

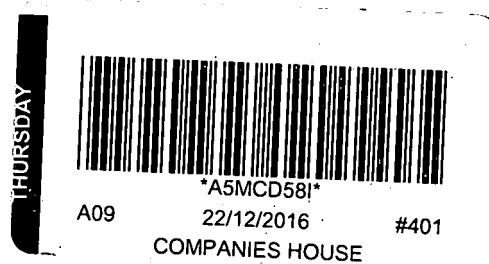
# Financial statements

## The Laurus Trust

(A company limited by guarantee)

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**For the year ended 31 August 2016**



**Company No 07907463**

## Charitable company information

<b>Company registration number:</b>	07907463
<b>Registered office:</b>	Cheadle Hulme High School Woods Lane Cheadle Hulme Cheshire SK8 7JY
<b>Trustees:</b>	Tony Little (Appointed 3 <sup>rd</sup> May 2016) Charles Nevin Pauline Benton Anthony Graham Len Elias Cathy Fisher Dave Brown Jane Dunkerley Sir Peter Fahy (Appointed 19 <sup>th</sup> April 2016) Lisa Woolley (Appointed 2 <sup>nd</sup> November 2016) Estelle Goodwin (Appointed 2 <sup>nd</sup> November 2016)
<b>Company secretary:</b>	Nicola Burgess (Appointed 3 <sup>rd</sup> July 2016)
<b>Senior Management Team:</b>	Headteacher – Linda Magrath Deputy Headteacher(s) – Dave Brown, Martin Vevers, Gill Theobold Finance Director – Jane Dunkerley
<b>Bankers:</b>	Lloyds TSB 2 Great Underbank Stockport SK1 1LW

## Charitable company information

**Independent Auditor:**

Grant Thornton UK LLP  
Chartered Accountants  
Statutory Auditor  
4 Hardman Square  
Spinningfields  
Manchester  
M3 3EB

**Solicitors:**

Eversheds  
70 Great Bridgewater Street  
Manchester  
M1 5ES

## Index

	<b>PAGE</b>
<b>Trustees' report</b>	4 -11
<b>Governance statement</b>	12-14
<b>Statement on Regularity, Propriety and Compliance</b>	15
<b>Statement of trustees' responsibilities</b>	16
<b>Independent auditor's report on Financial Statements</b>	17-18
<b>Independent auditor's report on Regularity</b>	19-20
<b>Statement of financial activities</b>	21
<b>Balance sheet</b>	22
<b>Cash flow statement</b>	23
<b>Notes to the financial statements</b>	24-45

# Trustees' report

## Strategic Report

The trustees, who are also directors for the purposes of company law, have pleasure in presenting their report and the financial statements of The Laurus Trust ('the Company', 'Charitable Company' or 'the Academy Trust') for the year ended 31 August 2016.

### **The trustees**

The trustees who served the trust during the year, and at the date of this report, were as follows:

Mr Tony Little  
Mr Charles Nevin  
Mrs Pauline Benton  
Mr Anthony Graham  
Mr Len Elias  
Mrs Cathy Fisher  
Mr Dave Brown  
Miss Jane Dunkerley  
Sir Peter Fahy  
Mrs Lisa Woolley  
Mrs Estelle Goodwin

### **Structure, governance and management**

#### **Constitution**

The Academy Trust is a company limited by guarantee (registered number 07907463) and is an exempt charity. The Charitable Company's memorandum and articles of association are the primary governing documents of the Academy Trust.

The Company was incorporated on 12 January 2012 and the fully transitioned operations of Cheadle Hulme High School ('the school') commenced on 1 February 2012 following a decision by the governing body and acceptance by the Secretary of State for Education that the School become an academy as of this date.

The trustees listed above act as the trustees for the charitable activities of Cheadle Hulme High School and are also the directors of the Charitable Company for the purposes of company law.

The school has a wider board of governors which is comprised of parent governors, staff governors, other appointed governors and the trustees listed above.

#### **Members' Liability**

Every member of the Charitable Company undertakes to contribute to the assets of the Charitable Company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member and to pay such amounts as may be required not exceeding £10 for the debt and liabilities contracted before he/she ceased to be a member. The Secretary of State for Education can direct the trustees of the Trust in certain circumstances where the quality of education is deemed unsatisfactory.

# Trustees' report

## Strategic Report

### **Trustees' Indemnities**

The Academy Trust has purchased insurance to cover trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. Details of the costs can be found in note 8 of the accounts.

### **Principal Activities**

Cheadle Hulme High School converted to Academy status on 1 February 2012 at which point the entity's operations commenced. It is presently the only school operated by the Academy Trust. The Academy Trust's principal activities are to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum.

### **Method of Recruitment and Appointment or Election of Trustees and Governors**

The Members of the Trust are responsible for the appointment of school governors except a minimum of two parent governors and three staff governors who will be appointed through an election process directed by the governing body. In the event that these positions are not filled, the members of the Trust are able to appoint to these positions.

The number of governors shall be not less than two and shall be subject to a maximum of twenty.

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

School governors are appointed based on the skills that they will bring to the governing body or based on a proposal to the governing body by representative groups. On appointment, governors receive information relating to the Trust and attend a briefing and receive an induction pack on the role and responsibilities of governors.

During the year, school governors are offered all necessary training.

### **Organisational Structure**

The governance of the Trust is defined in the Memorandum and Articles of Association together with the funding agreement with the Department for Education. In addition to the trustees (see page 4), governors are members of the Local Governing Body who report to the board of directors. There are two Trustee meetings; Resources and Audit.

The Resources Committee reports to the Board on finance, property and IT related issues.

The Trust Board meets on at least three occasions per year.

Terms of reference exist for each committee and will be reviewed annually.

The day to day running of the Trust is delegated by the trustees to management under the leadership of the Head Teacher, who is the Accounting Officer.

### **Arrangements for setting pay and remuneration of key management personnel**

The Pay Committee for the Trust meets annually to review and approve pay for key management personnel in the Trust including staff trustees.

# Trustees' report

## Strategic Report

### **Risk Management**

The governors have assessed the major risks to which the Academy Trust is exposed, in particular those related to the operations and finances of the Trust, and are satisfied that systems are in place to mitigate any exposure to major risks.

A formal review of the Trust's risk management process will be undertaken on an annual basis and key controls will be put in place to include:

- formal agendas for all committee activity;
- terms of reference for all governing body and delegated committees under the direction of the governing body;
- pecuniary interests of governors are reviewed annually;
- comprehensive budgeting and management reporting;
- established organisational structure and clear lines of reporting;
- formal written policies;
- clear authorisation and approval levels; and
- vetting procedures as required by law for the protection of the vulnerable.

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

Further details of financial and risk management are included on page 8 of this report.

### **Connected organisations including related party relationships**

The Trust works closely with the Alder Community High School, Altrincham College of Arts, Castle Hill, Cheadle Hulme School, Copley Academy, Gorsey Bank Primary, Hursthead Junior School, Manchester University, Manchester Metropolitan University, Marple Hall High School, Moat House, New Mills, Pendlebury, Reddish Vale Technology College, Stockport School and Werneth School. None of these organisations are considered to constitute formal related parties.

### **Objectives and activities**

#### **Objects and Aims**

The trust's object is to advance for the public benefit education for children aged 11 to 18 by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum.

The governors' vision is to create a culture of success to extend lifetime opportunities for young people and to do everything possible to encourage this.

Students are offered a supportive, positive and dynamic learning environment that enables them to focus on their studies and extra-curricular activities. As a result, students achieve academic and technological excellence and extend their sporting, artistic and musical accomplishments.

The School fosters personal development that helps students to find meaning in their lives and respond with creativity and determination to the challenges that arise through the rapid pace of social change.

# Trustees' report

## Strategic Report

Our Vision is for every student, regardless of background or circumstance, to achieve the grades and develop the qualities which will open the door to the future of their choice.

Our Vision is based on four 'Cornerstones': Academic Aspiration, Culture & Creativity, Competition & Physical Endeavour and Leadership & Service.

### **Objectives, Strategies and Activities**

The School's objective for the year ending 31 August 2016 was to raise the attainment level of all students through care and well-being, curriculum structure, teaching and learning, and leadership development.

Student roll - the total number on roll for the year 1 September 2015 to 31 August 2016 was 1,584.

Attendance - the attendance level achieved for the year was 96.1%.

Permanent exclusions - the aim is to have permanent exclusions only in exceptional circumstances. Cheadle Hulme High School had two permanent exclusions during the year from 1 September 2015 to 31 August 2016.

Staffing - the average number of (full time equivalent) staff employed during the year 1 September 2015 to 31 August 2016 was 161.

### **Public Benefit**

The Academy Trust trustees have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission in exercising their powers or duties.

The school's catchment area is designated by the Local Authority and has not changed since academy status. The governors have reviewed the pupil admission policy and consider there to be no barriers to entry on the grounds of gender, ethnicity or family circumstances.

### **Achievements and performance**

The academic examination results for the School are set out in the tables below.

Results showing year on year comparison from 2014 to 2016 for GCSE (KS4) results:

<b>Results</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
<u>GCSE</u>			
5+ A* - C including Maths/English	81%*	86%	77%
1+ A* - G	100%	100%	100%

\*The methodology used to calculate this figure altered in 2016. Students on the English language pathway and English literature pathway can achieve an A\* to C in either, with no requirement to take both previous figures were based on students achieving A\*-C in English language and maths.



# Trustees' report

## Strategic Report

On the new progress 8 performance measure Cheadle Hulme High School is identified as being in the top 5% of schools nationally.

### A LEVEL

	<b>2016</b>	<b>2015</b>	<b>2014</b>
A* -B	61.5%	51.7%	N/A

The School and Sixth Form were graded Outstanding in every category by Ofsted in December 2014.

The Fisher Family Trust is the adopted performance measure and target monitoring tool and is used for Key Stage 3 and 4. At KS5 Alps data is used to monitor performance. The targets provided by the Fisher Family Trust and Alps take into account past performance and the profile of student intake.

Standards at key stage 4 (GCSE) have improved year on year from 2006 to 2016. Examination results for 5+ A\* - C, including Maths and English, have improved from 57% to 81%.

The School places importance on staff retention and development in order to maintain the highest standards of teaching and learning.

### **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 the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

### **Key Financial Performance Indicators**

The trustees consider the following financial key performance indicators when assessing performance:

- income (percentage derived from the GAG) – 74.8% (2015: 82.5%)
- staff costs as a percentage of income – 72.5 % (2015: 76.5%)
- cash balance – £842,000 (2015: £688,000)

### **Financial review**

The Trust's financial position demonstrates total income of £9,717,000 (2015 : £8,300,000) with a deficit at the 31 August 2016 of £833,000 (2015 : deficit of £321,000). The deficit has been allocated to reserves.

The primary income stream for the Trust is the funding received from the EFA through the General Annual Grant (the 'GAG'). The total income recognised in the year from GAG was £7,283,000 (2015 : £6,835,000).

# Trustees' report

## Strategic Report

The reserves will be utilised for continuous improvements and for projects for the repair and replacement of educational equipment and materials. Reserves will also be allocated to the repair, replacement and updating of the School building, its plant equipment and contents.

A strategic capital plan is prepared and reviewed each year by the governors in order that reserves can be prioritised and spent according to the needs of the Academy Trust.

The principal financial management policies adopted in the year are:

- conducting regular financial reviews of income and expenditure versus planned budgets at the Resources Committee meetings; and
- consideration as to whether the financial income demonstrates a robust and stable position enabling the provision of sufficient quality resources to fulfil the Academy Trust's educational obligations.

Reserves carried forward at the end of the financial year will be utilised as part of the medium and long term plans of the Academy Trust to improve and update its educational resources, materials and equipment, and additionally provide a continuous improvement plan to maintain and repair the school and its facilities.

### **Financial and Risk Management Objectives and Policies**

The Trust has developed risk management procedures as outlined on page 6. The Trustees have undertaken an assessment of the major risks to which the Academy is exposed and a formal review of the Trust's risk management process will be undertaken on an annual basis.

The Trust uses a variety of financial instruments, including cash and items such as trade debtors and trade creditors that arise directly from day to day activities. The main purpose of these financial instruments is to ensure liquidity for the Trust's operations.

### **Principal Risks and Uncertainties**

The School has implemented a Risk Management Policy and is in process of creating a risk register and risk review process. The objectives will be to determine an approach, and where it is considered necessary put in place measures of control and mitigation in order to manage risk.

The principal risks are the loss of reputation through falling standards, falling student rolls and failure to safeguard the students of the School.

Key controls in place are:

- an organisational structure with defined roles, responsibilities and authorisation levels;
- terms of reference for the committees of the Trust and the Local Governing Body;
- financial planning, budgeting and regular management reporting highlighting areas of financial risk;
- formal written and published policies for employees; and
- vetting procedures as required by law for the protection of the vulnerable.

# Trustees' report

## Strategic Report

The Trust's employees are members of two defined benefit pension schemes, the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). The Trust has recognised its share of the LGPS assets and liabilities in accordance with Financial Reporting Standard 102, Section 28. A deficit has been recognised at 31 August 2016. The TPS has been accounted for as a defined contribution scheme. Further details of the accounting policy adopted for each scheme are included in note 1 to the financial statements.

Due to the nature of the two pension schemes there is an underlying risk to the Trust which relates primarily to the uncertainty of the future funding requirements of each scheme, the results of which impact on the contribution rates for future employer contributions to each scheme. The governors have given due consideration to these risks.

### **Reserves Policy**

The level of reserves held at 31 August 2016 total £12,108,000 (2015 : £12,940,000). The reserves will be allocated and spent as part of School Improvement Plan to update, improve and maintain its facilities and resources. A capital spending plan has been completed detailing the short, medium and long term needs and plans of the School for which reserves will be allocated and determined in order of priority to meet the needs of the School.

The deficit on the Local Government Pension Scheme (£2,148,000 at 31 August 2016) does not mean that an immediate liability crystallises. The deficit results in a cash flow effect for the Academy Trust in the form of possible future increases in pension contributions, which, if required, will be met from the budgeted annual income. There is therefore no direct impact on free reserves of the Academy Trust because of recognising the deficit.

### **Investment Policy**

A formal investment policy was adopted by the Governing Body in December 2012.

The aim of the policy is to ensure funds that the Trust does not immediately need to cover anticipated expenditure are invested in such a way as to maximise the Trust's income but with minimal risk. The aim is to research where funds may be deposited applying prudence in ensuring there is minimum risk. The Trust does not consider the investment of surplus funds as a primary activity, rather as a result of good stewardship and as and when circumstances allow.

The Trust will, after constructing and reporting forecasts versus budgets, consider whether it is prudent to deposit funds into an account where improved terms are offered. As improved terms are generally only offered where funds are invested for a fixed term, it may be prudent for the Trust not to invest funds in this manner.

The Trust acts as custodian trustee on behalf of other funds. These funds are held in separate bank accounts and are not included within the balance sheet of the Trust. At 31 August 2016, these funds totalled £57,614 (2015: £78,793).

### **Plans for future years**

The aim is to provide a structure for continuous improvement and achievement at all key stages and the results at Key Stage 3 and 4 demonstrate year on year improvements.

# Trustees' report

## Strategic Report

The School has been given approval by the DFE to open four Free schools; it is proposed that a new Primary and Secondary School will open September 2018 in Stockport, a new Secondary in Tameside and a Secondary in Manchester will both open in September 2018.

The School was awarded Teaching School status in March 2012. As such the school provides management and leadership training, continuous professional development for staff, school to school support, and initial teacher training.

Cheadle Hulme High School was accredited as a School Centred Initial Teacher Training (SCITT) provider in July 2014.

These Associate Teachers will help to service the succession planning of the Altius Alliance – a group of educational institutions which Cheadle Hulme High Schools leads and by 2018 the additional schools will join the Trust.

Whole School objectives and plans for the year include:

- Academic Aspiration;
- Competition & Physical Endeavour;
- Leadership & Service; and
- Culture & Creativity.

The school has also been approved by the DFE to sponsor two schools but there is currently no proposed school to sponsor.

In terms of the site facilities of the School, a capital works programme is being developed to ensure the School is maintained and updated to the highest of standards within funding constraints.

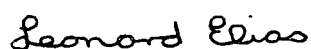
### **Auditor**

In so far as the trustees are aware:

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

Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the charitable company receives notice under section 488(1) of the Companies Act 2006.

Trustees' report, incorporating a Strategic report, was approved by order of the members of the Trust on 19 December 2016 and signed on its behalf by:



Mr L Elias

Trustee

# Governance statement

## Statement of internal control

### Scope of responsibility

As trustees, we acknowledge we have overall responsibility for ensuring that the Academy Trust has an effective and appropriate system of control, financial and otherwise. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide 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 Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the governing body 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 trustee has formally met four times during the year. Attendance during the year at meetings of the Trust board was as follows:

<b>Trustee</b>	<b>Meetings Attended</b>	<b>Out of a possible</b>
Charles Nevin	7	7
Pauline Benton	6	7
Anthony Graham	6	7
Len Elias	6	7
Cathy Fisher	7	7
Jane Dunkerley	7	7
David Brown	7	7
Peter Fahy	2	2
Tony Little	1	1

The Resources Committee is a sub-committee of the Trust Board. Its purpose is to advise the board on all strategic financial management related issues. Attendance at meetings in the year was as follows:

<b>Member</b>	<b>Meetings Attended</b>	<b>Out of a possible</b>
Charles Nevin	2	3
Pauline Benton	3	3
Anthony Graham	2	3
Len Elias	3	3
Cathy Fisher	3	3
Jane Dunkerley	3	3
David Brown	3	3

### Review of the Value for Money Statement

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 trust's use of its resources has provided good value for money

## Governance statement

during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where available. The accounting officer for the Academy Trust has delivered improved value for money in the year by:

- The trust has continued to deliver cost efficiencies and has used its purchasing power to negotiate some favourable rates for supplies and services.
- There are many significant pockets of good practice within the school that are being shared and built upon, including aspects of teaching and management. The trust has a collaborative approach that is continuing to develop. During the year the trust also developed its governance arrangements to ensure high quality governance in a growing multi-academy trust structure that is focused on further expansion. The finance function has also been re-shaped to ensure the function has the resource to continue providing a high level of strategic oversight and scrutiny.

### **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 the Academy Trust's 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 Academy Trust for the period ended 31 August 2016 and up to the date of approval of the annual report and financial statements.

### **Capacity to Handle Risk**

The board of 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 period ending 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

A Risk Management Policy has been adopted by the board of trustees and a risk register and process of review has been implemented.

### **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 yearly financial reports which are reviewed and agreed by the Resources Committee who report to the board of trustees;
- regular reviews by the Resources Committee of reports which indicate financial performance against forecasts, capital expenditure plans and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset and general expenditure purchase) guidelines;
- delegation of authority and segregation of duties
- identification and management of risks; and
- peer review visits take place each term on a reciprocal arrangement with Swinton High School, their Finance Director is a qualified accountant who oversees the process. To date there have

## Governance statement

been no findings or conclusions to report. However, with the expansion of the Trust the trustees are now seeking further assurances by implementing an Internal Audit function from 2017.

### **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 financial management and governance process employed by the Trust.

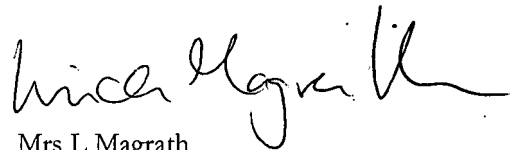
The Accounting Officer has considered of the implications of the results of reviewing the system of internal control and together with the Resources and Audit Committee's will address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on the 19<sup>th</sup> December 2016 and signed on its behalf by:



Mr L Elias

Trustee



Mrs L Magrath


Accounting Officer

## Statement on Regularity, Propriety and Compliance

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

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

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



Mrs L Magrath  
Accounting Officer  
Date: 19th December 2016



## Statement of trustees' responsibilities

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

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

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

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

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

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

Approved by order of the members of the board of trustees on the 19<sup>th</sup> December 2016 and signed on its behalf by:



Mr L Elias

Trustee



Mrs L Magrath

Accounting Officer



## Independent auditor's report to the members of The Laurus Trust

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

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

### **Respective responsibilities of trustees and auditor**

As explained more fully in the trustees responsibilities statement set out on page 16, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

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

### **Opinion on financial statements**

In our opinion the financial statements:

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



## Independent auditor's report to the members of The Laurus Trust

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the trustees' report (incorporating the strategic report) for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

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

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

*Grant Thornton UK LLP*

Christopher Martin  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Manchester

*20 December 2016*



# Independent reporting accountant's assurance report on Regularity to The Laurus Trust and the Education Funding Agency

In accordance with the terms of our engagement letter dated 27 September 2016 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by the The Laurus Trust during the period 1<sup>st</sup> September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to The Laurus Trust and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to The Laurus Trust and the EFA those matters we are required to state to them 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 Laurus Trust and the EFA, for our work, for this report, or for the conclusion we have formed.

## **Respective responsibilities of The Laurus Trust's Accounting Officer and the reporting accountant**

The accounting officer is responsible, under the requirements of The Laurus Trust's funding agreement with the Secretary of State for Education and the Academies Financial Handbook, extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2015 to 2016. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1<sup>st</sup> September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

## **Approach**

We conducted our engagement in accordance with the Academies Accounts Direction 2015 to 2016 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw our conclusion includes:



## Independent reporting accountant's assurance report on Regularity to The Laurus Trust and the Education Funding Agency

- an assessment of the risk of material irregularity and impropriety across the Academy Trust's activities;
- evaluation of the processes and controls established and maintained in respect of regularity, propriety and compliance of the use of public funds through observation and testing of the arrangements in place and enquiry of the Accounting Officer;
- consideration and corroboration of the evidence supporting the Accounting Officer's statement on regularity, propriety and compliance; and
- limited testing on a sample basis of income and expenditure for the areas identified as high risk.

### 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 period 1<sup>st</sup> September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

*Grant Thornton UK LLP*

Grant Thornton UK LLP  
Chartered Accountants  
Manchester

20 December 2016

## Financial statements for the year ended 31 August 2016

# Statement of financial activities

(including the income and expenditure account)

	Note	Unrestricted funds £'000	Restricted general fund £'000	Restricted fixed asset fund £'000	2016 Total £'000	2015 Total £'000
<b>Income from:</b>						
Donations and capital grants	2	-	86	627	713	84
Activities for generating funds	3	-	17	-	17	1
Investment income	4	3	-	-	3	3
<b>Charitable activities</b>						
Funding for the academy's educational operations	5	-	8,687	297	8,984	8,212
<b>Total incoming resources</b>		<u>3</u>	<u>8,790</u>	<u>924</u>	<u>9,717</u>	<u>8,300</u>
<b>Resources expended</b>						
<b>Charitable activities</b>						
Academy's educational operations	6	-	(8,839)	(750)	(9,589)	(8,482)
<b>Governance costs</b>		-	(27)	-	(27)	(28)
<b>Total resources expended</b>		<u>-</u>	<u>(8,866)</u>	<u>(750)</u>	<u>(9,616)</u>	<u>(8,510)</u>
<b>Net incoming/(outgoing) resources before transfers</b>						
<b>(net income for the year)</b>		3	(76)	173	100	(210)
Gross transfers between funds	14	-	(197)	197	-	-
<b>Net income/(expenditure) resources for the year</b>		3	(272)	369	100	(210)
<b>Other recognised gains and losses</b>						
Actuarial (losses)/gains on defined benefit pension schemes	24	-	(933)	-	(933)	(111)
<b>Net movement in funds</b>		<u>3</u>	<u>(1,205)</u>	<u>369</u>	<u>(833)</u>	<u>(321)</u>
<b>Reconciliation of funds</b>						
Funds brought forward at 1 September		<u>334</u>	<u>(819)</u>	<u>13,426</u>	<u>12,940</u>	<u>13,261</u>
<b>Funds carried forward at 31 August</b>		<u>337</u>	<u>(2,025)</u>	<u>13,795</u>	<u>12,108</u>	<u>12,940</u>

All the above results are derived from continuing activities in both financial periods.

A Statement of Total Recognised Gains and Losses is not required as all gains and losses are included in the Statement of Financial Activities.

The accompanying notes form part of these financial statements.

## Balance sheet at 31 August 2016

	Note	2016 £'000	2015 £'000
<b>Fixed assets</b>			
Tangible assets	11	13,795	13,425
<b>Current assets</b>			
Debtors	12	899	232
Cash at bank and in hand		842	688
		<u>1,741</u>	<u>920</u>
<b>Liabilities</b>			
<b>Creditors:</b> amounts falling due within one year	13	<u>(1,280)</u>	<u>(347)</u>
<b>Net current assets</b>		<u>461</u>	<u>573</u>
<b>Total assets less current liabilities and net assets excluding pension liability</b>		<b>14,256</b>	<b>13,998</b>
Pension scheme liability	24	<u>(2,148)</u>	<u>(1,058)</u>
<b>Net assets including pension liability</b>		<u><b>12,108</b></u>	<u><b>12,940</b></u>
<b>Funds – Restricted Funds</b>			
Restricted fixed asset fund	14	13,795	13,425
Restricted general fund	14	124	239
Pension reserve	14	<u>(2,148)</u>	<u>(1,058)</u>
Total restricted funds		<b>11,771</b>	<b>12,606</b>
Unrestricted funds	14	<u>337</u>	<u>334</u>
<b>Total funds</b>		<u><b>12,108</b></u>	<u><b>12,940</b></u>

The financial statements were approved by the Trustees and authorised for issue on 19 December 2016 and signed on their behalf by:

*Leonard Elias*

Mr L Elias

**The accompanying notes form part of these financial statements.**

## Cash flow statement

	Note	2016 £'000	2015 £'000
<b>Cash inflow from operating activities</b>	18	<b>348</b>	116
Cash flows from investing activities	20	<b>(194)</b>	(83)
<b>Cash flows from financing activities</b>	19	-	-
Change in cash and cash equivalents in the reporting period		<u>154</u>	<u>33</u>
<b>Cash and cash equivalents at 1 September 2015</b>		<u>688</u>	<u>655</u>
<b>Cash and cash equivalents at 31 August 2016</b>	21	<u>842</u>	<u>688</u>

**The accompanying notes form part of these financial statements.**



# Notes to the financial statements

## 1. Principal accounting policies

### **Legal status & Principal activity**

The Academy Trust is a company limited by guarantee (07907463) and an exempt charity. The principal activity of the Trust is the provision of education for 11-18 year olds in Cheadle and surrounding areas.

These accounts are presented in £ sterling.

### **Basis of preparation**

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

The Laurus Trust meets the definition of a public benefit entity under FRS 102.

The principal accounting policies are set out below.

### **Going concern**

The board of trustees assess whether the use of going concern is appropriate, ie whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The board of trustees make this assessment in respect of a year of at least one year from the date of approval of these financial statements. No such uncertainties have been identified and accordingly have applied the basis of going concern in preparing these financial statements.

### **Incoming resources**

All incoming resources are recognised when the Academy Trust has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

### **Grants receivable**

Grants are included in the statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the year 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 it is 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 year for which it is receivable and any unspent amount is reflected as a balance in the restricted fund.

## Notes to the financial statements

Capital grants are recognised when receivable 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.

### **Incoming resources (continued)**

#### **Sponsorship income**

Sponsorship income provided to the Academy Trust which amounts to a donation is recognised in the Statement of Financial Activities in the year in which it is receivable, where there is certainty of receipt and it is measurable.

#### **Donations**

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

#### **Other income**

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

#### **Donated services and gifts in kind**

The value of donated services and gifts in kind provided to the Academy Trust is recognised as incoming resources at open market value in the year in which they are receivable, where the benefit to the Academy Trust can be reliably measured. An equivalent amount is included as expenditure under a relevant heading in the statement of financial activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over its useful economic life in accordance with the Academy Trust's policy.

#### **Resources expended**

All expenditure is recognised in the year in which a liability is incurred and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

#### **Costs of generating funds**

These are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

#### **Charitable activities**

These are costs incurred on the Academy Trust's educational operations.

All resources expended are inclusive of irrecoverable VAT.

## Notes to the financial statements

### **Tangible fixed assets**

Tangible fixed assets acquired since the trust was established are included in the accounts at cost.

In the case of fixed assets transferred from the predecessor school these are treated as acquired at fair value, calculated by reference to either:

- net book value at date of transfer; or
- in the absence of reliable net book value data, an estimate of fair value calculated by reference to an assumed value of fixed assets as compared to the pupil roll.

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. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the academy trust's depreciation policy. Where tangible fixed assets have been agreed with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Assets costing more than £1,000 are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

### **Depreciation**

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write down the cost of each asset to its estimated residual value on a straight line basis over their expected useful lives. No depreciation is provided on freehold land or assets under construction.

The rates generally applicable are:

Leasehold land and buildings	50 years
Furniture and equipment	10 years
Computers	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.

### **Leased assets**

Rentals under operating leases are charged to the statement of financial activities on a straight line basis over the lease term.

## Notes to the financial statements

### **Taxation**

The academy trust is considered to pass the tests set out in Paragraph 1 of Schedule 6 to 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 Taxes 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.

### **Retirement Benefits**

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

#### ***Teachers' Pension Scheme***

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 payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. The TPS is a multi-employer scheme and there is insufficient information available to use defined benefits 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.

#### ***Local Government Pension Scheme***

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 a part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

# Notes to the financial statements

## Fund accounting

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

Restricted fixed assets 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 received from the Education Funding Agency and the Department for Education.

## Critical accounting estimates and areas of judgement

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

## Critical accounting estimates and assumptions

The 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 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 24, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

## 2. Donations and capital grants

	Unrestricted funds £'000	Restricted funds £'000	2016 Total £'000	2015 Total £'000
Capital Grants	-	627	627	-
Other donations	-	86	86	84
	-	713	713	84

## Notes to the financial statements

### 3. Other activities for generating funds

	Unrestricted funds £'000	Restricted funds £'000	2016 Total £'000	2015 Total £'000
Catering income	-	16	16	-
Hire of facilities	-	1	1	1
	-	17	17	1

### 4. Investment income

	Unrestricted funds £'000	Restricted funds £'000	2016 Total £'000	2015 Total £'000
Short term deposits	3	-	3	3

### 5. Funding for the academy's educational operations

	Unrestricted funds £'000	Restricted funds £'000	2016 Total £'000	2015 Total £'000
<b>DfE/EFA grants</b>				
General Annual Grant	-	7,283	7,283	6,835
Capital Grants	-	297	297	345
Start up Grants	-	16	16	11
Other DfE/EFA grants	-	789	789	288
	-	8,385	8,385	7,479
<b>Other Government Grants</b>				
Local authority	-	204	204	276
Special educational grants	-	-	-	-
	-	204	204	276
Other income from the academy	-	395	395	457
Trust's educational operations	-	8,984	8,984	8,212

## Notes to the financial statements

### 6. Expenditure

	Staff	Non pay expenditure		2016	2015
	Costs	Premises	Other	Total	Total
	£'000	costs	Costs	£'000	£'000
		£'000	£'000		
Expenditure on raising funds					
Academy's educational operations					
- direct costs	6,020	750	860	<b>7,630</b>	6,661
- allocated support costs	1,034	635	317	<b>1,959</b>	1,821
	7,054	1,385	1,177	<b>9,589</b>	8,482

Net income/(expenditure) for the period includes:

	2016	2015
	£'000	£'000
Operating lease rentals	<b>11</b>	14
Depreciation	<b>750</b>	725
Fees payable to auditor for:		
- audit	<b>11</b>	11
- other services	<b>2</b>	2

Included within expenditure are the following transactions:

Reason/Nature	Total	Amount	Individual Items Reason/Nature
	£	£	
Ex-gratia payment	7000	7000	Non-statutory/non-contractual Severance payment

The legal authority sought to make ex-gratia payments was in compliance with the Academies Financial Handbook 2015, being delegated authority or approval from the Education Funding Agency

## Notes to the financial statements

### 7. Charitable activities

	2016 Total £'000	2015 Total £'000	
Direct costs – educational operations	6,052	5,642	
Support costs – educational operations	693	294	
	<hr/>	<hr/>	
	6,745	5,936	
	<hr/>	<hr/>	
Analysis of support costs	Educational Operations £'000	Total 2016 £000	Total 2015 £000
Support staff costs	1,034	1,034	901
Depreciation	750	750	725
Technology costs	67	67	79
Premises costs	583	583	564
Other support costs	274	274	293
Governance costs	27	27	28
	<hr/>	<hr/>	<hr/>
Total support costs	2,735	2,735	2,574
	<hr/>	<hr/>	<hr/>



## Notes to the financial statements

### 8. Staff costs

a) Staff costs during the year were as follows:

	2016 £'000	2015 £'000
Wages and salaries	5,530	5,214
Social security costs	485	407
Other pension costs	1,032	727
	<u>7,047</u>	<u>6,348</u>
Compensation payments	7	39
	<u>7,054</u>	<u>6,387</u>

b) Non statutory/non –contractual staff severance payments

Included in the staff costs are a non-statutory/non-contractual severance payments of £7,000 relating to one compromise agreement. (2015: 3 compromise agreements £39,170 (£15,400, £12,529 & £11,241))

c) The average number of persons employed by the academy during the year, expressed as full time equivalents, was as follows:

	2016 Number	2015 Number
Teachers	88	96
Administration and support	61	52
Management	12	12
	<u>161</u>	<u>160</u>

## Notes to the financial statements

### Staff Costs (continued)

#### d) Higher paid staff

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

	2016 Number	2015 Number
£60,001 to £70,000	4	3
£70,001 to £80,000	2	4
£80,001 to £90,000	2	-
£90,001 to £130,000	-	1
£130,001 to £150,000	1	-

#### e) 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 £526,984 (2015: £480,102)

### 9. Related Party Transactions – Trustee’s remuneration and expenses

One or more trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The Head teacher and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of Head teacher and staff members under their contracts of employment.

The value of trustees’ remuneration and other benefits was as follows:

D Brown (Staff Trustee)

Remuneration £80,000 - £85,000 (2015: £75,000 - £80,000)

Employer’s pension contributions paid £10,000 - £15,000 (2015: £10,000 - £15,000)

J Dunkerley (Staff Trustee)

Remuneration £65,000 - £70,000 (2015: £60,000 - £65,000)

Employer’s pension contributions paid £10,000 - £15,000 (2015: £10,000 - £15,000)

During the period ended 31 August 2016, travel and subsistence expenses totalling £262 were reimbursed or paid directly to one trustee (2015: £388 to 1 trustee)

The trustees/directors did not receive any payments, other than expenses, from the academy trust in respect of their role as trustees/directors.

## Notes to the financial statements

### 10. Trustees' and officers' insurance

In accordance with normal commercial practice the Academy Trust has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on the academy trust's business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the year ended 31 August 2016 was £1,238.

### 11. Tangible fixed assets

	Assets under construction £'000	Leasehold Land & Buildings £'000	Furniture & equipment £'000	Computer equipment £'000	Total £'000
<b>Cost</b>					
At 1 September 2015	-	14,950	219	503	15,673
Additions	497	423	8	193	1,121
Transfers	-	-	(2)	2	-
<b>At 31 August 2016</b>	<b>497</b>	<b>15,374</b>	<b>225</b>	<b>698</b>	<b>16,794</b>
<b>Depreciation</b>					
At 1 September 2015	-	1,659	219	369	2,247
Provided in the year	-	512	6	233	750
<b>At 31 August 2016</b>	<b>-</b>	<b>2,171</b>	<b>225</b>	<b>602</b>	<b>2,997</b>
<b>Net book value</b>					
<b>At August 2016</b>	<b>497</b>	<b>13,203</b>	<b>-</b>	<b>96</b>	<b>13,796</b>
At August 2015	-	13,291	-	134	13,425

The trust has been granted the use of the site that it occupies. This is on the basis of a 125 year lease (at peppercorn rent) or such time that the Trust's funding agreement is terminated, at which point the lease site reverts back to the lessor. The trustees consider that the lease has a fair value of £nil because of the restrictions imposed within it.

## Notes to the financial statements

### 12. Debtors

	2016 £'000	2015 £'000
Trade debtors	344	36
VAT recoverable	166	23
Prepayments and accrued income	389	173
	<u>899</u>	<u>232</u>

### 13. Creditors: amounts falling due within one year

	2016 £'000	2015 £'000
Trade creditors	738	143
Social security and other taxes	-	-
Accruals and deferred income	543	204
	<u>1,281</u>	<u>347</u>

	2016 £'000	2015 £'000
<b>Deferred income</b>		
Deferred income at 1 September 2015	149	47
Resources deferred in the year	286	149
Amounts released from previous years	(43)	(47)
	<u>392</u>	<u>149</u>
Deferred Income at 31 August 2016		

At the balance sheet date the academy trust was holding funds received in relation to EFA and DFE grants; Post Development Grants, CIF funding and Devolved Formula Grant.

## Notes to the financial statements

### 14. Funds

	Balance at 1 September 2015 £'000	Incoming resources £'000	Resources expended £'000	Transfers £'000	Other gains & losses £'000	Balance at 31 August 2016 £'000
<b>Restricted general funds</b>						
General Annual Grant	239	7,283	(7,202)	(197)	-	123
Start-Up Grant	-	16	(16)	-	-	-
Other DfE/EFA grants	-	789	(789)	-	-	-
LEA and other grants	-	204	(204)	-	-	-
Other restricted	-	497	(497)	-	-	-
Pensions reserve	(1,058)	-	(157)	-	(933)	(2,148)
	<u>(819)</u>	<u>8,790</u>	<u>(8,866)</u>	<u>(197)</u>	<u>(933)</u>	<u>(2,025)</u>
<b>Restricted fixed asset funds</b>						
DfE/EFA capital grants	4,988	297	(751)	-	-	4,534
Capital expenditure from GAG	385	-	-	197	-	582
Donations on conversion	8,052	-	-	-	-	8,052
Donations	<u>627</u>	<u>627</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>627</u>
	<u>13,425</u>	<u>924</u>	<u>(751)</u>	<u>197</u>	<u>-</u>	<u>13,795</u>
<b>Total restricted funds</b>	<u>12,606</u>	<u>9,714</u>	<u>(9,616)</u>	<u>-</u>	<u>(933)</u>	<u>11,770</u>
<b>Total unrestricted funds</b>	<u>334</u>	<u>3</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>337</u>
<b>Total funds</b>	<u>12,940</u>	<u>9,717</u>	<u>(9,616)</u>	<u>-</u>	<u>(933)</u>	<u>12,108</u>

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

#### Restricted general funds

Restricted general funds comprise all other restricted funds received and include grants received from the Education Funding Agency and the Department for Education. Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the amount of GAG that could be carry forward at 31 August 2016.

## Notes to the financial statements

### **Restricted fixed asset funds**

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

## Notes to the financial statements

### 15. Analysis of net assets between funds

Fund balances at 31 August 2016 are represented by:

	Unrestricted funds £'000	Restricted general Funds £'000	Restricted fixed asset funds £'000	Total Funds 2016 £'000	Total Funds 2015 £'000
Tangible fixed assets	-		13,795	13,795	13,425
Current assets	337	1,403	-	1,741	922
Current liabilities	-	(1,280)	-	(1,280)	(347)
Pension scheme liability	-	(2,148)	-	(2,148)	(1,058)
Total	337	(2,025)	13,795	12,108	12,940

### 16. Capital commitments

Contracted for, but not provided in the financial statements at 31 August 2016 £524,000 (2015: none).

### 17. Operating lease commitments

At 31 August 2016, the academy trust had annual commitments under non-cancellable operating leases as follows:

	2016 £'000	Other 2015 £'000
Amounts due within one year	22	14
Amounts due between one and five years inclusive	2	10
Amounts due after five years	-	-

## Notes to the financial statements

### 18. Reconciliation of net income/(expenditure) to net cash inflow from operating activities

	2016 £'000	2015 £'000
<b>Net income/(expenditure) for the reporting period (as per the statement of financial activities)</b>	<b>101</b>	<b>(210)</b>
Adjusted for:		
Depreciation (note 11)	750	725
Capital grants from DfE and other capital income	(924)	(347)
Interest receivable (note 4)	(3)	(3)
Defined benefit scheme obligation inherited	-	(1)
Defined benefit scheme costs less contributions payable (note 24)	(213)	1
Defined benefit pension scheme finance costs	370	-
(Increase)/Decrease in debtors	(667)	839
Increase/(Decrease) in creditors	933	(888)
<b>Net cash provided by/(used in) Operating Activities</b>	<b>347</b>	<b>116</b>

### 19. Cash flows from investing activities

	2016 £'000	2015 £'000
Dividends, interest and rents from investments	3	3
Purchase of tangible fixed assets	(1,121)	(433)
Capital grants from DfE/EFA	297	347
Capital funding received from sponsors and others	627	-
<b>Net cash provided by/(used in) Operating Activities</b>	<b>(194)</b>	<b>(83)</b>

### 20. Analysis of cash and cash equivalents

	2016 £'000	2015 £'000
Cash in hand and at bank	275	477
Notice deposits (less than 3 months)	567	211
<b>Total cash and cash equivalent</b>	<b>842</b>	<b>688</b>



## Notes to the financial statements

### **21. Contingent liabilities**

If a capital asset acquired by the academy trust for market value using a capital grant made available to the academy trust by the Department for Education, is disposed of during the currency of the relevant funding agreement between the charitable company and the Secretary of State, the academy trust is required to repay to the Secretary of State the same proportion of the proceeds of the disposal as equates with the proportion of the agreed costs met by the Secretary of State, unless the Secretary of State agrees to all proceeds being retained by the academy trust for its charitable purposes.

### **22. 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.

### **23. Pension commitments**

The Academy Trust's employees belong to two principal pension schemes: Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by the Greater Manchester Pension Fund. Both are multi-employer defined benefit schemes.

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

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

#### **Teachers' Pension Scheme**

##### **Introduction**

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

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

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

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was

## Notes to the financial statements

carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

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

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

The pension costs paid to TPS in the period amounted to £662k (2015: £535k).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

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

### **Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £292k, of which employer's contributions totalled £213k and employees' contributions totalled £79k. The agreed contribution rates for future years are 10.2% - 20.5% for employers and 5.5% - 7.5% 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.

## Notes to the financial statements

The principal actuarial assumptions used by the actuaries were as follows:

	2016 %	2015 %
Discount rate for scheme liabilities	2.1	3.8
Rate of increase in pensions in payment/inflation	2.7	2.7
Rate of increase in salaries	3.4	3.9
Inflation assumption	2.9	1.0

### Commutation of pensions to lump sums

The post retirement mortality assumptions used to value the benefit obligation at 31 August 2015 and 31 August 2012 are based on the Fund's VitaCurves with improvement in line with the Medium cohort and a 1% p.a. underpin from 2010. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	2016	2015
<i>Retiring today</i>		
Males	21.4	21.4
Females	24.0	24.0
<i>Retiring in 20 years</i>		
Males	24.0	24.0
Females	26.6	26.6

\*Figures assume members aged 45 as at the last formal valuation date

### Local Government Pension Scheme (LGPS) (continued)

The expected return on plans' assets is based on market expectations for investment returns over the life of the related obligation.

The amounts charged or (credited) in the statement of financial activities in calculating net incoming resources are as follows:

	2016 £'000	2015 £'000
<b>Current service cost (operating charge)</b>	<b>328</b>	<b>300</b>
Interest on obligation	42	87
Loss on Curtailments and settlements	-	5
<b>Total operating charge</b>	<b>370</b>	<b>392</b>

## Notes to the financial statements

### Retirement benefits (continued)

The amounts charged or credited in the statement of financial activities are included in wages and salaries charge.

### Local Government Pension Scheme (LGPS) (continued)

The academy's share of the assets and liabilities in the scheme and the expected rates of return were:

	Fair value at 31 August 2016 £'000	Fair value at 31 August 2015 £'000
[		
Equities	2,393	1,821
Bonds	565	455
Property	200	152
Cash	166	101
Total market value of assets	<u>3,324</u>	<u>2,529</u>

The actual return on plan assets during the year was £534,000 (2015 - £53,000).

### Local Government Pension Scheme (LGPS) (continued)

Changes in the present value of the defined benefit obligation are as follows:

	2016 £'000	2015 £'000
At 1 September	3,587	3,173
Current service cost	328	300
Interest cost	143	124
Actuarial loss/(gains)	1,366	(54)
Losses/(Gains) on curtailments	-	5
Estimated Benefits Paid	(31)	(31)
Contributions by plan participant	79	70
<b>Closing defined benefit liabilities at 31 August</b>	<u><b>5,472</b></u>	<u><b>3,587</b></u>

## Notes to the financial statements

### Retirement benefits (continued)

Changes in the fair value of plans' assets are as follows:

	2016 £'000	2015 £'000
At 1 September	2,529	2,226
Estimated Benefits paid	(31)	(31)
Expected return	101	87
Actuarial gains/(losses)	433	(34)
Contributions by employer	213	211
Contributions by plan participant	79	70
<b>Closing fair value of plans' assets at 31 August</b>	<b>3,324</b>	<b>2,529</b>

### 24. Related party transactions

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

No transactions material to either the Trust or the related party have been undertaken in the year ended 31 August 2016 (2015: Nil).

### 25 Post balance sheet event

Gorsey Bank Primary School joined the Trust on the 1<sup>st</sup> October 2016. The Trust have also had two further successful Free school bids, one Secondary in Tameside and Secondary in Manchester, with anticipated opening dates of September 2018. LFET (Law Family Education Trust) are now a corporate member of the Trust from 2<sup>nd</sup> November 2016.

### 26 FRS 102 Transition

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

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

## Notes to the financial statements

Reconciliations and descriptions of the effect of the transition to FRS 102 and SORP 2015 on total funds and net income/(expenditure) for the comparative period reported under previous UK GAAP and SORP 2005 are given below:

<b>Reconciliation of total funds</b>	<b>Notes</b>	<b>1<sup>st</sup> September 2015</b>	<b>31 August 2016</b>
Total funds under previous UK GAAP		12,940	12,109
Employee benefits accrual	B	-	-
Total funds reported under FRS 102		12,940	12,109

<b>Reconciliation of net income/(expenditure)</b>	<b>Notes</b>	<b>31 August 2015</b>
		£'000
Net income/(expenditure) previously reported under UK GAAP		(321)
Change in recognition of LGPS interest costs	A	-
Employee benefits accrual	B	-
Net movement in funds reported under FRS 102		(321)

### **A – Change in recognition of LGPS interest cost**

Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in income/expense. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in income/expense. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to increase the debit to expense and decrease the debit in other recognised gains and losses in the SOFA by an equivalent amount.

### **B – Recognition of outstanding employee benefits**

No provision for outstanding holiday pay was made under previous UK GAAP. Under FRS 102 the costs of short-term employee benefits are recognised as a liability and an expense. All staff had taken their annual leave prior to the end of August each year.