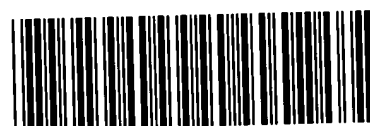




**West Nottinghamshire Educational Trust  
(A Company Limited by Guarantee)**

**Annual Report  
and Financial Statements**

**For the year to 31 August 2018**



A07 \*A868IN4R\* #60  
25/05/2019  
COMPANIES HOUSE

Company Registration Number: 08337041(England & Wales)

## West Nottinghamshire Educational Trust

### Contents

Item	Page
Reference and Administrative Details	2
Directors' Report	3
Strategic Report	6
Governance Statement	8
Statement on Regularity, Propriety and Compliance	11
Statement of Directors' Responsibilities	12
Independent Auditor's Report on the Financial Statements	13
Independent Reporting Accountant's Report on Regularity	16
Statement of Financial Activities incorporating Income & Expenditure Account	18
Balance Sheet	19
Statement of Cash Flows	20
Notes to the Financial Statements, incorporating:	21
Statement of Accounting Policies	21
Other Notes to the Financial Statements	26

## West Nottinghamshire Educational Trust

### Reference and Administrative Details

**Members:** West Nottinghamshire College  
Dame Asha Khemka  
Andrew Martin

**Directors:** Dame Asha Khemka (from 19 December 2012 until 11 November 2018)  
Andrew Martin (from 19 December 2012 until 11 November 2018)  
Lee Radford (from 11 November 2018)  
Martin Rigley MBE (from 11 November 2018)

**Company Secretary:** Maxine Bagshaw (from 19 December 2012)

**Company Name:** West Nottinghamshire Educational Trust

**Registered Office:** C/o West Nottinghamshire College  
Derby Road  
Mansfield  
Notts NG18 5BH

**Company Registration Number:** 08337041

**Independent Auditor:** Mazars LLP  
Park View House  
58 The Ropewalk  
Nottingham NG1 5DW

**Bankers:** Lloyds Bank  
PO Box 1000  
Andover BX1 1LT

**Solicitors:** Freeths LLP  
Power House  
Harrison Close  
Knowlhill  
Milton Keynes MK5 8PA

## **Directors' Report**

The Directors present the annual report together with the financial statements and auditor's report of West Nottinghamshire Educational Trust a charitable company for the period from 01 September 2017 to 31 August 2018. The annual report serves the purposes of both a Trustees' report, and a directors' report under company law.

Until 31 August 2017 the trust operated a Studio School Academy specialising in engineering and health and care occupations for pupils aged 14 to 19 serving the catchment areas of Mansfield and Ashfield. It had a pupil capacity of 300 and had a roll of 133 on the census in September 2016.

### **Structure, Governance and Management**

#### **Constitution**

The West Nottinghamshire Educational 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 Directors of West Nottinghamshire Academy Trust are also the trustees of the charitable company. The charitable company is known as Vision Studio School. Details of the Directors who served during the year are included in the Reference and Administrative Details on page 2.

#### **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.

#### **Directors' Indemnities**

The Academy has entered into the Risk Protection Arrangement with the ESFA for Director indemnity insurance.

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

For the period covered by the annual report, the Academy Trust comprised two Sponsor Trustees, appointed by West Nottinghamshire College as Principal Sponsor. During the period covered by this report, the academy had no staff members, no students/parents and no Principal.

The Academy Trust may have the following Trustees:-

- Up to six Sponsor Trustees, to be appointed by West Nottinghamshire College as Principal Sponsor.
- Two Parent Trustees, to be elected by parents of the registered students at the Academy.
- One Staff Trustee, to be elected under arrangements approved by the Governing Body.
- The Principal of the Academy.
- Any additional or further Trustees who may from time to time, and in accordance with relevant provisions of the Academy's Articles of Association, be appointed by the Secretary of State for Education.

The Trustees ensure that its members are representative of the school specialisms in Engineering and Health and Care and have appointed employer members from these industry sectors.

The Academy Trust may also seek to supplement its Trustees with co-opted members.

### **Policies and Procedures Adopted for the Induction and Training of Directors**

The academy trust provided an induction and an ongoing programme of development aimed at improving the capacity of the Board and to ensure overall effectiveness. The programme of training is determined by the Directors with input and support from the Company Secretary.

### **Organisational Structure**

The management structure consisted of three levels; the Directors, the Senior Leadership Team and the Extended Leadership Team. There is no longer a Senior Leadership Team or Extended Leadership Team.

---

The Academy Trust Board is ultimately responsible to the Department for Education and must ensure that it acts in accordance with the Funding Agreement, Academies Financial Handbook and all other relevant legislation.

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

The Board of Governors had formed a special committee for the determination of pay, objectives and performance management for the key personnel employed by the school. The panel was drawn from the Governing body with input from the clerk and appropriate specialist professional support. Recommendations of the panel were considered by the full Board of Governors.

## **Related Parties and other Connected Charities and Organisations**

West Nottinghamshire Educational Trust is sponsored by West Nottinghamshire College. The sponsor provided strategic support, made appointments of Directors and made available facilities and support. Where such support was chargeable, it was in line with the Academies Financial Handbook.

## **Objectives and Activities**

### **Objectives and Aims**

The principal objectives and activity of the West Nottinghamshire Educational Trust were to provide education to students of different abilities between the ages of 14 and 19 with an emphasis on engineering and health care occupations.

In accordance with the articles of association, the charitable company had adopted a "Scheme of Government" approved by the Secretary of State for Education. The Scheme of Government specifies, amongst other things, the basis for admitting students to the Academy, the catchment area from which the students are drawn, and that the curriculum should align itself with the substance of the national curriculum.

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

For the 2016/17 financial year the school intake was once again below its published admission number by some considerable margin. This provided the Directors with significant challenges in ensuring the viability of the school in the short term. An Ofsted Inspection in February 2017 judged the school to be inadequate.

As a result of the judgement made by Ofsted and the ongoing financial viability issues the Trust engaged with the Regional Schools Commissioner to discuss the future of the School. Following a proposal made to the Minister, the Directors sought to find suitable alternative provision for its existing cohort and did not accept new student application for the 2017/18 academic year.

The Academy ended the 2016/17 financial year with no students and no staff and agreed a termination of the Funding Agreement with the Minister.

### **Public Benefit**

The Directors are aware of and have complied with the duty in section 4 of the Charities Act 2006 to have due regard to the public benefit guidance published by the Charities Commission.

The principal object of the company is to operate West Nottinghamshire Educational Trust to advance for public benefit education for students of different abilities between the ages of 14 and 19 with an emphasis on engineering and health care. The Directors confirm that they have referred to the Charities Commission general guidance on public benefit when establishing the Academy's aims and objectives.

Students of the academy were educated at no cost to parents of children from the Mansfield area. The Academy considered all applications for places and did not select on the basis of ability for admission at year 10 and year 12.

## **Strategic Report**

### **Achievements and Performance**

The school was inspected by Ofsted in February 2017 and received a judgement of inadequate. The Directors and Governors worked swiftly to address the concerns raised in the inspection report through the implementation of a post inspection action plan.

However, when considering the financial viability challenges that the school faced through a further reduction in numbers on roll, it was resolved to find an alternative educational setting for the existing student's and not to accept new admissions for the 2017/18 academic year with the support of the Regional Schools Commissioner and the Minister.

At the time of signing these accounts the Academy had no students and no staff and received confirmation from the Office of the Regional Schools Commissioner that the Minister had agreed to the termination of the Funding Agreement.

### **Going Concern**

The Board of Directors have resolved to close the school following confirmation that the Funding Agreement was terminated. This follows the conclusion that the school has no reasonable expectation that the Academy Trust will have the resources required to continue in operational existence for the foreseeable future. For this reason the financial statements have not been prepared on the going concern basis. Further details regarding this decision can be found in the Statement of Accounting Policies.

### **Financial Review**

The Academy had received the majority of its income from the Education and Skills Funding Agency in the form of recurrent grants, most of which were provided for restricted purposes. There were no new grants received in the period.

The academy has also received significant grants from the ESFA for capital items, predominantly to enable refurbishment and upgrading of the main school building. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2005) such grants are shown as restricted funds under fixed assets in the Statement of Financial Activities. Depreciation is charged over the useful economic life of the asset as set out in the accounting policies note.

During the period to 31 August 2018, total expenditure against restricted general funds of £32,860 was offset against £4,070 funding adjustments leading to a deficit in the restricted general fund in the year of £28,790. Reserves brought forward of (£321,310) results in a negative balance of restricted general reserves including pension liabilities of £350,010 at the balance sheet date. Unrestricted funds as at the balance sheet date were £7,620.

The full write down of all asset book values leaving a zero balance on fixed asset restricted reserves as at the balance sheet date.

As a result of the resolution to seek termination of the Funding Agreement, residual negative balances on reserves will be supported by the Education and Skills Funding Agency as part of the closure proposal. Total net negative reserves as at the balance sheet date were £342,480

### **Principal Risks and Uncertainties**

The Directors have worked with the Regional Schools Commissioner and the Education and Skills Funding Agency to agree with the Minister to terminate the academy Funding Agreement.

### **Plans for Future Periods**

The Directors have received confirmation of the termination of the funding agreement and will now arrange the closure of the company in due course.

### **Auditor**

The Directors reappointed Mazars LLP as auditors for the Academy for the period of account to 31 August 2018.

In so far as the Directors are aware:-

- There is no relevant audit information of which the charitable company's auditor is unaware; and
- The Directors 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.

Directors' report, incorporating a strategic report, approved by order of the Board of Directors, as the Company directors on Thursday 28 March 2019 and signed on the board's behalf by:



**Martin Rigley MBE**  
**Director**  
**Date:**

## Governance Statement

### Scope of Responsibility

As Directors, we acknowledge that we have overall responsibility for ensuring that West Nottinghamshire Educational Trust has an effective and appropriate system of internal 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 Directors has delegated the day-to-day responsibility to the Principal, 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 West Nottinghamshire Educational Trust and the Secretary of State for Education. The Principal is also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

### Governance

The information on governance included here supplements that described in the Directors' Report and in the Statement of Directors' Responsibilities. The Board met once during the financial year.

Attendance during the year at meetings of the board of Directors was as follows:

Director		Meetings Attended	Out of a
Possible			
Dame Asha Khemka (Chair)	(resigned 11/11/2018)	1	1
Andrew Martin	(resigned 11/11/2018)	1	1
Lee Radford	(appointed 11/11/2018)	0	0
Martin Rigley MBE	(appointed 11/11/2018)	0	0

The board of Directors carry out a regular review of governance through a self-evaluation process. The review is through a detailed questionnaire which was last completed at the end of the 2015/16 academic year as the 'first year of full operation'. In 2016/17 the Board reviewed the skills survey undertaken in 2015/16

### Review of Value for Money

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

The accounting officer considers how the trust's use of resources has provided good value for money during the academic year, and reports to the Board of Directors where value for money can be improved, including the use of benchmarking data where available. The accounting officer for the academy trust has delivered improved value for money during the year by:

- Securing shared service provision through the sponsor to provide professional back office services that would otherwise not be economically affordable by the academy alone.
- Developing a set of key performance indicators to enable Directors to monitor the impact that resources have had on the outcomes for the school.
- Supported the accurate management and reporting of school data by selecting and implementing performance indicator software for management and Governor usage.
- Supporting the development of a School finance committee with appropriate external support to provide additional review of financial costs and income with a particular reference of achieving improved value for money.
- Supported the use of purchasing frameworks for major school purchasing to ensure compliance and competitive pricing across a number of consumable product categories including energy, furniture and computer equipment.

### **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 Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently and economically. The system of internal control has been in place in West Nottinghamshire Educational Trust for the period from 01 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

### **Capacity to Handle Risk**

The board of Directors 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 Directors is of the view that there is a formal process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the period from 01 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 Directors.

---

### **The Risk and Control Framework**

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

- Budgetary and monitoring systems with a budget for the financial year with subsequent forecast for the next two financial years, and periodic financial reports which are received and agreed by the Directors; and
- Identification and management of risks.
- Regular reviews by the Finance Committee of reports which indicate financial performance

against the forecasts and of major capital works and expenditure programmes;

- Setting targets to measure financial and other performance;
- Clearly defined purchasing (asset purchase or capital investment) guidelines; and
- Delegation of authority and segregation of duties.

The board of Directors has considered the need for a specific internal audit function and has decided to rely on the internal control processes of West Nottinghamshire College who provide a range of services including financial, HR and payroll services to the Trust. The Principal Financial Officer reports any irregularities to the Board of Directors.

The appointee's role includes giving advice on financial matters and performing a range of checks on the academy's financial systems. On an annual basis, the appointee reports to the board of Directors on the operation of the systems of control and on the discharge of the board of Directors' financial responsibilities. No irregularities have been reported by West Nottinghamshire College.

### **Review of Effectiveness**

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

Approved by order of the members of the Directors on Thursday 28 March 2019 and signed on its behalf by:-



**Martin Rigley MBE**

**Director**

**Date:**

## Statement on Regularity, Propriety and Compliance

As accounting officer of West Nottinghamshire Educational Trust I have considered my responsibility to notify the academy trust board of Directors 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 academy 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 academy trust board of Directors are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2017.

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



**Martin Rigley MBE**

**Director**

**Date:** 28 March 2019

## **Statement of Directors' Responsibilities**

The Directors (who act as trustees for charitable activities of West Nottinghamshire Educational Trust and are also the directors of the Charitable Company for the purposes of company law) are responsible for preparing the Directors' report and the financial statements in accordance with the Annual Accounts Direction published by the Education and Skills Funding Agency (ESFA), United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under company law the Directors 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 Directors are required to:-

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP and the Academies Accounts Direction 2017 to 2018;
- Make judgements and 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; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in business.

The Directors 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 Directors 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 the ESFA/DfE have been applied for the purposes intended.

The Directors 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 Directors on Thursday 28 March 2019 and signed on its behalf by:-



**Martin Rigley MBE**

**Director**

**Date:**

## **Independent Auditor's Report on the Financial Statements to the Directors of West Nottinghamshire Educational Trust**

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

In our opinion, the financial statements:

- give a true and fair view of the state of the Academy Trust's affairs as at 31 August 2018 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 qualified opinion**

With respect to the Local Government Pension Scheme deficit disclosed in note 26 being valued at £71,000, the audit evidence available to us was limited because the valuation was conducted as at 31 August 2017 and not 31 August 2018.

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**

These financial statements have not been prepared on a going concern basis for the reason set out in note 1 to the financial statements. We have nothing to report in respect of our conclusions relating to going concern as the accounts have been appropriately prepared on a basis other than going concern and the appropriate disclosures have been made. Our opinion is not modified in respect of this matter.

### **Other information**

The Directors are responsible for the other information. The other information comprises the information included in the Directors' Annual Report, other than the financial statements and our auditors' reports 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 Directors' Annual Report including the incorporated strategic report prepared for the purposes of company law for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Annual Report including the incorporated strategic report have been prepared in accordance with applicable legal requirements.

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

In light of the knowledge and understanding of the Academy Trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Annual Report including the incorporated 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 Directors' remuneration specific by law are not made; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of Directors**

As explained more fully in the Directors' responsibilities statement set out on page 14, the Directors (who are directors 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 Directors 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 Directors are responsible for assessing the 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 Directors either intend to liquidate the 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Use of the audit report**

This report is made solely to the 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 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 company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.



**David Hoose (Senior Statutory Auditor) for and on behalf of Mazars LLP**

Chartered Accountants and Statutory Auditor

Mazars LLP

Park View House

58 The Ropewalk

Nottingham, NG1 5DW

Date: 24 May 2019

## **Independent Reporting Accountant's Assurance Report on Regularity to the Governing Body of West Nottinghamshire Educational Trust and the Education Funding Agency**

In accordance with the terms of our engagement letter dated 22 February 2019 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 West Nottinghamshire Educational Trust during the period 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 West Nottinghamshire Educational Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to West Nottinghamshire Educational Trust and the ESFA those matters we are required to state to it 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 West Nottinghamshire Educational Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

### **Respective responsibilities of West Nottinghamshire Educational Trust's accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of West Nottinghamshire Educational Trust's funding agreement with the Secretary of State for Education dated 30 August 2013 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 period 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.

---

### **Approach**

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

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

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

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

The work undertaken to draw to our conclusion includes;

- Planning our assurance procedures including identifying key risks;
- Carrying out sample testing on controls;
- Carrying out substantive testing including analytical review; and
- Concluding on procedures carried out.

### Conclusion

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



**David Hoose (Senior Statutory Auditor) for and on behalf of Mazars LLP**

Chartered Accountants and Statutory Auditor

Mazars LLP

Park View House

58 The Ropewalk

Nottingham, NG1 5DW

Date: 24 May 2019

## Statement of Financial Activities for the period to 31 August 2018

(Including Income and Expenditure Account and Statement of Recognised Gains and Losses)

	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2018 £000	Total 2017 £000
<b>Income and endowments from:</b>						
- Donations and capital grants	3	-	-	-	-	14.25
<b>Charitable Activities:</b>						
- Funding for the Academy Trusts educational operations	4	-	2.54	-	2.54	974.63
- Other Trading Activities	5	-	1.53	-	1.53	33.11
- Investments	6	0.17	-	-	0.17	1.48
<b>Total</b>		0.17	4.07	-	4.24	1,023.46
<b>Expenditure on:</b>						
<b>Charitable Activities:</b>						
- Academy Trust Educational Operations	7,16	-	32.86	-	32.86	3,600.25
<b>Total</b>	7,16	-	32.86	-	32.86	3,600.25
<b>Net Income/(Expenditure)</b>		0.17	-28.79	-	-28.62	-2,576.78
<b>Transfers between funds</b>						
<b>Other Recognised gains and losses</b>						
Actuarial (losses)/gains on defined benefit pension schemes	26	-	-	-	-	-43.00
<b>Net Movement in Funds</b>		0.17	-28.79	-	-28.62	-2,619.78
<b>Reconciliation of Funds</b>						
Total funds brought forward at 01-September		7.44	-321.31	-	-313.86	2,305.92
<b>Total Funds carried forward at 31 August</b>	17	7.62	-350.10	-	-342.48	-313.86

## Balance sheet as at 31 August 2018

	Note	2018 £000	2018 £000	2017 £000	2017 £000
<b>Fixed Assets</b>					
Tangible Assets	12		-		-
<b>Current Assets</b>					
Stocks	13	-		-	
Debtors	14	3.57		33.94	
Cash in Hand		91.69		649.52	
		<u>95.26</u>		<u>683.46</u>	
<b>Liabilities</b>					
Creditors: Amounts falling due within one year	15	<u>-366.74</u>		<u>-926.32</u>	
<b>Net Current Liabilities</b>			<b>-271.48</b>		<b>-242.86</b>
<b>Total Assets less current liabilities excluding pension liability</b>			<u><b>-271.48</b></u>		<u><b>-242.86</b></u>
<b>Pension Scheme Liability</b>			-71.00		-71.00
<b>Net Liabilities</b>			<u><b>-342.48</b></u>		<u><b>-313.86</b></u>
<b>Funds of the Academy Trust:</b>					
Fixed Asset Fund	16	-		-	
General Fund	16	-279.10		-250.31	
Pension Reserve	26	<u>-71.00</u>		<u>-71.00</u>	
<b>Total restricted funds</b>			<b>-350.10</b>		<b>-321.31</b>
<b>Unrestricted Income Funds:</b>					
General Fund	16	<u>7.62</u>		<u>7.44</u>	
<b>Total unrestricted funds</b>			<b>7.62</b>		<b>7.44</b>
<b>Total Funds</b>			<u><b>-342.48</b></u>		<u><b>-313.86</b></u>

The financial statements on pages 20 to 40 were approved by the Directors, and authorised for issues on Thursday 28 March 2019 and are signed on their behalf by:



**Martin Rigley MBE**

**Director**

**Company Registration number: 08337041**

## Cash flow statement for the period ended 31 August 2018

	Note	2018 £000	2017 £000
<b>Cash flows from operating activities</b>			
Net cash provided by (used in) operating activities	20	-558.00	-84.34
Cash flows from investing activities	21	0.17	-35.30
<b>Change in cash and cash equivalents in the reporting period</b>	22	<b>-557.83</b>	<b>-119.63</b>
Cash and cash equivalents at 1 September		649.52	769.15
Cash and cash equivalents at 31 August		<b>91.69</b>	<b>649.52</b>

## Notes to the Financial Statements for the period ended 31 August 2018

### 1. 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 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.

West Nottinghamshire Educational Trust meets the definition of a public benefit entity under FRS 102.

#### Going Concern

The Directors 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 Directors make this assessment in respect of a period of one year from the date of approval of the financial statements. The Directors make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy trust does not have adequate resources to continue in operational existence for the foreseeable future as a result of ceasing to trade from 31 August 2018 and as a result the financial statements should not be prepared on a going concern basis.

No material adjustments were required as a result of ceasing to apply the going concern basis.

#### Income

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

- **Sponsorship Income**

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it 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 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 year for which it is receivable and any unspent amount is reflected as a balance in the restricted fund.

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

- **Donations**

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

- **Other Income**

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

- **Donated goods, facilities and services**

Upon opening, the Trust received the use under long term lease of its main teaching building from its sponsor, West Nottinghamshire College. Due to the length of the lease, the value of this asset, as measured by a qualified independent surveyor has been brought into the books at the point of first use in its primary purpose as a school building when the school opened to students. The value of the asset will be depreciated over the useful economic life, set as 25 years from this date.

## **Expenditure**

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

- **Expenditure on Raising Funds**

This includes all expenditure incurred by the academy trust to raise funds for its charitable

purposes and includes costs of all fundraising activities events and non-charitable trading.

- **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

### **Tangible Fixed Assets**

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

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

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life as follows:

• Long Leasehold Buildings	25 years
• Leasehold improvements	25 years
• Fixtures, fittings and equipment	5 years
• Computer equipment	3 years

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

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

### **Liabilities**

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

## **Provisions**

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

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

## **Leased Assets**

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

## **Financial Instruments**

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

- Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 14. Prepayments are not financial instruments.
- Cash at bank.
- Financial liabilities – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 15. 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. Amounts due to charity's wholly owned subsidiary are held at face value less any impairment.

## **Taxation**

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

## **Pensions Benefits**

Retirement benefits to employees of the Academy Trust are provided by the Teacher's Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes and the assets are held separately from those of the academy trust.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 26, 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 Director administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actual basis using the projected unit 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 gains and losses on 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 gains and losses.

### **Fund Accounting**

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the funders where the asset acquired or created is held for a specific purpose. Restricted general funds comprise all other restricted funds received and will include grants from the Education Funding Agency and Department for Education.

### **Critical accounting estimates and assumptions**

The academy trust makes estimates and assumptions concerning the future. These accounting estimates and assumptions will, by definition, seldom equal the related actual results. 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 LGPS 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 26, will impact the carrying amount of the pension liability.

## 2. General Annual Grant (GAG)

Under the funding agreement with the Secretary of State the academy trust is not subject to limits at 31 August 2018.

## 3. Donations and capital grants

	Unrestricted General Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Funds 2018 £000	Total Funds 2017 £000
Private Sponsorship	-	-	-	-	-
Donated fixed assets	-	-	-	-	-
Capital Grants	-	-	-	-	14.25
Other Donations	-	-	-	-	-
	-	-	-	-	14.25

In 2017, £14.25k of donations and capital grants related to restricted funds.

## 4. Funding for the Academy Trusts Educational Operations

	Unrestricted General Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Funds 2018 £000	Total Funds 2017 £000
<b>DfE/ESFA Revenue Grants</b>					
General Annual Grant (GAG)	-	-	-	-	861.30
Start up Grants	-	-	-	-	22.50
Other DfE/ESFA Grants	-	2.42	-	2.42	61.74
	-	2.42	-	2.42	945.54
 Other income from the academy trust's operations	-	0.12	-	0.12	29.08
	-	2.54	-	2.54	974.63

In 2017, £974.63k of Educational operations income related to restricted funds.

## 5. Other Trading Activities

	Unrestricted General Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Funds 2018 £000	Total Funds 2017 £000
Other Income	-	1.53	-	1.53	33.11
	-	1.53	-	1.53	33.11

In 2017, £33.11k of other trading activities related to restricted funds.

## 6. Investment Income

	Unrestricted General Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total Funds 2018	Total Funds 2017
	£000	£000	£000	£000	£000
Short term deposits	0.17	-	-	0.17	1.48
	0.17	-	-	0.17	1.48

In 2017, £1.48k of investment income related to unrestricted funds.

## 7. Expenditure

	Non Pay Expenditure				
	Staff Costs	Premises	Other	Total	Total
	£000	£000	£000	2018 £000	2017 £000
<i>Academy's Educational Operations:</i>					
Direct Costs	1.66	-	-8.63	-6.97	3,317.44
Allocated Support Costs	-	42.36	-2.53	39.83	282.81
	1.66	42.36	-11.16	32.86	3,600.25

In 2017, £3,600.25k of expenditure related to restricted funds.

Net Income/(expenditure) for the period includes:	2018 £000	2017 £000
Operating Lease Rentals	-	-
Depreciation	-	196.68
Fees payable to auditor for:		
- audit	5.00	9.95
- non- audit services	0.48	-

	Total	Individual items above £5,000	
	£	Amount £	Reason
Ex-gratia/compensation payments	-	-	N/A
Gifts made by the trust	-	-	N/A
Fixed asset losses	-	-	N/A
Stock losses	-	-	N/A
Unrecoverable debts	-	-	N/A
Cash losses	-	-	N/A

## 8. Charitable Activities

		<b>Total 2018</b>	<b>Total 2017</b>
		<b>£000</b>	<b>£000</b>
Direct costs – educational operations		-6.97	3,317.44
Support costs – educational operations		39.83	282.81
		<u>32.86</u>	<u>3,600.25</u>
	<b>Educational Operations</b>		
	<b>£000</b>	<b>Total 2018</b>	<b>Total 2017</b>
		<b>£000</b>	<b>£000</b>
<b>Analysis of support costs</b>			
Support Staff Costs	-	-	26.52
Premises Costs	42.36	42.36	105.00
Other Support Costs	-	-	113.94
Governance Costs	-2.53	-2.53	37.35
	<u>39.83</u>	<u>39.83</u>	<u>282.81</u>
<b>Direct Costs - Educational Operations</b>			
Teaching & Educational Support Staff Costs		1.66	1,047.55
Depreciation & impairment		-	2,050.43
Technology Costs		-0.39	5.28
External Supplies		-2.21	95.84
Exam Fees		1.11	35.21
Staff Development		0.29	14.55
Educational Consultancy		-7.43	57.49
Other Direct Costs		-	11.09
		<u>-6.97</u>	<u>3,317.44</u>
<b>Support Costs - Educational Operations</b>			
Support Staff Costs		-	26.52
Recruitment and Support		-	-
Maintenance of premises and equipment		19.06	36.78
Cleaning		-	16.00
Rent & Rates		9.12	12.78
Energy Costs		14.03	34.72
Insurance		-	4.72
Security & Transport		-	25.81
Catering		0.16	45.57
Bank Interest & Charges		-	0.06
Other Support Costs		-	42.50
Legal & Professional Fees		-8.01	26.30
Auditors Remuneration:			
- Audit of financial statements		5.00	9.95
- Audit of Academy Accounts Return		-	0.75
- Audit of TPS Contributions		0.48	0.35
		<u>39.83</u>	<u>282.81</u>
<b>Total Direct &amp; Support Costs</b>		<u>32.86</u>	<u>3,600.25</u>

## 9 Staff Costs

### a. Staff Costs

	Total 2018 £000	Total 2017 £000
Staff costs during the period were:		
- Wages and Salaries	1.66	739.79
- Social security costs	-	75.71
- Operating costs of defined benefit pension schemes	-	81.56
	1.66	897.06
 - Supply staff costs	-	148.18
- Staff restructuring costs	-	28.83
	1.66	1,074.07

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

No non-contractual payments were made in the year for staff severance.

### c. Staff numbers

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

	2018 No.	2017 No.
Teachers	-	14.46
Admin & Support	-	1.38
Management	-	2.58
	-	18.42

### d. Higher paid staff

The number of employees whose emoluments exceeded £60,000 was:

	2018 No.	2017 No.
£80,001 - £90,000	-	1
£90,001 - £100,000	-	1
	-	2

### e. Key management personnel

The key management personnel of the academy trust comprise the Directors 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 £nil (2017: £220,641).

## 10. Related party transactions – Directors remuneration and expenses

The principal and other staff Directors only receive remuneration in respect of services they provide undertaking the roles of principal and staff, and not in respect of their services as Directors. Other Directors did not receive any payments, other than expenses, from the academy trust in respect of their role as Directors. The value of Directors' remuneration was as follows:

During the period ended 31 August 2018, travel and subsistence expenses totalling £Nil (2017:£Nil). Other related party transactions involving the Directors are set out in note 27.

## 11. Directors' and Officers' Insurance

In accordance with normal commercial practice the academy has purchased insurance to protect Directors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £1,000,000 on any one claim and the cost for the year ended 31 August 2018 was provided as part of the Risk Protection Agreement provided by the Department for Education.

## 12. Tangible Fixed Assets

	Assets under construction	Leasehold Improvements	Leasehold Buildings	Fixtures & Fittings	Computer Equipment	Total
	£000	£000	£000	£000	£000	£000
<b>Cost</b>						
At 01 September 2017	-	1,173.25	750.00	180.61	250.48	2,354.34
Additions	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
Disposals	-	(1,173.25)	(750.00)	(180.61)	(250.48)	(2,354.34)
At 31 August 2018	-	-	-	-	-	-
<b>Depreciation</b>						
At 01 September 2017	-	1,173.25	750.00	180.61	250.48	2,534.34
Impairment charge	-	-	-	-	-	-
Charged in Year	-	-	-	-	-	-
Disposals	-	(1,173.25)	(750.00)	(180.61)	(250.48)	(2,534.34)
At 31 August 2018	-	-	-	-	-	-
<b>Net book values</b>						
At 31 August 2018	-	-	-	-	-	-
At 31 August 2017	-	-	-	-	-	-

### 13. Stocks

	2018 £000	2017 £000
Clothing	-	-
Catering	-	-
	<u>-</u>	<u>-</u>

### 14. Debtors

	2018 £000	2017 £000
Trade Debtors	-	-
VAT Recoverable	3.57	25.63
Other Debtors	-	-
Prepayments & Accrued Income	-	8.31
	<u>3.57</u>	<u>33.94</u>

### 15. Creditors: amount falling due within one year

	2018 £000	2017 £000
Trade Creditors	-1.66	18.87
Taxation and social security	-0.26	63.99
Other Creditors	13.75	79.03
ESFA abatement of GAG	341.56	441.71
Accruals and deferred Income	13.35	322.72
	<u>366.74</u>	<u>926.32</u>

### Deferred Income

	2018 £000	2017 £000
Deferred income at 01 Sept 2017	265.16	277.30
Resources deferred in year	-	-
Amounts released from prior year	-265.16	-12.14
Deferred income at 31 Aug 2018	<u>-</u>	<u>265.16</u>

## 16. Funds

	Balance at 01 September 2017 £000	Incoming Resources £000	Resources Expended £000	Gains, Losses & Transfers £000	Balance at 31 August 2018 £000	Balance at 31 August 2017 £000
<b>Restricted General Funds</b>						
General Annual Grant (GAG)	-250.31	-	-	-	-50.31	-250.31
Start Up Grant	-	-	-	-	-	-
Other DfE/ESFA Grants	-	2.42	(5.21)	-	-2.79	-
Pupil Premium	-	-	-	-	-	-
Other income from the academy trust's operations	-	0.13	0.13	-	-	-
Other Restricted	-	1.53	(27.52)	-	-25.99	-
Pension Reserve	-71.00	-	-	-	-71.00	-71.00
	<b>-321.31</b>	<b>4.07</b>	<b>32.86</b>	<b>-</b>	<b>-350.10</b>	<b>-321.31</b>
<b>Restricted Fixed Asset Funds</b>						
DfE/ESFA Capital Grants	-	-	-	-	-	-
Donated Assets	-	-	-	-	-	-
Capital Expenditure from GAG	-	-	-	-	-	-
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Restricted Funds</b>	<b>-321.31</b>	<b>4.07</b>	<b>32.86</b>	<b>-</b>	<b>-350.10</b>	<b>-321.31</b>
<b>Unrestricted Funds</b>						
Unrestricted Funds	7.44	0.17	-	-	7.62	7.44
<b>Total Unrestricted Funds</b>	<b>7.44</b>	<b>0.17</b>	<b>-</b>	<b>-</b>	<b>7.62</b>	<b>7.44</b>
<b>Total Funds</b>	<b>-313.86</b>	<b>4.24</b>	<b>32.86</b>	<b>-</b>	<b>-342.48</b>	<b>-313.86</b>

- The specific purpose for which the start up funds are to be applied are to establish the infrastructure, policies, procedures and curriculum in advance of opening the Academy in September 2014 and until the Academy reaches capacity.
- The General Annual Grant (GAG) is provided for the day to day running of the School.
- Other DfE/ESFA grants relate to amounts provided for the refurbishment of the school premises.
- The pension reserve relates to the deficit arising on the Local Government Pension Scheme (LGPS).
- 
- The total negative funds has arisen as a result of the Trust terminating its Funding Agreement and incurring significant costs as a result of preparation for this decision. The Trust has been liaising with the Regional Schools Commissioner and the ESFA to estimate the deficit on closure and has been assured that the funds required to meet the deficit will be met by the ESFA.

## 17. Analysis of Net Assets between Funds

Fund balances at 31 August 2018 are represented by:

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Funds 2018 £000	Total Funds 2017 £000
Tangible Fixed Assets	-	-	-	-	-
Current Assets	7.62	87.64	-	95.26	683.46
Current Liabilities	-	-366.74	-	-366.74	-926.32
Pension Scheme Liability	-	-71.00	-	-71.00	-71.00
<b>Total Net Assets</b>	<b>7.62</b>	<b>-350.10</b>	<b>-</b>	<b>-342.48</b>	<b>-313.86</b>

## 18. Capital Commitments

	2018 £000	2017 £000
Contracted for but not provided in the Financial Statements	-	-

## 19. Financial Commitments

	2018 £000	2017 £000
Not Applicable	-	-

## 20. Reconciliation of net income to net cash inflow from operating activities

	2018 £000	2017 £000
Net Income/(expenditure) for the reporting period (as per SOFA)	-28.62	-2,576.78
Adjusted for:		
Depreciation (Note 12)	-	196.67
Impairment (note 12)	-	1,853.75
Capital grants from DfE/Sponsor	-	-14.25
Interest Receivable (Note 6)	-0.17	-1.48
FRS102 pension costs (Note 26)	-	-
(increase)/decrease in debtors	-30.37	-0.43
increase/(decrease) in creditors	-559.58	458.18
<b>Net cash (used in)/provided by operating activities</b>	<b>-558.00</b>	<b>-84.34</b>

## 21. Cash flows from investing activities

	2018 £000	2017 £000
Interest received	0.17	1.48
Purchase of tangible fixed assets	-	-51.02
Capital Grants from DFE/ESFA	-	14.25
Capital funding received from sponsors and others	-	-
<b>Net cash provided by/(used in) Investing Activities</b>	<b>0.17</b>	<b>-35.30</b>

## 22. Analysis of cash and cash equivalents

	As at 31 August 2017 £000	Cash Flows £000	As at 31 August 2018 £000
Cash at bank and in hand	649.52	-557.83	91.69
Total cash and cash equivalents	649.52	-557.83	91.69

## 23. Guarantees, Letter of Comfort & Indemnities

	2018 £000	2017 £000
Not Applicable		

## 24. Contingent Liabilities

	2018 £000	2017 £000
Not Applicable		

## 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. Pensions & Similar Obligations

The academy trust's employees belonged 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 Nottinghamshire County Council. 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.

Contributions amounting to (£0.26k) were payable to the schemes at 31 August 2018 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.

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

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

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

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

The pension costs paid to TPS in the period amounted to £nil.

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website. Under the definitions set out in FRS 102, the TPS is a multi-employer pension scheme.

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

### **Local Government Pension Scheme**

The LGPS is a funded defined benefit pension scheme, with the assets held in separate Director-administered funds.

The total contribution made for the year ended 31 August 2018 was £nil (2017: £8,000), of which employer's contributions totalled £nil (2017: £6,000) and employees' contributions totalled £nil (2017: £2,000). The agreed contribution rates for future years are 18 per cent for employers and between 5 and 15 per cent 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.

In preparation for the termination of the Funding Agreement and the closure of the Academy the Trust has received a cessation valuation from the LGPS administrators which concludes that the cessation values for the LGPS scheme is £71,000. This amount is included within creditors.

## **27. Related Party Transactions**

Owing to the nature of the academy trust's operations and the composition of the board of Directors being drawn from local public and private sector organisations, transactions may take place with organisations in which the trust 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. The following related party transactions took place in the period of account.

West Nottinghamshire College – The sponsor of the Studio School and which employs or employed Dame Asha Khemka and Andrew Martin (all of whom are or were Directors):

- The Trust purchased a range of services including learner recruitment, marketing and communications, Finance, HR, Catering and cleaning amounting to £2,970 (2017: £104,850) during the year. The balance outstanding at the end of the period was £nil (2017: £Nil).
- The Trust incurred the charges on an at cost basis from the sponsor and in line with the financial regulations.
- In entering into the transaction the trust has complied with the requirements of the ESFA's Academies Financial Handbook.

## **28. Events after the end of the reporting period**

There were no reportable post balance sheet events.