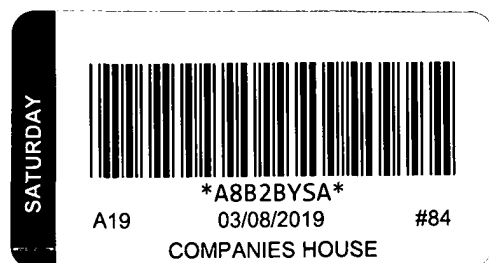


THE SCHOOLSCOMPANY TRUST
(A Company Limited by Guarantee)

Annual Report and Financial Statements

For the Year Ended 31 August 2018



THE SCHOOLSCOMPANY TRUST
(A Company Limited by Guarantee)

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THE SCHOOLS COMPANY TRUST
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Reference and Administrative Details
For the Year Ended 31 August 2018

Members	Craig Akhurst Nandarane Parmar Gary Pocock (appointed 1 March 2018) Rhona Barnfield (appointed 1 March 2018)
Trustees	Ian Bauckham (appointed 30 November 2017, resigned 19 October 2018) Rupert Gather (appointed 30 November 2017) Nikki King (appointed 30 November 2017) Richard McDonnell (appointed 30 November 2017) Steve Ward (appointed 30 November 2017) Tom Maddison (appointed 30 November 2017) Angela Barry (appointed 23 February 2018) Elias Achilleos (resigned 18 May 2018) Naina Nandarane Parmar (resigned 23 February 2018) Oliver Reece (resigned 23 February 2018) Craig Akhurst (resigned 23 February 2018) Sarah Acland (resigned 31 October 2017) Ray Lawrence (resigned 31 October 2017) Patrick Eames (resigned 31 October 2017)
Company registered number	08304460
Company name	The SchoolsCompany Trust
Principal and registered office	c/o Williams Giles Limited 12 Conqueror Court Sittingbourne Kent ME10 5BH
Senior management team	Angela Barry, Interim CEO Lee Miller, Interim Finance Director
Independent auditors	Williams Giles Professional Services Limited Chartered Accountants and Registered Auditors 12 Conqueror Court Sittingbourne Kent ME10 5BH
Bankers	Barclays Bank 20 The Town Enfield EN2 6LS
Solicitors	Michelmores LLP 12th Floor 6 New Street Square London EC4A 3BF

THE SCHOOLS COMPANY TRUST
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Trustees' Report
For the Year Ended 31 August 2018

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

The academy trust operates 3 alternative provision academies in Devon and 1 secondary academy in Kent.

Structure, governance and management

a. Constitution

The academy 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 academy trust.

The trustees of The Schools Company Trust are also the directors of the charitable company for the purposes of company law.

The charitable company is known as The Schools Company Trust.

Details of the Trustees who served during the year are included in the Reference and Administrative details on page 2.

b. Members' liability

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

c. Trustees' indemnities

The individual academies each maintain Governors' and officers' liability insurance which gives appropriate cover.

d. Trust reconstitution

The Board was reconstituted in November 2017 with new interim Trustees being appointed (see page 2)

These new Trustees were emergency interim appointments and have agreed to re-broker the 4 Academies into new providers.

e. Connected organisations, including related party relationships

In writing this report, the Interim Trustees are keen to state that they had not been made aware of where conflicts of interest or related parties existed, both in senior and junior levels within the academy trust. This is now part of a series of investigations into the activities and practices from the previous management team.

THE SCHOOLSCOMPANY TRUST
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Trustees' Report (continued)
For the Year Ended 31 August 2018

Objectives and Activities

a. Objects and aims

The company is an educational trust/organisation and is a non-profit distribution organisation.

b. Objectives, strategies and activities

The Board was reconstituted from in November 2017 with new interim Trustees being appointed (see page 2).

These new Trustees were emergency interim appointments have agreed to re-broker the 4 Academies into new providers.

c. Public benefit

The primary purpose of the Trust is the advancement of education of academies within it and the development of pupils who attend these academies, inextricably linked with this is the aim of contributing to the public good.

Achievements and performance

Strategic report

Goodwin Academy 2018 Summer Year 11 Outcomes:

The 2017/2018 Year 11 cohort comprised of 134 pupils (73 boys and 61 girls). The performance of the cohort was as follows:

Grades	Pupils	Percentage
5A* to C	44	32.84%
Including English & Maths (4+)	43	32.09%
Including English & Maths (5+)	25	18.66%
5 Grade 5+	24	17.91%
Including English & Maths	22	16.42%

The Progress 8 and Attainment 8 of the cohort was as follows:

Subjects	Attainment 8	Progress 8
English	7.6	-0.62
Maths	6.7	-0.44
EBacc	8.92	-0.5
Other	10.25	-1.07
Overall	33.48	-0.68
Entries	133	99.25%

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Trustees' Report (continued)
For the Year Ended 31 August 2018

SCT Devon Academies Data for 2018:

	Cohort	% Entered for 5+ GCSEs or equiv. (Functional Skills and Short Courses counting as half GCSE)	% achieving a grade in any qualification.	% 1+ GCSE Grades 9 to 1 or equiv.	% 1+ GCSE Grades 9 to 4 or equiv.	% 5+ GCSE Grades 9 to 1 or equiv.	% 5+ GCSE Grades 9 to 1 or equiv. including English and Maths	% 5+ GCSE Grades 9 to 4 or equiv.	% achieving GCSE Grade 9 to 1 English, or equiv.	% achieving GCSE Grade 9 to 1 Maths	% achieving GCSE Grade 9 to 1 Science, or equiv.
SCT (Devon)	96	7%	75%	54%	17%	2%	0%	0%	34%	38%	24%
SCT (Devon behaviour)	49	10%	86%	57%	4%	4%	0%	0%	33%	35%	31%
SCT (Devon medical)	47	4%	64%	51%	30%	0%	0%	0%	36%	40%	17%
North Devon Academy	18	39%	94%	78%	6%	11%	0%	0%	11%	56%	56%
Central Devon Academy	52	0%	62%	29%	8%	0%	0%	0%	27%	12%	4%
South West Devon Academy	26	0%	88%	88%	42%	0%	0%	0%	65%	77%	42%
National 2017	589096					86%*		65%*	93%	93%	88%

SCT Devon Academies Data for 2018:

	SCHOOL CONTEXT	Percentages				AVERAGE GRADES				
	Cohort	English at least L1 (including Functional Skills)	Maths at least L1 (including Functional Skills)	% achieving both English and Maths at least L1 (including Functional Skills)	% achieving both English and Maths at L2 (including Functional Skills)	Average of Total Grades per Student	Subject Average Grade	English Average Grade	Maths Average Grade	Science Average Grade
SCT (Devon)	96	46%	48%	39%	5%	4.7	2.6	2.0	2.0	1.7
SCT (Devon behaviour)	49	47%	47%	37%	0%	4.0	1.7	1.3	1.3	1.8
SCT (Devon medical)	47	45%	49%	40%	11%	5.3	4.1	2.8	3.2	1.6
North Devon Academy	18	50%	78%	50%	0%	8.1	3.2	1.0	1.5	1.8
Central Devon Academy	52	27%	23%	17%	2%	2.4	2.3	2.0	1.3	1.5
South West Devon Academy	26	81%	77%	73%	15%	6.7	2.8	2.8	3.2	1.7
National 2017	589096							4.9	4.5	

THE SCHOOLS COMPANY TRUST
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Trustees' Report (continued)
For the Year Ended 31 August 2018

a. Key performance indicators

Due to the Trust being issued with a Financial Notice to Improve in July 2017, the Board was reconstituted and an interim Finance Director and Interim CEO were appointed. Both were able to provide stability through applying the Academies Financial Handbook guidance as well as ensuring that the Accounting Officer duties were carried out with rigour.

During the 2017/2018 academic year the three Devon academies were not performing well. This was due to a lack of previous rigour in the school improvement & monitoring and evaluation procedures of the substantive leaders, including the previous, substantive Directors. Consequently, those academies were subject to monitoring from an Education Advisor on behalf of the South West region's Regional Schools' Commissioner (RSC).

Additionally, the Ofsted inspections that took place during the year found all three SCT alternative provisions to require Special Measures.

On the 16th April 2018, the interim Trustees and Members received a termination warning notice in relation to Central Devon Academy, due to the Ofsted monitoring inspection on 19th September 2017 which found that safeguarding was ineffective. This was further evidenced through an Educational Advisor visit on 20th November 2017 leading to the removal of all KS4 pupils from the main site.

Likewise, on the 16th February 2018, the South West RSC also issued the Board and Members with the same warning of termination due to the RSC having received an Ofsted notification dated 16 January 2018 confirming that SchoolsCompany North Devon Academy was judged to be inadequate and required special measures during the November 2017 Ofsted Inspection; again safeguarding failures were at the heart of that Ofsted judgement but this was only a small part of that academy's failings at that time. Another major action taken by the Interim executive was the cessation of the Torridge site as of February 2018 as a site being used for NDA pupils.

The South & West Devon Academy was inspected in May 2018 but, although the HMI recognised that the new leadership of the trust was in place, there had been insufficient time to embed the improvements in what had been taking place prior to the interim team being appointed.

Likewise, Central Devon Academy had a Section 5 inspection in July 2018 and, whilst that HMI recognised the work of the interim team, particularly that of the ACE interim principal who earned much praise for her work, there had been too many failures previously to ensure the academy had offered an acceptable standard of education for the pupils.

The Goodwin Academy in Deal, Kent had worked hard to stabilise its staffing and moved into a new building. The leadership of that academy did not have a close relationship with the substantive Trust team and this worked well for that academy. Upon the appointment of the interim Board and the interim executive, Goodwin Academy made steady progress and this was recognised in the number of 1st and 2nd preferences for year 7 places for September 2018 admission.

Across the Trust, where appropriate, staff performance and/or conduct, both at Trust and school level, was managed through HR procedures where appropriate.

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Trustees' Report (continued)
For the Year Ended 31 August 2018

b. Going concern

The Academies operated by the Trust have now been moved to new providers:

- Goodwin Academy to The Thinking Schools Academy Trust from 1st September 2018
- 3 Devon Academies to WAVE MAT from 1st November 2018

Based on this information, the Interim Board of Trustees expects to wind up the Academy Trust during the next 12 months and therefore has prepared these accounts on a basis other than going concern, being the break-up basis. Further details regarding the basis of these accounts can be found in the note 1.1 to the Financial Statements.

Financial review

The Trust has received a financial notice to improve highlighting failings in its duty to provide adequate financial oversight. As a result, changes were made within the board to appoint interim board members and secured the support of an experienced finance director from another Academy Trust.

Up until February 2018 the Trust received financial support from the ESFA in the form of recoverable and non-recoverable grants. Since this date the Trust has continued to receive non-recoverable funding from the ESFA.

The debt held with the ESFA on 31st August was £5.7 million. As a result of transfers of Academies the responsibility for the repayment of part of this liability has moved to the new sponsors (£2.6 million to The Thinking Schools Academy Trust and £250k to WAVE MAT).

A remaining debt of £3 million is held by SCT but the ESFA have confirmed that there is no current intention to reclaim this from SCT.

a. Disabled Employees

We are committed to ensuring that disabled people are afforded equality of opportunity in respect of entering and continuing employment with us. By 'employment', we mean all stages from recruitment and selection, terms and conditions of employment, access to training and career development, and, eventually, exit. As part of continuing development of good practice, we will take reasonable steps to ensure that our employment policies, procedures, and working environments are as inclusive and accessible as possible. We also recognise that our ability to respond to specific requirements depends on two-way communication. For that reason, disabled applicants and employees will be actively encouraged to advise us of any special requirements they may have.

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Trustees' Report (continued)
For the Year Ended 31 August 2018

Plans for future periods

Disclosure of information to auditors

In so far 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 Trustees' Report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 21 June 2019 and signed on its behalf by:



Dr N. King
Trustee



Mrs A. Barry
Trustee & Interim CEO

THE SCHOOLS COMPANY TRUST
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Governance Statement

Scope of Responsibility

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

Governance

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

Trustee	Meetings attended	Out of a possible
Nikki King	5	5
Angela Barry	5	5
Steve Ward	4	5
Ian Bauckham	3	5
Tom Maddison	4	5
Rupert Gather	3	5
Richard McDonnell	4	5
Elias Achilleos	3	3
Naina Nandarane Parmar	2	3
Oliver Reece	3	3
Craig Akhurst	3	3
Sarah Acland	2	3
Ray Lawrence	3	3
Patrick Eames	3	3

Review of Value for Money

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

The Accounting Officer considers how the academy's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the academy trust has delivered improved value for money during the year by working alongside an experienced interim finance director to support meeting the requirement outlined in the financial notice to improve.

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 on-going process designed to identify and prioritise the risks to the achievement of academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The SchoolsCompany Trust for the year 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements. The probity of the internal control was improved upon the appointment of the Interim Financial Director in Autumn 2017 and further supported by the Interim CEO's appointment at the end of January 2018.

THE SCHOOLSCOMPANY TRUST
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Governance Statement (continued)

Capacity to Handle Risk

The board of trustees has reviewed the key risks to which the academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy's significant risks, that has been in place for the year 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

The Risk and Control Framework

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

Review of Effectiveness

As Accounting Officer, the interim CEO 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 auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the academy who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Trustee board 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 21 June 2019 and signed on their behalf, by:



Dr N. King
Trustee



Mrs Angela Barry
Accounting Officer

THE SCHOOLS COMPANY TRUST
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Statement on Regularity, Propriety and Compliance

As Accounting Officer of The Schools Company Trust I have considered my responsibility to notify the academy trust and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

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

I confirm that the following instances of material irregularity, impropriety or funding non-compliance discovered to date have been notified to the interim board of trustees and ESFA. All of these came to light during our tenure but pertained to practices in place prior to our full involvement in the Trust as the interim executive team. If any instances are identified after the date of this statement, these will be notified to the board of trustees and ESFA:

Financial issues:

- Lack of regard for the Academies Financial Handbook in sourcing best value on contracts.
- Lack of declaration of related parties transactions and non-declaration regarding conflicts of interests.
- Lack of adherence to appraisal or pay procedures when awarding pay increases.
- Lack of the substantive Board inclusion in several key decisions, actions and approvals including trips to China and paying for employees' expenses.

Non-financial issues:

- Leasing sites in Devon which were not conducive conditions/unsafe for effective educational provision for students or staff.
- Lack of appropriate support for newly appointed staff, including the school-based leaders.



Angela Barry
Accounting Officer

Date: 21 June 2019

THE SCHOOLSCOMPANY TRUST
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Statement of Trustees' Responsibilities
For the Year Ended 31 August 2018

The Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Annual Accounts Direction issued by the Education & Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgments 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 and signed on its behalf by:



Dr N.King
Trustee

Date: 21 June 2019

THE SCHOOLS COMPANY TRUST
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Independent Auditors' Report on the Financial Statements to the Members of The Schools Company Trust

Opinion

We have audited the financial statements of The Schools Company Trust (the 'academy') for the year ended 31 August 2018 which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

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

Basis for opinion

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

Material uncertainty related to going concern

We draw attention to note 1.5 in the financial statements, which indicates that the Trust's academies are to be re-brokered during 2017/2018, and definitely prior to the start of the 2018-2019 academic year. As stated in note 1.5, these events or conditions, along with the other matters as set forth in the note 1.5 indicate that a material uncertainty exists that may cast significant doubt on the academy's ability to continue as a going concern and that these financial statements have been prepared on the break up basis. Our opinion is not modified in respect of this matter.

Emphasis of matter

We draw your attention to note 28 of the accounts, Related Party Transactions. Prior to the Interim Board appointments, there had been a lack of clarity in respect of this aspect of the Trust's leadership. This is currently part of a wider investigation by the new executive team and the ESFA which may identify previously undisclosed Related Party Transactions.

THE SCHOOLS COMPANY TRUST
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Independent Auditors' Report on the Financial Statements to the Members of The Schools Company Trust

Other information

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the academy 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 and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities, the Trustees (who are also the directors of the academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the academy'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 academy or to cease operations, or have no realistic alternative but to do so.

THE SCHOOLSCOMPANY TRUST
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Independent Auditors' Report on the Financial Statements to the Members of The SchoolsCompany Trust

Auditors' responsibilities for the audit of the financial statements

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

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

Use of our report

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



Alastair Crawford (Senior Statutory Auditor)

for and on behalf of

Williams Giles Professional Services Limited

Chartered Accountants and Registered Auditors

12 Conqueror Court

Sittingbourne

Kent

ME10 5BH

Date: 31 July 2019

THE SCHOOLS COMPANY TRUST
(A Company Limited by Guarantee)

**Independent Reporting Accountants' Assurance Report on Regularity to The Schools Company Trust
and the Education & Skills Funding Agency**

In accordance with the terms of our engagement letter dated 3 May 2016 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Schools Company Trust during the year 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of The Schools Company Trust's accounting officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of The Schools Company Trust's funding agreement with the Secretary of State for Education dated 25 February 2015, and the Academies Financial Handbook extant from 1 September 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

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

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

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

The work undertaken to draw to our conclusion includes:

- An assessment of the risk of material misstatement and irregularity
- Testing and review of areas identified through risk assessment including enquiry, inspection and review, observation and re-performance
- 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 audit in order to support the regularity conclusion

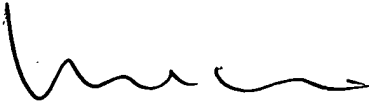
THE SCHOOLSCOMPANY TRUST
(A Company Limited by Guarantee)

**Independent Reporting Accountants' Assurance Report on Regularity to The SchoolsCompany Trust
and the Education & Skills Funding Agency (continued)**

Conclusion

In the course of our work, except for the matters listed below, 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.

- Suitable and adequate budget monitoring processes were not in place during the year. This led to serious cash flow and liquidity issues not being identified and forecast.
- Processes were not in place to ensure that potential related party transactions were identified, appropriately authorised and reported to the board and auditors.
- The trust is subject to a Financial Notice to Improve and the ESFA is conducting an investigation into financial activities in the trust which may lead to further findings not identified in these financial statements and reports.
- The trust has not met the requirement for an internal audit function or equivalent as per the AFH.



Williams Giles Professional Services Limited

Chartered Accountants and Registered Auditors

12 Conqueror Court
Sittingbourne
Kent
ME10 5BH

Date: 31st July 2019

THE SCHOOLSCOMPANY TRUST
(A Company Limited by Guarantee)

Statement of Financial Activities incorporating Income and Expenditure Account
For the Year Ended 31 August 2018

	Note	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
Income from:						
Donations and capital grants	2	-	35,609	155,507	191,116	95,356
Charitable activities	5	-	13,139,915	-	13,139,915	13,066,911
Other trading activities	3	314,501	1,616	-	316,117	187,061
Investments	4	1,594	-	-	1,594	772
Total income		316,095	13,177,140	155,507	13,648,742	13,350,100
Expenditure on:						
Charitable activities		144,463	16,993,911	468,601	17,606,975	17,394,142
Total expenditure	8	144,463	16,993,911	468,601	17,606,975	17,394,142
Net income / (expenditure) before other recognised gains and losses						
		171,632	(3,816,771)	(313,094)	(3,958,233)	(4,044,042)
Actuarial gains on defined benefit pension schemes	23	-	1,480,000	-	1,480,000	818,000
Net movement in funds		171,632	(2,336,771)	(313,094)	(2,478,233)	(3,226,042)
Reconciliation of funds:						
Total funds brought forward		(5,291)	(8,831,599)	11,420,767	2,583,877	5,809,919
Total funds carried forward		166,341	(11,168,370)	11,107,673	105,644	2,583,877

THE SCHOOLSCOMPANY TRUST
(A Company Limited by Guarantee)
Registered number: 08304460

Balance Sheet
As at 31 August 2018

	Note	£	2018 £	£	2017 £
Fixed assets					
Tangible assets	15		11,101,434		11,541,158
Current assets					
Debtors	16	329,919		393,635	
Cash at bank and in hand		301,620		166,898	
		<u>631,539</u>		<u>560,533</u>	
Creditors: amounts falling due within one year	17	<u>(7,033,329)</u>		<u>(4,369,814)</u>	
Net current liabilities			<u>(6,401,790)</u>		<u>(3,809,281)</u>
Total assets less current liabilities			<u>4,699,644</u>		<u>7,731,877</u>
Defined benefit pension scheme liability	23		<u>(4,594,000)</u>		<u>(5,148,000)</u>
Net assets including pension scheme liabilities			<u><u>105,644</u></u>		<u><u>2,583,877</u></u>
Funds of the academy					
Restricted income funds:					
Restricted income funds	18	(6,574,370)		(3,683,599)	
Restricted fixed asset funds	18	<u>11,107,673</u>		<u>11,420,767</u>	
Restricted income funds excluding pension liability		<u>4,533,303</u>		<u>7,737,168</u>	
Pension reserve		<u>(4,594,000)</u>		<u>(5,148,000)</u>	
Total restricted income funds			<u>(60,697)</u>		<u>2,589,168</u>
Unrestricted income funds	18		<u>166,341</u>		<u>(5,291)</u>
Total funds			<u><u>105,644</u></u>		<u><u>2,583,877</u></u>

The financial statements on pages 17 to 41 were approved by the Trustees, and authorised for issue, on 21 June 2019 and are signed on their behalf, by:


Nikki King, Chair

THE SCHOOLSCOMPANY TRUST
(A Company Limited by Guarantee)

Statement of Cash Flows
For the Year Ended 31 August 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Net cash provided by operating activities	20	<u>8,095</u>	<u>78,557</u>
Cash flows from investing activities:			
Dividends, interest and rents from investments		-	772
Purchase of tangible fixed assets		(28,880)	(214,334)
Capital grants from DfE Group		<u>155,507</u>	<u>94,381</u>
Net cash provided by/(used in) investing activities		<u>126,627</u>	<u>(119,181)</u>
Change in cash and cash equivalents in the year		134,722	(40,624)
Cash and cash equivalents brought forward		<u>166,898</u>	<u>207,522</u>
Cash and cash equivalents carried forward	21	<u><u>301,620</u></u>	<u><u>166,898</u></u>

THE SCHOOLSCOMPANY TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2018

1. Accounting Policies

The SchoolsCompany Trust is a charitable company limited by guarantee and an exempt charity incorporated in England and Wales. The registered office is The SchoolsCompany Trust, 1st Floor Holborn Gate, 330 High Holborn, London, WC1V 7QT. The principle activity of the Academy Trust is to provide education for pupils that satisfies the requirements of the Education Act 2002.

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

1.1 Basis of preparation of financial statements

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

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

1.2 Fund accounting

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

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

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

Investment income, gains and losses are allocated to the appropriate fund.

THE SCHOOLSCOMPANY TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2018

1. Accounting Policies (continued)

1.3 Income

All income is recognised once the academy has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Grants are included in the Statement of Financial Activities incorporating Income and Expenditure Account on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance Sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the Statement of Financial Activities incorporating Income and Expenditure Account in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

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

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

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

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

1.4 Expenditure

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

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

All expenditure is inclusive of irrecoverable VAT.

THE SCHOOLSCOMPANY TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2018

1. Accounting Policies (continued)

1.5 Going concern

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

The Trust's academies have been rebrokered since the year end. The Interim Trustees are working in close co-operation with the Interim CEO and Interim FD to ensure the efficient transfer of all assets.

Based on this information, the Interim Board of Trustees expects to wind up the Academy Trust during the next 12 months and therefore has prepared these accounts on a basis other than going concern, being the break-up basis. No material adjustments were required as a result of the accounts not being prepared on a going concern basis.

1.6 Tangible fixed assets and depreciation

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

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities incorporating Income and Expenditure Account and carried forward in the Balance Sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities incorporating Income and Expenditure Account. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund. The land and buildings are held under 125 year leases from Devon County Council and Kent County Council at a peppercorn rent. The values for these transfers are based on professional valuations.

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

Leasehold property	- 2% straight line
Furniture and fixtures	- 33% straight line
Plant and equipment	- 20% straight line

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

1.7 Operating leases

Rentals under operating leases are charged to the Statement of Financial Activities incorporating Income and Expenditure Account on a straight line basis over the lease term.

THE SCHOOLSCOMPANY TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2018

1. Accounting Policies (continued)

1.8 Taxation

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

1.9 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

1.10 Cash at Bank and in hand

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

1.11 Liabilities and provisions

Liabilities and provisions are recognised when there is an obligation at the Balance Sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.12 Financial instruments

The academy only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the academy 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 16. 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 costs as detailed in note 17. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments.

THE SCHOOLSCOMPANY TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2018

1. Accounting Policies (continued)

1.13 Pensions

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ("TPS") and the Local 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 academy 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 23, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

THE SCHOOLSCOMPANY TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2018

1. Accounting Policies (continued)

1.14 Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 23, 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.

Critical areas of judgment:

Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 17 for the carrying amount of the property, plant and equipment, and note 1.6 for the useful economic lives for each class of assets.

Multi-employer defined benefit pension scheme

Certain employees participate in a multi-employer defined benefit pension scheme with other Academy Trusts in the region. In the judgement of the governors, the Academy Trust does not have sufficient information on the plan assets and liabilities to be able to reliably account for its share of the defined benefit obligation and plan assets. Therefore the scheme is accounted for as a defined contribution scheme, see note 25 for further details.

THE SCHOOLSCOMPANY TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2018

2. Income from donations and capital grants

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
Donations	-	35,609	-	35,609	975
Capital grants	-	-	155,507	155,507	94,381
	-	35,609	155,507	191,116	95,356
<i>Total 2017</i>	975	-	94,381	95,356	

3. Other trading activities

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Insurance income	-	-	-	24,565
Other income	314,501	1,616	316,117	162,496
	314,501	1,616	316,117	187,061
<i>Total 2017</i>	75,806	111,255	187,061	

4. Investment income

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Bank interest	1,594	-	1,594	772
<i>Total 2017</i>	772	-	772	

THE SCHOOLSCOMPANY TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2018

5. Funding for Academy's educational operations

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
DfE/ESFA grants				
General Annual Grant (GAG)	-	7,240,538	7,240,538	5,758,809
Other DfE/ESFA grants	-	1,967,990	1,967,990	539,844
Pupil premium	-	385,488	385,488	430,710
Other government grants	-	3,378,158	3,378,158	5,904,201
SEN funding	-	167,741	167,741	433,347
	-	13,139,915	13,139,915	13,066,911
<i>Total 2017</i>	-	13,066,911	13,066,911	

6. Direct costs

	Educational operations £	Total 2018 £	Total 2017 £
Educational supplies	451,815	451,815	236,622
Examination fees	117,679	117,679	111,392
Staff development	1,585	1,585	88,321
Educational consultancy	746,199	746,199	326,745
Other direct costs	-	-	23,538
Recruitment & support	-	-	506,721
Agency supply	297,072	297,072	535,740
Wages and salaries	5,118,088	5,118,088	5,864,275
National insurance	571,249	571,249	614,956
Pension cost	1,278,769	1,278,769	1,762,485
	8,582,456	8,582,456	10,070,795
<i>Total 2017</i>	10,070,795	10,070,795	

THE SCHOOLSCOMPANY TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2018

7. Support costs

	Governance	Educational	Total	Total
	2018	operations	2018	2017
	£	£	£	£
LGPS costs	-	126,000	126,000	105,000
Recruitment & support	-	1,890	1,890	23,497
Maintenance of premises & equipment	-	267,011	267,011	215,928
Cleaning	-	113,040	113,040	224,687
Rent & rates	-	319,973	319,973	233,139
Light & heat	-	129,211	129,211	221,560
Insurance	-	11,435	11,435	60,486
Security & transport	-	208,477	208,477	386,694
Catering	-	112,166	112,166	161,659
Interest & charges	-	4,572	4,572	4,181
Computer costs	-	288,858	288,858	230,653
Printing, postage & stationery	-	104,728	104,728	112,282
Legal & professional	-	898,904	898,904	195,901
Agency supply	-	174,649	174,649	111,335
Marketing	-	14,896	14,896	18,764
Other support costs	-	29,537	29,537	111,175
Governance costs	130,113	-	130,113	86,957
Staff restructuring	-	304,186	304,186	269
Wages and salaries	-	4,066,611	4,066,611	3,551,860
National insurance	-	311,727	311,727	271,520
Pension cost	-	937,584	937,584	484,149
Depreciation	-	468,601	468,601	511,651
Subtotal	130,113	8,894,056	9,024,169	7,323,347
Other support costs	-	350	350	-
	130,113	8,894,406	9,024,519	7,323,347
Total 2017	-	7,323,347	7,323,347	

8. Expenditure

	Staff costs	Premises	Other costs	Total	Total
	2018	2018	2018	2018	2017
	£	£	£	£	£
Educational operations:					
Direct costs	7,744,013	-	838,443	8,582,456	10,070,795
Support costs	5,315,922	1,055,585	2,522,899	8,894,406	7,323,347
	13,059,935	1,055,585	3,361,342	17,476,862	17,394,142
Total 2017	13,201,850	165,870	4,010,828	17,378,548	

THE SCHOOLS COMPANY TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2018

9. Net income/(expenditure)

This is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets: - owned by the charity	468,605	511,213

10. Auditors' remuneration

	2018 £	2017 £
Fees payable to the academy's auditor and its associates for the audit of the academy's annual accounts	15,500	13,750
Fees payable to the academy's auditor and its associates in respect of:		
Audit-related assurance services	5,500	4,950
Internal audit services	-	1,800
All other non-audit services not included above	15,050	20,214

THE SCHOOLSCOMPANY TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2018

11. Staff costs

a. Staff costs

Staff costs were as follows:

	2018 £	2017 £
Wages and salaries	9,184,699	9,416,135
Social security costs	882,976	886,476
Operating costs of defined benefit pension schemes	2,216,353	2,246,634
	<u>12,284,028</u>	<u>12,549,245</u>
Supply staff costs	471,721	647,075
Staff restructuring costs	304,186	5,530
	<u><u>13,059,935</u></u>	<u><u>13,201,850</u></u>

Staff restructuring costs comprise:

	2018 £	2017 £
Redundancy payments	245,527	-
Severance payments	58,659	5,530
	<u><u>304,186</u></u>	<u><u>5,530</u></u>

b. Non-statutory/non-contractual staff severance payments

During the year, 12 payments were made under settlement agreements totalling £58,659 (2017: One payment totalling £5,530). No amount was outstanding at the year end.

c. Staff numbers

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

	2018 No.	2017 No.
Teachers	109	142
Administration and support	192	197
Management	26	6
	<u><u>327</u></u>	<u><u>345</u></u>

d. Higher paid staff

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

	2018 No.	2017 No.
In the band £60,001 - £70,000	1	2
In the band £70,001 - £80,000	2	2
In the band £80,001 - £90,000	2	0
In the band £90,001 - £100,000	1	0
In the band £100,001 - £110,000	0	1

THE SCHOOLSCOMPANY TRUST
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2018

11. Staff costs (continued)

e. Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £423,346 (2017: £524,615).

12. Trustees' remuneration and expenses

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

		2018 £	2017 £
P Eames	Remuneration	55,000-60,000	75,000-80,000
	Pension contributions paid	5,000-10,000	10,000-15,000
E Achilleos	Remuneration	80,000-85,000	105,000-110,000
	Pension contributions paid	10,000-15,000	15,000-20,000
S Acland	Remuneration	75,000-80,000	75,000-80,000
	Pension contributions paid	10,000-15,000	10,000-15,000
E Wilson	Remuneration		55,000-60,000
	Pension contributions paid		5,000-10,000
R Lawrence	Remuneration	30,000-35,000	65,000-70,000
	Pension contributions paid	5,000-10,000	10,000-15,000
H Zimmermann	Remuneration	20,000-25,000	60,000-65,000
	Pension contributions paid	0-5,000	10,000-15,000
RE Williams	Remuneration		0-5,000
	Pension contributions paid		0-5,000

During the year ended 31 August 2018, 4 Trustees received reimbursement of expenses totalling £7,367 (2017 - £57,953 to 7 Trustees).

13. Trustees' and Officers' Insurance

The academy trust has opted into the Department for 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 academy 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.

14. Other finance income

	2018 £	2017 £
Interest on pension scheme liabilities	(126,000)	(105,000)

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15. Tangible fixed assets

	Leasehold property £	Furniture and fixtures £	Plant and equipment £	Motor vehicles £	Office equipment £	Computer equipment £
Cost						
At 1 September 2017	11,138,500	223,522	286,819	100,950	63,230	501,905
Additions	-	7,555	-	-	-	21,326
At 31 August 2018	11,138,500	231,077	286,819	100,950	63,230	523,231
Depreciation						
At 1 September 2017	267,875	99,190	94,013	66,968	20,467	225,255
Charge for the year	165,870	71,325	34,036	22,833	12,463	162,078
At 31 August 2018	433,745	170,515	128,049	89,801	32,930	387,333
Net book value						
At 31 August 2018	10,704,755	60,562	158,770	11,149	30,300	135,898
At 31 August 2017	10,870,625	124,332	192,806	33,982	42,763	276,650
						Total £
Cost						
At 1 September 2017						12,314,926
Additions						28,881
At 31 August 2018						12,343,807
Depreciation						
At 1 September 2017						773,768
Charge for the year						468,605
At 31 August 2018						1,242,373
Net book value						
At 31 August 2018						11,101,434
At 31 August 2017						11,541,158

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Notes to the Financial Statements
For the Year Ended 31 August 2018

16. Debtors

	2018 £	2017 £
Trade debtors	29,695	117,436
VAT recoverable	132,716	119,620
Other debtors	11,380	146
Prepayments and accrued income	156,128	156,433
	<u>329,919</u>	<u>393,635</u>

17. Creditors: Amounts falling due within one year

	2018 £	2017 £
Other loans	5,657,290	3,226,698
Trade creditors	832,078	687,796
Other taxation and social security	353,732	409,149
Other creditors	7,147	17,379
Accruals and deferred income	183,082	28,792
	<u>7,033,329</u>	<u>4,369,814</u>

	2018 £	2017 £
Deferred income		
Deferred income at 1 September 2017	-	251,333
Resources deferred during the year	23,800	-
Amounts released from previous years	-	(251,333)
Deferred income at 31 August 2018	<u>23,800</u>	<u>-</u>

Included within other loans is £5,657,290 of recoverable deficit funding from the ESFA.

18. Statement of funds

	Balance at 1 September 2017 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 31 August 2018 £
Unrestricted funds					
General funds	(5,291)	316,095	(144,463)	-	166,341

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18. Statement of funds (continued)

Restricted funds

General Annual Grant (GAG)	(3,683,599)	13,177,140	(16,067,911)	-	(6,574,370)
Pension reserve	(5,148,000)	-	(926,000)	1,480,000	(4,594,000)
	<u>(8,831,599)</u>	<u>13,177,140</u>	<u>(16,993,911)</u>	<u>1,480,000</u>	<u>(11,168,370)</u>

Restricted fixed asset funds

Assets held for depreciation	11,420,767	155,507	(468,601)	-	11,107,673
Total restricted funds	<u>2,589,168</u>	<u>13,332,647</u>	<u>(17,462,512)</u>	<u>1,480,000</u>	<u>(60,697)</u>
Total of funds	<u>2,583,877</u>	<u>13,648,742</u>	<u>(17,606,975)</u>	<u>1,480,000</u>	<u>105,644</u>

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

Unrestricted funds are applied to the general work of the academy to support activities inside and outside the curriculum.

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

Analysis of academies by fund balance

Fund balances at 31 August 2018 were allocated as follows:

	Total 2018 £	Total 2017 £
Central Devon Academy	(1,233,455)	(697,417)
North Devon Academy	518,311	600,658
South and West Devon Academy	(1,030,122)	(383,493)
The Goodwin Academy	(3,816,062)	(1,694,128)
Trust	(846,701)	(1,514,510)
Total before fixed asset fund and pension reserve	<u>(6,408,029)</u>	<u>(3,688,890)</u>
Restricted fixed asset fund	11,107,673	11,420,767
Pension reserve	(4,594,000)	(5,148,000)
Total	<u>105,644</u>	<u>2,583,877</u>

The following academies are carrying net deficits on their portion of the funds as follows:

Name of academy	Amount of deficit £
Central Devon Academy	1,233,455
South and West Devon Academy	1,030,122
The Goodwin Academy	4,127,062

The academy is taking the following action to return the academies to surplus:

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18. Statement of funds (continued)

The academies have been transferred to other Trusts since the year end.

Analysis of academies by cost

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciat- ion £	Total 2018 £	Total 2017 £
Central Devon Academy	1,199,655	1,259,515	965,330	10,347	3,434,847	3,080,188
North Devon Academy	1,014,641	796,883	857,056	148	2,668,728	2,829,885
South and West Devon Academy	1,022,807	568,865	691,693	530	2,283,895	1,900,712
The Goodwin Academy	2,635,719	2,426,720	1,726,948	727	6,790,114	7,237,242
Trust	1,095,285	263,938	356,856	118,361	1,834,440	1,834,464
	<u>6,968,107</u>	<u>5,315,921</u>	<u>4,597,883</u>	<u>130,113</u>	<u>17,012,024</u>	<u>16,882,491</u>

Statement of funds - prior year

	Balance at 1 September 2016 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 31 August 2017 £
General funds	(82,844)	77,553	-	-	(5,291)
Restricted funds					
General Annual Grant (GAG)	(860,274)	5,758,809	(8,582,134)	-	(3,683,599)
Other DfE/ESFA grants	-	539,844	(539,844)	-	-
Pupil premium	-	430,710	(430,710)	-	-
Other government grants	-	5,904,201	(5,904,201)	-	-
SEN funding	-	433,347	(433,347)	-	-
Other restricted funds	-	111,255	(111,255)	-	-
Pension reserve	(5,085,000)	-	(881,000)	818,000	(5,148,000)
	<u>(5,945,274)</u>	<u>13,178,166</u>	<u>(16,882,491)</u>	<u>818,000</u>	<u>(8,831,599)</u>
Restricted fixed asset funds					
Assets held for depreciation	11,838,037	94,381	(511,651)	-	11,420,767

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A current year 12 months and prior year 12 months combined position is as follows:

	Balance at 1 September 2016 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 31 August 2018 £
Unrestricted funds					
General funds	(82,844)	77,553	-	-	(5,291)
	-	316,095	(144,463)	-	171,632
Restricted funds					
General Annual Grant (GAG)	(860,274)	18,935,949	(24,650,045)	-	(6,574,370)
Other DfE/ESFA grants	-	539,844	(539,844)	-	-
Pupil premium	-	430,710	(430,710)	-	-
Other government grants	-	5,904,201	(5,904,201)	-	-
SEN funding	-	433,347	(433,347)	-	-
Other restricted funds	-	111,255	(111,255)	-	-
Pension reserve	(5,085,000)	-	(1,807,000)	2,298,000	(4,594,000)
	(5,945,274)	26,355,306	(33,876,402)	2,298,000	(11,168,370)
Restricted fixed asset funds					
Assets held for depreciation	11,838,037	249,888	(980,252)	-	11,107,673
	5,892,763	26,605,194	(34,856,654)	2,298,000	(60,697)
Total of funds	5,809,919	26,998,842	(35,001,117)	2,298,000	105,644

19. Analysis of net assets between funds

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	11,101,434	11,101,434
Current assets	166,341	458,959	6,239	631,539
Creditors due within one year	866	(7,034,195)	-	(7,033,329)
Provisions for liabilities and charges	-	(4,594,000)	-	(4,594,000)
Difference	(866)	866	-	-
	166,341	(11,168,370)	11,107,673	105,644

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Notes to the Financial Statements
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19. Analysis of net assets between funds (continued)

Analysis of net assets between funds - prior year

	<i>Unrestricted funds</i>	<i>Restricted funds</i>	<i>Restricted fixed asset funds</i>	<i>Total funds</i>
	<i>2017</i>	<i>2017</i>	<i>2017</i>	<i>2017</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
Tangible fixed assets	120,391	-	11,420,767	11,541,158
Current assets	3,292	557,241	-	560,533
Creditors due within one year	(128,974)	(4,240,840)	-	(4,369,814)
Provisions for liabilities and charges	-	(5,148,000)	-	(5,148,000)
	<u>(5,291)</u>	<u>(8,831,599)</u>	<u>11,420,767</u>	<u>2,583,877</u>

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

	2018	2017
	£	£
Net expenditure for the year (as per Statement of Financial Activities)	(3,958,233)	(4,044,042)
Adjustment for:		
Depreciation charges	468,605	511,213
Losses on investments	-	(772)
Decrease/(increase) in debtors	63,716	(88,016)
Increase/(decrease) in creditors	232,923	(313,143)
Capital grants from DfE and other capital income	-	(94,381)
Defined benefit pension scheme finance cost	770,492	881,000
Loans taken out in year	2,430,592	3,226,698
Net cash provided by operating activities	<u>8,095</u>	<u>78,557</u>

21. Analysis of cash and cash equivalents

	2018	2017
	£	£
Cash in hand	301,620	166,898
Total	<u>301,620</u>	<u>166,898</u>

22. Contingent liabilities

During the period of the funding agreement, should any asset for which a capital grant was received be sold or otherwise disposed of, in the event of the Academy not reinvesting the proceeds, it will be required to pay the grant related proportion of the proceeds to the ESFA.

Should the funding agreement be terminated for any reason, the Academy shall repay to the ESFA the current value of the academy's land and buildings and other assets, to the extent that such assets were funded by sums received from the ESFA.

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23. Pension commitments

The academy's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Devon County Council and Kent County Council (Goodwin only). Both are Multi-Employer Defined Benefit Pension Schemes.

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

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

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

- employer contribution rates set at 16.48% of pensionable pay, including a 0.08% employer administration charge.
- 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%.

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 £473,307 (2017 - £897,069).

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

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

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Notes to the Financial Statements
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23. Pension commitments (continued)

trust has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £815,000 (2017 - £768,000), of which employer's contributions totalled £620,000 (2017 - £576,000) and employees' contributions totalled £195,000 (2017 - £192,000). The agreed contribution rates for future years are 15.4% (Devon) and 20% (Kent)% for employers and variable% 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:

	2018	2017
Discount rate for scheme liabilities	2.68 %	2.60 %
Expected return on scheme assets at 31 August	4.00 %	12.00 %
Rate of increase in salaries	3.80 %	4.20 %
Rate of increase for pensions in payment / inflation	2.30 %	2.70 %
Inflation assumption (CPI)	2.30 %	2.70 %
Commutation of pensions to lump sums	50.00 %	50.00 %
RPI increase	3.30 %	3.60 %

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

	2018	2017
Retiring today		
Males	23.3	23.2
Females	25.4	25.3
Retiring in 20 years		
Males	25.55	25.45
Females	27.75	27.65

	At 31 August 2018 £	At 31 August 2017 £
Sensitivity analysis		
Discount rate +0.1%	9,702,000	9,239,000
Discount rate -0.1%	10,235,000	9,746,000
Mortality assumption - 1 year increase	10,295,000	9,803,000
Mortality assumption - 1 year decrease	9,646,000	9,185,000
CPI rate +0.1%	9,994,000	9,706,000
CPI rate -0.1%	9,937,000	9,279,000

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23. Pension commitments (continued)

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

	Fair value at 31 August 2018 £	Fair value at 31 August 2017 £
Gilts	99,000	71,000
Equities	3,474,000	2,862,000
Corporate bonds	313,000	293,000
Target Return Portfolio	337,000	-
Property	586,000	471,000
Cash and other liquid assets	128,000	123,000
Absolute return fund	203,000	359,000
Private equity	24,000	-
Alternative assets	-	95,000
Infrastructure	85,000	67,000
Others	121,000	-
Total market value of assets	<u>5,370,000</u>	<u>4,341,000</u>

The actual return on scheme assets was £246,000 (2017 - £547,000).

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

	2018 £	2017 £
Current service cost	(1,405,000)	(1,350,000)
Past service cost	1,517,000	1,455,000
Interest cost	(126,000)	(105,000)
Total	<u>(14,000)</u>	<u>-</u>
Actual return on scheme assets	<u>246,000</u>	<u>547,000</u>

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

	2018 £	2017 £
Opening defined benefit obligation	9,489,000	8,496,000
Current service cost	1,405,000	1,350,000
Interest cost	249,000	187,000
Employee contributions	195,000	192,000
Actuarial gains	(1,357,000)	(602,000)
Benefits paid	(29,000)	(134,000)
Past service costs	14,000	-
Closing defined benefit obligation	<u>9,966,000</u>	<u>9,489,000</u>

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Notes to the Financial Statements
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23. Pension commitments (continued)

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

	2018 £	2017 £
Opening fair value of scheme assets	4,341,000	3,411,000
Interest income	123,000	82,000
Actuarial losses	123,000	216,000
Employer contributions	619,000	574,000
Employee contributions	195,000	192,000
Benefits paid	(30,000)	(134,000)
	<hr/>	<hr/>
Closing fair value of scheme assets	5,371,000	4,341,000
	<hr/>	<hr/>

24. Operating lease commitments

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

	2018 £	2017 £
Amounts payable:		
Within 1 year	48,616	61,884
Between 1 and 5 years	120,908	169,524
	<hr/>	<hr/>
Total	169,524	231,408
	<hr/>	<hr/>

25. Members' liability

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

26. Related party transactions

No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 12.

27. Agency Arrangements

The academy trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2018 the trust received £23,358 (2017: £7,391) and disbursed £19,068 (2017: £1,260) from the fund. An amount of £4,291 (£6,132) is included in creditors relating to undistributed funds that are repayable to ESFA.