

REGISTRAR OF COMPANIES

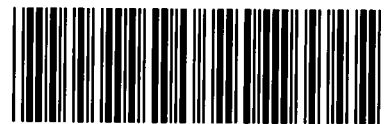
Spiral Partnership Trust

Annual Report and Financial Statements

31 August 2018

Company Limited by Guarantee
Registration Number
08028375 (England and Wales)

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Reference and administrative information

Members

J R Earl
M Cooper (appointed 14.12.17)
G Harrison (appointed 14.12.17)
T T R Douglas (appointed 14.12.17)
S H Ainsworth (appointed 3.5.18)

J J Maton (resigned 14.12.17)
K E Burton (resigned 14.12.17)
E J Murphy (resigned 14.12.17)
B P Evans (resigned 14.12.17)
A J Mayo (resigned 14.5.18)
A J Phillips (resigned 20.9.17)

Trustees

A J Mayo, Chair of Trustees
J R Earl
K E Burton
B P Evans
J J Maton
E J Murphy
A J Godfrey, Chief Executive Officer
A Peek, Chief Executive Officer and Accounting Officer
D R Godbold (appointed 3.5.18)
R Allen (appointed 3.5.18)
T T R Douglas (appointed 9.5.18)
H L Witty (appointed 1.9.18)
S H Ainsworth (resigned 20.9.17)
A J Phillips (resigned 20.9.17)

Company registered number

08028375

Principal and registered office

228 Hatfield Road
St Albans
Hertfordshire
AL1 4LW

Senior Management Team

A J Godfrey, Chief Executive Officer
A Peek, Chief Executive Officer and Accounting Officer
V Burman, Headteacher
K Cayford, Headteacher
A Lindley, Headteacher
G Linwood, Headteacher
C Longhurst, Headteacher
M White, Headteacher
K Bell, Chief Financial Officer

Reference and administrative information

Independent auditor

Buzzacott LLP
130 Wood Street
London
EC2V 6DL

Bankers

Lloyds Bank PLC
PO Box 1000
BX1 1LT

Solicitors

Veale Wasbrough Vizards LLP
Barnards Inn
86 Fetter Lane
London
EC4A 1AD

The Trustees present their annual report together with the audited financial statements of Spiral Partnership Trust (the Trust) for the period 1 September 2017 to 31 August 2018.

The financial statements have been prepared in accordance with the accounting policies set out on pages 32 to 37 therein and comply with the Trust's memorandum and articles of association, applicable laws and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), effective from accounting periods commencing 1 January 2015 or later.

The Trust operates six schools in Hertfordshire for pupils aged 3 to 11 and a children's centre group serving a catchment area in St Albans, Hertfordshire. The schools have a combined pupil capacity of 2075 (+185 Nursery).

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Trust is a company limited by guarantee and an exempt charity. The Charitable Company's Memorandum and Articles of Association are the primary governing documents of the Trust.

The Trustees of the Trust are also the Directors of the Charitable Company for the purposes of company law. The Charitable Company is known as Spiral Partnership Trust.

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

Members' liability

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

Trustees' indemnities

In accordance with commercial practice the Trust has purchased insurance to protect directors, governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust business.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Method of recruitment and appointment or election of Trustees

At the accounting date the Board of Trustees consisted of five members; two of whom are also trustees, eight additional Trustees plus the two Joint Chief Executive Officers which are both ex-officio Trustee roles. The Board of Trustees is selected to ensure an appropriate skill set for the Trust, providing a wide breadth of talent and expertise which enables the Trust to enhance the opportunities for its staff and pupils. The method of recruiting new Trustees is as follows:

- ◆ the Members may appoint by ordinary resolution up to five Trustees;
- ◆ the Trustees may appoint additional co-opted Trustees;
- ◆ the total number of Trustees, (including the Chief Executive Officers) who are employees of the Trust shall not exceed one third of the total number of Trustees;
- ◆ if there is no provision for elected parent governors on the Local School Committee the Trust shall include two parent trustees;
- ◆ providing that the Chief Executive Officers agree, the Members may by ordinary resolution appoint them as ex-officio Trustees;
- ◆ the Trustees shall elect a chairman and a vice-chairman each school year. A Trustee who is employed by the Trust shall not be eligible for election as chairman or vice-chairman.

Policies and procedures adopted for the induction and training of Trustees

All Trustees receive appropriate induction by the Chair of the Trust and the Chief Executive Officers as well as through buy-back arrangements with the Local Authority Governance Team. Each Trustee upon appointment has been provided with access to an induction folder containing overview documentation, available on the schools' intranet. The schools subscribe to governor training through the Local Authority which Trustees have access to. Each new Trustee is provided with a mentor who provides an overview of the committee structures and is available to answer any questions the individual may have. In order to keep up to date with the latest good practice, representatives also attend appropriate training courses run by industry providers, our professional advisers and other relevant organisations. Group training is organised to meet needs identified through self-review.

Organisational Structure

The Governance organisational structure consists of:

- ◆ the Trust Board;
- ◆ a Finance and Audit Committee;
- ◆ a Remuneration and HR Committee;
- ◆ an Education Committee;

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Organisational Structure (continued)

- ◆ the schools' Local School Committees;
- ◆ a Children's Centre Advisory Board; and
- ◆ the Senior Leadership Team of the Trust and the separate Leadership Teams of each school.

The Trustees are responsible for:

- ◆ approving statutory policies;
- ◆ adopting the annual budget and medium term financial plan;
- ◆ making major decisions about the direction of the Trust;
- ◆ approving significant contractual or capital expenditure as specified in the schedule of financial delegation;
- ◆ senior staff appointments;
- ◆ the appointment of auditors; and
- ◆ risk management.

Committees of the Trust have approved terms of reference and formalised delegated authorities:

- ◆ the Finance and Audit Committee monitors finance, premises and staff costs and for monitoring audit matters including risk, internal controls and the integrity of the financial statements;
- ◆ the Remuneration and HR Committee manages performance related pay of its staff including the Chief Executive Officer, Executive Headteacher and Headteachers with annual review of the Pay Policy including benchmarking;
- ◆ the Education Committee – including membership from each LSC monitors standards across the Trust's schools and ensures policies are aligned;
- ◆ the Children's Centre Advisory Board monitors the performance and outcomes of the service.

Local School Committees are responsible for overseeing functions of schools within the Trust within the responsibility delegated to them by the Trustees, typically:

- ◆ curriculum and standards;
- ◆ resources;
- ◆ premises;
- ◆ performance;
- ◆ supporting the work of the Board of Trustees through decision making and recommendations.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Organisational Structure (continued)

The School Leadership Teams implement the statutory policies laid down by the Trustees and it is the role of the Local School Committees to monitor their implementation. The Leadership Teams are assisted in their responsibilities by a School Business Manager, each of whom has a reporting line to the Chief Financial Officer.

Section 3.1.1 of HM Treasury's "Managing Public Money – Accounting Officer roles and responsibilities" requires that an Accounting Officer should be appointed on behalf of the Multi-Academy Trust. The Chief Executive Officer is the appointed Accounting Officer.

Arrangements for setting pay and remuneration of key management personnel

The pay and remuneration of the Trust's key personnel is set and reviewed by the Remuneration and HR Committee. This is based on market valuation of equivalent roles, job evaluations and the Trust pay policy. School Leaders' pay are based on the Trust's agreed pay and appraisal policies which include individual school ranges based on school group size. Pay progression is informed by appraisal and the meeting of key objectives and standards. The Trustees pay due regard to nationally and locally agreed terms and conditions, The Academies Financial Handbook and market rates as well as taking advice from external consultants where necessary.

Trade union facility time

There were no employees who were union officials or who spent time on facility time.

Related parties and other connected charities and organisations

Fleetville Junior School has a contract with Hertfordshire Local Authority to provide School Family Worker support on behalf of a Local Partnership, a group of 42 local schools comprising infant, junior, primary, special and secondary schools. Fleetville Junior School has appointed a Community Interest Company, VISTA, to carry out this work. The contract with VISTA is reviewed annually. The purpose of the project is to:

- ◆ improve outcomes for children and young people;
- ◆ narrow the gap in attainment and well-being by removing barriers to learning;
- ◆ improve and support parenting;
- ◆ improve engagement with, and participation of, parents/carers with their children's learning; and
- ◆ improve access to locally delivered universal and preventative services, by identifying low level unmet need within the Partnership.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Related parties and other connected charities and organisations (continued)

Total income from the Local Authority and the partnership schools is equal to the payments to VISTA after operational costs are deducted. This is an agency arrangement for which further details can be found in note 22 of the financial statements.

Spiral Partnership Trust also had a contract with Hertfordshire Local Authority to act as the lead agency for the St Albans East group of Children's Centres: 'The Alban Way'. The contract ends on 30th September 2018. Funding is received through a grant to fulfil the service level agreement that outlines the core purpose of Children's Centres. These are:

- ◆ to improve outcomes for young children and their families, with a particular focus on those in greatest need;
- ◆ to make sure all children are properly prepared for school, regardless of background or family circumstances;
- ◆ to offer support to parents.

The following services are being supplied by Herts for Learning Ltd, a company of which each of the Trust's schools are shareholders and of which the CEO is an elected non-executive director, a position which is unpaid:

- ◆ connectivity and IT support;
- ◆ HR advisory services;
- ◆ governor support;
- ◆ school improvement services.

The income and expenditure of the Children's Centres and Local partnership are incorporated into the financial results of the Trust.

OBJECTIVES AND ACTIVITIES

Objects and aims

The Trust's Articles of Association set out its objects as follows:

- ◆ 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 schools offering a broad and balanced curriculum;
- ◆ providing childcare facilities and adult training to develop the capacity and skills of parents-to-be and parents with children, primarily, but not exclusively, under five, in such a way that they are better able to identify and help meet the needs of children;
- ◆ promoting for the benefit of the inhabitants of the areas in which the schools are situated, the provision of facilities for recreation or other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances or for the public at large in the interests of social welfare and with the object of improving the condition of life of the said inhabitants.

Objectives, strategies and activities

The Trust's vision is that:

- ◆ all our children will be able to say that they had an excellent education which reflected their individual needs and enabled them to achieve their potential;
- ◆ our schools will create an environment where children love learning and develop the self-confidence to aim high in all that they do;
- ◆ through our commitment to raising standards in education we will be known for sharing our knowledge and experience with others as well as learning from them;
- ◆ we will be known for collaboration and partnership working with and supporting all stakeholders in the development and education of young children;
- ◆ Spiral schools will be a first choice for parents and staff.

The guiding principles of the Trust prioritise:

- ◆ A focus on learning
- ◆ Progress
- ◆ High expectations
- ◆ Honest self-evaluation
- ◆ Mutual respect
- ◆ A recognition the Trust's adults are role models

OBJECTIVES AND ACTIVITIES (continued)

Objectives, strategies and activities (continued)

- ◆ Confidentiality
- ◆ The importance of whole school systems, policies and processes
- ◆ A data driven evidence-based approach
- ◆ Professional management of resources
- ◆ Innovation and creativity
- ◆ The five stated British values of: Democracy, The Rule of Law, Individual Liberty, Mutual Respect and Tolerance of those with different faiths and beliefs
- ◆ Working with others in partnership

Each school translates these principles into its own individual aims which are formally prioritised through the School Development Plans.

Public benefit

The Trustees have paid due regard to guidance issued by the Charity Commission in deciding what activities the Trust should undertake for purposes of public benefit. We are satisfied that all our activities support our charitable objects and that consideration is given to the fulfilment of these objects when new activities are considered.

In addition to providing an outstanding education for approximately 2000 pupils from the local community, the schools within the Trust are open throughout the week for use by the community. A variety of activities take place including rehearsals and performances by local musical groups, performing arts classes, sports activities, special needs groups, parenting courses and health care groups.

STRATEGIC REPORT

Achievements and performance

This year we were pleased to incorporate 2 more schools into the Trust:

We sponsored Springmead Primary school on 1st April 2018. We have been able to restructure the staffing model; turn around a projected budget deficit to a surplus position and recruit a full body of staff, including a substantive headteacher

Mount Pleasant Lane converted to an Academy and joined us on 1st July 2018. The admin and governance functions at the school have been fully supported to ensure a smooth transition and full compliance.

STRATEGIC REPORT (continued)

Achievements and performance (continued)

Governance has been a key focus this year. We have created greater synergy between the Local School Committees and the Board of Directors.. This was achieved by redefining governance relationships; reviewing the LSC terms of reference and Annual Work Plans; introducing more robust director/member induction and training and through establishing key stakeholder events for leadership and Governance.

In addition, the Trust has achieved greater separation between its members and directors with the majority of members not being on the board of directors. The skills represented on the board and by the members have been further strengthened with key new appointments. A shared training programme has been put in place for all levels of governance.

Progress in Maths was a key curriculum focus for all schools this year. The number of children achieving the expected standard; the number of children achieving greater depth and the progress made in Maths improved in 5 out of 6 schools in every measure.

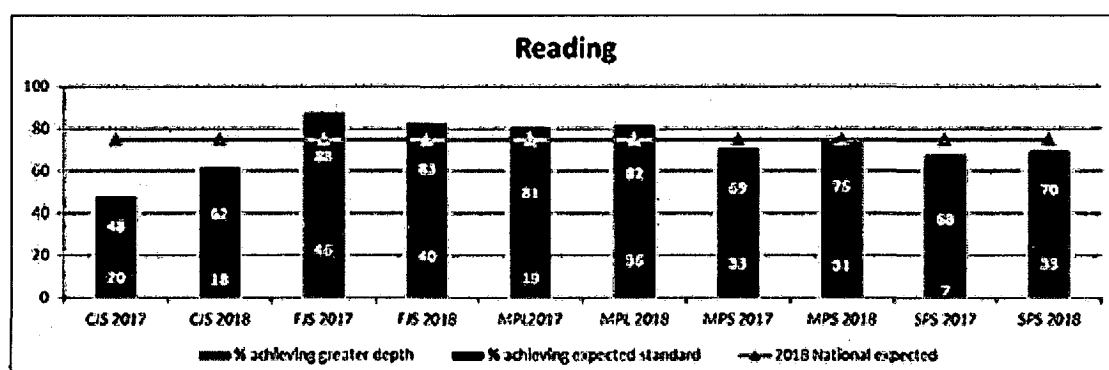
Building a robust central team to support the standardising of operational systems and supporting school improvement has been an aim of the Trust. This has been achieved this year by:

- ◆ Appointing a headteacher at Fleetville Junior school to allow the CEO to focus on Trust strategy
- ◆ Appointing a central teaching and learning team to strengthen leadership and capacity
- ◆ Appointing a central operations team to support school admin functions and develop more standardised systems.

This model has been adopted to build the Trust's capacity to support all of its schools and to allow for further successful expansion. We remain mindful of funding pressures and sustainability. Funding has been secured through the MAT Development Improvement Fund and other income generation is being actively pursued.

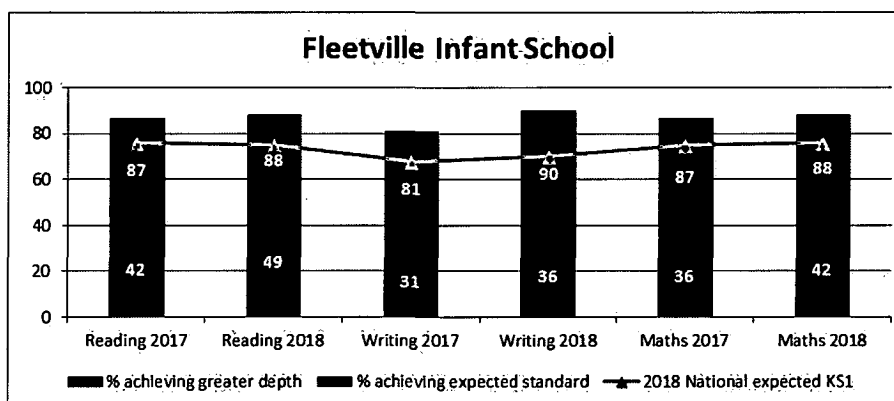
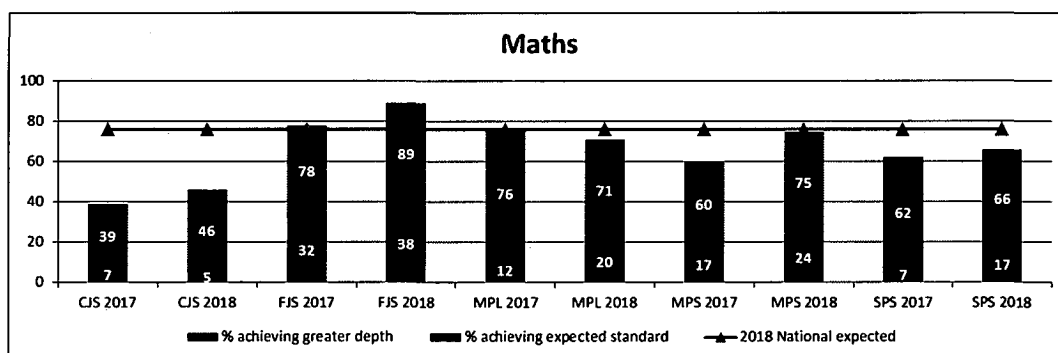
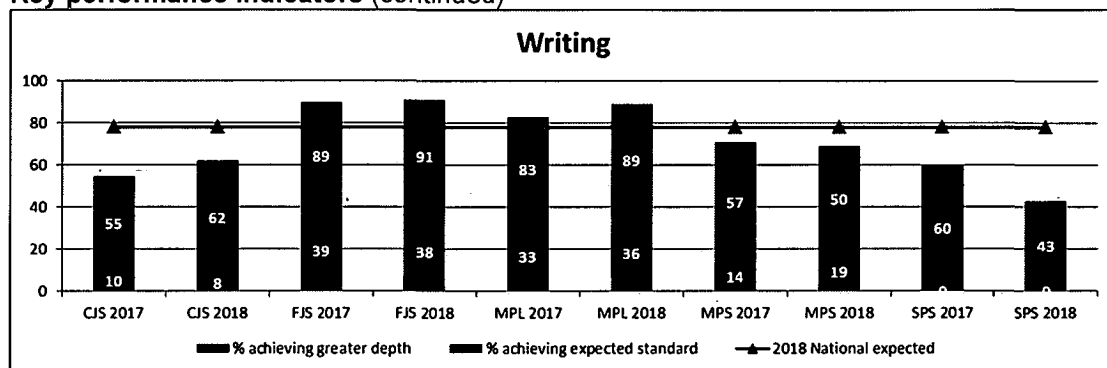
Key performance indicators

Headline End of Key Stage results 2017-18



STRATEGIC REPORT (continued)

Key performance indicators (continued)



All schools within the Trust are at a different point in their journey. The majority of measures show an upward trajectory. Four schools continue to provide a good or outstanding education; one requires improving in some areas and we are addressing historic weaknesses in the one school we have sponsored this year.

Summary of Attendance

Attendance levels at all schools are broadly in line with the national average of 96%. Persistent absenteeism varies according to context.

STRATEGIC REPORT (continued)

Key performance indicators (continued)

		CJS	FINS	FJS	MPS	MPLS	SPS
Attendance rate	2017-18	95.9%	97%	97%	95.65%	96.4%	96.1%
(Nat. av. 2017 96%)	2018-19	95.5%	96.8%	97.1%	95.3%	95.9%	95.6%
Persistent absence rate (>10%)	2017-18	9.3%	5.6%	2.44%	11.11%	5.71%	7.7%
(Nat. av. 2017 8.7%)	2018-19	9.32%	3.7%	2.9%	10.8%	8.2%	9.76%

Summary of financial performance:

	<u>2018</u>	<u>2017</u>
Income	£18,936,000	£6,954,000
Expenditure	£8,548,000	£7,171,000
Net income for the year	£10,388,000	£(217,000)
Fund balances	£1,657,000	£1,343,000
Net assets including pension scheme liability	£27,199,000	£16,129,000

Going concern

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

FINANCIAL REVIEW

The Trust has six separate supplemental funding agreements with the ESFA, one for each school, and income is obtained in the form of recurrent grants, the use of which is restricted to particular purposes. The Nursery funding is allocated by Hertfordshire County Council through the Single Early Years Funding Formula. The Children's Centres are funded from a grant via Hertfordshire County Council. All funds received by the Trust are received directly into the bank account of each school. There are no central receipts or disbursements. Total net assets, including the pension scheme liability at the end of this reporting period are £27,199,000 (2017: £16,129,000) and of this, current net assets are £1,657,000 (2017: £1,343,000). The Trust has pension liabilities in relation to staff who were part of the Local Government Pension Scheme of £2,090,000 (2017: £1,867,000). Further details are included in Note 18. The pension deficit is reviewed at least annually by the Finance and Audit Committee.

Reserves policy

In establishing a reserves policy, the Trust considers and balances the following principles:

- ◆ sufficient funds should be immediately available to meet urgent or emergency requirements;
- ◆ the Trust has an obligation to meet its liabilities as they fall due, ensuring sufficient cash balances to smooth short term cash deficit issues whether arising from adverse timing or from permanent reductions in income;
- ◆ the obligation to support schools which fall into short term financial difficulties;
- ◆ the Trustees have an obligation to protect the assets of the Trust, predominantly leasehold land and buildings and plant and equipment, ensuring timely repairs and renewals and replacement of infrastructure;
- ◆ the income of the Trust should be spent for the benefit of current pupils;
- ◆ the Trust has a responsibility to ensure that funds allocated by the Secretary of State are spent for the purposes intended and to prevent unauthorised use of restricted reserves (set aside for specific purposes by funders);
- ◆ as a Multi Academy Trust, the Trust is permitted to pool a portion of each school's GAG income to meet the running costs at any of its schools; and
- ◆ the Trust policy is to 'top slice' a required percentage of GAG income (NB: the DfE recommended maximum is 5%) on an annual basis to be used for central services and support. The Trust budgets for its central services and advises the LSCs of the top slice for the coming year. This is in addition to a school paying another school for goods or services or contributing toward the cost of shared services.

The reserve levels at 31 August 2018 were £1,657,000 (2017: £1,343,000), excluding fixed asset reserves and the deficit on pension schemes.

FINANCIAL REVIEW (continued)

Reserves policy (continued)

The Trustees have designated the following sums to categories of reserves:

- ◆ £446,000 to carry out infrastructure works, informed by the Asset Management Plans of the Trust and its schools, which are reviewed at least annually;
- ◆ £372,000 as income protection, informed by the budgets of the Trust and its schools over two years, allowing time for the Trust to adjust to forecast deficits arising from falling future income streams.

After taking the categories of designated reserves into account, £839,000 remains as free reserves. The Trustees have judged that reserves are sufficient, as they stand, to meet the needs of the Trust.

Further details on the levels of reserves are included in note 15 to the financial statements.

The Trustees review the reserves levels of the Trust at least annually. The Finance and Audit Committee monitors them on a regular basis and draws any issues to the attention of the Trustees.

Investment policy

The Trust's investment objectives are as follows:

- ◆ to preserve the capital value of the reserves with a minimum level of risk; and
- ◆ to ensure the majority of the assets are available at short notice to meet the anticipated and unanticipated cash flow requirements.
- ◆ To obtain a return on any funds not immediately required.

Based on these objectives, the Trust policy is that reserves are maintained as cash balances, the majority of which are held with a single institution of good credit rating. A proportion of this is held in a fixed term deposit account as per the Trust's Treasury Management policy. A set amount is also held in a separate institution on fixed term deposit, representing an Income Protection Reserve. Both institutions have been chosen primarily based on their credit score to mitigate risk. Other considerations such as interest rates and ethical concerns are also considered.

Principal risks and uncertainties

The Trustees have assessed the major risks to which the Trust is exposed, in particular to those related to the operations and finances of the Trust and are satisfied that systems and procedures are in place to mitigate our exposure to the major risks. The Trust's Finance and Audit Committee is charged with responsibility to consider, and take appropriate action against major risks which could impact the Trust. The Trust also operates systems to assess risks and there are measures in place to minimise these risks. Where remaining risk is deemed to be significant, the Trust has adequate insurance cover.

STRATEGIC REPORT (continued)

Principal risks and uncertainties (continued)

The Trust's risk register identifies its key risks and corresponding actions. Progress on agreed action plans is monitored by the Finance and Audit Committee. After considering the levels of controls and processes in place to mitigate risk, the Trust has currently identified the following key residual risks:

- ◆ sustainability and management of central function and infrastructure during and after the current planned period of expansion. Addressed through:
 - ◇ accessing grant funding
 - ◇ developing income generation streams
 - ◇ implementing growth strategy
- ◆ the impact of potentially falling government grant funding while cost pressures are rising, addressed through:
 - ◇ analysis of costs and Key Performance Indicators including benchmarking against industry peers to identify sources of cost and efficiency savings;
 - ◇ close monitoring of financial information across the Trust;
- ◆ the impact on the Trust's overall Key Performance Indicators and/or reputation whilst supporting schools Requiring Improvement. Addressed through:
 - ◇ providing a rigorous school improvement and quality assurance programme
 - ◇ developing and deploying expert leaders to support school improvement
 - ◇ designing and building leadership systems within our existing schools to ensure that capacity remains high;
 - ◇ building robust administrative and financial systems to ensure that non-teaching functions do not detract from the Trust's focus.

The priorities of the Trust's strategic plans and Schools' development plans aim to address these risks.

The Trust recognises that it needs an optimal size to sustain value-adding overheads. It believes it should grow therefore, but that rapid opportunist growth is undesirable, as is reaching a size which requires more layers of executive and administrative support.

Having added 2 schools in 2017-2018, the Trust aims to add another 2-3 schools between 2018 - 2020. It is working with the Regional Schools' Commissioner to implement its plans.

The Trust has terminated its contract to act as lead agency for two children's centres as Hertfordshire County Council have recommissioned the service.

STRATEGIC REPORT (continued)

Fundraising

The Trust does not currently have any central fundraising activities. It does not use the services of professional fundraisers.

The practice in place is that schools will individually develop fundraising activities – typically with the assistance of their parent bodies through a formal PTA. They are guided by:

- ◆ The PTA national body
- ◆ The Trust's policy on advertising and commercial sponsorship
- ◆ The Trust's letting policy
- ◆ The Trust's financial procedures

There have been no complaints over fundraising in the period 2017-2018.

Plans for future periods

The Trust will continue its role as a lead agency for a district wide partnership of School Family Workers. During 2018-19 it will also take on the lead for delivering special needs provision for the same district.

Hertfordshire children's centres have been recommissioned but the Trust will no longer be a lead agency from 1 October 2018.

Strategic plans are in place to ensure capacity and sustainability are maintained. The coming year's objectives are to:

- ◆ actively seek and get involved in partnerships which will enhance the achievement of the Trust's growth Strategy.
- ◆ focus significant attention on the quality of teaching and operate a robust performance management and improvement approach.
- ◆ Set budgets which balance in year with no unallocated contingencies or unapproved deficits. Capital expenditure will be clearly separated from operating costs.
- ◆ seek to manage reserves in such a way that the average level is maintained at a level that provides assurance; whilst using free reserves to invest in the Trust infrastructure.
- ◆ develop the leadership capacity at Trust and School level; ensuring a robust succession plan.

STRATEGIC REPORT (continued)

Plans for future periods (continued)

- ♦ develop an IT infrastructure which enables the most effective teaching and also the most effective sharing of systems, processes and costs. The Trust will proactively invest to Improve premises and facilities
- ♦ develop an investment and income generation strategy for future sustainability

Funds held as custodian trustee on behalf of others

There were no funds held by the Trust as custodian trustee at any time during the year.


AUDITOR

Insofar as the Trustees are aware:

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

The Auditors were appointed following a competitive tender process.

The Trustees' report, incorporating a strategic report, approved by order of the Board of Trustees, as the Charitable Company Directors, on 13 December 2018 and signed on the Board's behalf by:


Trustee *DOUGLAS EATON*

Scope of responsibility

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

The Board of Trustees has delegated the day-to-day responsibility to the Chief Executive Officer, Androulla Peek, as Accounting Officer, for ensuring financial controls conform with the requirements of propriety and good financial management, in accordance with the requirements and responsibilities assigned to it in the master funding agreement between Spiral Partnership Trust and the Secretary of State for Education, and the supplementary funding agreements between the respective schools and the Secretary of State for Education. The accounting officer is also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

Governance

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

Trustee	Meetings attended	Out of a possible
R Allen (appointed 3 May 2018)	0	1
J R Earl	3	4
S H Ainsworth (resigned 20 September 2017)	0	0
K E Burton	3	4
T T R Douglas (appointed 9 May 2018)	1	1
B P Evans	2	4
D R Godbold (appointed 3 May 2018)	1	1
A J Godfrey, Chief Executive Officer of Education	4	4
J J Maton	3	4
A J Mayo, Chair of Trustees	3	4
E J Murphy	3	4
A Peek, Chief Executive Officer of Business, & Accounting Officer	4	4
A J Phillips (resigned 20 September 2017)	1	1
H L Witty (appointed 1 September 2018)	0	0

The Finance and Audit Committee is a sub-committee of the Board of Trustees whose membership includes at least two Trustees one of whom is a Chartered Accountant. Their purpose is to oversee financial and audit matters.

The Audit Committee is combined with the Finance Committee, with specific time and attention given to audit matters, as required, during the course of meetings. During the year the Finance and Audit Committee reviewed the financial reports provided, and the Schedule of Financial Delegation and Reserves Policy for approval by the Trustees.

Governance (continued)

The Finance and Audit Committee met a total of three times in relation to finance and/or audit matters during the financial year. Attendance by Trustees at those meetings during the year was as follows:

Trustee	Meetings attended	Out of a possible
S H Ainsworth (resigned 20 September 2017)	0	0
K E Burton	3	3
A Godfrey (Chief Executive Officer of Education)	3	3
A Peek (Chief Executive Officer of Business, Executive Headteacher and Accounting Officer)	3	3
J J Maton	3	3
A J Phillips (resigned 20 September 2017)	0	0
H L Witty (appointed 1 September 2018)	0	0

The governance of the Trust has been comprehensively reviewed during the year as part of a strategic review.

The outcome was that the Trust would separate its member and director functions so that there was clear separation. New members were appointed to act as custodians of the Trust, 3 of the 5 are members only, leaving directors to fulfil their accountability role. The Trust's review of skills needed concluded that the board would be further strengthened with two more directors with finance and education expertise. These were duly appointed.

The role of the Local Governing bodies was reviewed during the year and as a consequence the terms of reference were rewritten. They were re-named Local School Committees to more closely represent their function. The chair of each school committee or their representative attends the Trust Education committee to strengthen governance at all levels of the Trust.

Review of value for money

As Accounting Officer, the Chief Executive Officer has responsibility for ensuring that the Trust delivers good value in the use of public resources. The Accounting Officer understands that value for money refers to the educational and wider social 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 Trust has delivered improved value for money during the year through:

- ♦ Targeted use of funds for identified school priorities
- ♦ Rigorous school development planning linked to budget priorities leading to sustained positive outcomes for its pupils.

Review of value for money (continued)

- ◆ Effective contract management and the use of procurement frameworks
- ◆ Improved budget monitoring and the use of timely reforecasts to reprioritise funds
- ◆ Restructuring and reducing staff where necessary

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 Trust's policies, aims and objectives, to evaluate the likelihood of those risks being realised, the subsequent impact and to manage them efficiently, effectively and economically. The system of internal control has been in place in Spiral Partnership Trust for the year to 31 August 2018 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The board of trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the year to 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

The risk and control framework

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

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

The risk and control framework (continued)

The board of trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. Instead it has reviewed internal procedures and centrally checked individual schools for compliance with internal controls and monitoring. The trustees have additionally sought an external review of VAT. This included getting advice on VAT matters, performing a range of checks on VAT liability and implementing changes to financial procedures. to perform additional checks.

On an annual basis, the auditor reports to the board of trustees, through the audit and finance committee on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities


Review of effectiveness

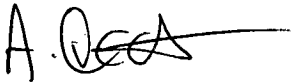
As Accounting Officer the Chief Executive Officer, Androulla Peek, has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- ♦ the work of the external auditor in performing the role of Reviewer;
- ♦ the work of the external auditor as Auditor;
- ♦ the financial management and governance self-assessment process; and
- ♦ the work of the Chief Financial Officer of the Trust who has responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the Board of Trustees on 13 December 2018 and signed on its behalf by:


(Trustee) JULIAN


ANDROULLA PEEK
(Accounting Officer)

Approved on:

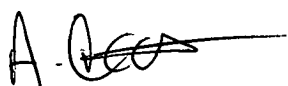
13.12.18

Statement on regularity, propriety and compliance 31 August 2018

As Accounting Officer of Spiral Partnership Trust I have considered my responsibility to notify the Trust's Board of Trustees and the Education and Skills Funding Agency of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the Trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

I confirm that I and the Trust's Board of Trustees are able to identify any material, irregular or improper use of funds by the Trust, or material non-compliance with the terms and conditions of funding under the Trust's funding agreement and the Academies Financial Handbook 2017.

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



Accounting Officer **ANDROULLA PECK**

Date: **13 / 12 / 18**

Statement of Trustee's responsibilities 31 August 2018

The Trustees (who act as governors of Spiral Partnership Trust and are also the Directors of the Charitable Company for the purposes of company law) are responsible for preparing the Trustees' Report (including the Strategic Report) and the financial statements in accordance with the Annual Accounts Direction 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 income and expenditure for that period. In preparing these financial statements, the Trustees are required to:

- ♦ select suitable accounting policies and then apply them consistently;
- ♦ observe the methods and principles in the Charities' SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- ♦ make judgements and accounting estimates that are reasonable and prudent;
- ♦ state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- ♦ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in business.

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

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

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

Approved by order of the Members of the Board of Trustees on 13 December 2018 and signed on its behalf by:



Trustee

JULIAN EARL

Independent auditor's report on the financial statements 31 August 2018

Independent auditor's report to the members of Spiral Partnership Trust

Opinion

We have audited the financial statements of Spiral Partnership Trust (the 'charitable company') for the year ended 31 August 2018 which comprise the statement of financial activities, the balance sheet, the statement of cash flows, the principal accounting policies and the related notes to the financial statements. 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), Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (the Charities SORP 2015) and the Academies Accounts Direction 2017 to 2018.

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 2018 and of 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 2017 to 2018.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 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.

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.

Independent auditor's report on the financial statements 31 August 2018

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our 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.

Opinions on other matters prescribed by the Companies Act 2006

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

- ◆ the information given in the trustees' report including the strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ◆ the trustees' report including the strategic report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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' report including the strategic report.

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

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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees 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.

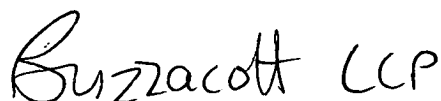
Auditor's responsibilities for the audit of the financial statements

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.

Use of our report

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 the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Hugh Swainson (Senior Statutory Auditor)
For and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

18 December 2018

Independent reporting accountant's report on regularity 31 August 2018

Independent reporting accountant's assurance report on regularity to Spiral Partnership Trust and the Education and Skills Funding Agency

In accordance with the terms of our engagement letter dated 24 October 2016 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Spiral Partnership Trust during the year 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of Spiral Partnership Trust's accounting officer and the reporting accountant

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

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

Approach

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

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

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

Independent reporting accountant's report on regularity 31 August 2018

Approach (continued)

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

The work undertaken to draw to our conclusion includes:

- ◆ an assessment of the risk of material misstatement and irregularity across the Academy Trust's activities;
- ◆ testing and review of areas identified through risk assessment including enquiry, observation, inspection and review of supporting evidence;
- ◆ review of system controls, policies and procedures in place to ensure compliance with the regularity regime;
- ◆ consideration of evidence obtained through the work performed as part of our financial statements audit in order to support the regularity conclusion.

Conclusion

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

Buzzacott CP

Buzzacott LLP
Chartered Accountants
130 Wood Street
London
EC2V 6DL

18 December 2018

Statement of financial activities (including income and expenditure account)
Year to 31 August 2018

		Un- restricted general fund £'000	Restricted funds		2018 Total funds £'000	2017 Total funds £'000
	Notes		General fund £'000	Fixed assets fund £'000		
Income from:						
Donations and capital grants	1	4	—	86	90	202
Transfer on conversion		315	(560)	11,263	11,018	—
Charitable activities:						
Funding for the academy trust's educational operations	4	—	6,854	—	6,854	5,996
Other trading activities	2	685	283	—	968	752
Investments	3	6	—	—	6	4
Total income		1,010	6,577	11,349	18,936	6,954
Expenditure on:						
Raising funds	5	—	—	—	—	176
Charitable activities:						
Academy trust's educational operations		441	7,623	484	8,548	6,995
Total expenditure	5	441	7,623	484	8,548	7,171
Net income (expenditure) before transfers		569	(1,046)	10,865	10,388	(217)
Transfers between funds	15	—	(114)	114	—	—
Net income (expenditure) for the period		569	(1,160)	10,979	10,388	(217)
Other recognised gains and losses						
Actuarial gains on defined benefit pension scheme	18	—	682	—	682	1,337
Net movement in funds for the period		569	(478)	10,979	11,070	1,120
Reconciliation of funds						
Total fund balances brought forward at 1 September 2017		1,019	(1,543)	16,653	16,129	15,009
Total fund balances carried forward at 31 August 2018		1,588	(2,021)	27,632	27,199	16,129

All activities relate to continuing operations.


The Statement of Financial Activities includes all gains and losses recognised in the year.

The notes on pages 38 to 55 form part of these financial statements.

Balance sheet 31 August 2018

	Notes	2018 £'000	2018 £'000	2017 £'000	2017 £'000
Fixed assets					
Tangible fixed assets	12		<u>27,632</u>		<u>16,653</u>
Current assets					
Debtors	13	516		268	
Cash at bank and in hand		<u>2,131</u>		<u>1,805</u>	
		2,647		2,073	
Creditors: amounts falling due within one year	14	<u>(990)</u>		<u>(730)</u>	
Net current assets			<u>1,657</u>		<u>1,343</u>
Total assets less current liabilities			29,289		17,996
Pension scheme liability	18		<u>(2,090)</u>		<u>(1,867)</u>
Total net assets			<u>27,199</u>		<u>16,129</u>
Funds of the Academy					
Restricted funds					
. Restricted funds	15		69		324
. Restricted fixed asset funds	15		27,632		16,653
. Pension reserve	15		<u>(2,090)</u>		<u>(1,867)</u>
Total restricted funds			25,611		15,110
Unrestricted funds					
. General fund	15		770		431
. Designated funds	15		<u>818</u>		<u>588</u>
Total funds			<u>27,199</u>		<u>16,129</u>

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


 Trustee
 Spiral Partnership Trust
 Company Limited by Guarantee
 Registration Number: 08028375 (England and Wales)

Date: 13.12.18

The notes on pages 38 to 55 form part of these financial statements.

Statement of cash flows Year to 31 August 2018

		2018 £'000	2017 £'000
Net cash flows from operating activities			
Net cash provided by operating activities	A	119	320
Cash flows from investing activities	B	(108)	(41)
Cash transferred on schools joining the Trust		315	—
Change in cash and cash equivalents in the year		326	279
Reconciliation of net cash flow to movement in net funds:			
Cash and cash equivalents at 1 September 2017		1,805	1,526
Cash and cash equivalents at 31 August 2018	C	2,131	1,805

A Reconciliation of (expenditure) income to net cash flow from operating activities

	2018 £'000	2017 £'000
Net income (expenditure) for the year (as per the statement of financial activities)	10,388	(217)
Adjusted for:		
Inherited pension (surplus)/deficit	560	—
Inherited tangible assets	(11,263)	—
Budget (surplus)/deficit on LA/other funds	(315)	—
Depreciation (note 12)	484	469
Capital grants from DfE and other capital income	(86)	(190)
Interest receivable (note 3)	(6)	(4)
Defined benefit pension scheme cost less contributions payable (note 18)	290	190
Defined benefit pension scheme finance cost (note 18)	55	64
Decrease (increase) in debtors	(248)	21
(Decrease) increase in creditors	260	(13)
Net cash provided by operating activities	119	320

B Cash flows from investing activities

	2018 £'000	2017 £'000
Interest from investments	6	4
Purchase of tangible fixed assets	(200)	(235)
Capital grants from DfE/ESFA	86	190
Net cash used in investing activities	(108)	(41)

C Analysis of cash and cash equivalents

	2018 £'000	2017 £'000
Cash at bank and in hand	2,131	1,805
Total cash and cash equivalents	2,131	1,805

Statement of accounting policies

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

Basis of preparation

The financial statements of the Trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

The accounts are stated in pounds and are rounded to the nearest thousand.

Going concern

The Trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Income

All income is recognised when the 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 period is shown in the relevant funds on the Balance Sheet. Where income is received in advance of 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.

Income (continued)

Grants (continued)

The 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 when there is entitlement and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

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.

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 Trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

Charitable activities

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

All expenditure is stated net of recoverable VAT.

Tangible fixed assets and depreciation

All assets costing more than £5,000 are capitalised.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fund asset fund in the Statement of Financial Activities and are carried forward in the Balance Sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Trust's depreciation policy.

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

♦ L/Term Leasehold Property – buildings	50 years straight line
♦ L/Term Leasehold Property – land	over the length of the lease
♦ Fixtures and fittings	20% straight line
♦ Computer equipment	33.3% straight line
♦ Property improvements	10% straight line

Debtors

Debtors are recognised at their settlement amount less any provision for non-recoverability. Prepayments are valued at the amounts prepaid. They have been discounted to the present value of the future cash receipt where such discounting is material.

Cash at bank and in hand

Cash at bank and in hand represents such accounts and instruments that are available on demand. Notice deposits are included on the Balance Sheet as short term deposits.

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 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.

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 13. Prepayments are not financial instruments.

Cash at bank – is classified as a basic financial instrument and is measured at face value.

Financial liabilities – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 14. 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 Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a Charitable Company for UK corporation tax purposes. Accordingly, the Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Pensions benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 18, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

Pensions benefits (continued)

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

Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities 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 any of the charitable objects of the Trust at the discretion of the Trustees.

Designated funds represent those resources which have been set aside at the discretion of the Board of Trustees for specific purposes. The purposes and uses of these funds are set out in the notes to the financial statements.

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

Restricted ESFA funds comprise all other grants received from the Education and Skills Funding Agency.

Restricted other funds comprise all other restricted funds received and include grants from the Local Authority.

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 areas of judgement (continued)

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 a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 18, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Schools joining the Trust

Schools joining the Trust transfer identifiable assets and liabilities and the operation of the predecessor School for £nil consideration, which has been accounted for under the acquisition accounting method.

The assets and liabilities transferred on conversion from the predecessor school to the Trust have been valued at their fair value being a reasonable estimate of the current market value that the directors would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for the Trust. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in voluntary income as net income in the statement of financial activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

Notes to the Financial Statements Year to 31 August 2018

1 Donations and capital grants

	Unrestricted funds £'000	Restricted funds £'000	Restricted fixed assets funds £'000	2018 Total funds £'000	2017 Total funds £'000
Capital grants	—	—	86	86	190
Other donations	4	—	—	4	12
	4	—	86	90	202
Donated assets on conversion and acquisition	315	(560)	11,263	11,018	—
	319	(560)	11,349	11,108	202

2 Other trading activities

	Unrestricted funds £'000	Restricted funds £'000	2018 Total funds £'000	2017 Total funds £'000
Hire of facilities	49	—	49	47
Trip income	—	118	118	95
Catering income	—	165	165	157
Other income	636	—	636	453
	685	283	968	752

3 Investment income

	Unrestricted funds £'000	Restricted funds £'000	2018 Total funds £'000	2017 Total funds £'000
Interest income	6	—	6	4

4 Funding for the Trust's educational operations

	Unrestricted funds £'000	Restricted funds £'000	2018 Total funds £'000	2017 Total funds £'000
DfE / ESFA revenue grants				
. General Annual Grant (GAG)	—	5,444	5,444	4,644
. Other DfE grants	—	774	774	349
	—	6,218	6,218	4,993
Other government grants				
. Local authority grants	—	570	570	458
	—	570	570	458
Other funding				
. Other income	—	66	66	545
Total	—	6,854	6,854	5,996

5 Expenditure

	Staff costs £'000	Non pay expenditure		2018 Total funds £'000	2017 Total funds £'000
		Premises £'000	Other costs £'000		
Raising funds					
. Direct costs	—	—	—	—	176
. Support costs	—	—	—	—	—
Academy's educational operations:					
. Direct costs	4,678	339	389	5,406	4,405
. Allocated support costs	1,572	556	1,014	3,142	2,590
	6,250	895	1,403	8,548	7,171
Net income (expenditure) for the year include:					
Depreciation				484	469
Fees payable to auditor					
. Statutory audit current year				18	14
. Other services				7	6

6 Charitable activities - Trust's educational operations

	2018 Total funds £'000	2017 Total funds £'000
Direct costs	5,406	4,405
Support costs	3,142	2,590
	8,548	6,995

	2018 Total funds £'000	2017 Total funds £'000
Analysis of support costs		
Support staff costs	1,572	1,173
Depreciation	145	132
Technology costs	167	115
Premises costs	411	302
Other support costs	794	827
Governance costs	53	41
Total support costs	3,142	2,590

7 Comparative information

Analysis of income and expenditure in the year ended 31 August 2017 between restricted and unrestricted funds:

	Un-restricted general fund £'000	Restricted funds		2017 Total funds £'000
		General fund £'000	Fixed assets fund £'000	
Income from:				
Donations and capital grants	12	—	190	202
Charitable activities:				
Funding for the academy trust's educational operations	545	5,451	—	5,996
Other trading activities	500	252	—	752
Investments	4	—	—	4
Total income	1,061	5,703	190	6,954
Expenditure on:				
Raising funds	176	—	—	176
Charitable activities:				
Academy trust's educational operations	460	6,066	469	6,995
Total expenditure	636	6,066	469	7,171
Net income (expenditure) before transfers	425	(363)	(279)	(217)
Transfers between funds	—	(45)	45	—
Net income (expenditure) for the period	425	(408)	(234)	(217)
Other recognised gains and losses				
Actuarial gains on defined benefit pension scheme	—	1,337	—	1,337
Net movement in funds for the period	425	929	(234)	1,120
Reconciliation of funds				
Total fund balances brought forward at 1 September 2016	594	(2,472)	16,887	15,009
Total fund balances carried forward at 31 August 2017	1,019	(1,543)	16,653	16,129

8 Staff

(a) Staff costs

Staff costs were as follows:

	2018 Total funds £'000	2017 Total funds £'000
Wages and salaries	4,593	3,853
Social security costs	364	302
Other pension costs (note 18)	1,174	934
	6,131	5,089
Supply teacher costs	119	76
	6,250	5,165

(b) Staff numbers

The average number of persons (including the senior management team) employed by the Trust during the year ended 31 August 2018 was as follows:

Charitable activities	2018 No	2017 No
Teachers	88	73
Administration and support *	170	145
Management	7	6
	265	224

*Administration and support staff numbers include teaching assistants, lunch time supervisors, sports instructors, Children's Centre staff and after school care staff.

(c) Higher paid staff

The number of employees whose emoluments fell within the following bands was:

	2018 No	2017 No
£60,001 - £70,000	3	1
£80,001 - £90,000	—	2
£90,001 - £100,000	2	—

Five of the above employees (2017 - three) participated in the Teachers' Pension Scheme. During the year ended 31 August 2018, pension contributions for these staff totalled £61,760 (2017 - £39,402).

8 Staff (continued)

(d) Key management personnel

The key management personnel of the Trust comprise the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer's national insurance) received by key management personnel for their services to the Trust was £530,851 (2017: £415,473).

9 Central services

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

- ◆ Human resources;
- ◆ Financial services;
- ◆ Legal services;
- ◆ Educational support services; and
- ◆ IT services.

The central charges for these services on the following basis: 5% of GAG income.

The actual amounts charged during the year were as follows:

	2018 £'000	2017 £'000
Fleetville Junior School	62	62
Fleetville Infant and Nursery School	57	58
Chaulden Junior School	41	36
Mandeville Primary School	87	88
Springmead Primary School	30	—
Mount Pleasant Lane Primary School	10	—
Total	287	244

10 Trustees' remuneration and expenses

One or more Trustees has been paid remuneration or has received other benefits from an employment with the Trust. Chief Executive Officers only receive remuneration in respect of services they provide undertaking their roles of Chief Executive Officers under their contract of employment and not in respect of their role as Trustees. The value of Trustee's remuneration and other benefits, for the period in which they served as Trustee, was as follows:

	2018 £	2017 £
A Godfrey (CEO of Education)		
• Remuneration	90,000 – 95,000	85,000 – 90,000
• Employers pension contributions	10,000 – 15,000	10,000 – 15,000
A Peek (Chief Executive Officer of Business)		
• Remuneration	90,000 – 95,000	85,000 – 90,000
• Employers pension contributions	10,000 – 15,000	10,000 – 15,000

During the year ended 31 August 2018, expenses totalling £2,290 (2017 - £1,177) were reimbursed to 2 Trustees (2017 - 2).

11 Trustees' and officers' insurance

The Trust has opted into the Department of Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects Trustees and Officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust business, and provides cover up to £10,000,000. It is not possible to quantify the Trustees and Officers indemnity element from the overall cost of the RPA scheme.

12 Tangible fixed assets

	Property improve- ments £'000	L/term leasehold property £'000	Fixtures and fittings £'000	Comp- uter equipment £'000	Total £'000
Cost					
At 1 September 2017	2,199	15,285	296	228	18,008
Donated assets on aquisition	—	11,263	—	—	11,263
Additions	13	—	131	56	200
At 31 August 2018	2,212	26,548	427	284	29,471
Depreciation					
At 1 September 2017	364	674	140	177	1,355
Charge in year	220	161	60	43	484
At 31 August 2018	584	835	200	220	1,839
Net book value					
At 31 August 2018	1,628	25,713	227	64	27,632
At 31 August 2017	1,835	14,611	156	51	16,653

As permitted by FRS 102, the Trustees have adopted a policy of not revaluing tangible fixed assets and, under the transitional arrangements set out in FRS 102, with effect from 1 August 2014, the value assigned to the building from the initial valuation on conversion is now deemed to be its cost.

13 Debtors

	2018 £'000	2017 £'000
Trade debtors	18	22
Other debtors	312	1
Prepayments and accrued income	109	165
VAT recoverable	77	80
	516	268

14 Creditors: amounts falling due within one year

	2018 £'000	2017 £'000
Trade creditors	186	87
Other taxation and social security	240	72
Other creditors	172	236
Accruals and deferred income	392	335
	990	730

14 Creditors: amounts falling due within one year (continued)

	2018 £'000	2017 £'000
Deferred income at 1 September 2017	187	164
Amounts released from prior years	(187)	(164)
Resources deferred in the year	227	187
Deferred income at 31 August 2018	227	187

Resources deferred during the period represented income received for trips due to take place in the following financial year, and grant income received in advance.

15 Funds

	Balance at 1 September 2017 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2018 £'000
Restricted revenue funds					
. General Annual Grant (GAG)	324	5,444	(5,585)	(114)	69
. Other DfE / LA grants - Pupil Premium	—	366	(366)	—	—
. Other DfE / EFA grants	—	408	(408)	—	—
. Local authority grants	—	570	(570)	—	—
. Other restricted funds	—	349	(349)	—	—
. Pension reserve	(1,867)	(560)	(345)	682	(2,090)
	(1,543)	6,577	(7,623)	568	(2,021)
Restricted fixed asset funds					
. Transfer on conversion	15,228	11,263	(160)	—	26,331
. ESFA capital grants	1,225	86	(315)	—	996
. Capital expenditure from GAG	184	—	(6)	114	292
. Capital expenditure from other donations	16	—	(3)	—	13
	16,653	11,349	(484)	114	27,632
Total restricted funds	15,110	17,926	(8,107)	682	25,611
Unrestricted funds					
. General funds	431	1,010	(441)	(230)	770
. Designated funds					
.. Income protection reserve	172	—	—	200	372
.. Infrastructure reserve	416	—	—	30	446
	1,019	1,010	(441)	—	1,588
Total funds	16,129	18,936	(8,548)	682	27,199

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

The Trustees have established two designated reserves from unrestricted reserves – an income protection reserve and an infrastructure reserve.

15 Funds (continued)

Income protection reserve

The income protection reserve provides protection against potential falls in income. Whilst the intention is not to use current funds to supplement income of future years, the reserve allows the Trust time to develop appropriate cost saving or income generation strategies without impacting the quality of educational services. The income protection reserve has been calculated with reference to the budgets of the Trust and its schools over the next two years.

Infrastructure reserve

The Trustees have set aside funds in an infrastructure reserve to meet part of the costs identified in the schools' asset management plans. Infrastructure includes physical assets such as land and buildings, plant and equipment, as well as communication and information technology. The infrastructure reserve is set between 0 - 50% of the overall costs as estimated in the asset management plans.

The balance of general reserves, after deducting the designated reserves described above, represents 'free reserves'. These funds are available for spending for the benefit of current pupils.

The General Annual Grant (GAG) represents the core funding for the educational activities of the Trust that has been provided via the Education and Skills Funding Agency (ESFA) by the Department of Education. The GAG fund must be used for the normal running costs of the Trust.

Pupil Premium is a grant allocated to academies and maintained schools with pupils that are known to be eligible for free school meals. The purpose is to raise attainment for pupils from low income families.

The pension reserve represents the net deficit on the LGPS defined benefit pension scheme. The deficit arose because of the pension scheme deficit inherited upon conversion. Future GAG funding agreed by the ESFA is expected to be sufficient to take the fund back into surplus.

The restricted fixed asset fund includes the leasehold land and buildings and all other fixed assets greater than £2,500. Depreciation charges on the assets are allocated to the fund. Transfers from the unrestricted fund to the fixed asset fund relates to capital expenditure from unrestricted funds.

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

15 Funds (continued)

Analysis of schools by fund balance

	2018 Total £'000	2017 Total £'000
Fleetville Junior School	162	180
Fleetville Infant and Nursery School	217	246
St Alban Way Children's Centre	21	29
Mandeville Primary School	650	629
Chaulden Junior School	257	206
Springmead Primary School	93	—
Mount Pleasant Lane Primary School	206	—
Spiral Partnership Trust – central funds	51	53
Total before fixed asset fund and pension reserve	1,657	1,343
Restricted fixed asset fund	27,632	16,653
Pension reserve	(2,090)	(1,867)
Total	27,199	16,129

Analysis of schools by cost

	Teaching and educational support staff costs £'000	Other support staff costs £'000	Educational supplies £'000	Other costs excluding depreciation £'000	Total £'000
Fleetville Infant and Nursery School	915	329	34	342	1,620
Fleetville Junior School	1,030	132	143	259	1,564
St Alban Way Children's Centre	—	259	5	25	289
Mandeville Primary School	1,368	220	128	328	2,044
Chaulden Junior School	601	141	69	108	919
Mount Pleasant Lane Primary School	122	35	—	38	195
Springmead Primary School	467	54	54	119	694
Central services	175	402	8	154	739
	4,678	1,572	441	1,373	8,064

Notes to the Financial Statements Year to 31 August 2018

15 Funds (continued)

Comparative information

Comparative information in respect of the preceding period is as follows:

	Balance at 1 September 2016 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2017 £'000
Restricted revenue funds					
. General Annual Grant (GAG)	478	4,644	(4,753)	(45)	324
. Other DfE / LA grants - Pupil Premium	—	312	(312)	—	—
. Other DfE / EFA grants	—	37	(37)	—	—
. Local authority grants	—	458	(458)	—	—
. Other restricted funds	—	252	(252)	—	—
. Pension reserve	(2,950)	—	(254)	1,337	(1,867)
	<u>(2,472)</u>	<u>5,703</u>	<u>(6,066)</u>	<u>1,292</u>	<u>(1,543)</u>
Restricted fixed asset funds					
. Transfer on conversion	15,449	—	(221)	—	15,228
. ESFA capital grants	1,276	190	(241)	—	1,225
. Capital expenditure from GAG	143	—	(4)	45	184
. Capital expenditure from other donations	19	—	(3)	—	16
	<u>16,887</u>	<u>190</u>	<u>(469)</u>	<u>45</u>	<u>16,653</u>
Total restricted funds	<u>14,415</u>	<u>5,893</u>	<u>(6,535)</u>	<u>1,337</u>	<u>15,110</u>
Unrestricted funds					
. General funds	120	1,061	(636)	(114)	431
. Designated funds					
.. Income protection reserve	165	—	—	7	172
.. Infrastructure reserve	309	—	—	107	416
	<u>594</u>	<u>1,061</u>	<u>(636)</u>	<u>—</u>	<u>1,019</u>
Total funds	<u>15,009</u>	<u>6,954</u>	<u>(7,171)</u>	<u>1,337</u>	<u>16,129</u>

16 Analysis of net assets between funds

	Unrestricted funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Fund £'000	Total 2018 £'000
Fund balances at 31 August 2018 are represented by:				
Tangible fixed assets	—	—	27,632	27,632
Current assets	1,595	1,052	—	2,647
Current liabilities	—	(990)	—	(990)
Pension scheme liability	—	(2,090)	—	(2,090)
Total net assets	1,595	(2,028)	27,632	27,199

17 Capital commitments

At 31 August 2018 the Trust had no capital commitments (2017 – none).

18 Pension and similar obligations

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

Contributions amounting to £127,180 were payable to the schemes at 31 August 2018 (2017: £85,618) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

18 Pension and similar obligations (continued)

Teachers' Pension Scheme (continued)

Valuation of the Teachers' Pension Scheme

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

- ◆ employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge)
- ◆ total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- ◆ an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- ◆ 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 employer's pension costs paid to TPS in the period amounted to £532,839 (2017: £361,836).

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 Trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Trust has set out above the information available on the scheme.

18 Pension and similar obligations (continued)

Local Government Pension Scheme (LGPS)

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £539,000 of which employer's contributions totalled £432,000, and employees' contributions totalled £97,000. The agreed contribution rates for future years are 25.3% for employers and 5.5% to 12.5% for employees.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of academy closure, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

Principal Actuarial Assumptions	At 31 August 2018	At 31 August 2017
Rate of increase in salaries	2.5%	2.5%
Rate of increase for pensions in payment / inflation	2.4%	2.4%
Discount rate for scheme liabilities	2.8%	2.5%
Inflation assumption (CPI)	2.4%	2.4%

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

	At 31 August 2018	At 31 August 2017
<i>Retiring today</i>		
Males	22.5	22.5
Females	24.9	24.5
<i>Retiring in 20 years</i>		
Males	24.1	24.1
Females	26.7	26.7

A change in the actuarial assumptions will increase (decrease) the net pension liability as follows:

Sensitivity analysis	At 31 August 2018 £'000	At 31 August 2017 £'000
Discount rate +0.1%	(187)	(138)
Discount rate -0.1%	187	138
Salary increase rate +0.1%	23	18
Salary increase rate -0.1%	(23)	(18)
Mortality assumption – 1 year increase	69	131
Mortality assumption – 1 year decrease	(69)	(131)
CPI rate +0.1%	163	119
CPI rate -0.1%	(163)	(119)

18 Pension and similar obligations (continued)

Local Government Pension Scheme (LGPS) (continued)

The Trust's share of the assets and liabilities in the scheme were:

	Fair value at 31 August 2018 £'000	Fair value at 31 August 2017 £'000
Equities	2,593	2,196
Corporate bonds	1,712	845
Property	391	237
Cash and other liquid assets	196	101
Total market value of assets	4,892	3,379
Present value of scheme liabilities	(6,982)	(5,246)
Deficit in the scheme	(2,090)	(1,867)
	2018 £'000	2017 £'000
Current service costs (net of employee contributions)	290	190
Net interest cost	55	64
Total operating charge	345	254
Analysis of pension finance income/(costs)		
Expected return on pension scheme assets	97	62
Interest on pension liabilities	(152)	(126)
Pension finance income/(costs)	(55)	(64)
	2018 £'000	2017 £'000
Actuarial gain	682	1,337
Plan introductions, benefit changes, curtailments and settlements	(560)	—
Other movements in pension liability	122	1,337
Movement in deficit in the year		
	2018 £'000	2017 £'000
Deficit at 1 September 2017	1,867	2,950
Acquired on merger	560	—
Current service cost	722	578
Employer contributions	(432)	(388)
Net return on assets	55	64
Actuarial (gain) / loss	(682)	(1,337)
Deficit at 31 August 2018	2,090	1,867

18 Pension and similar obligations (continued)

Local Government Pension Scheme (LGPS) (continued)

Changes in the present value of defined benefit obligations were as follows:	2018 £'000	2017 £'000
At 1 September 2017	5,246	5,711
Conversion of academy trusts	1,357	—
Current service cost	722	578
Interest cost	152	126
Employee contributions	97	87
Actuarial (gain) / loss	(550)	(1,209)
Benefits paid	(42)	(47)
At 31 August 2018	6,982	5,246
Changes in the fair value of the Academy's share of scheme assets:	2018 £'000	2017 £'000
At 1 September 2017	3,379	2,761
Acquired on merger	797	—
Interest income	97	62
Actuarial gain	132	128
Employer contributions	432	388
Employee contributions	97	87
Benefits paid	(42)	(47)
At 31 August 2018	4,892	3,379

19 Commitments under operating leases

Operating leases

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

	2018 £'000	2017 £'000
Amounts due within one year	5	5
Amounts due between two and five years inclusive	14	19
	19	24

20 Related party transactions

Owing to the nature of the Trust's operations and the composition of the Board of Trustees being drawn from local residents employed in other organisations, transactions may take place with organisations in which a Trustee has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Trust's financial regulations and normal procurement procedures.

20 Related party transactions

During the year ended 31 August 2018, the Trust procured services from Herts for Learning Ltd. The directors of Herts for Learning Ltd are drawn from the schools to which the company provides educational services. A J Godfrey (Trustee) is a director of Herts for Learning Ltd. Herts for Learning Ltd was therefore a related party during the year. During the year ended 31 August 2018, the Trust purchased £96,615 (2017 - £99,452) of services from Herts for Learning Ltd and received income of £1,088 (2017 - £1,335). £18,893 was owed at 31 August 2018 (31 August 2017 - £nil) and no amount was owed back from Herts for Learning Ltd (31 August 2017 - £nil). The services were provided to the Trust at cost and a statement of assurance has been received.

During the year ended 31 August 2018, the Trust received services from haysmacintyre, a firm in which K Burton (Trustee) is a Partner. Fees charged for these services were £3,500 and no amount was owed at the year end. The services were provided to the Trust at cost and a statement of assurance has been received.

21 Controlling party

In the opinion of the Trustees there is no ultimate controlling party.

22 Agency arrangements

The Trust is part of a local partnership to provide support and services to families in the local area ("VISTA"). The Trust acts as lead agent in distributing VISTA income. Total income received in the financial year ended 31 August 2018 was £187,938 (2017 - £255,922). There are no balances outstanding as at 31 August 2018 (2017 - none).

23 Academies joining the Trust

During the year ended 31 August 2018, two academies joined the Trust; Springmead Primary School and Mount Pleasant Lane Primary School. Both are newly converted academies. The operations, buildings, pension obligations and fund balances from these converters were transferred to the Trust for £nil consideration. Both academies joining the Trust in the year ended 31 August 2018 included a transfer of assets when joining.

The transfers have been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as net incoming resources in the Statement of Financial Activities as voluntary income.

23 Academies joining the Trust (continued)

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the statement of financial activities.

	Unrestricted funds £'000	Restricted general fund £'000	Restricted fixed asset fund £'000	Total 2018 £'000
Leasehold buildings	—	—	11,263	11,263
Budget surplus on LA funds	315	—	—	315
LGPS pension deficit	—	(560)	—	(560)
Net assets/(liabilities)	315	(560)	11,263	11,018

Springmead Primary School

On 1 April 2018 Springmead Primary School converted to academy status and joined the Trust.

	Unrestricted funds £'000	Restricted general fund £'000	Restricted fixed asset fund £'000	Total 2018 £'000
Leasehold buildings	—	—	5,712	5,712
Budget surplus on LA funds	120	—	—	88
LGPS pension deficit	—	(280)	—	(280)
Net assets/(liabilities)	120	(280)	5,712	5,520

The transfer included leasehold land and buildings from 1 April 2018 at a peppercorn rent. The above net assets include £88,000 that was transferred as cash.

Mount Pleasant Lane Primary School

On 1 July 2018 Mount Pleasant Lane Primary School converted to academy status and joined the Trust.

	Unrestricted funds £'000	Restricted general fund £'000	Restricted fixed asset fund £'000	Total 2018 £'000
Leasehold buildings	—	—	5,551	5,551
Budget surplus on LA funds	195	—	—	227
LGPS pension deficit	—	(280)	—	(280)
Net assets/(liabilities)	195	(280)	5,551	5,498

The transfer included leasehold land and buildings from 1 July 2018 at a peppercorn rent. The above net assets include £227,000 that was transferred as cash.