the academies carry out no other fundraising activities other than collection of contributions by parents for pupil trips and other services provided by the trust. No fees are paid to professional fund raising organisations.

FINANCIAL REVIEW

a. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Companies Act 2006 s417(3b) requires disclosure of the principal risks and uncertainties facing a company. The academy is exposed to a number of financial risks including credit, cash flow and liquidity risks. Given the academy's exposure to financial instruments being limited, the exposure principally relates to bank balances, cash and trade creditors, with limited trade (and other) debtors. The academy's system of internal controls ensures risk is minimal in these areas.

b. PRINCIPAL RISKS AND UNCERTAINTIES

The uncertain future of funding for schools is a huge challenge to the Trust. Over the past years both schools have experienced significant reductions in their GAG funding which has put a huge strain on the school's reserves. On top of that, one of the trust schools is a PFI school and the ever-increasing costs associated with that lease, which are fixed and account for 23% of the annual expenditure make it exceedingly difficult to work on any potential cost savings.

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c. Reserves policy

The level of reserves held takes into account the nature of income and expenditure streams, the need to match them with commitments, including future capital projects, and the nature of reserves. The governors will keep this level of reserves under review.

d. Principal funding

Most of the Trust's income is obtained from the Education and Skills Funding Agency (ESFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the 12 month period ended 31 August 2018 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The academy also received grants for fixed assets from the ESFA. In accordance with the Charities Statement of Recommended Practice, "Accounting for Reporting by Charities" (SORP 2015), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

Under the Charities SORP, it is necessary to charge projected deficits on the LGPS, which is provided to support staff, to a restricted fund. This results in reducing reserves shown in the total funds of the Trust. It should be noted that this does not present the Trust with any current liquidity problem, the employer contributions are currently being assessed and it is expected that they will increase to bring a further reduction in this pension deficit in future, although this may not be achieved until stock market investment values start to recover.

PLANS FOR FUTURE PERIODS

a. Future developments

The trust priorities for the next year can be broken down into three categories:

1. Improving teaching, learning and assessment by sustaining and strengthening school-to-school support and engendering a culture of evidence-based innovation within teaching practice.
2. Ensuring the effectiveness of Leadership and Management at all levels with a new and professional support & development programme for ML's with a 'Good to Outstanding focus'; harmonise and standardise the appraisal process and record-keeping; harmonise the collection and presentation of standards information and develop trust-wide quality assurance systems and procedures.
3. Ensuring the effectiveness of Leadership and Management at executive and governance levels which will be achieved through risk managing scrutiny and procedures embedded in trust leadership; work towards a 3-5 year risk anticipation plan; develop a 3 year talent management programme for succession planning and explore leadership structures needed for sustaining and growing a MAT.

b. Pay policy for all personnel

The school has a Pay Policy in place which is reviewed annually. In line with this policy, staff are going through an annual appraisal process, the report of which contains recommendation on pay progression. The Headteachers are responsible for submitting any recommendations for pay progression, in accordance with the relevant sections of the Pay Policy, to the Pay Appraisal Committee for approval.

FUNDS HELD AS CUSTODIAN

The Trust, during the financial period, received 16 - 19 bursary funds and made disbursements from these on behalf of the ESFA. Any balance of bursary funding not disbursed at the year end is included in creditors.

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TRUSTEES' REPORT (continued)
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DISCLOSURE OF INFORMATION TO AUDITORS

Insofar as the Trustees are aware:

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

AUDITORS

The auditors, Landau Baker Limited, have indicated their willingness to continue in office. The Designated Trustees will propose a motion re-appointing the auditors at a meeting of the Trustees.

The Trustees' Report was approved by order of the board of trustees, as the company directors, on 10 December 2018 and signed on its behalf by:



Mr J M Reekie
Chair

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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As trustees, we acknowledge we have overall responsibility for ensuring that The Schelwood 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 Head Teacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between The Schelwood Trust and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

GOVERNANCE

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

Trustee		Out of a possible
Mr J Reekie, Chair	5	5
Miss K M Higgins	5	5
Ms J Rockall	5	5
Mr P E Rowley	4	5
Mr R S Robertson	5	5
Mr K Iyer	4	5
Mr P Merison	5	5
Mrs W Barnett	5	5
Mrs S Shariff	3	3

The board of trustees consists of the two Headteachers of each school, the chairs of the LGB's and the rest are Community Governors/Trustees.

The Trust has established a Finance, Audit and Risk Committee with effect from September 2018. The trust already has a Performance Management and Pay Committee in place.

REVIEW OF VALUE FOR MONEY

As Accounting Officer, the Head Teacher 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:

Better Purchasing

- The use of tendering procedures for major expenditure items.
- The use of specialised companies to tender for utility supplies.
- The continued check of existing contracts and finding suppliers who deliver the same services with the same quality but for less money.
- Renegotiation of catering supplies contract working in conjunction with a number of other local schools.
- Working with other schools in pooling supplies and negotiating contracts and getting better value for money.
- Negotiation of the best price possible for the emergency gas and calorifier works that were identified over

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GOVERNANCE STATEMENT (continued)

the summer break following the annual service (HGS).

Income generation

- Expanding the gift aid scheme.
- Sourcing other avenues of financing projects within the Trust.
- Continuing the practice of outsourcing each school's various services and generating a revenue stream.
- Secured ESFA Emergency CIF funding for the main gas replacement works and the replacement of the calorifier over the summer break (HGS).

Reviewing controls and managing risks

- Ensuring proper internal controls are in place to protect the trust's assets
- Providing regular budget reports to budget holders and the Trust Board
- Ensuring spending across the board is within the set budgets.
- Ensuring the Trust regularly reviews its risks.
- Ensuring new staff are appointed by the Trust and their services used across the Trust as required.

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 The Schelwood Trust for the year 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

The board of trustees has reviewed the key risks to which the 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 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

THE RISK AND CONTROL FRAMEWORK

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

The board of trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have appointed Mr J Curzon, a Business and Finance Director at a local academy trust, to carry out a programme of internal checks.

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GOVERNANCE STATEMENT (continued)

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

- Checking bank reconciliations
- Reviewing monthly payroll
- Reviewing ageing and outstanding debtors and creditors
- Checking catering tills records versus money received
- Checking petty cash
- Reviewing expense claims
- Checking whether financial procedures were followed

The reviewer reports to the board of trustees through the on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

No issues of concern were raised during the audits and the reviewer's reports were received by the Trust Board.

REVIEW OF EFFECTIVENESS

As Accounting Officer, the Head Teacher 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 reviewer;
- the work of the external auditors;
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control 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 10 December 2018 and signed on their behalf, by:



Mr J M Reekie
Chair of Trustees



Ms J Rockall
Accounting Officer

THE SCHELWOOD TRUST
(A Company Limited by Guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of The Schelwood Trust I have considered my responsibility to notify the academy trust board of trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, 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 2017.

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 2017.

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



Ms J Rockall
Accounting Officer

Date: 10 December 2018

THE SCHELWOOD TRUST
(A Company Limited by Guarantee)

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

The Trustees (who act as trustees for charitable activities of The Schelwood Trust who are also directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Annual Accounts Direction issued by the Education Skills and Funding Agency (ESFA), 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 2017 to 2018;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

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



Mr J M Reekie
Chair

Date: 10 December 2018

THE SCHELWOOD TRUST
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
SCHELWOOD TRUST**

OPINION

We have audited the financial statements of The Schelwood Trust (the 'academy trust') for the year ended 31 August 2018 which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the academy trust's affairs as at 31 August 2018 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

BASIS FOR OPINION

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

CONCLUSIONS RELATING TO GOING CONCERN

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

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

THE SCHELWOOD TRUST
(A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE SCHELWOOD TRUST

OTHER INFORMATION

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

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

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

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

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the Statement of Trustees' Responsibilities, the Trustees (who are also the directors of the 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, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the academy trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going

THE SCHELWOOD TRUST
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
SCHELWOOD TRUST**

concern basis of accounting unless the Trustees either intend to liquidate the academy trust or to cease operations, or have no realistic alternative but to do so.

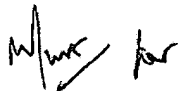
AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

USE OF OUR REPORT

This report is made solely to the academy trust's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the academy trust's members those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the academy trust and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

 for Landau Baker Limited

Michael Durst (Senior Statutory Auditor)

for and on behalf of

Landau Baker Limited

Chartered Accountants
Statutory Auditors

Mountcliff House
154 Brent Street
London
NW4 2DR
10 December 2018

THE SCHELWOOD TRUST
(A Company Limited by Guarantee)

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO THE
SCHELWOOD TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 6 January 2012 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Schelwood Trust during the year 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

**RESPECTIVE RESPONSIBILITIES OF THE SCHELWOOD TRUST'S ACCOUNTING OFFICER AND THE
REPORTING ACCOUNTANT**

The Accounting Officer is responsible, under the requirements of The Schelwood Trust's funding agreement with the Secretary of State for Education dated 1 February 2012, and the Academies Financial Handbook extant from 1 September 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

APPROACH

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

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

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

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

The work undertaken to draw to our conclusion includes:

- review of management reporting documents.
- review of Trustees/Governors meeting minutes.
- confirming compliance with the Academy Trust's Scheme of Delegation.
- compliance with delegated authorities.
- consideration of whether any personal benefit has been derived from the Academy Trust's transactions by staff or related parties.
- adherence to tendering policies.

THE SCHELWOOD TRUST
(A Company Limited by Guarantee)

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO THE
SCHELWOOD TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY (continued)**

CONCLUSION

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Landau Baker Limited

Reporting Accountant

Landau Baker Limited

Chartered Accountants
Statutory Auditors

Mountcliff House
154 Brent Street
London
NW4 2DR

10 December 2018

THE SCHELWOOD TRUST
(A Company Limited by Guarantee)

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

	Note	Unrestrict'd funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
INCOME FROM:						
Donations and capital grants	2	155,378	-	62,827	218,205	25,361,803
Charitable activities	3	307,796	10,780,896	-	11,088,692	10,624,127
Investments	4	692	-	-	692	760
Other income		-	145,702	-	145,702	111,412
TOTAL INCOME		463,866	10,926,598	62,827	11,453,291	36,098,102
EXPENDITURE ON:						
Raising funds		137,029	-	-	137,029	157,898
Charitable activities		276,716	11,021,367	472,686	11,770,769	11,661,748
TOTAL EXPENDITURE	7	413,745	11,021,367	472,686	11,907,798	11,819,646
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS						
Transfers between Funds	20	50,121	(94,769)	(409,859)	(454,507)	24,278,456
		-	78,276	(78,276)	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES						
		50,121	(16,493)	(488,135)	(454,507)	24,278,456
Actuarial gains on defined benefit pension schemes	25	-	564,000	-	564,000	378,000
NET MOVEMENT IN FUNDS		50,121	547,507	(488,135)	109,493	24,656,456
RECONCILIATION OF FUNDS:						
Total funds brought forward		338,620	(2,773,798)	54,016,643	51,581,465	26,925,009
TOTAL FUNDS CARRIED FORWARD		388,741	(2,226,291)	53,528,508	51,690,958	51,581,465

The notes on pages 25 to 49 form part of these financial statements.

THE SCHELWOOD TRUST
(A Company Limited by Guarantee)
REGISTERED NUMBER: 07899845

BALANCE SHEET
AS AT 31 AUGUST 2018

	Note	£	2018 £	£	2017 £
FIXED ASSETS					
Tangible assets	16		53,528,508		53,776,270
CURRENT ASSETS					
Stocks	17	1,156		1,130	
Debtors	18	268,562		249,726	
Cash at bank and in hand		1,016,277		774,754	
		1,285,995		1,025,610	
CREDITORS: amounts falling due within one year	19	(470,545)		(354,415)	
NET CURRENT ASSETS			815,450		671,195
TOTAL ASSETS LESS CURRENT LIABILITIES			54,343,958		54,447,465
Defined benefit pension scheme liability	25		(2,653,000)		(2,866,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			51,690,958		51,581,465
FUNDS OF THE ACADEMY					
Restricted income funds:					
Restricted income funds	20	426,709		92,202	
Restricted fixed asset funds	20	53,528,508		54,016,643	
Restricted income funds excluding pension liability		53,955,217		54,108,845	
Pension reserve		(2,653,000)		(2,866,000)	
Total restricted income funds			51,302,217		51,242,845
Unrestricted income funds	20		388,741		338,620
TOTAL FUNDS			51,690,958		51,581,465

The financial statements on pages 22 to 49 were approved by the Trustees, and authorised for issue, on 10 December 2018 and are signed on their behalf, by:



Mr J M Reekie
Chair of Trustees



Ms J Rockall
Headteacher

The notes on pages 25 to 49 form part of these financial statements.

THE SCHELWOOD TRUST
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Net cash provided by operating activities	22	<u>367,242</u>	<u>110,265</u>
Cash flows from investing activities:			
Dividends, interest and rents from investments		692	760
Purchase of tangible fixed assets		(224,925)	(96,075)
Capital grants from DfE Group		<u>98,514</u>	<u>268,806</u>
Net cash (used in)/provided by investing activities		<u>(125,719)</u>	<u>173,491</u>
Change in cash and cash equivalents in the year		241,523	283,756
Cash and cash equivalents brought forward		<u>774,754</u>	<u>490,998</u>
Cash and cash equivalents carried forward	23	<u><u>1,016,277</u></u>	<u><u>774,754</u></u>

THE SCHELWOOD TRUST
(A Company Limited by Guarantee)

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

1. ACCOUNTING POLICIES

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

1.1 Basis of preparation of financial statements

The financial statements of the 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 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

The Schelwood Trust constitutes a public benefit entity as defined by FRS 102.

1.2 Going concern

The Trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the academy 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.

THE SCHELWOOD TRUST
(A Company Limited by Guarantee)

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

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.

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the Statement of Financial Activities incorporating Income and Expenditure Account in the period in which it is receivable, where receipt is probable and it is measurable.

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

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

THE SCHELWOOD TRUST
(A Company Limited by Guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.4 Expenditure

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

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

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

All expenditure is inclusive of irrecoverable VAT.

1.5 Tangible fixed assets and depreciation

All assets costing more than £5,000 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

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

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of these assets, less their estimated residual value, over their expected useful lives on the following bases:

THE SCHELWOOD TRUST
(A Company Limited by Guarantee)

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

1. ACCOUNTING POLICIES (continued)

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	-	125 years
Building improvements	-	10 years
Furniture and fixtures	-	5 years
Plant and equipment	-	5 years
Computer equipment	-	3 years

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

1.6 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.

1.7 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.8 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.

1.9 Cash at Bank and in hand

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

1.10 Liabilities and provisions

Liabilities and provisions are recognised when there is an obligation at the Balance Sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy 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.

THE SCHELWOOD TRUST
(A Company Limited by Guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.11 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 18. Prepayments are not financial instruments. Amounts due to the academy trust's wholly owned subsidiary are held at face value less any impairment. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in note 19. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments. Amounts due to the academy trust's wholly owned subsidiary are held at face value less any impairment.

1.12 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.

THE SCHELWOOD TRUST
(A Company Limited by Guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.13 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy 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 25, 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.

1.14 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.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

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

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

THE SCHELWOOD TRUST
(A Company Limited by Guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.15 Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 25, 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 August 2018 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

1.16 Agency arrangements

The academy trust acts as agent in distributing 16-19 bursary funds from the ESFA. Payments received from the ESFA and subsequent disbursements to students are excluded from the Statement of Financial Activities as the trust does not have control over the charitable application of the funds. Any balance of funds not distributed at the year end is included in creditors.

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestrict'd funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
Parental contributions and donations	155,378	-	-	155,378	196,373
Assets gifted by Beechwood School	-	-	-	-	24,896,624
Capital grants	-	-	62,827	62,827	268,806
	155,378	-	62,827	218,205	25,361,803
<i>Total 2017</i>	<i>332,343</i>	<i>(1,077,886)</i>	<i>26,107,346</i>	<i>25,361,803</i>	

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

3. INCOME FROM CHARITABLE ACTIVITIES

	Unrestrict'd funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
DfE/ESFA grants	-	10,443,650	10,443,650	10,031,835
Other income from educational operations	307,796	337,246	645,042	592,292
	<u>307,796</u>	<u>10,780,896</u>	<u>11,088,692</u>	<u>10,624,127</u>
<i>Total 2017</i>	<u>235,861</u>	<u>10,388,266</u>	<u>10,624,127</u>	

FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

The Schelwood Trust

	Unrestrict'd funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
DfE/ESFA grants				
General Annual Grant	-	9,977,398	9,977,398	9,605,727
Other DfE/ESFA grants	-	396,371	396,371	330,950
	<u>-</u>	<u>10,373,769</u>	<u>10,373,769</u>	<u>9,936,677</u>
Other government grants				
Local authority grants	-	69,881	69,881	95,158
	<u>-</u>	<u>69,881</u>	<u>69,881</u>	<u>95,158</u>
	<u>-</u>	<u>10,443,650</u>	<u>10,443,650</u>	<u>10,031,835</u>
<i>Total 2017</i>	<u>-</u>	<u>10,031,835</u>	<u>10,031,835</u>	

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

4. INVESTMENT INCOME

	Unrestrict'd funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Investment income	692	-	692	760
<i>Total 2017</i>	760	-	760	

5. DIRECT COSTS

	Educational operations £	Total 2018 £	Total 2017 £
Educational supplies	313,149	313,149	329,082
Examination fees	169,598	169,598	175,759
Staff development	45,102	45,102	47,435
Agency supply teacher costs	309,940	309,940	112,827
Recruitment and support	71,909	71,909	48,135
ICT and equipment maintenance costs	279,291	279,291	270,069
Wages and salaries	5,175,831	5,175,831	5,409,590
National insurance	539,283	539,283	554,762
Pension cost	786,198	786,198	825,028
	<u>7,690,301</u>	<u>7,690,301</u>	<u>7,772,687</u>
<i>Total 2017</i>	<u>7,772,687</u>	<u>7,772,687</u>	

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

6. SUPPORT COSTS

	Educational operations £	Total 2018 £	Total 2017 £
Pension finance cost	72,000	72,000	60,000
Staff development	611	611	1,744
Premises and utility expenses	460,977	460,977	424,822
Maintenance of equipment	19,278	19,278	24,193
Cleaning	100,207	100,207	117,119
Rent and rates	84,688	84,688	75,538
Insurance	30,929	30,929	53,474
Security and transport	272,351	272,351	194,316
Catering	193,127	193,127	177,904
Other support costs	161,477	161,477	136,164
Governance costs	63,898	63,898	126,254
PFI unitary and management charges	899,463	899,463	841,455
Wages and salaries	765,588	765,588	783,353
National insurance	65,232	65,232	63,839
Pension cost	417,956	417,956	384,145
Depreciation	472,686	472,686	424,741
	<u>4,080,468</u>	<u>4,080,468</u>	<u>3,889,061</u>
<i>Total 2017</i>	<u>3,889,061</u>	<u>3,889,061</u>	

7. EXPENDITURE

	Staff costs 2018 £	Premises 2018 £	Other costs 2018 £	Total 2018 £	Total 2017 £
Expenditure on raising voluntary income					
Direct costs	-	-	137,029	137,029	157,898
Support costs	-	-	-	-	-
Activities:					
Direct costs	6,811,252	-	879,049	7,690,301	7,772,687
Support costs	1,248,775	2,014,491	817,202	4,080,468	3,889,061
	<u>8,060,027</u>	<u>2,014,491</u>	<u>1,833,280</u>	<u>11,907,798</u>	<u>11,819,646</u>
<i>Total 2017</i>	<u>8,133,544</u>	<u>1,909,802</u>	<u>1,776,300</u>	<u>11,819,646</u>	

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

8. ANALYSIS OF EXPENDITURE BY ACTIVITIES

	Activities undertaken directly 2018 £	Support costs 2018 £	Total 2018 £	Total 2017 £
Direct costs - Educational activities	<u>7,690,301</u>	<u>4,080,468</u>	<u>11,770,769</u>	<u>11,661,748</u>
<i>Total 2017</i>	<u>7,772,687</u>	<u>3,889,061</u>	<u>11,661,748</u>	

9. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets:		
- owned by the charity	472,687	424,741
Operating lease rentals	<u>67,139</u>	<u>82,366</u>

10. AUDITORS' REMUNERATION

	2018 £	2017 £
Fees payable to the academy's auditor in respect of:		
The auditing of accounts of the Trust	9,300	9,300
All other non-audit services not included above	<u>4,050</u>	<u>2,050</u>

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

11. STAFF COSTS

a. Staff costs

Staff costs were as follows:

	2018 £	2017 £
Wages and salaries	5,941,418	6,192,943
Social security costs	604,515	618,601
Operating costs of defined benefit pension schemes	1,204,154	1,209,173
	<u>7,750,087</u>	<u>8,020,717</u>
Supply teacher costs	309,940	112,827
	<u><u>8,060,027</u></u>	<u><u>8,133,544</u></u>

b. Staff numbers

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

	2018 No.	2017 No.
Teachers	101	116
Administration and support	65	71
Management	14	13
	<u>180</u>	<u>200</u>

c. Higher paid staff

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

	2018 No.	2017 No.
In the band £60,001 - £70,000	4	6
In the band £70,001 - £80,000	4	1
In the band £90,001 - £100,000	0	1
In the band £100,001 - £110,000	0	1
In the band £110,001 - £120,000	1	0
In the band £120,001 - £130,000	1	0

Nine of the above employees were members of the Teachers' Pension Scheme and contributions amounting to £118,903 (2017: £101,338) were paid by the academy during the period.

One of the above employees was a member of the local government pension scheme and employer contributions amounting to £12,360 (2017: £11,580) were paid by the academy.

d. Key management personnel

The key management personnel of the Academy Trust comprise the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was

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

11. STAFF COSTS (continued)

£1,165,869 (2017: £1,093,868).

12. CENTRAL SERVICES

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

13. 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:

		2018	2017
		£'000	£'000
Ms J Rockall (Head Teacher)	Remuneration	120-125	115-120
	Pension contributions paid	15-20	15-20
Miss K Higgins (Executive Head Teacher)	Remuneration	115-120	105-110
	Pension contributions paid	15-20	15-20

During the year ended 31 August 2018, expenses totalling £135 (2017 - £104) were reimbursed to 1 Trustee (2017 - 1).

14. 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 2018 was £300 (2017 - £1,225).

15. PENSION FINANCE COST

	2018	2017
	£	£
Interest income on pension scheme assets	55,000	38,000
Interest on pension scheme liabilities	(127,000)	(98,000)
	(72,000)	(60,000)

THE SCHELWOOD TRUST
(A Company Limited by Guarantee)

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

16. TANGIBLE FIXED ASSETS

	Freehold property £	Leasehold property £	Furniture and fixtures £	Plant and equipment £	Assets under constructio n £	Total £
Cost						
At 1 September 2017	29,159,121	25,838,540	12,219	200,707	11,152	55,221,739
Additions	-	-	-	-	224,925	224,925
Transfer between classes	236,077	-	-	-	(236,077)	-
At 31 August 2018	29,395,198	25,838,540	12,219	200,707	-	55,446,664
Depreciation						
At 1 September 2017	1,135,721	189,482	12,219	108,047	-	1,445,469
Charge for the year	231,520	206,707	-	34,460	-	472,687
At 31 August 2018	1,367,241	396,189	12,219	142,507	-	1,918,156
Net book value						
At 31 August 2018	28,027,957	25,442,351	-	58,200	-	53,528,508
At 31 August 2017	28,023,400	25,649,058	-	92,660	11,152	53,776,270

The academy trust, on the conversion and inclusion of Beechwood School, was gifted the leasehold title to the property on which that school operates. This was professionally valued at the date of conversion at £25,838,540 and is depreciated over the life of the lease. The academy trust is committed to a PFI agreement to provide the buildings and services on this site until 31 August 2035.

17. STOCKS

	2018 £	2017 £
Catering supplies	1,156	1,130

18. DEBTORS

	2018 £	2017 £
Trade debtors	32,975	34,534
Other debtors	139,849	99,463
Prepayments and accrued income	95,738	115,729
	268,562	249,726

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

19. CREDITORS: Amounts falling due within one year

	2018 £	2017 £
Trade creditors	148,005	113,768
Other taxation and social security	154,556	82,875
Other creditors	-	2,500
Accruals and deferred income	167,984	155,272
	<u>470,545</u>	<u>354,415</u>
	2018 £	2017 £
Deferred income		
Deferred income at 1 September 2017	109,997	97,736
Resources deferred during the year	110,125	109,997
Amounts released from previous years	(109,997)	(97,736)
	<u>110,125</u>	<u>109,997</u>

At the balance sheet date the academy trust was holding funds received in advance for the year 2018/2019.

20. STATEMENT OF FUNDS

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Designated funds						
Designated Funds - all funds	70,000	-	-	10,000	-	80,000
General funds						
General Funds - all funds	268,620	463,866	(413,745)	(10,000)	-	308,741
Total Unrestricted funds	338,620	463,866	(413,745)	-	-	388,741
Restricted funds						
Restricted Funds - all funds	92,202	10,926,598	(10,670,367)	78,276	-	426,709
Pension reserve	(2,866,000)	-	(351,000)	-	564,000	(2,653,000)
	<u>(2,773,798)</u>	<u>10,926,598</u>	<u>(11,021,367)</u>	<u>78,276</u>	<u>564,000</u>	<u>(2,226,291)</u>

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

20. STATEMENT OF FUNDS (continued)

Restricted fixed asset funds

Restricted Fixed Asset Funds - all funds	54,016,643	62,827	(472,686)	(78,276)	-	53,528,508
Total restricted funds	51,242,845	10,989,425	(11,494,053)	-	564,000	51,302,217
Total of funds	51,581,465	11,453,291	(11,907,798)	-	564,000	51,690,958

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

All funds originated from assets gifted by the predecessor school. In addition:

Restricted fixed asset funds have been increased by capital grants provided by the DfE and reduced by depreciation charges.

Restricted general funds have been increased by revenue grants provided by the DfE and reduced by expenditure incurred in the operation of the academy.

The restricted funds can only be used in terms of limitations imposed the the Funding Agreement with the DfE and the terms of any specific grant.

Unrestricted funds have been increased by voluntary contributions by parents and reduced by expenditure incurred in the operation of the academy.

Designated funds are held for replacement of the Astroturf.

Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2018.

ANALYSIS OF ACADEMIES BY FUND BALANCE

Fund balances at 31 August 2018 were allocated as follows:

	Total 2018 £	<i>Total 2017 £</i>
Herschel Grammar School	179,182	140,632
Beechwood School	636,268	290,190
Total before fixed asset fund and pension reserve	815,450	430,822
Restricted fixed asset fund	53,528,508	54,016,643
Pension reserve	(2,653,000)	(2,866,000)
Total	51,690,958	51,581,465

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

20. STATEMENT OF FUNDS (continued)

ANALYSIS OF ACADEMIES BY COST

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2018 £	Total 2017 £
Herschel Grammar School	3,375,405	657,748	462,297	1,160,833	5,656,283	5,671,998
Beechwood School	3,435,847	312,027	416,751	1,263,204	5,427,829	5,400,907
Local government pension costs	-	279,000	-	72,000	351,000	322,000
	<u>6,811,252</u>	<u>1,248,775</u>	<u>879,048</u>	<u>2,496,037</u>	<u>11,435,112</u>	<u>11,394,905</u>

STATEMENT OF FUNDS - PRIOR YEAR

	Balance at 1 Sept 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
Designated Funds - all funds	60,000	-	-	10,000	-	70,000
General Funds - all funds	<u>126,976</u>	<u>568,965</u>	<u>(377,965)</u>	<u>(49,356)</u>	<u>-</u>	<u>268,620</u>
Restricted funds						
Restricted Funds - all funds	144,351	10,642,791	(10,694,940)	-	-	92,202
Pension reserve	<u>(1,701,000)</u>	<u>(1,221,000)</u>	<u>(322,000)</u>	<u>-</u>	<u>378,000</u>	<u>(2,866,000)</u>
Restricted fixed asset funds						
Restricted Fixed Asset Funds - all funds	<u>28,294,682</u>	<u>26,107,346</u>	<u>(424,741)</u>	<u>39,356</u>	<u>-</u>	<u>54,016,643</u>

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A CURRENT YEAR 12 MONTHS AND PRIOR YEAR 12 MONTHS COMBINED POSITION IS AS FOLLOWS:

	Balance at 1 Sept 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Designated funds						
Designated Funds - all funds	60,000	-	-	20,000	-	80,000
General funds						
General Funds - all funds	126,976	568,965	(377,965)	(49,356)	-	268,620
	-	463,866	(413,745)	(10,000)	-	40,121
Total Unrestricted funds	186,976	1,032,831	(791,710)	(39,356)	-	388,741
Restricted funds						
Restricted Funds - all funds	144,351	21,569,389	(21,365,307)	78,276	-	426,709
Pension reserve	(1,701,000)	(1,221,000)	(673,000)	-	942,000	(2,653,000)
Restricted fixed asset funds						
Restricted Fixed Asset Funds - all funds	28,294,682	26,170,173	(897,427)	(38,920)	-	53,528,508
	26,738,033	46,518,562	(22,935,734)	39,356	942,000	51,302,217
Total of funds	26,925,009	47,551,393	(23,727,444)	-	942,000	51,690,958

21. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestrict'd funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	53,528,508	53,528,508
Current assets	388,741	897,254	-	1,285,995
Creditors due within one year	-	(470,545)	-	(470,545)
Provisions for liabilities and charges	-	(2,653,000)	-	(2,653,000)
	388,741	(2,226,291)	53,528,508	51,690,958

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21. ANALYSIS OF NET ASSETS BETWEEN FUNDS (continued)

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	<i>Unrestrict'd funds</i>	<i>Restricted funds</i>	<i>Restricted fixed asset funds</i>	<i>Total funds</i>
	2017	2017	2017	2017
	£	£	£	£
Tangible fixed assets	-	-	53,776,270	53,776,270
Current assets	338,620	446,617	240,373	1,025,610
Creditors due within one year	-	(354,415)	-	(354,415)
Provisions for liabilities and charges	-	(2,866,000)	-	(2,866,000)
	<u>338,620</u>	<u>(2,773,798)</u>	<u>54,016,643</u>	<u>51,581,465</u>

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

	2018 £	2017 £
Net (expenditure)/income for the year (as per Statement of Financial Activities)	(454,507)	24,278,456
Adjustment for:		
Depreciation charges	472,686	424,741
Dividends, interest and rents from investments	(692)	(760)
(Increase)/decrease in stocks	(25)	36
Increase in debtors	(18,836)	(113,012)
Increase in creditors	116,130	85,150
Capital grants from DfE and other capital income	(98,514)	(268,806)
Defined benefit pension scheme cost less contributions payable	277,000	262,000
Defined benefit pension scheme finance cost	72,000	60,000
Net (gain) on assets and liabilities from local authority on conversion	-	(24,617,540)
Defined benefit pension scheme administration expenses	2,000	-
Net cash provided by operating activities	<u>367,242</u>	<u>110,265</u>

23. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2018 £	2017 £
Cash in hand	1,016,277	774,754
Total	<u>1,016,277</u>	<u>774,754</u>

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

24. CAPITAL COMMITMENTS

At 31 August 2018 the academy trust had capital commitments as follows:

	2018 £	2017 £
Contracted for but not provided in these financial statements	-	238,000

25. 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 Royal County of Berkshire Pension Fund. Both are Multi-Employer Defined Benefit Pension Schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 August 2018.

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

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

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

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25. PENSION COMMITMENTS (continued)

- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

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

The employer's pension costs paid to TPS in the period amounted to £706,047 (2017 - £778,430).

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £285,000 (2017 - £239,000), of which employer's contributions totalled £212,000 (2017 - £174,000) and employees' contributions totalled £73,000 (2017 - £65,000). The agreed contribution rates for future years are 17.6% for employers and between 5.5% and 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.
Royal County of Berkshire Pension Fund

Principal actuarial assumptions:

	2018	2017
Discount rate for scheme liabilities	2.65 %	2.60 %
Rate of increase in salaries	3.80 %	4.20 %
Rate of increase for pensions in payment / inflation	2.30 %	2.70 %

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

	2018	2017
Retiring today		
Males	23.2	23.0
Females	25.2	25.1
Retiring in 20 years		
Males	25.3	25.2
Females	27.5	27.4

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25. PENSION COMMITMENTS (continued)

Sensitivity analysis	At 31 August 2018 £	At 31 August 2017 £
Discount rate +0.1%	428,000	437,000
Discount rate -0.1%	447,000	457,000
Mortality assumption - 1 year increase	451,000	461,000
Mortality assumption - 1 year decrease	423,000	433,000
CPI rate +0.1%	437,000	447,000
CPI rate -0.1%	437,000	447,000

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

	Fair value at 31 August 2018 £	Fair value at 31 August 2017 £
Equities	1,093,000	981,000
Other bonds	349,000	310,000
Property	319,000	271,000
Cash and other liquid assets	345,000	227,000
Target Return Portfolio	-	-
Other	223,000	183,000
Total market value of assets	2,329,000	1,972,000

The actual return on scheme assets was £37,000 (2017 - £95,000).

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

	2018 £	2017 £
Current service cost	(489,000)	(436,000)
Interest income	55,000	38,000
Interest cost	(127,000)	(98,000)
Admin expenses	(2,000)	-
Total	(563,000)	(496,000)
Actual return on scheme assets	37,000	95,000

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25. PENSION COMMITMENTS (continued)

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

	2018 £	2017 £
Opening defined benefit obligation	4,838,000	2,715,000
Transferred in on conversion to academy status	-	1,873,000
Current service cost	489,000	436,000
Interest cost	127,000	98,000
Employee contributions	73,000	65,000
Actuarial gains	(527,000)	(283,000)
Benefits paid	(18,000)	(7,000)
Other actuarial losses	-	(59,000)
	<u>4,982,000</u>	<u>4,838,000</u>
Closing defined benefit obligation	<u>4,982,000</u>	<u>4,838,000</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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25. PENSION COMMITMENTS (continued)

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

	2018 £	2017 £
Opening fair value of scheme assets	1,972,000	1,014,000
Transferred in on conversion to academy status	-	652,000
Interest income	55,000	38,000
Return on assets	37,000	95,000
Employer contributions	212,000	174,000
Employee contributions	73,000	65,000
Benefits paid	(18,000)	(7,000)
Other actuarial losses	-	(59,000)
Administration expenses	(2,000)	-
	<u>2,329,000</u>	<u>1,972,000</u>
Closing fair value of scheme assets	<u>2,329,000</u>	<u>1,972,000</u>

Remeasurements in other comprehensive income:

Remeasurement of the net assets / (defined liability)	Year to 31 Aug 2018 £000s	Year to 31 Aug 2017 £000s
Return on Fund assets in excess of interest	37	95
Other actuarial gains/(losses) on assets	-	(58)
Change in financial assumptions	527	169
Change in demographic assumptions	-	26
Experience gain/(loss) on defined benefit obligation	-	147
Changes in effect of asset ceiling	-	-
Remeasurement of the net assets / (defined liability)	564	379

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NOTES TO THE FINANCIAL STATEMENTS
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26. OPERATING LEASE COMMITMENTS

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

	2018 £	2017 £
Amounts payable:		
Within 1 year	52,004	52,004
Between 1 and 5 years	52,004	104,015
Total	<u>104,008</u>	<u>156,019</u>

27. OTHER FINANCIAL COMMITMENTS

The academy trust is committed to a PFI agreement to provide the buildings and services on which one of the academies carries out its operations until 31 August 2035. The payment due within 1 year is £498,997 in respect of delegated funding (2017: £486,826). The amount due between 1 and 5 years is £2,688,463 (2017: £2,622,890), and the balance of £7,223,970 (2017: £7,788,541) is due after 5 years.

28. 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.

29. RELATED PARTY TRANSACTIONS

Owing to the nature of the academy trust and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which Trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH and with the trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

Mrs W Barnett, Vice Chair of Governors for Herschel Grammar School, contracted with both academies for the provision of gardening services for which £17,325 (2017: £19,354) was paid to her. The contract for this provision was entered into before Mrs Barnett became a governor, and before the predecessor schools converted to academy status.

The Trust has reviewed the contract for the provision of gardening services, and has complied with the requirements of the ESFA's Academies Financial Handbook.

30. AGENCY ARRANGEMENTS

The academy Trust distributes 16-19 bursary funds to students as an agent for the ESFA. In the accounting period ending 31 August 2018 the Trust received £33,863 (2017: £31,187) and disbursed £28,345 (2017: £29,431) from the fund. An amount of £6,146 (2017: £2,332) is included in other creditors relating to undistributed funds that are repayable to the ESFA.