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Financial statements The Laurus Trust

(A company limited by guarantee)

For the year ended 31 August 2017



Company No 07907463

Charitable company information

Company registration number: 07907463

Registered office: Cheadle Hulme High School
Woods Lane
Cheadle Hulme
Cheshire
SK8 7JY

Trustees: Tony Little
Charles Nevin
Pauline Benton
Anthony Graham
Len Elias
Cathy Fisher
Dave Brown
Jane Dunkerley
Sir Peter Fahy
Lisa Woolley (Appointed 2nd November 2016)
Estelle Goodwin (Appointed 2nd November 2016)
Linda Magrath (Appointed 27th January 2017)

Company secretary: Nicola Burgess

Senior Management Team: Chief Executive Officer and Accounting Officer – Linda Magrath
Chief Financial Officer – Jane Dunkerley
Cheadle Hulme High School
Deputy Headteacher(s) – Dave Brown, Martin Vevers,
Gill Theobald
Gorsey Bank Primary School
Headteacher – Lisa Woolley

Bankers: Lloyds TSB
2 Great Underbank
Stockport
SK1 1LW

THE LAURUS TRUST (a company limited by guarantee)
Financial statements for the year ended 31 August 2017

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

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Trustees' 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 2017.

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
Mrs Linda Magrath

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. Gorsey Bank Primary School joined the Trust, having fully transitioned from the local authority on 1st October 2016.

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

Both schools have 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

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 9 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. Gorsey Bank Primary School joined the Trust on 1st October 2016. 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 committees; Resources and Audit.

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

The Audit Committee reports to the board regarding audit 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 Chief Executive Officer, who is the Accounting Officer.

Trustees' report

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. The committee is comprised of trustees and sets pay based on available benchmarks in the sector and local area.

Risk Management

The Trustees 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 is to be undertaken on an annual basis and key controls 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 Trustees 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 11 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, Chorlton High School, Didsbury C of E Primary School, Hursthead Junior School, Manchester Metropolitan University, Marple Hall High School, Moss Hey Primary, The Pendlebury Centre, St Patrick's RC High School, Stockport School, Werneth School and Manchester Creative Studio. None of these organisations are considered to constitute formal related parties.

The Law Family Education Trust (LFET) is considered a related party due to its participation on the board of Trustees since becoming a corporate member in November 2016 and the donations made during the year. LFET is not considered to have attached any clauses or conditions to their funding that has materially changed the operations of Laurus Trust and as such, the details of the donations have not been disclosed.

See notes 8 and 23 for further details of related party transactions that have occurred during the year.

Trustees' report

Objectives and activities

Objects and Aims

The Laurus Trust is registered at Cheadle Hulme High School and central staff are based here. During the year the Laurus Trust had two schools, Cheadle Hulme High School, the lead school, and one primary school Gorsey Bank Primary School, that joined on 1 October 2016. The Law Family Education Trust (LFET) became a corporate member of the trust in November 2016. The trust's objective is to advance for the public benefit education for children aged 4 to 18 by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum.

The access to funding from the Law Family Charitable Foundation will empower The Law Family Education Trust (LFET) to effectively enable all students within the Laurus Trust to have the same access to high quality enrichment as those students who attend private schools.

Training in the use of voice, and performing arts generally, will inspire confidence and enhance the presentation skills of the pupils. Other extra-curricular activities, together with regular sport and exercise, and a sense of competitive spirit, will increase personal well-being, health and concentration levels. The Trust will also promote team building skills, leadership, and a passion to perform to the best of one's ability in all disciplines. These higher levels of individual betterment will be achieved across all ability levels through a wide scope of activities. Leadership is a skill to be learned and cultivated. Students will learn about the importance of success, and how to cope with setbacks, not as failure but as a springboard to better achievement. There will be a focus on developing presentation skills and self-confidence in general. Inspiring students to broaden their horizons and believe that 'anything is possible', is absolutely key to post-education success.

Education starts no later than primary school entry. Delivering better developed cohorts of pupils into secondary schools will foster a much stronger springboard for further success, and help to ensure that no child gets left behind as a consequence of background or other difficulty.

From nursery through to sixth form we will strive to provide the best all-round educational experience.

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 lead school, Cheadle Hulme High School, objective for the year ending 31 August 2017 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 2016 to 31 August 2017 was 1,617.

Attendance - the attendance level achieved for the year was 95.6%.

Permanent exclusions - the aim is to have permanent exclusions only in exceptional circumstances. Cheadle Hulme High School had five permanent exclusions during the year from 1 September 2016 to 31 August 2017.

Trustees' report

Staffing - the average number of (full time equivalent) staff employed during the year for the Trust as a whole 1 September 2016 to 31 August 2017 was 235

Student roll - the total number on roll for the year 1 September 2016 to 31 August 2017 was 418 on 31 August 2017.

Attendance - the attendance level achieved for the year was 96.8%

Permanent exclusions - the aim is to have permanent exclusions only in exceptional circumstances. Gorsey Bank Primary School had no permanent exclusions during the year from 1 September 2016 to 31 August 2017.

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 schools' catchment areas are designated by the Local Authority and have not changed since academy status. The Trustees have reviewed the pupil admission policies 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 Cheadle Hulme High School are set out in the tables below.

Results showing year on year comparison from 2015 to 2017 for GCSE (KS4) results:

Results	2017	2016	2015
<u>GCSE</u>			
5+ A* - C (9-4) including Maths/English	83%	81%	86%

The 9-5 result of 68% in English & Mathematics places Cheadle Hulme High School as one of the top performing Schools in Greater Manchester

On the new progress 8 performance measure, Cheadle Hulme High School is identified as 'well above average'. A score of + 0.7 places the School in the top 5% of Schools nationally.

Standards at Key Stage 4 (GCSE) have improved year on year from 2006 to 2017. Whilst it is difficult to compare results due to the changing GCSE assessment landscape. The percentage of students achieving A* - C (or 9-4) in GCSE English and Mathematics have improved from 57% to 81%.

A LEVEL

	2017	2016	2015
A* -B	70%	61.5%	51.7%

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

Trustees' report

The Fisher Family Trust is the adopted performance measure and target monitoring tool. It is used at both Key Stage 3 and 4. At KS5 Alps and national change graphs are 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.

Gorseley Bank Primary school places high importance on staff retention and development in order to maintain the highest standards of teaching and learning.

As well as being 'unashamedly academic' the school prioritises the personal development of pupils within a rich and relevant curriculum that promotes 'Learning for Life'. The school's mission is, 'To nurture lifelong learners who are confident and ready to embrace the challenges of the outside world.'

Core Priorities for 2016-17 were:

- To empower pupils to understand themselves, to appreciate others and to value diversity
- To provide a progressive school curriculum that responds to pupils' needs
- To ensure that teaching for depth results in outstanding pupil achievement
- To create the conditions for optimal learning
- To become formative assessment experts
- To ensure leaders at all levels have a positive impact on pupil achievement

The impact of School Improvement and Professional Learning activities related to these aims can be seen in the summary of statutory assessment results below:

Early Years Attainment

Pupil achieving a 'Good Level of Development'			
	National	Cheshire East	School
2017	71%	Information to be published	88%
2016	69%	71%	93%

2017 Phonics Screening Check Headline Pass Data

	2015	2016	2017 KPI	2017
School	92%	92%	95%	98%
National	77%	81%	n/a	81%

Trustees' report

2017 Key Stage 2 Attainment

Pupils achieving the Expected (Scaled Score 100+)				
	National 2016	School 2016	National 2017	School 2017
Reading at High Standard	66%	82%	71%	83%
Writing at Greater Depth	74%	87%	76%	84%
Maths at High Standard	70%	82%	75%	85%
R/W/M at High Standard	53%	72%	61%	71%

Pupils achieving the Higher Standard (Scaled Score 110+)				
	National 2016	School 2016	National 2017	School 2017
Reading at High Standard	19%	35%	25%	36%
Writing at Greater Depth	15%	33%	18%	30%
Maths at High Standard	17%	20%	23%	19%
R/W/M at High Standard	5%	7%	9%	12%

This year we are striving to improve progress from the end of KS1 to KS2 and to increase the percentage of pupils achieving the High Standard in Maths at the end of KS2. There will be a continued focus on pedagogy, quality of teaching and curriculum development to sustain and further improve on standards of pupil achievement.

Going Concern

After making appropriate enquiries, the board of trustees have a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future, being a period of no less than 12 months from the date of approval of these financial statements. 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 Principal Accounting Policies.

Trustees' report

Key Financial Performance Indicators

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

- income (percentage derived from the GAG) –49% (2016: 74.8%)
- staff costs as a percentage of income – 52% (2016: 72.5%)
- cash balance – £1,384,000 (2016: £842,000)

The KIPs above in relation to staff costs and income from GAG appear much lower than in the previous year owing to a much higher level of donations to the Trust from The Law Family Education Trust, compared to the prior year.

Financial review

The Trust's financial position demonstrates total income of £17,953,000 (2016 : £9,717,000) with net incoming resources at the 31 August 2017 of £5,852,000 (2015 : net outgoing resources of £832,000). 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 £8,801,000 (2016 : £7,283,000).

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 Trustees 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.

Trustees' report

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 Bodies;
- 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.

The Trust's employees are members of three defined benefit pension schemes, the Teachers' Pension Scheme (TPS) and the Local Government Pension Schemes for Greater Manchester and Cheshire (LGPS). The Trust has recognised its share of the LGPS assets and liabilities in accordance with Financial Reporting Standard 102, Section 28. A deficit of £2,227k (2016: £2,148k) has been recognised at 31 August 2017. 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 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 Trustees have given due consideration to these risks.

Reserves Policy

The level of reserves held at 31 August 2017 total £17,959,000 (2016: £12,108,000). Total reserved excluding pension liability were £20,186,000 (2016: £14,256,000). 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 Schemes (£2,227,000 at 31 August 2017) 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.

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.

Trustees' report

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 2017, these funds totalled £33,164 (2016: £57,614).

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.

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 will open in September 2018 and a Secondary in Manchester will open in September 2019.

Cheadle Hulme High 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.

The Associate Teachers from the SCITT will help to service the succession planning of the Altius Alliance – a group of educational institutions which Cheadle Hulme High School 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.

Trustees' report

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.

Trustees' report, incorporating a Strategic report, was approved by order of the members of the Trust on 18 December 2017 and signed on its behalf by:

Leonard Elias

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 Chief Executive Officer, 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 five times during the year. Attendance during the year at meetings of the Trust board was as follows:

Trustee	Meetings Attended	Out of a possible
Charles Nevin	5	5
Pauline Benton	5	5
Anthony Graham	5	5
Len Elias	5	5
Cathy Fisher	5	5
Jane Dunkerley	5	5
David Brown	5	5
Peter Fahy	3	5
Tony Little	5	5
Linda Magrath	5	5
Lisa Woolley	4	4
Estelle Goodwin	4	4

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:

Member	Meetings Attended	Out of a possible
Charles Nevin	1	3
Pauline Benton	3	3
Anthony Graham	3	3
Len Elias	3	3
Cathy Fisher	3	3
Jane Dunkerley	3	3
David Brown	3	3
Linda Magrath	3	3

Governance statement

The Audit Committee is a sub-committee of the Trust Board. Its purpose is to approve the financial statements. Attendance at meetings in the year was as follows:

Member	Meetings Attended	Out of a possible
Pauline Benton	1	1
Len Elias	1	1
Jane Dunkerley	1	1
David Brown	1	1
Linda Magrath	1	1

The Pay Committee is a sub-committee of the Trust Board. Its purpose is to approve the pay of all Leadership and teaching staff. Attendance at meetings in the year was as follows:

Member	Meetings Attended	Out of a possible
Anthony Graham	2	2
Cathy Fisher	2	2
Jane Dunkerley	2	2
Charles Nevin	2	2
Linda Magrath	2	2

Review of the Value for Money Statement

As accounting officer the Chief Executive Officer 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 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 year ended 31 August 2017 and up to the date of approval of the annual report and financial statements.

Governance statement

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 ended 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

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

Governance statement

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 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 2017/8.

Review of Effectiveness

As Accounting Officer, the Chief Executive Officer 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.

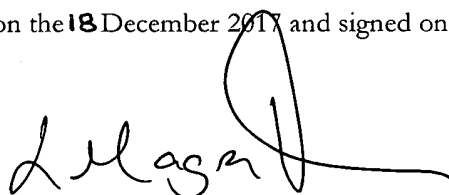
The Accounting Officer has considered of the implications of the results of reviewing the system of internal control and together with the Resources and Audit Committee's will address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on the **18** December 2017 and signed on its behalf by:



Mr L Elias

Trustee



Mrs L Magrath

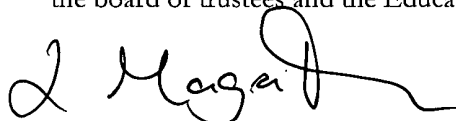
Accounting Officer

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 and Skills Funding Authority of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2016.

I confirm that I and the Academy Trust Board 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 2016.

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



Mrs L Magrath
Accounting Officer
Date: 18 December 2017

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 and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure. 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 2016 to 2017;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

The trustees are responsible for ensuring that in its conduct and 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 ESFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the board of trustees on the 18 December 2017 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

Opinion

We have audited the financial statements of The Laurus Trust ('the charitable company') for the year ended 31 August 2017 which comprise the Statement of Financial Activities (including the income and expenditure account), the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102; The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

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

Basis for opinion

We have been appointed as auditor under the Companies Act 2006 and report in accordance with regulations made under that Act. We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC'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.

Who we are reporting to

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.



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

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 charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report set out on pages 4 to 17, other than the financial statements and our auditor's 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' Annual Report, incorporating a strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Annual Report, incorporating a strategic report, has been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report incorporating a strategic report.



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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of the 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 Trustees' Responsibilities Statement set out on page 19, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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



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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Grant Thornton UK LLP

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

Date 18 December 2017



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 17 October 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Laurus Trust during the period 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to The Laurus 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 Laurus Trust and the ESFA 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 ESFA, 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 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

The objective of a limited assurance engagement is to perform such procedures as to obtain

information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity.



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

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:

- 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 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Grant Thornton UK LLP

Reporting Accountant
Grant Thornton UK LLP
Chartered Accountants
Manchester

18 December 2017

Financial statements for the year ended 31 August 2017

Statement of financial activities
(including the income and expenditure account)

	Note	Unrestricted funds £'000	Restricted general fund £'000	Restricted fixed asset fund £'000	2017 Total £'000	2016 Total £'000
Income from:						
Donations and capital grants	2	-	729	3,453	4,182	713
Activities for generating funds	3	-	162	-	162	17
Investment income	4	2	-	-	2	3
Charitable activities						
Funding for the academy's educational operations	5	176	10,322	2,672	13,170	8,984
Teaching School Income		-	437	-	437	-
Total incoming resources		178	11,650	6,125	17,953	9,717
Resources expended						
Charitable activities						
Academy's educational operations	6	-	(12,720)	(474)	(13,194)	(9,616)
Total resources expended		-	(12,720)	(474)	(13,194)	(9,616)
Net incoming/(outgoing) resources before transfers						
(net income for the year)		178	(1,070)	5,651	4,759	101
Gross transfers between funds	13	-	10	(10)	-	-
Net income/(expenditure) resources for the year		178	(1,060)	5,641	4,759	101
Other recognised gains and losses						
Actuarial gains/(losses) on defined benefit pension schemes	22	-	1,093	-	1,093	(933)
Net movement in funds		178	33	5,641	5,852	(832)
Reconciliation of funds						
Funds brought forward at 1 September 2016		337	(2,025)	13,795	12,108	12,940
Funds carried forward at 31 August 2017		515	(1,992)	19,436	17,959	12,108

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

The accompanying notes form part of these financial statements.

Financial statements for the year ended 31 August 2017

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
Income from:						
Donations and capital grants	2	-	86	627	713	84
Activities for generating funds	3	-	17	-	17	1
Investment income	4	3	-	-	3	3
Charitable activities						
Funding for the academy's educational operations	5	-	8,687	297	8,984	8,212
Total incoming resources		<u>3</u>	<u>8,790</u>	<u>924</u>	<u>9,717</u>	<u>8,300</u>
Resources expended						
Charitable activities						
Academy's educational operations	6	-	(8,839)	(750)	(9,589)	(8,482)
Governance costs		-	(27)	-	(27)	(28)
Total resources expended		<u>-</u>	<u>(8,866)</u>	<u>(750)</u>	<u>(9,616)</u>	<u>(8,510)</u>
Net incoming/(outgoing) resources before transfers						
(net income for the year)		3	(76)	173	100	(210)
Gross transfers between funds	14	-	(197)	197	-	-
Net income/(expenditure) resources for the year		3	(272)	369	100	(210)
Other recognised gains and losses						
Actuarial (losses)/gains on defined benefit pension schemes	24	-	(933)	-	(933)	(111)
Net movement in funds		<u>3</u>	<u>(1,205)</u>	<u>369</u>	<u>(833)</u>	<u>(321)</u>
Reconciliation of funds						
Funds brought forward at 1 September		<u>334</u>	<u>(819)</u>	<u>13,426</u>	<u>12,940</u>	<u>13,261</u>
Funds carried forward at 31 August		<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 2017

	Note	2017 £'000	2016 £'000
Fixed assets			
Tangible assets	10	19,441	13,795
Current assets			
Debtors	11	1,213	899
Cash at bank and in hand		1,384	842
		<u>2,597</u>	<u>1,720</u>
Liabilities			
Creditors: amounts falling due within one year	12	<u>(1,852)</u>	<u>(1,280)</u>
Net current assets		<u>745</u>	<u>461</u>
Total assets less current liabilities and net assets excluding pension liability		20,186	14,256
Pension scheme liability	22	<u>(2,227)</u>	<u>(2,148)</u>
Net assets including pension liability		<u>17,959</u>	<u>12,108</u>
Funds – Restricted Funds			
Restricted fixed asset fund	13	19,436	13,795
Restricted general fund	13	235	124
Pension reserve	13	<u>(2,227)</u>	<u>(2,148)</u>
Total restricted funds		17,444	11,771
Unrestricted funds	13	<u>515</u>	<u>337</u>
Total funds		<u>17,959</u>	<u>12,108</u>

The financial statements were approved by the Trustees and authorised for issue on 18 December 2017 and signed on their behalf by:

Leonard Elias

Mr L Elias

Trustee

The accompanying notes form part of these financial statements.

Cash flow statement

	Note	2017 £'000	2016 £'000
Cash inflow from operating activities	17	520	348
Cash flows from investing activities	18	22	(194)
Cash flows from financing activities			-
Change in cash and cash equivalents in the reporting period		<u>542</u>	<u>154</u>
Cash and cash equivalents at 1 September 2016		<u>-842</u>	<u>688</u>
Cash and cash equivalents at 31 August 2017	19	<u><u>1,384</u></u>	<u><u>842</u></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 and 4-11 year olds in Wilmslow.

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 2016 to 2017 issued by the ESFA, 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 period 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.

Income

All incoming resources are recognised when the Academy Trust has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

Grants

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 the meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the Statement of Financial Activities 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 in full when there is an unconditional entitlement to the grant. Unspent amounts of capital grant are reflected in the balance sheet in the restricted fixed asset fund. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

Notes to the financial statements

Sponsorship income

Sponsorship income provided to the Academy Trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable (where there are no performance-related conditions), where there receipt is probable and it is measured reliably.

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 period it is receivable and to the extent the trust has provided the goods or services.

Donated services and gifts in kind

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'income from other trading activities' and the proceeds are recognised as 'income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. The income is recognised within 'income from other trading activities'

Transfer on conversion

Where assets are received by the trust on conversion to an academy, the transferred assets and liabilities are measured at fair value and recognised in the balance sheet at the point when the risks and rewards of ownership pass to the Trust. An equal amount of income is recognised as Transfer on conversion within Donations and capital grant income.

Gorsey Bank Primary School's building was brought in on transfer and the valuation method was Depreciated Replacement Cost (DRC) basis. The valuation was completed by AA Projects, who are chartered accountants.

The defined benefit pension liability was brought in on transfer as is included within resources expanded on the Statement of Financial Activities. Further details are included in note 22.

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

This 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.

Notes to the financial statements

Charitable Activities

These are costs incurred on the Academy Trust's educational operations, including support costs and costs relating to the governance of the Academy Trust apportioned to charitable activities.

All resources expended are inclusive of irrecoverable VAT.

Tangible fixed assets

Assets costing £1,000 or more are capitalised as tangible fixed assets 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 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. 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 each asset on a reducing balance basis over its expected useful life, as follows:

The rates generally applicable are:

Leasehold land and buildings	50 years
Furniture and equipment	3 - 10 years
Computers	3 years

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

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.

Liabilities

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

Notes to the financial statements

Provisions

Provisions are recognised when the academy trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

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.

Leased Assets

Rentals under operating leases are charged on a straight line basis over the lease term.

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 11. Prepayments are not financial instruments. Amounts due to the charity'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 fair value.

Financial liabilities – trade creditors and other creditors are financial instruments, and are measured at amortised cost as detailed in note 12. 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 instrument.

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.

Notes to the financial statements

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 pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective unit credit method. As stated in note 22, the TPS is a multi-employer scheme and there is insufficient information available to use defined 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.

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 and Skills Funding Agency and the Department for Education.

Notes to the financial statements

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 22, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

During the year, another academy, Gorsey Bank Primary School, joined the trust. As a result of this transfer, the school building was brought in to the trust at fair value. As detailed in note 25, an external valuer determined the fair value of the building. A change in underlying assumptions used in the valuation could materially affect the fair value of the building.

2 Donations and capital grants

	Unrestricted funds £'000	Restricted funds £'000	2017 Total £'000	2016 Total £'000
Capital Grants	-	3,453	3,453	627
Other donations	-	729	729	86
	-	4,182	4,182	713

3. Other activities for generating funds

	Unrestricted funds £'000	Restricted funds £'000	2017 Total £'000	2016 Total £'000
Catering income	-	83	83	16
Hire of facilities	-	79	79	1
	-	162	162	17

Notes to the financial statements

4. Investment income

	Unrestricted funds £'000	Restricted funds £'000	2017 Total £'000	2016 Total £'000
Short term deposits	2	-	2	3

5. Funding for the academy's educational operations

	Unrestricted funds £'000	Restricted funds £'000	2017 Total £'000	2016 Total £'000
DFE/ESFA grants				
General Annual Grant	-	8,801	8,801	7,283
Capital Grants	-	257	257	297
Start up Grants	-	130	130	16
Other DFE/ESFA grants	-	679	679	789
National College Grants (teaching school income)	-	437	437	
	-	10,304	10,304	8,385
Other Government Grants				
Local authority	-	363	363	204
On Transfer of Academy	176	2,415	2,591	-
	176	2,778	2,954	204
Other income from the academy trust's educational operations	-	349	349	395
	176	13,431	13,607	8,984

6. Expenditure

	Staff Costs £'000	Non pay expenditure Premises costs £'000	Other Costs £'000	2017 Total £'000	2016 Total £'000
Expenditure on raising funds					
Academy's educational operations					
- direct costs	7,483	474	1,190	9,147	7,630
- allocated support costs	2,616	756	675	4,047	1,986
	10,099	1,230	1,865	13,194	9,616

Notes to the financial statements

Net income/(expenditure) for the period includes:

	2017 £'000	2016 £'000
Operating lease rentals	9	11
Depreciation	474	750
Fees payable to auditor for:		
- audit of the financial statements	13	11
- other services	7	2
Governance Costs	72	27

Included within expenditure are the following transactions:

Reason/Nature	Total	Amount	Individual Items Reason/Nature
Ex-gratia payment	£ 9,000	£ 9,000	Non-statutory/non- contractual Severance payment

The legal authority sought to make ex-gratia payments was in compliance with the Academies Financial Handbook 2016, being delegated authority or approval from the Education and Skills Funding Agency

7. Staff costs

a) Staff costs during the year were as follows:

	2017 £'000	2016 £'000
Wages and salaries	7,143	5,530
Social security costs	699	485
Operating costs of defined benefit pension scheme	1,473	1,032
Apprenticeship Levy	9	-
	9,324	7,047
Severance payments	9	7
	9,333	7,054

b) Non statutory/non –contractual staff severance payments

Included in the staff costs are a non-statutory/non-contractual severance payments of £9,000 relating to one compromise agreement. (2016: 1 compromise agreements £7,000).

Notes to the financial statements

- c) The average number of persons employed by the academy during the year, was as follows:

	2017	2016
	Number	Number
Teachers	131	104
Administration and support	147	84
Management	17	12
	295	200

- d) Higher paid staff

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

	2017	2016
	Number	Number
£60,001 to £70,000	5	4
£70,001 to £80,000	4	2
£80,001 to £90,000	1	2
£130,001 to £160,000	1	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 £684,948 (2016: £ 526,984)

Notes to the financial statements

8. 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 Chief Executive Officer and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of Chief Executive Officer and staff members under their contracts of employment.

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

L Magrath (CEO and Trustee)

Remuneration £ 150,000 - £160,000 (2016: £140,000 - £150,000)

Employers pension contributions £20,000 - £25,000 (2016: £20,000 - £25,000)

Linda Magrath was not a Trustee during 2016 but was employed by the Trust as Head Teacher of Cheadle Hulme High School.

D Brown (Staff Trustee)

Remuneration £85,000 - £90,000 (2016: £80,000 - £85,000)

Employer's pension contributions £10,000 - £15,000 (2016: £10,000 - £15,000)

J Dunkerley (CFO and Trustee)

Remuneration £70,000 - £75,000 (2016: £65,000 - £70,000)

Employer's pension contributions £10,000 - £15,000 (2016: £10,000 - £15,000)

L Woolley (Staff Trustee)

Remuneration £ 55,000 - £60,000

Employers pension contributions £5,000 - £10,000

During the period ended 31 August 2017, travel and subsistence expenses totalling £384 were reimbursed or paid directly to three trustees (2016: £262 to one trustee).

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

9. 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 2017 was £162 (2016: £1,238).

Notes to the financial statements

10. Tangible fixed assets

	Assets under construction £'000	Leasehold Land & Buildings £'000	Furniture & equipment £'000	Computer equipment £'000	Total £'000
Cost					
At 1 September 2016	497	15,374	225	698	16,794
Additions	3,253	2,706	120	40	6,119
Transfers	(2,149)	2,080	69	-	-
At 31 August 2017	1,601	20,160	414	738	22,913
Depreciation					
At 1 September 2016	-	2,171	225	602	2,998
Provided in the year	-	492	13	(31)	474
At 31 August 2017	-	2,663	238	571	3,472
Net book value					
At August 2017	1,601	17,497	176	167	19,441
At August 2016	497	13,203	-	96	13,796

The trust has been granted the use of both sites 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.

Gorsey Bank Primary School has been brought in on transfer. The evaluation method used is the Depreciated Replacement Costs basis this was valued by AA Projects, who are Chartered Surveyors. Further details are given in note 25.

Notes to the financial statements

11. Debtors

	2017 £'000	2016 £'000
Trade debtors	41	344
VAT recoverable	109	166
Prepayments and accrued income	1,063	389
	<u>1,213</u>	<u>899</u>

12. Creditors: amounts falling due within one year

	2017 £'000	2016 £'000
Trade creditors	353	738
Social security and other taxes	-	-
Accruals and deferred income	1,499	542
	<u>1,852</u>	<u>1,280</u>

Deferred income

	2017 £'000	2016 £'000
Deferred income at 1 September 2016	392	149
Resources deferred in the year	509	286
Amounts released from previous years	(205)	(43)
	<u>696</u>	<u>392</u>

Deferred Income at 31 August 2017

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

Notes to the financial statements

13. Funds

	Balance at 1 September 2016 £'000	Incoming resources £'000	Resources expended £'000	Transfers £'000	Other gains & losses £'000	Balance at 31 August 2017 £'000
Restricted general funds						
General Annual Grant	123	8,801	(8,699)	10		235
Start-Up Grant	-	130	(130)			-
Other DfE/ESFA grants	-	679	(679)			-
LEA and other grants	-	363	(363)			-
Other restricted	-	1,677	(1,677)			-
Pensions reserve	(2,148)		(1,172)		1,093	(2,227)
	<u>(2,025)</u>	<u>11,650</u>	<u>(12,720)</u>	<u>10</u>	<u>1,093</u>	<u>(1,992)</u>
Restricted fixed asset funds						
DfE/ESFA capital grants	4,534	257	18	-	-	4,809
Capital expenditure from GAG	582	-	-	(10)	-	572
Donations on conversion	8,052	2,415	(492)	-	-	9,975
Donations	627	3,453	-	-	-	4,080
	<u>13,795</u>	<u>6,125</u>	<u>(474)</u>	<u>(10)</u>	<u>-</u>	<u>19,436</u>
Total restricted funds	<u>11,770</u>	<u>17,775</u>	<u>(13,194)</u>	<u>-</u>	<u>1,093</u>	<u>17,444</u>
Total unrestricted funds	<u>337</u>	<u>178</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>515</u>
Total funds	<u>12,107</u>	<u>17,953</u>	<u>(13,194)</u>	<u>-</u>	<u>1,093</u>	<u>17,959</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 and Skills 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 2017.

Restricted fixed asset funds

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

Notes to the financial statements

	Balance at 1 September 2015 £'000	Incoming resources £'000	Resources expended £'000	Transfers £'000	Other gains & losses £'000	Balance at 31 August 2016 £'000
Restricted general funds						
General Annual Grant	239	7,283	(7,202)	(197)	-	123
Start-Up Grant	-	-	-	-	-	-
Other DfE/EFA grants	-	806	(806)	-	-	-
LEA and other grants	-	204	(204)	-	-	-
Other restricted	-	497	(497)	-	-	-
Pensions reserve	(1,058)	-	(157)	-	(933)	(2,148)
	(819)	8,790	(8,866)	(197)	(933)	(2,025)
Restricted fixed asset funds						
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		627				627
	13,425	924	(751)	197	-	13,795
Total restricted funds	12,606	9,714	(9,616)	-	(933)	11,770
Total unrestricted funds	334	3		-	-	337
Total funds	12,940	9,717	(9,616)	-	(933)	12,108

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.

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

14. Analysis of net assets between funds

Fund balances at 31 August 2017 are represented by:

	Unrestricted funds £'000	Restricted general Funds £'000	Restricted fixed asset funds £'000	Total Funds 2017 £'000	Total Funds 2016 £'000
Tangible fixed assets	-	-	19,436	19,436	13,795
Current assets	515	2,087	-	2,602	1,741
Current liabilities	-	(1,852)	-	(1,852)	(1,280)
Pension scheme liability	-	(2,227)	-	(2,227)	(2,148)
Total	515	(1,992)	19,436	17,959	12,108

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

15. Capital commitments

Contracted for, but not provided in the financial statements at 31 August 2017 £2,012,389 (2016: £524,000).

16. Operating lease commitments

At 31 August 2017, the academy trust had total commitments under non-cancellable operating leases as follows:

	Other	
	2016 £'000	2016 £'000
Amounts due within one year	13	22
Amounts due between one and five years inclusive	18	2

Notes to the financial statements

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

	2017 £'000	2016 £'000
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	4,759	101
Adjusted for:		
Depreciation (note 11)	474	750
Capital grants from DfE	(257)	(924)
Capital funding from other donors	(3,467)	
Fixed Assets received on conversion	(2,415)	-
Interest receivable (note 4)	(2)	(3)
Defined benefit scheme contributions paid (note 24)	(328)	(213)
Defined benefit pension scheme service and finance costs (note 24)	1,498	370
(Increase)/Decrease in debtors	(314)	(667)
Increase/(Decrease) in creditors	572	933
Net cash provided by/(used in) Operating Activities	<u>520</u>	<u>347</u>

18. Cash flows from investing activities

	2017 £'000	2016 £'000
Dividends, interest and rents from investments	2	3
Purchase of tangible fixed assets	(3,703)	(1,121)
Capital grants from DfE/ESFA	257	297
Capital funding received from sponsors and others	3,467	627
Net cash provided by/(used in) Investing Activities	<u>22</u>	<u>(194)</u>

19. Analysis of cash and cash equivalents

	2017 £'000	2016 £'000
Cash in hand and at bank	843	275
Notice deposits (less than 3 months)	511	567
Total cash and cash equivalent	<u>1,384</u>	<u>842</u>

20. 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

Notes to the financial statements

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.

21. Members' liability

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

Notes to the financial statements

22. 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 and the Cheshire 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 2016.

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

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

The pension costs paid to TPS in the period amounted to £807k (2016: £662k).

Notes to the financial statements

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 Schemes

The LGPS are funded defined benefit schemes, with assets held in separate trustee-administered funds.

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.

	At 31 August 2017 £'000	At 31 August 2016 £'000
Scheme Assets (Manchester Pension Fund)	4,061	3,324
Scheme Assets (Cheshire Pension Fund)	367	-
Total Scheme Assets	<u>4,428</u>	<u>3,324</u>
Scheme Liabilities (Manchester Pension Fund)	5,487	5,472
Scheme Liabilities (Cheshire Pension Fund)	1,168	-
Total Scheme Liabilities	<u>6,655</u>	<u>5,472</u>
Net Scheme Liabilities (Manchester Pension Fund)	1,426	2,148
Net Scheme Liabilities (Cheshire Pension Fund)	801	-
Net Scheme Liabilities	<u>2,227</u>	<u>2,148</u>

Notes to the financial statements

Greater Manchester Pension Fund (GMPF)

The total contribution made for the year ended 31 August 2017 was £344k (2016: £292k), of which employer's contributions totalled £250k (2016: £213k) and employees' contributions totalled £94k (2016: £79k). The agreed contribution rates for future years are 10.2% - 20.5% for employers and 5.5% - 7.5% for employees.

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

	2017 %	2016 %
Discount rate for scheme liabilities	2.5	2.1
Rate of increase in pensions in payment/inflation	2.4	2.1
Rate of increase in salaries	3.2	3.4
Inflation assumption	3.4	2.9

The current mortality assumptions include sufficient allowance for future improvements in mortality rates.

The assumed life expectations on retirement age 65 are:

	2017	2016
<i>Retiring today</i>		
Males	21.5	21.4
Females	24.1	24.0
<i>Retiring in 20 years</i>		
Males	24.1	24.0
Females	26.2	26.6

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

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 are as follows:

	2017 £'000	2016 £'000
Current service cost (operating charge)	540	328
Net interest charge	48	42
Actuarial (gains)/Losses	(1,060)	993
Total operating charge/(credit)	(472)	(623)

The current service cost charged in the statement of financial activities are included in wages and salaries charge.

Notes to the financial statements

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

	Fair value at 31 August 2017 £'000	Fair value at 31 August 2016 £'000
Equities	2,964	2,393
Bonds	650	565
Property	244	200
Cash	203	166
Total market value of assets	<u>4,061</u>	<u>3,324</u>

The actual return on plan assets during the year was £428,000 (2016 - £534,000).

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

	2017 £'000	2016 £'000
At 1 September	5,472	3,587
Current service cost	540	328
Interest cost	121	143
Actuarial loss/(gains)	(705)	1,366
Estimated Benefits Paid	(35)	(31)
Contributions by plan participant	94	79
Closing defined benefit liabilities at 31 August	<u>5,487</u>	<u>5,472</u>

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

	2017 £'000	2016 £'000
At 1 September	3,324	2,529
Estimated Benefits paid	(35)	(31)
Expected return	73	101
Actuarial gains/(losses)	355	433
Contributions by employer	250	213
Contributions by plan participant	94	79
Closing fair value of plans' assets at 31 August	<u>4,061</u>	<u>3,324</u>

Notes to the financial statements

Cheshire Pension Fund

Gorsey Bank Primary School (transferring academy into the trust during the year) is a member of The Cheshire Pension Fund. The Laurus Trust had no liability to the scheme prior to the transfer of the academy on 1 October 2016 and hence no prior year comparatives are presented for The Cheshire Pension Fund. The assets and liabilities of the scheme belonging to Gorsey Bank were valued at 1 October 2017 and shown below.

The total contribution made for the year ended 31 August 2017 was £95k, of which employer's contributions totalled £78k and employees' contributions totalled £17k. The agreed contribution rates for future years are 10.2% - 20.5% for employers and 5.5% - 7.5% for employees.

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

	2017 %
Discount rate for scheme liabilities	2.5
Rate of increase in pensions in payment/inflation	2.4
Rate of increase in salaries	2.7
Inflation assumption	3.4

The current mortality assumptions include sufficient allowance for future improvements in mortality rates.

The assumed life expectations on retirement age 65 are:

	2017
<i>Retiring today</i>	
Males	22.3
Females	24.5
<i>Retiring in 20 years</i>	
Males	23.9
Females	26.5

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

Notes to the financial statements

The amounts charged or (credited) in the statement of financial are as follows:

	2017 £'000
Current service cost (operating charge)	119
Interest on obligation	24
Actuarial (gains)/losses	33
Total operating charge	<u>176</u>

The current service cost charged in the statement of financial activities are included in wages and salaries charge

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

	Fair value at 31 August 2017 £'000
Equities	228
Bonds	103
Property	25
Cash	<u>11</u>
Total market value of assets	<u>367</u>

The actual return on plan assets during the year was £39,000

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

	2017 £'000
A 1 September 2016	-
On transfer of Gorsey Bank Primary School on 1 October 2016	1,008
Current service cost	119
Interest cost	24
Contributions by plan participant	<u>17</u>
Closing defined benefit liabilities at 31 August	<u>1,168</u>

Notes to the financial statements

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

	2017 £'000
A 1 September 2016	-
On transfer of Gorsey Bank Primary School on 1 October 2016	233
Expected return	6
Actuarial gains/(losses)	33
Contributions by employer	78
Contributions by plan participant	17
	<hr/>
Closing fair value of plans' assets at 31 August	367 <hr/>

23. 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 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 2017 (2016: Nil).

24. Events after the end of the reported period

The Trust will, following successful Free school bids, be opening a Secondary and Primary School in Cheadle Hulme and a Secondary in Tameside with anticipated opening dates of September 2018 and a Secondary in Manchester in September 2019. The Trust were also successful in another free school bid for an Alternative Provision School with an opening day to be confirmed.

Notes to the financial statements

25 Conversion of Gorsey Bank Primary School

On 1st October 2016 the Gorsey Bank Primary School converted to academy status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to The Laurus Trust from Cheshire East Local Authority for £nil consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with corresponding net amount recognised as a net gain in the Statement of Financial Activities as donations – transfer from local authority on conversion. The net liability transferred with respect to the defined benefit pension scheme is shown within resources expanded on the statement of financial activities. This is summarised above in note 22.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the SOFA

	Unrestricted Funds £000	Restricted General Fund £000	Restricted Fixed Asset Funds £000	Total £000
Tangible Fixed Assets (Leasehold land and buildings)	-	-	2,415	2,415
Budget surplus on LA funds	176	-	-	176
LGPS pension deficit	-	(775)	-	(775)
Net assets/(liabilities)	176	(775)	2,415	1,816