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Registered number: 08359584

PRESTON MANOR ACADEMY TRUST
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017



PRESTON MANOR ACADEMY TRUST
(A company limited by guarantee)

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**REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2017**

Members

D Palmer
E Counsell
B Kobel

Trustees

D Palmer, Chair of Trustees Community Trustee
E Counsell, Vice Chairman, Co-opted Trustee
S Eismann, Co-opted Trustee (appointed 27 March 2017)
S Longmore, Co-opted Trustee (appointed 25 September 2017)
B Chowdhury, Parent Trustee
P Mistry, Parent Trustee (resigned 17 October 2016)
K Rahman, Parent Trustee
E Kafka, LA Trustee
J Bach, Partnership Trustee
L Ishani, Partnership Trustee (appointed 28 November 2016)
K Patel, Partnership Trustee
D Sloan, Partnership Trustee (appointed 28 November 2016)
V Luthra, Partnership Trustee
S Lawrence, Community Trustee
R Baxter, Staff Trustee
B Kobel, Headteacher & Accounting Officer

Company registered number

08359584

Company name

Preston Manor Academy Trust

Principal and registered office

Preston Manor School
Carlton Avenue East
Wembley
Middlesex
HA9 8NA

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2017**

Advisers (continued)

Chief executive officer

B Kobel

Senior management team

B Kobel, Headteacher and Accounting Officer
S Welch, Associate Head
L Airey, Deputy Head
G Brougham, Deputy Head
K Atkinson, Head of Lower School
Q Siddique, Deputy Head of Lower School
S Dareve, Assistant Head
D Graham, Assistant Head
C Urbani, Assistant Head
S Wallman, Assistant Head
A Ward, Assistant Head
D McLoughlin, Assistant Head of Lower School
S Solanki, Assistant Head of Lower School
N Kampta, Finance & Business Manager and Chief Financial Officer

Independent auditors

Landau Baker Limited
Chartered Accountants
Statutory Auditor
Mountcliff House
154 Brent Street
London
NW4 2DR

Bankers

HSBC Bank PLC
Wembley
HA0 2DB

Solicitors

Druces LLP
Salisbury House
London Wall
London
EC2M 5PS

PRESTON MANOR ACADEMY TRUST
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**TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2017**

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the 1 September 2016 to 31 August 2017. The Annual report serves the purposes of both a Trustees' report, and a Directors' report under company law.

The trust operates an academy for pupils aged 4 to 18 serving a catchment area in Brent. It has a pupil capacity of 1980 and had a roll of 1962 in the school census on 19 January 2017.

STRUCTURE, GOVERNANCE AND MANAGEMENT

CONSTITUTION

The academy trust is a charitable 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 Preston Manor Academy Trust Limited are also the directors of the charitable company for the purpose of company law.

The charitable company is known as Preston Manor School.

Details of the Trustees who served during the period are included in the Reference and administrative details on page 1.

MEMBERS' LIABILITY

Each member of the charitable company undertakes to contribute to the assets of the charitable company in the event of it being wound up while they are a member, or within one year after they cease to be a member, such amount as may be required, not exceeding £1 for the debts and liabilities contracted before they ceased to be a member.

TRUSTEES' INDEMNITIES

Subject to the provisions of the Companies Act, every governor or other officer of the academy shall be indemnified out of the assets of the academy against any liability incurred by them in that capacity in defending any proceedings, whether civil or criminal, in which judgment is given in favour or in which they are acquitted or in connection with any application in which relief is granted to them by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the academy.

METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF TRUSTEES

The management of the academy is the responsibility of the Governors who are elected and co-opted under the terms of the Articles of Association and funding agreement as follows:

- The Headteacher
- Up to Six Parent Governors (Minimum of Two)
- One LA Governor
- One Teacher Governor
- One Staff Governor
- Partnership Governors (number not specified)
- Community Governors (number not specified)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

- Up to three Co-opted Governors

The term of office for any governor is 4 years. The Headteacher's term of office runs parallel with her term of appointment. Subject to remaining eligible to be a particular type of governor, any governor may be reappointed or re-elected.

POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF TRUSTEES

The training and induction provided for new governors will depend on their individual experience and expertise. Where necessary an induction will provide training on charity and educational, legal and financial matters. All new governors are given a tour of the academy and the chance to meet with staff and students. All governors are provided with copies of policies, procedures, minutes, budgets, plans and other documents that they will need to understand their role as trustees and directors of the academy.

ORGANISATIONAL STRUCTURE

The academy has established a management structure to enable its efficient running. The structure consists of two levels: the governors and the executive who are the senior leadership team.

The governing body has considered its role thoughtfully and decided that the role of the governors is to approve the strategic direction and objectives of the academy and monitor its progress towards these objectives.

The governing body has approved a scheme of delegation which sets out a statement on the system of internal control, responsibilities, standing orders, a scheme of delegation and terms of reference. The Head Teacher is directly responsible for the day to day running of the academy and is assisted by a senior leadership team.

Governors are responsible for setting general policy, adopting an annual plan and budget, monitoring the academy by use of budgets and making major decisions about the direction of the academy, including capital expenditure and senior staff appointments.

The Headteacher assumes the accounting officer role.

ARRANGEMENTS FOR SETTING PAY AND REMUNERATION OF KEY MANAGEMENT PERSONNEL

Key Management personnel are paid in line with market standards and reviewed annually by the Pay Committee.

RELATED PARTIES AND OTHER CONNECTED CHARITIES AND ORGANISATIONS

The academy is the founding member of Preston Manor Academy Trust which is a separate Trust where Preston Manor School is the only member. The Trust undertakes educational support activities.

OBJECTIVES AND ACTIVITIES

OBJECTS AND AIMS

The principal object and activity of the academy is the operation of Preston Manor School to provide a broad and balanced education for pupils of all abilities in the Brent area. The governors have referred to the guidance issued by the Charity Commission in respect of public benefit when reviewing the aims and objectives of the academy.

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

In accordance with the articles of association, the academy has adopted a "Scheme of Government" approved by the Secretary of State for Education.

The Scheme of Government specifies, amongst other things, that the Academy will be at the heart of the community promoting community cohesion and sharing facilities; the basis for admitting students to the Academy, that the curriculum should be broad and balanced; there will be an emphasis on the needs of individual pupils including pupils with SEN; the basis for charging pupils.

OBJECTIVES, STRATEGIES AND ACTIVITIES

The Academy has undertaken self-evaluation activities to correctly identify objectives for the next year. These objectives are:

- o To develop more effective relationships between all stakeholders to positively impact on the ethos of the academy and behaviour of pupils within the academy.
- o The academy seeks to develop its approach to creativity & engagement so that this positively impacts on the quality of teaching and learning in the school.
- o The academy will strengthen its accountability structure through a review of the effectiveness of leadership and management. It will achieve this through developing a more effective appraisal framework.
- o Achieve consistently high standards of teaching and learning.
- o Provide local leadership capacity and support.
- o Develop cost effective curriculum design and collaboration which optimises opportunities for pupils and students and provides added value progress for them.
- o Achieve best value in service delivery especially where partnership working can add value.
- o The Academy's main strategy is encompassed in the Academy's Aims, which are to develop students who are:
 - o Active Citizens
 - o Prepared for their future
 - o Happy, healthy and safe
 - o Caring individuals
 - o Responsible learners

The Academy's vision is to build an ethos of:

- o Every child is capable of extraordinary achievement.
- o For any child to realise their inner potential they need an environment and adult role models that support their love and enjoyment of learning.
- o Every child has an absolute right to an equal opportunity to flourish in the academy.
- o Our pupils will develop the skills, knowledge and attitudes to realise their own dreams through a positive contribution to their community and wider society.
- o Self-realisation and positive contribution stem from a confidence and strength in one's own identity that allows us to embrace and respect the identity of other individuals and groups in our community and wider society.
- o The long-term well-being of our pupils is dependent on a sustainable economy, society and environment. We need to teach our children to be able to contribute to achieving that sustainability as adults.
- o It is the responsibility of all of the adult staff in Preston Manor School to remove the barriers to each individual child's development and create the conditions in which they are able to love and enjoy learning.
- o It is the responsibility of Preston Manor School to reach out and raise and support the aspiration of their community to believe in their children's potential.

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

ACTIVITIES FOR ACHIEVING OBJECTIVES

The main activities for achieving objectives the academy will undertake will be:

- o Developing a new teaching and learning policy and implementing this effectively.
- o The academy will review and develop its curriculum provision to enhance creativity and engagement.
- o The accountability of the academy will be strengthened by the development of new policies and procedures and implementation of a new self-evaluation framework.
- o Active Citizens
 - o Participate in a range of community activities.
 - o Have opportunities for leadership in all Key Stages of their time at the school.
 - o Create cultural social and economic links with the local and wider communities.
 - o Understand the importance of and contribute to student voice activities.
 - o Demonstrate local, national and global social awareness.
 - o Demonstrate environmental awareness in school and wider communities.
 - o Understand democracy and the importance of voting.
 - o Understand that in any society there are limits to individual freedom for the wellbeing of the society as a whole.
- o Prepared for their future
 - o Develop the ability to adapt to change.
 - o Develop a broad range of transferable skills.
 - o Develop a broad knowledge of the world of work
 - o Have real experience of the next Key Stage before making their choices of subjects to study.
 - o Have a broad knowledge of post school options to make informed choices.
 - o Develop life skills and academic and personal independence.
 - o Understand the economic realities of their and others lives and ways to manage financial responsibilities.
- o Happy, Healthy and Safe
 - o Understand the importance of healthy eating for physical and mental wellbeing.
 - o Understanding the importance of exercise for physical and mental wellbeing.
 - o Act on awareness of healthy lifestyle choices.
 - o Take advantage of and enjoy a range of extra-curricular activities.
 - o Develop a knowledge of health issues, including sexual, mental and drug related, to enable informed decisions and choices.
 - o Safely enjoy new technologies, experiences and environments.
- o Caring Individuals
 - o Respect everyone and welcome differences.
 - o Be aware of the consequences of our actions, however small, for ourselves and others.
 - o Provide social and academic support for all members of our community.
 - o Learn to be good listeners and communicators.
 - o Respect other's opinions and beliefs.
 - o Respect oneself.
- o Responsible Learners
 - o Recognise that making mistakes is a key part of successful learning and develop perseverance
 - o Enjoy and cultivate a positive approach to, and accept responsibility for their learning.
 - o Be able to and enjoy applying knowledge & understanding to a wide range of situations.
 - o Work successfully in teams and as individuals.

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

- o Supported to take responsibility to achieve beyond their potential.
- o Reflect on both achievements and setbacks and learn from their experiences.
- o Think and learn creatively.

The Academy's Aims are being reviewed and edited in the autumn term of 2018.

PUBLIC BENEFIT

In setting the objectives, the governors have given careful consideration to the Charity Commission's general guidance on public benefit and in particular to its supplementary public benefit guidance on advancing education.

As an academy we make the best use of our skills, expertise and experience with regards to the community. Some examples of this are:

- o Raising money for local, national and international charities
- o Raising money for the Poppy Appeal
- o Sixth Form involved in local community projects, e.g. annual Christmas party at local care homes and the National Citizen Service
- o Tanzania Appeal
- o Genes for Jeans
- o Macmillan
- o Children in Need
- o One World (Dementia and Alzheimer's charities)

STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE

KEY PERFORMANCE INDICATORS

Preston Manor School Academy opened as an academy in February 2013. In June 2016 Ofsted judged the school's overall Effectiveness to be Good.

Lower School

Outcomes for children in year 6 for the 2016/2017 academic year showed a significant improvement on the 2015/2016 results. Reading results improved by 26%, Maths results by 17%, Grammar, Punctuation and Spelling increased by 20% and Reading, Writing and Maths combined increased by 19%.

Outcomes for Year 2 children for the 2016/2017 academic year showed a slight drop than was attained in the 2015/2016 academic year. Reading was 9% below National figures, Writing was 8% below National figures and Maths was 9% below National figures. This drop is partly explained by the significant amount of mobility that we experienced in this cohort of children of 20%.

Outcomes for Year 1 for the 2016/2017 academic year Phonics screening checks were again very positive and were above Brent and National Figures.

Outcomes for children in Reception for the 2016/2017 academic year showed a drop from the 2015/2016 academic year. This drop is partly explained by the significant amount of mobility that we experienced in this cohort of children of 20%.

Overall attendance for the 2016/2017 academic year was 95.6%. This showed a slight drop against 2015/2016 figures which were 95.8% but are still above National expectations for attendance.

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Upper School

	2015			2016			2017		
	Target	Actual	Diff	Target	Actual	Diff	Target	Actual	Diff
Grade 4/C or above GCSE in English	84%	73%	-11%	85%	69%	-16%	88%	79%	-9%
E Grade 4/C or above GCSE in Maths	87%	70%	-17%	85%	67%	-18%	89%	72%	-17%
Basics: Grade 4/C or above in English and Maths	80%	62%	-18%	80%	58%	-22%	85%	67%	-18%
5+ Grade 4/C or above GCSE (or equiv) inc English and Maths	80%	62%	-18%	80%	57%	-23%	85%	65%	-20%
Cohort	240			246			238		

School Absence Data

Authorised Absences (Whole School): 5.2%

Unauthorised Absences (Whole School): 2.4%

GOING CONCERN

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

FINANCIAL REVIEW

During the period, ESFA/LA grants received totalled £12,707,344 (2016: £12,861,291). Other income included within restricted funds totalled £446,075 (2016: £538,072). Restricted fund expenditure totalled £12,958,423 (2016: £13,000,952).

The main source of unrestricted income is lettings, totalling £106,431 (2016: £97,524).

Most of the Academy's income is obtained from the Education and Skills Funding Agency (ESFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the 12 month period ended 31 August 2017 and the associated expenditure are shown as restricted funds in the Statement of financial activities.

The Academy also received grants for fixed assets from the ESFA. In accordance with the Charities Statement of Recommended Practice, "Accounting for Reporting by Charities" (SORP 2015), such grants are shown in the Statement of financial activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

Under the Charities SORP, it is necessary to charge projected deficits on the Local Government Pension

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

Scheme, which is provided to support staff, to a restricted fund. This results in reducing reserves shown in the total funds of the academy. It should be noted that this does not present the academy with any current liquidity problem. The employer contributions are currently being assessed and it is expected that they will increase to bring a further reduction in this pension deficit in future, although this may not be achieved until stock market investment values start to recover.

Overall, the Academy has a healthy balance sheet and cash flow and will be using the reserves to maintain the current assets and also to invest back into the school in the form of additional resources and facilities both in the long term and short term in conjunction with the school development plan and school aims.

The Finance & Business Manager regularly reviews the financial processes and controls. The Governors through the Resources Committee and Headteacher receive financial progress reports throughout the year and compare against budgets submitted to the ESFA.

RESERVES POLICY

The definition of reserves in the SORP is 'that part of a charity's income funds that is freely available for its general purposes'. This definition of reserves therefore normally excludes:

- o permanent endowment funds
- o expendable endowment funds
- o restricted income funds
- o any part of unrestricted funds not readily available for spending, specifically income funds which could only be realised by disposing of fixed assets held for charitable use.

Reserves are therefore the resources the Academy has or can make available to spend for any or all of the Academy's purposes once it has met its commitments and covered its other planned expenditure. More specifically 'reserves' are income which becomes available to the Academy and is to be spent at the trustees' discretion in furtherance of any of the Academy's objects (sometimes referred to as 'general purpose' income) but which is not yet spent, committed or designated (ie is 'free').

The level of reserves held takes into account the nature of income and expenditure streams, the need to match them with commitments, including future capital projects, and the nature of reserves. The governors will keep this level of reserves under review at each Resources Committee meeting and aim to build and maintain the reserves level by entering into cost effective agreements as noted in Objectives and Activities above, whilst in keeping with the principal object of the Academy.

Total reserves at the end of the period amounted to £2,384,640. This balance includes unrestricted funds (free reserves) of £277,754, which is considered appropriate for the Academy Trust, and restricted funds of £2,106,886.

Restricted funds have been designated by the Governing Body as follows:

- o £180,000 (approx.) – Complete refurbishment and refit of 2 x Science Laboratories (work to commence July 2018)
- o £6,000 (approx.) – Replace flooring in 4 corridors in the school's Platinum Block (work to commence October 2017)
- o £20,000 (approx.) – Replace discoloured skylights in the Sixth Form Block and Main School (work to commence in September 2017)
- o £8,000 (approx.) – Refit and refurbishment of Girls and Boys changing rooms (work to commence in December 2017)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

- o £10,000 (approx.) – Miscellaneous repairs around the school site including repair of possible collapsed drain in playground (work to commence in October 2017)

Within the reserves policy users should note that, because of accounting for the Local Government Pension Scheme (LGPS), the Academy recognises a significant pension fund deficit totalling to £3,558,000 (2016: £4,554,000). This deficit is included within restricted funds. This does not lead to an immediate liability for this amount. Similarly, if there were a pension surplus included in the restricted fund this would not create an immediately realisable asset that can be released straight away and expended for the specific purposes of that fund.

Users should also note that a surplus or deficit position of the pension scheme would generally result in a cash flow effect for the Academy Trust in the form of an increase or decrease in employers' pension contributions over a period of years. The Academy Trust thus takes this fact into account when reviewing current business plans and budgets, ascertaining how the pension costs might affect budgets in the future. On the basis that increased pension contributions should generally be met from the Academy Trust's budgeted annual income, whilst the deficit might not be eliminated, there should be no actual cash flow deficit on the fund or direct impact on the unrestricted reserves of the Academy Trust due to the recognition of the deficit.

INVESTMENTS POLICY

It should be noted that the Academy has substantial power with regards to investments due to cash balances held. Investment policies are determined by the Governing Body. This ensures the level of funds the Academy holds can cover any immediate expenditure, without exposing the Academy to additional risk. Should any potential investment opportunity arise this would be escalated to the Board for consideration. The most typical investments that are held by academies are the Special Interest Deposit accounts which are immediately available to draw against. At 31 August 2017, investments totalling £529,459 were held.

a. PRINCIPAL RISKS AND UNCERTAINTIES

The Companies Act 2006 s417(3b) requires disclosure of the principal risks and uncertainties facing a company. The Academy is exposed to a number of financial risks including credit, cash flow and liquidity risks. Given the Academy's exposure to financial instruments being limited, the exposure principally relates to bank balances, cash and trade creditors, with limited trade (and other) debtors. The academy's system of internal controls ensures risk is minimal in these areas.

A risk register has been established and is updated regularly. Where appropriate, systems or procedures have been established to mitigate the risks the Academy faces. Internal control risks are minimised by the implementation of procedures for authorisation of all transactions and projects.

The governors have assessed the major risks to which the Academy is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Academy, and its finances. The governors have implemented a number of systems to assess risks that the school faces, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school trips) and in relation to the control of finance. They have introduced systems, including operational procedures (e.g. vetting of new staff and visitors, supervision of school grounds) and internal financial controls (see below) in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover.

The academy has an effective system of internal financial controls and this is explained in more detail in the Governance Statement.

It should also be noted that procedures are in place to ensure compliance with the health and safety regulations, pertaining to both staff and pupils.

Please refer to the Reserves Policy above for a description of the defined benefit pension scheme, in which

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

was a deficit at 31 August 2017.

PLANS FOR FUTURE PERIODS

Preston Manor School's expansion programme was completed in September 2015 and it is now an All-Through School. The Lower School is two-form entry (Reception to Year 6) and the Upper School is nine-form entry and has a sixth form.

Preston Manor was unsuccessful with its bid under the Condition Improvement Fund (CIF) 2017-18 for the Refurbishment of two Science Laboratories. The school is currently preparing an amended bid for the 2018-19 CIF round.

Preston Manor School's strategic and development plans clearly outline the immediate future plans.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

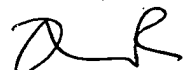
The Academy Trust and its trustees did not act as custodian trustee during the current or previous period.

AUDITOR

Insofar as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Trustees have taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable company's auditors are 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 27 November 2017 and signed on its behalf by:



D Palmer
Chair of Trustees

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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As trustees, we acknowledge we have overall responsibility for ensuring that Preston Manor Academy Trust has an effective and appropriate system of control, financial and otherwise. However such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can 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 Headteacher, 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 Preston Manor Academy 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 4 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
D Palmer, Chair of Trustees Community Trustee	4	4
E Counsell, Vice Chairman Parent Trustee	4	4
S Eismann, Co-opted Trustee	2	2
B Chowdhury, Parent Trustee	3	4
P Mistry, Parent Trustee	0	1
K Rahman, Parent Trustee	3	4
E Kafka, LA Trustee	3	4
J Bach, Partnership Trustee	4	4
L Ishani, Partnership Trustee	3	3
K Patel, Partnership Trustee	3	4
D Sloan, Partnership Trustee	3	3
V Luthra, Partnership Trustee	4	4
S Lawrence, Community Trustee	3	4
R Baxter, Staff Trustee	3	4
B Kobel, Headteacher & Accounting Officer	4	4

Trustees typically also serve on a number of other sub committees, as set out on the school website.

The impact of each Governing Body Committee is reviewed and monitored through the Terms of Reference that each committee reviews and produces on a yearly basis. The Trustees also intend to perform a self-evaluation review of governance in the coming year.

Key findings noted, actions taken and their impact are noted below:

NONE NOTED

The Resources committee is a sub-committee of the main board of trustees. Its purpose is to make sure that the Academy is following the ESFA's financial regulations.

V Luthra and S Eismann joined the Resources Committee. No significant issues to note were dealt with during the year.

GOVERNANCE STATEMENT (continued)

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
S Lawrence	4	4
E Kafka	3	4
E Counsell	3	4
V Luthra	4	4
S Eismann	2	2
B Kobel	4	4

REVIEW OF VALUE FOR MONEY

As Accounting Officer, the Headteacher 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 has delivered improved value for money during the year by:

Improving Educational Results

We have ensured that resources are directed where they are most needed and most effective in meeting educational requirements, for example by:

- Identifying opportunities for targeted support based on regular assessment and data analysis
- Monitoring individual child and student needs and ensuring support meets those needs. There has been a particular focus on our pupil premium students to ensure that they are receiving relevant targeted intervention
- Monitoring staff performance and providing appropriate challenge, support and development
- Increasing leadership capacity in the Upper School (Secondary provision) and Lower School (primary provision)

Examples of how the trust has directed resources towards targeted improvements are by:

- Targeting resources and staffing in key areas such as Literacy and Numeracy
- Making effective use of the top-up funding for year 7 catch up students
- Investing in ICT infrastructure to improve access to new technologies
- Sourcing additional Educational Psychologist consultancy
- Developing alternative pathways and support at at Key Stages 4 and 5, including vocational options

The school has ensured that all children and students are provided with opportunities to raise achievement, for example by:

- Making innovative use of targeted funding (e.g. PPG, Year 7 Catch-up funding) targeting pastoral support for those students who need it most
- Ensuring access in school to therapeutic interventions for children and students (Brent Centre for Young People)
- Providing additional revision and catch-up programmes before, during and after school for students and parents.
- Providing specific-revision materials and resources for students
- Providing targeted mentoring, support and additional guidance, including for careers

Examples of how the trust has ensured value for money through collaboration with other educational providers by:

- Being a member of the Brent Teaching School alliance where we collaborate on initial teacher training and

GOVERNANCE STATEMENT (continued)

secure access to high quality leadership training through the NPQSL and NPQML

- Ensuring member of the Senior Leadership Team have training and support with coaching, self-evaluation and school improvement
- Active Engagement with the Teaching Leaders programme to secure high quality middle leadership and develop coaching skills in senior leaders
- Sharing innovative approaches through the PiXL and PiXL6 networks
- Contributing to the Brent Schools Partnership to access professional development and share cross-phase practice. This includes hosting subject leader network meetings and Aspiring Senior Leadership development courses
- Developing expertise through the Woodfield Teaching School Alliance

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of 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 Preston Manor Academy Trust for the year 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

The board of trustees has reviewed the key risks to which the academy 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 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

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 the finance and general purposes committee 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.

The board of trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have appointed Landau Baker Limited, the external auditors, to perform additional checks.

The external auditor' role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. In particular the checks carried out in the current period included:

- testing of payroll systems

PRESTON MANOR ACADEMY TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

- testing of purchase systems
- testing of control account/ bank reconciliations
- review financial monitoring reports
- review aged creditor and debtor reports for long outstanding balances
- check ESFA grants to which the academy is entitled are credited to the bank account each month
- review capital grants due from the ESFA
- review capital expenditure and ensure that tender procedures have been followed
- review the catering revenue system]
- review the lettings income system

On a regular basis, the external auditor reports to the board of trustees through the Resources Committee on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

The Board can confirm that the external auditor has delivered their schedule of work as planned, provided details of any material control issues arising as a result of their work. During the current and previous period, there were no material control issues noted and thus no remedial action was required to be taken.


REVIEW OF EFFECTIVENESS

As Accounting Officer, the Headteacher 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 Resources Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on 27 November 2017 and signed on their behalf, by:


D Palmer
Chair of Trustees

B Kobel
Accounting Officer



PRESTON MANOR ACADEMY TRUST
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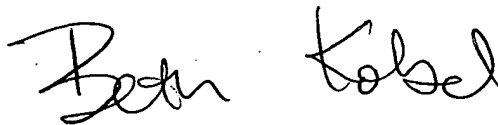
STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Preston Manor Academy Trust I have considered my responsibility to notify the academy trust board of trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2016.

I confirm that I and the academy trust board 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 2016.

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

B Kobel
Accounting Officer



Date: 27 November 2017

PRESTON MANOR ACADEMY TRUST
(A company limited by guarantee)

**STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2017**

The Trustees (who act as governors of Preston Manor Academy Trust and 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 and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

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

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

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

Approved by order of the members of the board of trustees on 27 November 2017 and signed on its behalf by:



D Palmer
Chair of Trustees

PRESTON MANOR ACADEMY TRUST
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
PRESTON MANOR ACADEMY TRUST**

We have audited the financial statements of Preston Manor Academy Trust for the year ended 31 August 2017 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2016 to 2017 issued by the Education Funding Agency.

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 opinion we have formed.

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS

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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the academy's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

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

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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
PRESTON MANOR ACADEMY 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 Auditor's report thereon. Our opinion on the financial statements does not cover the 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 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.

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' remunerations specified by law 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's or to cease operations,

PRESTON MANOR ACADEMY TRUST
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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
PRESTON MANOR ACADEMY TRUST**

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. The description forms part of our Auditor's report.

Michael Durst (Senior statutory auditor)

for and on behalf of

Landau Baker Limited

Chartered Accountants
Statutory Auditor

Mountcliff House
154 Brent Street
London
NW4 2DR
27 November 2017

PRESTON MANOR ACADEMY TRUST
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO PRESTON
MANOR ACADEMY TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 12 March 2012 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Preston Manor Academy Trust during the year 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Preston Manor Academy Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Preston Manor Academy 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 Preston Manor Academy Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

**RESPECTIVE RESPONSIBILITIES OF PRESTON MANOR ACADEMY TRUST'S ACCOUNTING OFFICER
AND THE REPORTING ACCOUNTANT**

The Accounting Officer is responsible, under the requirements of Preston Manor Academy Trust's funding agreement with the Secretary of State for Education dated 1 February 2013, and the Academies Financial Handbook extant from 1 September 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

APPROACH

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

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

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.

Work undertaken includes:

- Review and verification of evidence supporting the Accounting Officer's statement on regularity, propriety and compliance.
- Review of the Academy Trust's internal control procedures, specifically in respect to regularity, propriety and compliance.
- Focussed testing, driven by our audit of the financial statements, principally checking that:
 - o Grant income received has been expensed on prescribed expenditure; and

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INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO PRESTON MANOR ACADEMY TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY (continued)

- o Expenditure has been appropriately authorised in accordance with the procedures outlined in the Academy Trust's financial procedures manual.
- Discussions and written representations from the Accounting Officer and other key management personnel (where applicable).

CONCLUSION

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Reporting Accountant

Landau Baker Limited
Chartered Accountants
Statutory Auditor
Mountcliff House
154 Brent Street
London
NW4 2DR

27 November 2017

PRESTON MANOR ACADEMY TRUST
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2017**

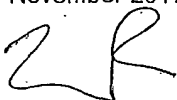
	Note	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
INCOME FROM:						
Donations and capital grants	2	1,163	11,604	161,870	174,637	43,956
Charitable activities	5	-	12,731,572	-	12,731,572	12,861,291
Other trading activities	3	106,431	410,243	-	516,674	634,096
Investments	4	396	-	-	396	631
TOTAL INCOME		107,990	13,153,419	161,870	13,423,279	13,539,974
EXPENDITURE ON:						
Charitable activities		58,413	12,631,330	536,766	13,226,509	13,053,424
TOTAL EXPENDITURE	6	58,413	12,631,330	536,766	13,226,509	13,053,424
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS						
Transfers between Funds	19	49,577	522,089	(374,896)	196,770	486,550
		-	(165,785)	165,785	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES						
		49,577	356,304	(209,111)	196,770	486,550
Actuarial gains/(losses) on defined benefit pension schemes	23	-	1,191,000	-	1,191,000	(1,617,000)
NET MOVEMENT IN FUNDS		49,577	1,547,304	(209,111)	1,387,770	(1,130,450)
RECONCILIATION OF FUNDS:						
Total funds brought forward		242,850	(3,013,091)	28,827,187	26,056,946	27,187,396
TOTAL FUNDS CARRIED FORWARD		292,427	(1,465,787)	28,618,076	27,444,716	26,056,946

PRESTON MANOR ACADEMY TRUST
(A company limited by guarantee)
REGISTERED NUMBER: 08359584

**BALANCE SHEET
AS AT 31 AUGUST 2017**

	Note	£	2017 £	2016 £
FIXED ASSETS				
Tangible assets	15		28,618,076	28,827,187
CURRENT ASSETS				
Debtors	16	692,386		668,856
Cash at bank and in hand		2,358,336		1,571,980
		<u>3,050,722</u>		<u>2,240,836</u>
CREDITORS: amounts falling due within one year	17	(595,299)		(457,077)
NET CURRENT ASSETS			<u>2,455,423</u>	<u>1,783,759</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>31,073,499</u>	<u>30,610,946</u>
CREDITORS: amounts falling due after more than one year	18		(70,783)	-
NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES			<u>31,002,716</u>	<u>30,610,946</u>
Defined benefit pension scheme liability	23		(3,558,000)	(4,554,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u><u>27,444,716</u></u>	<u><u>26,056,946</u></u>
FUNDS OF THE ACADEMY				
Restricted income funds:				
Restricted income funds	19	2,092,213		1,540,909
Restricted fixed asset funds	19	28,618,076		28,827,187
Restricted income funds excluding pension liability		<u>30,710,289</u>		<u>30,368,096</u>
Pension reserve		(3,558,000)		(4,554,000)
Total restricted income funds			<u>27,152,289</u>	<u>25,814,096</u>
Unrestricted income funds	19		<u>292,427</u>	<u>242,850</u>
TOTAL FUNDS			<u><u>27,444,716</u></u>	<u><u>26,056,946</u></u>

The financial statements on pages 22 to 44 were approved by the Trustees, and authorised for issue, on 27 November 2017 and are signed on their behalf, by:



D Palmer
Chair of Trustees

PRESTON MANOR ACADEMY TRUST
(A company limited by guarantee)

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2017**

	Note	2017 £	2016 £
Cash flows from operating activities			
Net cash provided by operating activities	21	881,358	851,462
Cash flows from investing activities:			
Purchase of tangible fixed assets		(327,655)	(6,276)
Capital grants from DfE/ESFA		161,870	35,264
Net cash (used in)/provided by investing activities		(165,785)	28,988
Cash flows from financing activities:			
Cash inflows from new borrowing		70,783	-
Net cash provided by financing activities		70,783	-
Change in cash and cash equivalents in the year		786,356	880,450
Cash and cash equivalents brought forward		1,571,980	691,530
Cash and cash equivalents carried forward		2,358,336	1,571,980

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

1. ACCOUNTING POLICIES

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 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Preston Manor Academy 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 the Department for Education 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 and include grants from the Department for Education.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

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 and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

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.

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:

Freehold property	-	2% Straight-line basis
Building Improvement	-	6% Straight-line basis
Motor vehicles	-	20% Straight-line basis
Fixtures and fittings	-	20% Straight-line basis
Computer equipment	-	33% Straight-line basis

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

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. Amounts due to the academy's wholly owned subsidiary are held at face value less any impairment. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in notes 17 and 18. 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. Amounts due to the academy's wholly owned subsidiary are held at face value less any impairment.

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1. ACCOUNTING POLICIES (continued)

1.13 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 August 2017 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
Donations	1,163	11,604	-	12,767	8,692
Capital Grants	-	-	161,870	161,870	35,264
	<u>1,163</u>	<u>11,604</u>	<u>161,870</u>	<u>174,637</u>	<u>43,956</u>
<i>Total 2016</i>	<u>3,441</u>	<u>5,251</u>	<u>35,264</u>	<u>43,956</u>	

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3. OTHER TRADING ACTIVITIES

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Letting Income	106,431	-	106,431	97,524
Catering Income	-	293,370	293,370	281,955
Music Income	-	23,165	23,165	28,347
Other Income	-	27,906	27,906	75,434
Trips Income	-	35,399	35,399	52,729
Other Fees & Charges	-	30,403	30,403	98,107
	<u>106,431</u>	<u>410,243</u>	<u>516,674</u>	<u>634,096</u>
<i>Total 2016</i>	<u>96,024</u>	<u>538,072</u>	<u>634,096</u>	

4. INVESTMENT INCOME

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Investment income	<u>396</u>	<u>-</u>	<u>396</u>	<u>631</u>
<i>Total 2016</i>	<u>631</u>	<u>-</u>	<u>631</u>	

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**NOTES TO THE FINANCIAL STATEMENTS
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5. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

Preston Manor Academy Trust

	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
DfE/ESFA grants			
General Annual Grant	11,268,496	11,268,496	11,240,928
Pupil Premium	638,410	638,410	654,700
Bursary Fund	33,279	33,279	3,131
Other ESFA Grants	85,492	85,492	94,689
	<u>12,025,677</u>	<u>12,025,677</u>	<u>11,993,448</u>
Other government grants			
SEN Funding	651,291	651,291	727,009
Other Government Grants	-	-	140,834
Local Authority Grants	30,376	30,376	-
	<u>681,667</u>	<u>681,667</u>	<u>867,843</u>
Other funding			
Other Income	24,228	24,228	-
	<u>24,228</u>	<u>24,228</u>	<u>-</u>
	<u>12,731,572</u>	<u>12,731,572</u>	<u>12,861,291</u>
<i>Total 2016</i>	<u>12,861,291</u>	<u>12,861,291</u>	

6. EXPENDITURE

	Staff costs 2017 £	Premises 2017 £	Other costs 2017 £	Total 2017 £	Total 2016 £
Educational Operations:					
Direct costs	8,012,482	536,766	650,532	9,199,780	9,398,670
Support costs	2,333,711	341,477	1,351,541	4,026,729	3,654,754
	<u>10,346,193</u>	<u>878,243</u>	<u>2,002,073</u>	<u>13,226,509</u>	<u>13,053,424</u>
<i>Total 2016</i>	<u>10,386,775</u>	<u>454,711</u>	<u>2,211,938</u>	<u>13,053,424</u>	

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**NOTES TO THE FINANCIAL STATEMENTS
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7. ANALYSIS OF EXPENDITURE BY ACTIVITIES

	Activities undertaken directly 2017 £	Support costs 2017 £	Total 2017 £	Total 2016 £
Educational Operations	9,199,780	4,026,729	13,226,509	13,053,424
<i>Total 2016</i>	<i>9,398,670</i>	<i>3,654,754</i>	<i>13,053,424</i>	

8. DIRECT COSTS

	Educational Operations £	Total 2017 £	Total 2016 £
Educational Supplies	177,203	177,203	165,933
ICT	49,872	49,872	5,328
Agency Staff Supply	482,832	482,832	345,160
Recruitment	28,237	28,237	32,133
Other Staff Costs	50,077	50,077	55,713
General Maintenance	88,665	88,665	69,560
Ground Maintenance	23,487	23,487	23,487
Furniture	940	940	577
Examination Fees	152,701	152,701	144,934
Other Student Expense	79,350	79,350	50,525
Wages and salaries	5,972,994	5,972,994	6,389,034
National insurance	641,458	641,458	611,927
Pension cost	915,198	915,198	961,508
Depreciation	536,766	536,766	542,851
	9,199,780	9,199,780	9,398,670
<i>At 31 August 2016</i>	<i>9,398,670</i>	<i>9,398,670</i>	

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

9. SUPPORT COSTS

	Educational Operations £	Total 2017 £	Total 2016 £
Pension finance costs	96,000	96,000	108,000
Educational Supplies	936	936	525
ICT	588,310	588,310	447,209
Agency Staff Supply	73,454	73,454	147,746
Recruitment	22	22	3,483
Other Staff Costs	46,167	46,167	56,658
General Maintenance	17,224	17,224	28,169
Utilities	166,289	166,289	173,359
Water & Rates	57,456	57,456	56,194
Insurance	63,405	63,405	52,525
Cleaning	37,103	37,103	38,050
Furniture	12,923	12,923	12,790
Photocopier & Reprographics	63,399	63,399	86,274
Professional Fees	256,296	256,296	217,620
Catering Expenditure	208,506	208,506	196,298
Other Office Expenses	67,134	67,134	86,215
Other Student Expenses	11,848	11,848	12,239
Wages and salaries	1,608,578	1,608,578	1,520,557
National insurance	134,035	134,035	110,630
Pension cost	517,644	517,644	300,213
	<u>4,026,729</u>	<u>4,026,729</u>	<u>3,654,754</u>
<i>At 31 August 2016</i>	<u>3,654,754</u>	<u>3,654,754</u>	

10. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets:		
- owned by the charity	536,766	542,851
Auditors' remuneration - audit	4,000	4,000
Auditors' remuneration - other services	2,280	3,330
	<u>543,046</u>	<u>549,181</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

11. STAFF COSTS

Staff costs were as follows:

	2017 £	2016 £
Wages and salaries	7,581,572	7,909,591
Social security costs	775,493	722,557
Operating costs of defined benefit pension schemes	1,432,842	1,261,721
	<u>9,789,907</u>	<u>9,893,869</u>
Supply teacher costs	482,832	345,160
Support staff supply costs	73,454	147,746
	<u>10,346,193</u>	<u>10,386,775</u>

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

	2017	2016
Support and Admin	118	108
Management	13	13
Teachers	120	128
	<u>251</u>	<u>249</u>

The number of employees whose employee benefits (excluding employer pension costs) exceeded £59,999 was:

	2017	2016
In the band £60,000 - £70,000	5	7
In the band £70,000 - £80,000	3	2
In the band £80,000 - £90,000	1	0
In the band £100,000 - £110,000	0	1
In the band £110,001 - £120,000	1	0

The key management personnel of the academy 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 was £1,179,983 (2016: £1,125,655).

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

12. RELATED PARTY TRANSACTIONS - TRUSTEES' REMUNERATION AND EXPENSES

One or more Trustees has been paid remuneration or has received other benefits from an employment with the academy trust. 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:

		2017 £	2016 £
B Kobel (Headteacher)	Remuneration	110,000-115,000	105,000-110,000
	Pension contributions paid	15,000-20,000	15,000-20,000
M Dunmore (Staff Trustee)	Remuneration	NIL	25,000-30,000
	Pension contributions paid	NIL	5,000-10,000
R Baxter (Staff Trustee)	Remuneration	45,000-50,000	NIL
	Pension contributions paid	5,000-10,000	NIL
J Bardsley (Staff Trustee)	Remuneration	NIL	40,000-45,000
	Pension contributions paid	NIL	NIL

During the year ended 31 August 2017, no Trustees received any reimbursement of expenses (2016 - £NIL).

13. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy has purchased insurance to protect trustees 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 2017 was £887 (2016 - £858).

14. PENSION FINANCE CHARGES

	2017 £	2016 £
Interest income on pension scheme assets	53,000	62,000
Interest on pension scheme liabilities	(149,000)	(170,000)
	<u>(96,000)</u>	<u>(108,000)</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

15. TANGIBLE FIXED ASSETS

	Freehold property £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
Cost					
At 1 September 2016	30,279,963	52,729	231,722	266,319	30,830,733
Additions	261,008	-	37,812	28,835	327,655
At 31 August 2017	30,540,971	52,729	269,534	295,154	31,158,388
Depreciation					
At 1 September 2016	1,570,827	28,286	142,998	261,435	2,003,546
Charge for the year	468,415	10,713	47,574	10,064	536,766
At 31 August 2017	2,039,242	38,999	190,572	271,499	2,540,312
Net book value					
At 31 August 2017	28,501,729	13,730	78,962	23,655	28,618,076
At 31 August 2016	28,709,136	24,443	88,724	4,884	28,827,187

16. DEBTORS

	2017 £	2016 £
Trade debtors	6,437	9,431
Other debtors	536,196	356,287
Prepayments and accrued income	149,753	303,138
	<u>692,386</u>	<u>668,856</u>

17. CREDITORS: Amounts falling due within one year

	2017 £	2016 £
Other loans	13,497	-
Trade creditors	929	2,037
Other taxation and social security	197,448	208,006
Other creditors	166,630	161,414
Accruals and deferred income	216,795	85,620
	<u>595,299</u>	<u>457,077</u>

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17. CREDITORS: Amounts falling due within one year (continued)

	2017 £	2016 £
Deferred income		
Deferred income at 1 September 2016	64,148	84,875
Resources deferred during the year	69,118	64,148
Amounts released from previous years	(64,148)	(84,875)
	<u>69,118</u>	<u>64,148</u>
Deferred income at 31 August 2017	<u>69,118</u>	<u>64,148</u>

At the balance sheet date the academy trust was holding funds received in advance for EFA Universal Free School Meals grant income, EFA Rates grant income and EFA 16-19 bursary grant income of £66,498 (2016: £61,279) in addition to lettings income of £2,620 (2016: £2,869).

18. CREDITORS: Amounts falling due after more than one year

	2017 £	2016 £
Other loans	<u>70,783</u>	<u>-</u>

Included within creditors less than and greater than one year is a total loan amount of £84,280 from the Education & Skills Funding Agency (ESFA). An amount of £39,500 is for a CIF loan which is repayable over 5 years and an amount of £44,780 is for a Salix loan which is repayable over 8 years.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

19. STATEMENT OF FUNDS

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
Unrestricted funds						
General Funds - all funds	242,850	107,990	(58,413)	-	-	292,427
Restricted funds						
Restricted Funds - all funds	1,540,909	13,153,419	(12,436,330)	(165,785)	-	2,092,213
Pension reserve	(4,554,000)	-	(195,000)	-	1,191,000	(3,558,000)
	<u>(3,013,091)</u>	<u>13,153,419</u>	<u>(12,631,330)</u>	<u>(165,785)</u>	<u>1,191,000</u>	<u>(1,465,787)</u>
Restricted fixed asset funds						
Restricted Fixed Asset Funds - all funds	28,827,187	161,870	(536,766)	165,785	-	28,618,076
Total restricted funds	<u>25,814,096</u>	<u>13,315,289</u>	<u>(13,168,096)</u>	<u>-</u>	<u>1,191,000</u>	<u>27,152,289</u>
Total of funds	<u>26,056,946</u>	<u>13,423,279</u>	<u>(13,226,509)</u>	<u>-</u>	<u>1,191,000</u>	<u>27,444,716</u>

STATEMENT OF FUNDS - PRIOR YEAR

	Balance at 1 September 2015 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2016 £
Unrestricted funds						
General Funds - all funds	195,226	100,096	(52,472)	-	-	242,850
	<u>195,226</u>	<u>100,096</u>	<u>(52,472)</u>	<u>-</u>	<u>-</u>	<u>242,850</u>
Restricted funds						
Restricted Funds - all funds	521,408	13,404,614	(12,424,101)	28,988	-	1,530,909
Pension reserve	(2,893,000)	-	(34,000)	-	(1,617,000)	(4,544,000)
	<u>(2,371,592)</u>	<u>13,404,614</u>	<u>(12,458,101)</u>	<u>28,988</u>	<u>(1,617,000)</u>	<u>(3,013,091)</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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19. STATEMENT OF FUNDS (continued)

Restricted fixed asset funds

Restricted Fixed Asset Funds - all funds	29,363,762	35,264	(542,851)	(28,988)	-	28,827,187
	<u>29,363,762</u>	<u>35,264</u>	<u>(542,851)</u>	<u>(28,988)</u>	<u>-</u>	<u>28,827,187</u>
Total restricted funds	<u>26,992,170</u>	<u>13,439,878</u>	<u>(13,000,952)</u>	<u>-</u>	<u>(1,617,000)</u>	<u>25,814,096</u>
Total of funds	<u>27,187,396</u>	<u>13,539,974</u>	<u>(13,053,424)</u>	<u>-</u>	<u>(1,617,000)</u>	<u>26,056,946</u>

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

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.

Restricted general funds are resources for educational purposes.

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 2017.

20. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	28,618,076	28,618,076
Current assets	292,427	2,758,295	-	3,050,722
Creditors due within one year	-	(595,299)	-	(595,299)
Creditors due in more than one year	-	(70,783)	-	(70,783)
Provisions for liabilities and charges	-	(3,558,000)	-	(3,558,000)
	<u>292,427</u>	<u>(1,465,787)</u>	<u>28,618,076</u>	<u>27,444,716</u>

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FOR THE YEAR ENDED 31 AUGUST 2017**

20. 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>
	2016	2016	2016	2016
	£	£	£	£
Tangible fixed assets	-	-	28,827,187	28,827,187
Current assets	242,850	1,997,986	-	2,240,836
Creditors due within one year	-	(457,077)	-	(457,077)
Provisions for liabilities and charges	-	(4,554,000)	-	(4,554,000)
	<u>242,850</u>	<u>(3,013,091)</u>	<u>28,827,187</u>	<u>26,056,946</u>

21. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2017 £	2016 £
Net income for the year (as per Statement of Financial Activities)	196,770	486,550
Adjustment for:		
Depreciation charges	536,766	542,851
Increase in debtors	(23,530)	(64,078)
Increase/(decrease) in creditors	138,222	(122,597)
Capital grants from DfE and other capital income	(161,870)	(35,264)
Defined benefit pension scheme cost less contributions payable	99,000	(64,000)
Defined benefit pension scheme finance cost	96,000	108,000
Net cash provided by operating activities	<u>881,358</u>	<u>851,462</u>

22. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2017 £	2016 £
Cash in hand	2,358,336	1,571,980
Total	<u>2,358,336</u>	<u>1,571,980</u>

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 London Borough of Brent. Both are Multi-employer defined benefit pension schemes.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

23. PENSION COMMITMENTS (continued)

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 August 2017.

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

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

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

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

The employer's pension costs paid to TPS in the period amounted to £805,479 (2016 - £890,358).

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 a multi-employer pension scheme. The trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The trust has

**NOTES TO THE FINANCIAL STATEMENTS
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23. PENSION COMMITMENTS (continued)

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 2017 was £644,000 (2016 - £549,000), of which employer's contributions totalled £534,000 (2016 - £452,000) and employees' contributions totalled £110,000 (2016 - £97,000). The agreed contribution rates for future years are 32.5% for employers and 5.5% to 12.5% for employees.

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

Principal actuarial assumptions:

	2017	2016
Discount rate for scheme liabilities	2.50 %	2.10 %
Rate of increase in salaries	2.70 %	3.90 %
Rate of increase for pensions in payment / inflation	2.40 %	2.10 %

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

	2017	2016
Retiring today		
Males	22.3	22.0
Females	24.5	24.3
Retiring in 20 years		
Males	24.1	24.4
Females	26.4	26.8

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

	Fair value at 31 August 2017 £	Fair value at 31 August 2016 £
Equities	1,749,520	1,342,000
Debt instruments	253,220	550,000
Property	138,120	198,000
Cash	161,140	110,000
Total market value of assets	<u>2,302,000</u>	<u>2,200,000</u>

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23. PENSION COMMITMENTS (continued)

The amounts recognised in the Statement of financial activities incorporating income and expenditure account are as follows:

	2017 £	2016 £
Current service cost	(633,000)	(388,000)
Interest income	53,000	62,000
Interest cost	(149,000)	(170,000)
Total	(729,000)	(496,000)

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

	2017 £	2016 £
Opening defined benefit obligation	6,754,000	4,259,000
Current service cost	633,000	388,000
Interest cost	149,000	170,000
Employee contributions	110,000	97,000
Actuarial (gains)/losses	(1,763,000)	1,868,000
Benefits paid	(23,000)	(28,000)
Closing defined benefit obligation	5,860,000	6,754,000

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

	2017 £	2016 £
Opening fair value of scheme assets	2,200,000	1,366,000
Interest income	53,000	62,000
Actuarial gains/(losses)	(572,000)	251,000
Employer contributions	534,000	452,000
Employee contributions	110,000	97,000
Benefits paid	(23,000)	(28,000)
Closing fair value of scheme assets	2,302,000	2,200,000

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24. RELATED PARTY TRANSACTIONS

Owing to the nature of the academy's operations and the composition of the board of trustees 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 academy's financial regulations and normal procurement procedures.

The Trust received services from Rapid Ford Limited, a related company, as Mrs N Kampta, the Finance and Business Manager and Chief Financial Officer, is the wife of the company owner. The invoices throughout the year amounted to £1,000 (2016: £NIL), with £NIL (2016: £NIL) being outstanding as at the year end.

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

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 £ 1 for the debts and liabilities contracted before he/she ceases to be a member.

26. AGENCY ARRANGEMENTS

The academy trust distributes 16 -19 bursary funds to students as an agent for the ESFA. In the accounting period ending 31 August 2017 the trust received £33,279 (2016: £38,631) and disbursed £30,120 (2016: £36,168) from the fund. An amount of £NIL (2016: £NIL) is included in other creditors relating to undistributed funds that is repayable to the ESFA.