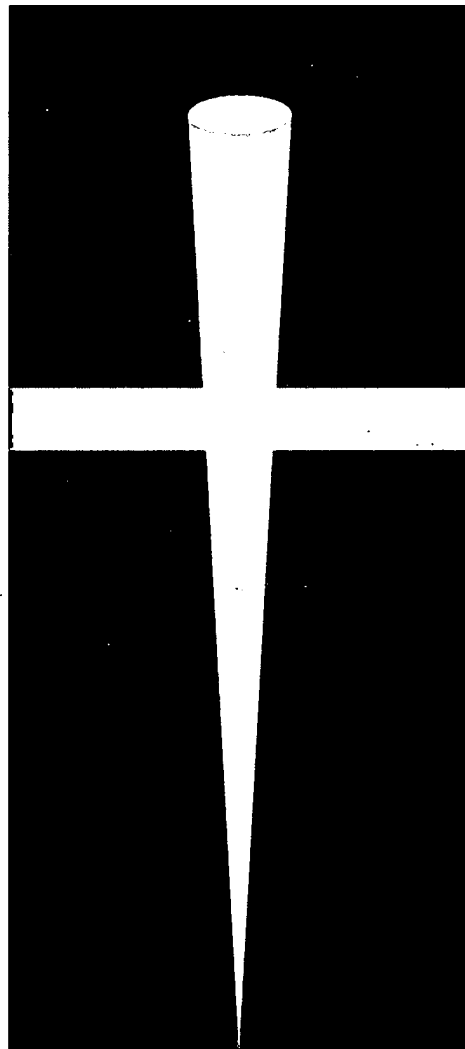


The Diocese of Sheffield Academies Trust

(A Company Limited by Guarantee)

Annual Report and Financial Statements Year ended 31st August 2018



The Diocese of Sheffield Academies Trust



Company number: 08745639

The Diocese of Sheffield Academies Trust

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The Diocese of Sheffield Academies Trust

Reference and Administrative Details

Members

H Thomas, representing the Diocese of Sheffield Education Trust
Revd Melanie FitzGerald, member of the Diocesan Board of Education
Rt Revd. Peter Burrows, Chair of the Diocesan Board of Education
D Grover, member of the Diocesan Board of Education
Revd Stephen Gardner, member of the Diocesan Board of Education

Trustees

Huw Thomas - Chair
Andrew Waldron
Jim Dugmore
Mark Wheeler
Nevine Towers (Resigned 30.01.2018)
Nick Keightley
Yvette Hawksworth (Resigned 14.11.2017)
Lindsey Buxton (Appointed 3.01.2018)
Hiedi Adcock (Appointed 31.03.2018)

Key Management Personnel

Andrew Waldron - Chief Executive Officer & Accounting Officer
Alison Adair – Performance Director
Claire Garbutt – Executive Head Teacher
Lynne Thorne – Head Teacher
Charlotte Newton-Wall – Head Teacher
Sue Mellor – Head Teacher
Rebecca Allard – Head Teacher
Alison Navas – Head Teacher
Deborah Ball – Head Teacher
Nevine Towers – Business & Operations Executive
Christopher Harris – Finance Executive

Company name:	The Diocese of Sheffield Academies Trust (DSAT)
Principal and Registered office:	Flanderwell Early Excellence Centre, Greenfield Court, Flanderwell, Rotherham S66 2JF
Company Registration Number:	08745639 (England and Wales)
Independent auditor:	Smith Craven, Sidings House, Sidings Court, Lakeside, Doncaster DN4 5NU
Bankers:	Royal Bank of Scotland, Attercliffe Road, Sheffield
Solicitors:	Wrigleys Solicitors LLP, 19 Cookridge Street, Leeds LS2 3AG

The Diocese of Sheffield Academies Trust

Trustees' Report

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

The trust operates academy schools for children within the area covered by the Diocese of Sheffield.

It has eleven academies, all primary schools, ten of which are Church of England schools and one a community school.

Structure, Governance and Management

Constitution

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The trustees of The Diocese of Sheffield Academies Trust (DSAT) are also the directors of the charitable company for the purposes of company law. The charitable company is commonly known by the acronym DSAT.

Details of the trustees who served during the year are included in the Reference and Administrative Details.

Members' Liability

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

Trustees' Indemnities

A Trustee may benefit from any indemnity insurance purchased at the Academy Trust's expense to cover the liability of the Trustees which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Academy Trust: Provided that any such insurance shall not extend to any claim arising from any act or omission which the Trustees knew to be a breach of trust or breach of duty or which was committed by the Trustees in reckless disregard to whether it was a breach of trust or breach of duty or not and provided also that any such insurance shall not extend to the costs of any unsuccessful defence to a criminal prosecution brought against the Trustees in their capacity as directors of the Academy Trust.

The trust has opted into the government's Risk Protection Arrangement as the means whereby UK government covers risks rather than insurance. Included within the RPA scheme is unlimited coverage for all sums the academy may become legally liable to pay (including claimants' costs and expenses) following death, injury or disease sustained by employees and arising out of and in the course of their employment by the academy and sums the academy may become legally liable to pay (including claimants' costs and expenses) as damages in respect of accidental third party injury or third party property damage. The RPA covers Governors' Liability Expenses to the level of £10,000,000 any one loss and any one membership year.

Method of Recruitment and Appointment or Election of Trustees

Directors are recruited and appointed to meet identified needs or the required skills on the board. Recommendations can be made by Directors to the members who agree by majority voting to appoint to the board.

Policies and Procedures Adopted for the Induction and Training of Trustees

New trustees are inducted by the Board through the support of experienced directors.

Organisational Structure

The Diocese of Sheffield Academies Trust affirms the concept of the parish school that is for and from the parish church and community.

The Trustee Body is responsible for agreeing all policies covering Personnel, Health & Safety, Curriculum and Financial aspects of the work of all academies within The Diocese of Sheffield Academies Trust (DSAT). Policies set at individual academy level are reviewed and agreed by Directors.

The full Trustee Body currently meets at least once every half term. This is considered to be a full Board meeting at every occurrence. Termly meetings are held with Head teachers, Chairs and Vice Chairs of Governors. Regular meetings of Head teachers and Business Managers are also held. The day to day management of the academies will be delegated by the Trustee Body to the respective Governing Body and Head Teacher of each school, as set down in the trusts scheme of delegation.

The Directors also comprise the Finance and Audit Committee:

Andrew Waldron – Chief Executive Officer & Accounting Officer
Huw Thomas –Chair Of the Board
Jim Dugmore- Director
Mark Wheeler -Director
Nevine Towers - Director
Yvette Hawksworth- Director (Resigned 14.11.2017)
Nick Keightley – Director
Lindsey Buxton – Director (Appointed 03.01.2018)
Hiedi Adcock CIPFA – Director (Appointed 31.03.2018)

The Finance committee bears the responsibilities to

- support the aims and ethos of the Trust, focussing on the quality and extent of the provision of premises and equipment
- advise the governing body on strategic priorities for the maintenance and development of the school's premises and grounds, security and Health and Safety, for inclusion in the Developing Excellence/School Improvement Plan
- establish and implement a repairs and maintenance programme, within the budget established by the governing body, and in accordance with the priorities within the Developing Excellence/School Improvement Plan
- review on an annual basis the school's Health and Safety policy, and approve any amendments as necessary
- ensure that the school complies with Health and Safety regulations, in accordance with the Health and Safety policy
- review on an annual basis the school's lettings policy for use of school premises outside school hours and determine the level of charges for such lettings
- establish, and keep under review, an Accessibility Plan, which meets the requirements of the Disability Discrimination Act 1995 to oversee the preparation and implementation of appropriate contracts, including the cleaning, grounds maintenance and school meals and ensure Best Value principles are applied
- monitor the quality of service provided by the above in accordance with the agreed contracts
- ensure that premises insurance arrangements are adequate

Arrangements for setting pay and remuneration of key management personnel

The trust employs key management personnel to facilitate the work of the trust. The key management personnel have an annual performance management review carried out by an expert in that particular field. The findings of these reviews are then used as a foundation for remuneration discussions within a prescribed pay banding. The remuneration proposals are then agreed by the Local Governing Body and the CEO of the trust. The CEOs remuneration package was agreed in consultation with the chair of the board and directors. The remuneration package was benchmarked against other CEOs within Multi Academy Trusts of a similar size. The services of the Diocesan Director of Education have been rendered by the Diocese for a number of years.

Salaries of the Business and Operations Executive and Finance Executive were benchmarked against similar roles within schools with comparable pupil numbers. The final remuneration package was agreed by Directors. Performance management reviews of these roles are undertaken on an annual basis.

Related Parties and other Connected Charities and Organisations

On 12th July 2017 the Academy Trust engaged Wrigleys Solicitors to manage all legal aspects of forthcoming conversions. This is a completely independent organisations from the Diocese of Sheffield and therefore The Diocese of Sheffield Academies Trust (DSAT) and would not be regarded as related parties in any guise. In addition, there are no other related parties which either control or which significantly influence the decisions and operations of The Diocese of Sheffield Academies Trust (DSAT).

Objectives and Activities

In accordance with the Articles of Association the charitable company has adopted a Funding Agreement approved by the Secretary of State for Education. The Funding Agreement specifies, amongst other things:

- that the school has a curriculum satisfying the requirements of section 78 of EA 2002 (balanced and broadly based curriculum) including English, mathematics and science;
- the school shall make provision for the teaching of religious education and provide a daily act of collective worship;
- that it provides education for pupils of different abilities;
- it also provides education for pupils who live within the area of the school

The aims of the trust during the year ended 31 August 2018 are summarised below.

Mission Statement

DSAT seeks to create challenging and supportive learning environments that enables high expectations to be met whilst embracing the school's individual differences and needs of both pupils and their communities.

The work of the trust is inspired and informed by the Church of England's Vision for Education. Though deeply Christian in inspiration this vision is explicitly written for, and offered to, all schools as an inclusive framework for education that opens for our children 'life in all its fullness'.

At the heart of this vision the Church seeks an education that enriches the life of learners with:

- Wisdom, Knowledge and Skills
- Hope and Aspiration
- Community and Living Well Together
- Dignity and Respect

This vision is Christian but the Church, and DSAT, are clear that these aspirations are universal and form a vital part of our collaboration with the wider education system.

Our Mission is for DSAT to be the number one choice for schools who wish to embrace the Multi Academy structure, the number one choice for teaching staff who wish to extend their influence across a number of schools and the number one choice for parents who want their children to reach the best they can be, but always with a smile and joy for learning.

The DSAT Improvement Mission:

DSAT prides itself on its high expectations both for its pupils and its schools and this translates to four core aspirations:

- Good and outstanding teaching
- Leadership, with vision, that delivers
- Every child is able to reach their fullest potential
- Surpassing floor targets in all three measures

For our church academies we also seek a distinctive, Christian ethos.

High expectations are expected across the school day, with teaching and learning striving towards equal standards of subjects across the curriculum breadth. To support this, every child has targets in place for Reading, Writing and Maths that are used to inform planning and support a dialogue with the child over their progress.

Although the information about children's current attainment provides a good understanding of children's next steps in learning, DSAT will ensure that, at all times, we have the highest expectations of what children can do. We will also ensure that tasks do not limit children in terms of outcomes, but enable them to acquire new learning beyond our expectations.

Teachers will discuss the children's challenging targets with them, and instil the self-belief that will help them achieve this. Children will be able to talk about their targets, to judge their own success and to gauge their own progress towards their goals. This will be used for teacher assessments and self-assessment.

Necessary interventions will be planned to ensure that all children will be able to do this. These will include booster lessons, language intervention and homework clubs, but may also include interventions to improve children's social and emotional readiness for learning.

Raising attainment is also about understanding the aspirations of the individual child, and as such, children are grouped by class teachers according to their individual needs and requirements. Groups are flexible and mobile to encourage higher attainment and provide social support for children at different times in their learning.

Objectives

- At the heart of the Diocese of Sheffield Academies Trust is the goal of providing an excellent education for every child in every academy.
- DSAT will also expect at least good progress in KS1 and KS2, considering children's starting points from EYFS/ KS1. This will include comparing key areas from starting points with national data and comparing similar key areas at the end of KS1/ KS2. This will indicate good gains made across EYFS, KS1 and KS2 using this comparative data. The expectation is for children to make rapid progress that is sustained across their years in the primary school.
- The trust aims to maintain the distinctive Diocesan identity of church schools and to provide a collegial Diocesan family for schools wishing to convert to academy status. It also provides a means of sponsorship for any schools facing enforced academy conversion.
- It operates in accordance with the following principles:
- The Diocese of Sheffield Academies Trust affirms the concept of the parish school that is for and from the parish church and community
- We seek to support the autonomy of our schools, under effective leadership, and to encourage them to flourish. In educational leadership terms, the trust is committed to the integrity of local governing bodies
- An effective combination of centrally driven improvement alongside effective monitoring to ensure that our schools demonstrate a high standard of provision
- The trust seeks to secure a positive, effective and communicative relationship with each of its schools
- Through working with school leadership and business support, the trust seeks to foster the wellbeing and development of schools from within. We also aim, with agreement with our schools, to enable and facilitate working across the Trust
- The Trust positively encourages schools to continue to work with those local structures that are effective and worthwhile; this includes maintaining good links with local authority provision

Public Benefit

Consideration has been given to Charity Commission guidance on public benefit when reviewing these objectives, aims and activities. The trust will continue to provide education to children that:

Is balanced and broadly based;

Provides the spiritual, moral, cultural, mental and physical development of students at the Academy;

Prepares students for the opportunities, responsibilities and experiences of later life;

Promotes, sustains and increase individual and collective knowledge and understanding of study, skills and expertise.

Strategic Report

Achievements and Performance

School Level Outcomes' for the end of the Summer Term 2018

School Whole Trust –

	Cohort	Percentage	National
EYFS			
A Good Level of Development	291	80%	71.6%
Phonics			
Phonics - Year 1	289	87%	82.6%
End of Key Stage 1			
% National Standard (or higher) Reading	296	81%	75%
% National Standard (or higher) Writing	296	82%	70%
% National Standard (or higher) Maths	296	84%	76%
End of Key Stage 2			
% National Standard (or higher) Reading	298	78%	75%
% National Standard (or higher) Writing	298	85%	78%
% National Standard (or higher) Maths	298	82%	76%
% National Standard (or higher) GPS	298	80%	78%
% National Standard (or higher) R,W&M combined	298	70%	64%

Key Performance Indicators

During the year 2017-18 the trust continued to grow from having 8 academies to 11 with a further three schools having academy orders and scheduled to join

The trust took on three new schools, Treeton Primary joined in October 2017 followed by Kilnhurst St Thomas in December 2017 and Canon Popham in July 2018.

The trust CEO, Andrew Waldron, doubled his time working for the trust and is now employed two days per week. The trust also appointed a full time Director of Operations, Nevine Towers. The trust also appointed a Director of Performance, Alison Adair to work across all schools.

The trust secured £1,388,736 in capital funds to improve our schools, the work carried out included replacement of heating and not water systems, Electrical rewire and Fire detection works, Re-roofing works and kitchen refurbishment works.

A number of schools in the trust had there Ofsted inspection in during 2017/18. Flanderwell Primary our community school moved from Requires Improvement to Outstanding something that less than 1% of schools in the country have been able to do. Emmanuel moved from a status of Requires Improvement to Good. Trinity Croft also maintained a status of Good for the 9th year in a row. Aston All Saints maintained their Good Status for the 6th year in a row. All but one of the schools within DSAT now have an Ofsted rating of Good or Outstanding, this is a significant improvement compared to when the trust was initially formed.

St Michaels our sponsored Academy performed very well in the SATs. When DSAT took on St Michaels they had achieved 17% Reading Writing Maths combined the results for 2018 show a significant improvement to 83% Reading Writing Maths combined. In 2018 all attainment and progress was significantly above national which makes it the third highest performing school in DSAT for attainment and is in the top ten schools in Doncaster. When St Michaels became part of DSAT the Local Authority rated the school as an extreme concern after action taken by DSAT the Local Authority has issued a letter to the school stating it has moved to a self-improving school who are likely to achieve a good or better in its next inspection.

Going Concern

Each of the individual Academies in the trust completes a three year financial budget plan. This plan is submitted to the trust on an annual basis for approval. Each of the Academies are forecasting surplus budgets in year one and two. In year three all the Academies except one is forecasting a surplus position. One Academy in the trust is forecasting a small deficit in year three. The trust has asked the Academy to review their three year forecast to prevent the deficit position materialising. The trust is also building up a central reserve in case of emergencies.

In adding two new Directors to the trust, and accounting for the ability to cover capacity lost through resignations, the trust has grown to include an additional 2 directors the first with financial expertise and the second with public relations expertise. This has added additional scrutiny to the work carried out by the Executive Team. With these colleagues in place and the three year plans submitted from each Academy 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.

Financial Review

The trust has set a budget projected over three years in which it is anticipated it will make a surplus. The principal sources of funding are the retained portions of delegate budgets (the 'top slice'). The trust aims to maintain this at the minimal level of 2.58% with variations made for schools in particular need wherein the trust may need to resource support.

The principal expenditures have been the support work of the Business and operations officer, the finance officer, the leadership and direction costs associated with the CEO and the school performance director for the trust and its academies.

Reserves Policy

Individual Academies within the trust are expected to hold contingency reserves from their annual GAG funding or other income.

The Governors/Trustees require a revenue reserve to be created to fund future expenditure related to the Academy Development Plan's strategic long-term aims and developments.

The Business Manager, in conjunction with Head teachers, is responsible for ensuring compliance with The Diocese of Sheffield Academies Trust Policies and Procedures.

The trust requires each academy to carry forward a prudent level of resources designed to meet the long-term cyclical needs of renewal and any other unforeseen contingencies, subject to the constraint that the level of resources does not exceed the level permitted by the DfE.

Investment Policy

The Trust has no investments and retains funds in a central account.

Principal Risks and Uncertainties

The Trust maintains an up-to-date risk register and business continuity plan to help mitigate the main risks and uncertainties it faces.

The principal risks and uncertainties facing the trust are as follows:

Strategic:

An academy in the trust receiving a negative OfSTED outcome – mitigated by shared development between academies and monitoring arrangements for the trust

Uncontrollable events e.g. fire, flood – mitigated by renewal of insurance with RPA

Change in Government Policy – mitigated by links with the National Society and use of Wrigleys Solicitors for advice and support

Financial:

Inaccurate or insufficient information – mitigated by regular financial reporting to the trust and central support to complete budget monitoring returns

Poor cash flow or limited reserves – mitigated by monthly bank reconciliations, budget monitoring and production of cash flow forecasts and academy reserves

Unsuitable financial systems – mitigated by expert advice and training to ensure systems meet trust requirements

Fundraising

Potential fundraising and external income generation opportunities are regularly discussed at the School Business Managers meeting. The main sources of fundraising is from grant awarding bodies such as Awards for All and the Ernest Cook Trust. School Business Managers will share knowledge of available funding and share information of any new grants that are available to schools and that they have successfully applied for.

Plans for Future Periods

The trust now plans to grow by four or five schools in the coming year

The trust retains openness towards approaches from schools wishing to join or being required to join, by the DFE.

After a review of the current provider the trust has now appointed a new HR provider who will provide HR services to all schools within the trust as it expands. The trust is also reviewing major contracts for photocopying, catering and broadband provision in order to achieve best value for money for all schools within DSAT. The savings made on these areas will be reinvested in the front line education of pupils.

The trust has received a request from a Doncaster school, with which we have worked significantly, improving the school, to join The Diocese of Sheffield Academies Trust. The nature of the buildings is a concern to the trust and this has been returned as an issue to the local authority.

The growth of the Diocese of Sheffield Academies Trust will facilitate a greater infrastructure within the Central Services Team and enable optimum procurement activities enabling greater savings across the trust.

Auditor

The Trust's auditor is Smith Craven Chartered Accountants.

Insofar as the trustees are aware there is no relevant audit information of which the charitable company's auditor is unaware and the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 5th December 2018 and signed on the board's behalf by:



Huw Thomas
Trustee

The Diocese of Sheffield Academies Trust: Governance Statement

Scope of Responsibility

As trustees we acknowledge we have overall responsibility for ensuring that The Diocese of Sheffield Academies Trust (DSAT) 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 Diocesan Director of Education for the Diocese of Sheffield, 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 Diocese of Sheffield Academies Trust (DSAT) and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

Governance

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

Trustee	Attendance	Out of a possible
Andrew Waldron	5	5
Hiedi Adcock***	3	3
Huw Thomas	5	5
Jim Dugmore	4	5
Lindsey Buxton****	2	3
Mark Wheeler	4	5
Nevine Towers*	5	5
Yvette Hawksworth**	2	2
Nick Keightley	3	5

*formally resigned as a Trustee from The Diocese of Sheffield Academies Trust 30th January 2018

**formally resigned as a Trustee from The Diocese of Sheffield Academies Trust 14th November 2017

*** appointed as a Trustee of The Diocese of Sheffield Academies Trust 31st March 2018

**** appointed as a Trustee of The Diocese of Sheffield Academies Trust 3rd January 2018

Review of Governance: In 2017/18 the trust reviewed its governance capacity and invited 2 new trustees to the board with expertise in finance and public relations. Both Trustees have close links to the Diocese of Sheffield.

The Director Board functions as the finance and general purposes committee board of trustees. Its purpose is to:

- support the aims and ethos of the Trust, focussing on the quality and extent of the provision of premises and equipment
- advise the governing body on strategic priorities for the maintenance and development of the school's premises and grounds, security and Health and Safety, for inclusion in the Developing Excellence/School Improvement Plan
- establish and implement a repairs and maintenance programme, within the budget established by the governing body, and in accordance with the priorities within the Developing Excellence/School Improvement Plan
- review on an annual basis the school's Health and Safety policy, and approve any amendments as necessary
- ensure that the school complies with Health and Safety regulations, in accordance with the Health and Safety policy

- review on an annual basis the school's Lettings policy for use of school premises outside school hours and determine the level of charges for such lettings
- establish, and keep under review, an Accessibility Plan, which meets the requirements of the Disability Discrimination Act 1995 to oversee the preparation and implementation of appropriate contracts, including the cleaning, grounds maintenance and school meals and ensure best value principles are applied
- monitor the quality of service provided by the above in accordance with the agreed contracts
- ensure that premises insurance arrangements are adequate

Review of Value for Money

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

The Accounting Officer considers how the Trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where available. Through the work of the trust and its Finance Directors the Accounting Officer for the Academy Trust has delivered improved value for money during the year by reviewing arrangements for financial management of the trust and utilising the capacity within the trust, consolidating arrangements for audit and reviewing bought-in services procured by individual academies.

The Board has secured value for money through actions such as:

- the commissioning of a building manager contracted to work across all schools, leading to a reduction in cost
- the appointment of Wrigley Solicitors as Legal support service to all schools within the Trust
- the securing of RPA insurance from 1/9/14, leading to savings on items such as governor liability insurance
- Appointment of a Business and Operations Executive and a School Improvement Executive to develop capacity, drive forward change and improve results within the Trust.
- Fisher Family Trust subscription and Learners First subscription prices have been negotiated at Trust level generating significant savings for all schools
- Responsible officer visits
- Finance Visits to schools
- HR
- Payroll
- Auditors
- Training

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The system of internal control has been in place in The Diocese of Sheffield Academies Trust (DSAT) Academy Trust for the period 01st February 2015 to 31 August 2018 and up to the date of approval of the annual report and financial statements. The process of internal control has been monitored and reviewed by the appointment of two Responsible Officers. The Responsible Officers have conducted three visits at each of the Academies within the trust in the year ending 31/08/18. During these visits all major areas of financial control were investigated and tested. This included testing a sample of all income due to the Academies. Expenditure was also tested including a sample of payroll transactions. Reports and minutes of governors meetings were also reviewed to ensure they were suitable and sufficient. Subsequent responsible officer visits are planned for next financial year.

Capacity to Handle Risk

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

The Risk and Control Framework

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

- comprehensive budgeting setting and budget monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees.
- regular reviews by the finance and general purposes committee of reports which indicate financial performance against 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 have considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the trust have appointed two Responsible Officers to carry out the roles and duties very similar to that of internal audit. Nevine Towers and Christopher Harris have been appointed to this role. Through the course of the year the Responsible Officers have conducted three reviews of internal controls at each of the Academies within the trust to ensure that internal controls are in place and working efficiently and effectively.

The Responsible Officers have conducted internal testing on the main areas of income and expenditure at each Academy. They firstly looked at the income from the ESFA to ensure this was correctly coded in the system and reconciled on the bank statement. Payments to the payroll provider were checked for accuracy. A selection of staff were also selected to ensure they had been paid the correct amount for their respective grades and hours. Contracts were also checked. Where required recommendations were made to improve and develop the robustness of the internal controls

On a termly basis, the Responsible Officers report to the board of trustees, through the finance and general purposes committee on the operation of the systems of control across the trust and on the discharge of the board of trustees' financial responsibilities.

Review of Effectiveness

As accounting officer Andrew Waldron 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 Nevine Towers, the reviewer
- the work of the external auditor
- the financial management and governance self-assessment process
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the **finance and general purposes 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 5th December 2018 and signed on its behalf by:

A handwritten signature in black ink, appearing to be 'HT' with a stylized flourish.

Huw Thomas
Trustee

A handwritten signature in black ink, appearing to be 'AW' with a long, sweeping horizontal line extending to the right.

Andrew Waldron
Accounting Officer

The Diocese of Sheffield Academies Trust **Statement of Regularity, Propriety and Compliance**

As accounting officer of The Diocese of Sheffield Academies Trust (DSAT) I have considered my responsibility to notify the academy trust board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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.

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.



Andrew Waldron
Accounting Officer
5th December 2018

The Diocese of Sheffield Academies Trust Statement of Trustees' Responsibilities

The trustees who act as governors of The Diocese of Sheffield Academies Trust (DSAT) 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 published by the Education 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 in the Charities SORP 2015
- make judgments and accounting estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

The trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform to 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 5th December 2018 and signed on its behalf by:



Huw Thomas
Trustee

The Diocese of Sheffield Academies Trust

Independent Auditor's Report on the Financial Statements to the Members of The Diocese of Sheffield Academies Trust

Opinion

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

This report is made solely to the academy trust'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 trust's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the academy trust and the academy trust's members as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the academy trust's affairs as at 31 August 2018 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland';
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- Have been prepared in accordance with the Charities SORP 2015 and Academies Accounts Direction 2017 to 2018.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- The trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the academy trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Independent Auditor's Report on the Financial Statements to the Members of The Diocese of Sheffield Academies Trust (continued)

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 report of the Independent Auditors thereon.

Our opinion on the financial statements does not cover the other information and 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, based on the work we have performed, we conclude we conclude that there is a material misstatement of this other information, we are required to report the 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 the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the academy trust 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 where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of trustees

As explained more fully in the statement of Trustees Responsibilities set out on page sixteen, the trustees (who are also the directors of the charitable company for the purpose 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 trust'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 trust or to cease operations, or have no realistic alternative but to do so.

The Diocese of Sheffield Academies Trust

Independent Auditor's Report on the Financial Statements to the Members of The Diocese of Sheffield Academies Trust (continued)

Our responsibilities for the audit of the financial statements

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

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



.....
Mr Andrew Robert Cribb FCA (Senior Statutory Auditor)

For and on behalf of

Smith Craven
Chartered Accountants
Statutory Auditors

Sidings House
Sidings Court
Doncaster
South Yorkshire
DN4 5NU

Date 6th December 2018

The Diocese of Sheffield Academies Trust



Independent Reporting Accountant's Report on Regularity to The Diocese of Sheffield Academies Trust and the Education & Skills Funding Agency

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

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

Respective responsibilities of the Governing Body's accounting officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of the Board of Trustees' funding agreement with the Secretary of State for Education dated June 2014 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 2017 to 2018. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year from 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

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

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

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

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

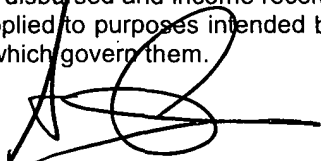
The work undertaken to draw to our conclusion includes:

- Ensuring value for money is sought for all goods/services procured by the academy, including those procured from related parties of the academy.
- Ensuring that fixed asset additions are made in line with the terms of the funding received and that fixed asset disposals are properly authorised by the DfE
- Ensuring that expenditure incurred through the academy bank account and debit card is appropriate for the purposes of the academy and that there has been no personal expenditure from the academy's funds.
- Ensuring pension contributions are paid to the respective schemes in a timely manner.
- Ensuring returns required by regulatory or funding authorities are completed on a timely basis.

Independent Reporting Accountant's Report on Regularity to The Diocese of Sheffield Academies Trust and the Education & Skills Funding Agency (continued)

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 from 1 September 2017 to 31 August 2018 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



.....
Mr Andrew Robert Cribb FCA

Reporting Accountant

Smith Craven

Chartered Accountants

Reporting Accountants

Sidings House
Sidings Court
Doncaster
South Yorkshire
DN4 5NU

Date 6th December 2018

The Diocese of Sheffield Academies Trust

Statement of Financial Activities for the year ended 31 August 2018 (including Income and Expenditure Account)

		Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total 2018	Total 2017
	Notes	£000	£000	£000	£000	£000
Income and endowments from:						
Donations and capital grants	2	16	16	2,320	2,352	1,380
Voluntary Income – Transfer from LA on Conversion		319	(1,676)	1,933	576	-
Charitable activities:						
Funding for the academy trust's educational operations	3	-	10,164	-	10,164	7,272
Other trading activities	4	122	247	-	369	220
Investment income	5	1	-	-	1	4
Total		<u>458</u>	<u>8,751</u>	<u>4,253</u>	<u>13,462</u>	<u>8,876</u>
Expenditure on:						
Transfer to LA on Conversion					-	51
Charitable activities:						
Academy trust educational operations	6, 7	486	10,306	1,898	12,690	8,318
Governance Costs		-	208	-	208	135
Total resources expended		<u>486</u>	<u>10,514</u>	<u>1,898</u>	<u>12,898</u>	<u>8,504</u>
Net incoming / (outgoing) resources		(28)	(1,763)	2,355	564	372
Gross Transfer between funds		-	(715)	715	-	-
Other recognised gains and losses						
Actuarial gains (losses) on defined benefit pension schemes		-	792	-	792	390
Net movement in funds		<u>(28)</u>	<u>(1,687)</u>	<u>3,070</u>	<u>1,355</u>	<u>762</u>
Reconciliation of funds						
Total funds brought forward		<u>522</u>	<u>(3,330)</u>	<u>6,597</u>	<u>3,789</u>	<u>3,027</u>
Total funds carried forward		<u>494</u>	<u>(5,107)</u>	<u>9,667</u>	<u>5,144</u>	<u>3,789</u>

The Diocese of Sheffield Academies Trust

Balance Sheet as at 31 August 2018

Company Number: 8745639

		2018	2018	2017	2017
	Notes	£000	£000	£000	£000
Fixed Assets					
Tangible assets	12		8,760		6,552
Current assets					
Debtors	13	807		527	
Cash at bank and in hand		<u>2,756</u>		<u>1,891</u>	
		3,563		2,418	
Liabilities					
Creditors: Amounts falling due within one year	14	<u>(1,462)</u>		<u>(713)</u>	
Net current assets			<u>2,101</u>		<u>1,705</u>
Total assets less current liabilities			10,861		8,257
Creditors: Amounts falling due after more than one year	15		<u>(11)</u>		<u>(12)</u>
Net assets excluding pensions liability			<u>10,850</u>		<u>8,245</u>
Pension scheme liability	24		<u>(5,706)</u>		<u>(4,456)</u>
Total net assets			<u>5,144</u>		<u>3,789</u>
Funds of the academy trust:					
Restricted funds					
Fixed asset fund	16	9,667		6,597	
General fund		689		1,126	
Pensions reserve	24	<u>(5,706)</u>		<u>(4,456)</u>	
Total restricted funds			4,650		3,267
Unrestricted income funds					
General fund		<u>494</u>		<u>522</u>	
Total unrestricted funds			<u>494</u>		<u>522</u>
Total funds			<u>5,144</u>		<u>3,789</u>

The financial statements on pages 20 to 44 were approved by the trustees and authorised for issue on 5th December 2018 and are signed on their behalf by:



Huw Thomas
Trustee

The Diocese of Sheffield Academies Trust **Cash Flow Statement for the year ended 31 August 2018**

	Notes	2018 £000	2017 £000
Cash flows from operating activities			
Net cash provided by (used in) operating activities	20	(1,114)	(959)
Cash flows from financing activities	21	(1)	(2)
Cash flows from investing activities	22	1,979	896
Change in cash and cash equivalents in the reporting period		<u>864</u>	<u>(65)</u>
Cash and cash equivalents at 1 September 2017		1,892	1,957
Cash and cash equivalents at 31 August 2018	23	<u>2,756</u>	<u>1,892</u>

All of the cash flows are derived from acquisitions in the current financial period.

The Diocese of Sheffield Academies Trust

Notes to the Financial Statements for the year ended 31 August 2018

1 Statement of Accounting Policies

Basis of Preparation of the Financial Statements

The financial statements of The Multi 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), the Academies Accounts Direction 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

DSAT meets the definition of a public benefit entity under FRS 102.

Going Concern

The trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The trustees make this assessment in respect of a period of one year from the date of approval 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.

Income

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

- **Grants**

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of meeting any performance related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance related conditions are met. Where entitlement occurs before income is received, the income is accrued.

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

Pupil Premium is recognised in the period of entitlement. Where entitlement occurs before income is received the income is accrued.

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

- **Sponsorship Income**

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

- **Donations**

Donations are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable and the amount can be reliably measured.

The Diocese of Sheffield Academies Trust

Notes to the Financial Statements for the year ended 31 August 2018

1 Statement of Accounting Policies (continued)

- **Other Income**

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the academy trust has provided the goods or services.

- **Donated goods, facilities and services**

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

Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's accounting policies.

Expenditure

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

- **Expenditure on Raising Funds**

This includes all expenditure incurred by the academy trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

- **Charitable Activities**

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

All resources expended are inclusive of irrecoverable VAT.

Tangible Fixed Assets

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

For church school premises that are not on the balance sheet the Accounts Direction requires that an annual donation for rent should be recognised equal to what the Academy Trust would have to pay to secure premises, if such a figure can be reliably measured. Since there is no open market for such transactions this amount cannot be reliably measured and so no donation has been recognised. Property expenditure on such premises are recognised as expenditure in the Statement of Financial Activity.

The Diocese of Sheffield Academies Trust

Notes to the Financial Statements for the year ended 31 August 2018

1 Statement of Accounting Policies (continued)

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Land occupied under long term leases of 125 years for nil rental are recognised in the academy trust accounts represented by the fair value of the "right to use" rather than the freehold.

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

Land and buildings	125 years over the lease term
Fixtures, fittings and equipment	5 years
ICT equipment	3 years

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

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

Transfers on conversion

Transferred assets on conversion are measured at fair value and recognised in the balance sheet at the point when the risks and rewards of ownership pass to the trust. An equal amount of income(expenditure) is recognised for the Transfer on conversion in the Statement of Financial Activity.

Liabilities

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

Provisions

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

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

Leased Assets

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

The Diocese of Sheffield Academies Trust

Notes to the Financial Statements for the year ended 31 August 2018

1 Statement of Accounting Policies (continued)

Financial Instruments

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

Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 13. Prepayments are not financial instruments.

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

Financial liabilities – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 14 and 15. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

Taxation

The academy trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

Accordingly, the academy trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by part 11, chapter 3 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Pensions Benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 25, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

The Diocese of Sheffield Academies Trust

Notes to the Financial Statements for the year ended 31 August 2018

1 Statement of Accounting Policies (continued)

Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

Fund Accounting

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

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

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

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

The 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 25, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement

Trustees have reviewed the financial statements and the basis of their preparation and have concluded that there are no critical areas of judgement which may have a material impact on the amounts recognised in the financial statements.

The Diocese of Sheffield Academies Trust

Notes to the Financial Statements for the year ended 31 August 2018

2 Donations and Capital Grants

	Unrestricted Funds £000	Restricted Funds £000	Total 2018 £000	Total 2017 £000
Capital Grants	-	2,320	2,320	1,226
Other Donations	16	16	32	154
Total 2018	16	2,336	2,352	1,380

3 Funding for the Academy Trusts Educational Operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2018 £000	Total 2017 £000
DfE / ESFA grants				
General Annual Grant (GAG)	-	8,289	8,289	5,572
Other DfE Grants	-	1,132	1,132	1,298
	-	9,421	9,421	6,870
Other Government grants				
Local authority grants	-	650	650	58
Special educational projects	-	93	93	344
	-	743	743	402
	-	10,164	10,164	7,272

4 Other Trading Activities

	Unrestricted Funds £000	Restricted Funds £000	Total 2018 £000	Total 2017 £000
Hire of Facilities	39	-	39	14
Catering Income	-	31	31	-
Other Income	83	216	299	206
	122	247	369	220

The Diocese of Sheffield Academies Trust

Notes to the Financial Statements for the year ended 31 August 2018

5 Investment Income

	Unrestricted Funds £000	Restricted Funds £000	Total 2018 £000	Total 2017 £000
Interest	1	-	1	4
	<u>1</u>	<u>-</u>	<u>1</u>	<u>4</u>

6 Expenditure

	Staff Costs £000	Non Pay Premises £000	Expenditure Other £000	Total 2018 £000	Total 2017 £000
Academies educational operations					
Direct costs	6,910	22	957	7,889	5,487
Allocated support costs	1,344	2,358	1,099	4,801	2,831
	<u>8,254</u>	<u>2,380</u>	<u>2,056</u>	<u>12,690</u>	<u>8,318</u>

	Total 2018 £000	Total 2017 £000
Net income/(expenditure) for the year includes		
Operating lease rentals	40	14
Depreciation	75	76
Fees payable to Auditor for:		
- audit	16	10
- other services	14	8
	<u>145</u>	<u>108</u>

7 Charitable Activities

	Total 2018 £000	Total 2017 £000
Direct costs – educational	7,889	5,487
Support costs – educational	4,801	2,831
	<u>12,690</u>	<u>8,318</u>

The Diocese of Sheffield Academies Trust

Notes to the Financial Statements for the year ended 31 August 2018

	Total 2018 £000	Total 2018 £000
Analysis of Support Costs		
Support staff costs	1,349	942
Premises costs	2,095	1,492
Other Support Costs	1,357	397
Total support costs	4,801	2,831

8

a. Staff costs

	Total 2018 £000	Total 2017 £000
Staff costs during the period were:		
Wages and salaries	6,320	4,387
Social security costs	546	390
Operating costs of defined benefit pension schemes	1,181	797
	8,047	5,574
Supply staff costs	139	89
Staff restructuring costs	(5)	39
Intercompany staff recharges	80	-
	8,261	5,702

b. Staff numbers

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

	2018 No.	2017 No.
Teachers	107	69
Administration and support	278	145
Management	11	6
	396	220

c. Higher paid staff

	2018 No.	2017 No.
£60,001-£70,000	4	-
£80,001-£90,000	-	2
£90,001-£100,000	1	-
	5	2

The above employees participated in the Teacher Pension Scheme (TPS). During the year ended 31st August 2018 employer contributions for these staff amounted to £57,350 (2017: £30,525.)

The Diocese of Sheffield Academies Trust

Notes to the Financial Statements for the year ended 31 August 2018

d. Key management personnel

The key management personnel of the academy Trust comprise the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy Trust was £654,872 (2017: £486,427).

9 Related Party Transactions - Governors' Remuneration and Expenses

The head teacher and other staff Trustees only receive remuneration in respect of their roles as head teacher and staff, and not in respect of their services as trustees. The value of trustees' remuneration was as follows:

Andrew Waldron (Staff Trustee):

Remuneration	£30,000 - £35,000	(2017: £10,000 - £20,000)
Employers pensions contributions	£0 - £5,000	(2017: £0 - £5,000)

N Towers (Staff Trustee): - Resigned 30/01/18

Remuneration	£15,000 - £20,000	(2017: £35,000 - £40,000)
Employers pensions contributions	£0 - £5,000	(2017: £0,000 - £5,000)

Y Hawsworth (Staff Trustee): - Resigned 14/11/18

Remuneration	£5,000 - £10,000	(2017: £35,000 - £40,000)
Employers pensions contributions	£0 - £5,000	(2017: £0,000 - £5,000)

Andrew Waldron received £3,500 fees during the year fees for the external advisory support for the appraisal and performance management of the head teachers.

During the period ended 31st August 2018, no travel and subsistence expenses were reimbursed or paid directly to Trustees in their capacities as Trustees, (2017: nil).

10 Trustees' and Officers' Insurance

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

11 Central Services

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

Legal services
Insurance services
Finance and Accountancy
Audit of Financial Accounts

The Diocese of Sheffield Academies Trust

Notes to the Financial Statements for the year ended 31 August 2018

11 Central Services (continued)

The Trust charges for these services on the following basis:

Each academy contributes were 2.37% to 2.58% (1.9% in 2017) of its GAG Allocation. The actual amounts charged during the year were as follows:

	Total 2018 £000	Total 2017 £000
Aston All Saints Primary	20	15
Emmanuel Junior	18	15
Flanderwell Primary	29	21
St Mary's Primary	18	13
Thrybergh Fullerton Primary	13	10
Trinity Croft Junior Infant	14	10
Wickersley St Albans Primary	20	15
Rossington St Michaels Junior Infant	34	6
Treeton C of E Primary	25	-
Canon Popham C of E Primary	4	-
Kilnhurst St Thomas Primary	16	-
	211	105

12 Tangible Fixed Assets

	Leasehold Land and Buildings £000	Furniture and Equipment £000	Computer Hardware £000	Total £000
Cost				
At 1 September 2017	6,657	69	216	6,942
Transfer on conversion	1,910	-	24	1,934
Additions	307	7	39	353
Disposals	-	-	-	-
At 31 August 2018	8,874	76	279	9,229
Depreciation				
At 1 September 2017	201	35	156	390
Charged in year	21	10	45	75
Disposals	-	-	-	-
At 31 August 2018	222	45	201	465
Net book values				
At 31 August 2018	8,652	30	78	8,760
At 31 August 2017	6,456	34	60	6,552

The Diocese of Sheffield Academies Trust

Notes to the Financial Statements for the year ended 31 August 2018

13 Debtors	Total 2018 £000	Total 2017 £000
Trade Debtors	17	7
VAT Recoverable	212	83
Prepayments and accrued income	578	437
	807	527

14 Creditors: Amounts falling due within 1 year	Total 2018 £000	Total 2017 £000
Trade creditors	824	270
Taxation and social security	223	106
Other creditors	42	96
Accruals and deferred income	373	241
	1,462	713

Deferred Income included above :	Total 2018 £000	Total 2017 £000
Deferred Income since 1 September 2017	163	119
Resources deferred in year	219	163
Amounts released from previous years	(163)	(119)
Deferred Income at 31 August 2018	219	163

At the balance sheet date the Academy Trust was holding funds received in advance for the following:

- Universal infant free school meals funding for the academic year commencing September 2018.
- Early Years and SEN top up funding from the LA allocated to the end March 2019.
- Rates Relief from the ESFA covering NNDR bills to March 2019
- Parental contributions to school trips collected in advance.

The Diocese of Sheffield Academies Trust

Notes to the Financial Statements for the year ended 31 August 2018

15 Creditors: Amounts falling due after more than 1 year

	Total 2018 £000	Total 2017 £000
Other creditors	11	12
	<u>11</u>	<u>12</u>

Included within other creditors is borrowing obligations transferred from the Local Authority on conversion in relation to two loans to renew lighting at Emmanuel Junior prior to conversion. The repayment of the loans will complete in January 2020.

The Diocese of Sheffield Academies Trust

Notes to the Financial Statements for the year ended 31 August 2018

16 Funds

	Balance at 1 September 2017 £000	Incoming Resources £000	Resources Expended £000	Gains, Losses and Transfers £000	Balance at 31 August 2018 £000
Restricted general funds					
General annual Grant (GAG)	423	8,302	(8,025)	-	700
Pupil Premium	-	610	(610)	-	-
Other DfE/ESFA Grants	-	512	(512)	-	-
Other Grants	-	1,008	(1,008)	-	-
Capital grants	715	-	-	(715)	-
Borrowing Obligations	(12)	-	1	-	(11)
Pensions Reserve	(4,456)	(1,681)	(360)	791	(5,706)
	<u>(3,330)</u>	<u>8,751</u>	<u>(10,514)</u>	<u>76</u>	<u>(5,017)</u>
Restricted fixed asset funds					
DfE/ESFA capital grants	279	2,300	(1,862)	715	1,432
Capital expenditure from GAG	(6)	20	(8)	-	6
Assets Inherited from LA	6,324	1,933	(28)	-	8,229
	<u>6,597</u>	<u>4,253</u>	<u>(1,898)</u>	<u>715</u>	<u>9,667</u>
Total restricted funds	<u>3,267</u>	<u>13,004</u>	<u>(12,412)</u>	<u>791</u>	<u>4,650</u>
Unrestricted funds					
Unrestricted funds	522	458	(486)	-	494
Total unrestricted funds	<u>522</u>	<u>458</u>	<u>(486)</u>	<u>-</u>	<u>494</u>
Total funds	<u>3,789</u>	<u>13,462</u>	<u>(12,898)</u>	<u>791</u>	<u>5,144</u>

General Annual Grant (GAG): this is the academy's principal funding stream from the Education & Skills Funding Agency. The funding must be used for the running of the school and for the benefit of the pupils. The use of the grant is governed by the terms and conditions set out in the Funding Agreement. The Trust received £8,290k of which £700k remains unspent.

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

Other DfE/ESFA Grants: the Trust received additional revenue grant funding from the ESFA including the following:

PE Sports Grant of £150,272 to help promote sports and physical activity in schools.

The Diocese of Sheffield Academies Trust

Notes to the Financial Statements for the year ended 31 August 2018

16 Fund (continued)

Pupil Premium of £608,943 to help raise attainment amongst pupils considered socially deprived. This funding is allocated on the basis of eligibility for free school meals.

Universal Infant Free School Meals Grant £269,721 to support schools in delivering the offer of free school meals to all pupils in year groups reception, year 1 and year 2.

During the year ended 31st August 2018 the Diocese of Sheffield Academies Trust was awarded £1,388,736 in Capital Improvement Funding (CIF) from the ESFA to fund projects across 5 of the 11 schools within the Trust. The individual projects are as follows:

- Emergency Light & Fire Detection Works at Emmanuel Waterthorpe.
- Replacement Heating System at Flanderwell.
- Gas Safety works and Kitchen refurbishment at Kilnhurst St Thomas.
- Heating and hot water system at Kilnhurst St Thomas.
- Rewire and Fire Detection Work at Trinity Croft.
- Re-roofing work at St Marys.

Other Restricted Income: the Trust received income from the Local Authority including:

£494,000 Early Years funding, £114,000 SEN funding and £31,000 Looked After Children Pupil Premium funding.

Pension Reserve: on conversion each school within the Trust inherited a share of the Local Government Pension Scheme (LGPS) liability. The liability for each school as at 31st August 2018 is valued as follows:

	<u>2018</u>	<u>2017</u>
	£000	£000
Aston All Saints Primary	£451	£526
Emmanuel Juniors	£484	£532
Flanderwell Primary	£702	£758
St Mary's Primary	£489	£548
Thrybergh Fullerton Primary	£322	£364
Trinity Croft Junior and Infants	£268	£283
Wickersley St Albans Primary	£576	£655
Rossington St Michaels	£730	£790
Kilnhurst St Thomas	£462	-
Treeton Primary	£616	-
Canon Popham Primary	£536	-
Trust	£70	-
TOTAL	£5,706	£4,456

For the year ended 31st August 2018 a net interest expense of £214k was recognised within expenditure and an actuarial gain of £791k was recognised under other gains and losses. At 31st August 2018 the pension deficit stood at £5,706k.

The Diocese of Sheffield Academies Trust

Notes to the Financial Statements for the year ended 31 August 2018

16 Funds (continued)

DfE/ESFA Capital Grants: the following capital grants from the ESFA included:

Academies Conditional Improvement Funding of £1,389k was received by the Trust see note 12.

Unrestricted Funds: the academy trust held £494k in unrestricted funding at 31st August 2018.

These funds may be used towards meeting any of the charitable objectives of the trust at the discretion of the trustees.

Analysis of academies by fund balance

Fund balances as at 31st August 2018 were allocated as follows:

	Total 2018 £000	Total 2017 £000
Aston All Saints Primary	8	(36)
Emmanuel Junior	29	21
Flanderwell Primary	141	157
St Mary's Primary	103	78
Thrybergh Fullerton Primary	61	101
Trinity Croft Junior and Infant	126	150
Wickersley St Albans Primary	108	109
Rossington St Michaels Junior and Infant	112	126
Treeton C of E Primary	113	-
Canon Popham	87	-
Kilnhurst St Thomas	41	-
Central Services	249	227
Total before fixed asset and pension reserve	1,183	933
Capital grants unspent	-	715
Restricted fixed asset fund	9,667	6,597
Pension reserve	(5,706)	(4,456)
Total	5,144	3,789

The Diocese of Sheffield Academies Trust

Notes to the Financial Statements for the year ended 31 August 2018

17 Analysis of Net Assets between

	Unrestricted Funds £000	Other Restricted Funds £000	Restricted Fixed Asset Funds £000	Total Funds £000
Tangible fixed assets	-		8,760	8,760
Current assets	494	2,162	907	3,563
Current liabilities	-	(1,462)	-	(1,462)
Long term liabilities	-	(11)	-	(11)
Pension scheme liability	-	(5,706)	-	(5,706)
Total net assets	494	(5,017)	9,667	5,144

18 Capital Commitments

	2018 £000	2017 £000
Committed to from grant funding , but not provided in the financial statements	847	732

19 Financial Commitments

Operating Leases

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

	2018 £000	2017 £000
Amounts due within one year	55	49
Amounts due between one and five years	52	67
Amounts due after five years	-	-
	107	116

The Diocese of Sheffield Academies Trust

Notes to the Financial Statements for the year ended 31 August 2018

20 Reconciliation of Net Income/Expenditure to Net Cash Flow from Operating Activities

	2018 £000	2017 £000
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	563	372
Adjusted for:		
Depreciation	80	76
Capital grants from DfE and other Capital Income	(2,321)	(1,075)
Interest receivable	(1)	(4)
Net assets transferred on conversion to an academy trust	1,426	51
Defined benefit pension scheme obligation inherited	(1,677)	-
Defined benefit pension scheme cost less contributions payable	227	163
Defined benefit pension scheme finance cost	130	84
(Increase)/decrease in debtors	(283)	(295)
Increase/(decrease) in creditors	741	(331)
Net cash provided by / (used in) operating activities	(1,114)	(959)

21 Cash Flows from Financing Activities

Repayments of borrowing	(1)	(2)
Cash inflows from new borrowing	-	-
Net cash provided / (used in) financing activities	(1)	(2)

22 Cash Flows from Investing Activities

Dividends, interest and rents from investments	1	4
Purchase of tangible fixed assets	(343)	(183)
Capital grants from DfE / ESFA	2,321	1,075
Net cash provided by / (used in) investing activities	1,979	896

23 Analysis of Cash and Cash Equivalents

	At 31 st August 2018 £000	At 31 st August 2017 £000
Cash in hand and at Bank	2,756	1,891
	2,756	1,891

The Diocese of Sheffield Academies Trust

Notes to the Financial Statements for the year ended 31 August 2018

24 Members Liability

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

25 Pension and Similar Obligations

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2018 and of the LGPS 31 March 2018. Contributions amounting to £134,000 were payable to the schemes at 31 August 2018 (2017: £96,000) and are included within creditors.

25 Pension and Similar Obligations (continued)

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 2016 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:

The Diocese of Sheffield Academies Trust

Notes to the Financial Statements for the year ended 31 August 2018

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

During the year the employer contribution rate was 16.48%. The TPS valuation for 2012 determined an employer rate of 16.4% from September 2016, which will be payable during the implementation period until the next valuation as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The pension costs paid to TPS in the period amounted to £989,000 (2017: £629,000).

A copy of the valuation report and supporting documentation is on the [Teachers' Pensions website](#).

25 Pension and Similar Obligations

Under the definitions set out in Financial Reporting Standard (FRS 102), the TPS is a multi-employer pension scheme. The trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The trust has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £681,000 (2017: £316,000), of which employer's contributions totalled £547,000 (2017: £231,000) and employees' contributions totalled £134,000 (2017: £85,000). The agreed employer contribution rates for future years range from 12.5% to 15.8%.

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.

On conversion the Academy Trust inherited a pension deficit from the South Yorkshire Pensions Authority of £2.356m. The Trust has entered into an agreement with the trustees to make additional contributions per annum in addition to normal funding levels. It is anticipated that the additional contributions will be paid over 23 years.

The Diocese of Sheffield Academies Trust

Notes to the Financial Statements for the year ended 31 August 2018

25 Pension and Similar Obligations (continued)

Principal actuarial assumptions

	At 31 August 2018	At 31 August 2017
Rate of increase in salaries	3.35%	3.45%
Rate of increase for pensions in payment/inflation	2.20%	2.20%
Discount rate for scheme liabilities	2.8%	2.40%
Inflation assumption (CPI)	2.1%	2.20%

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

	At 31 August 2018	At 31 August 2017
<i>Retiring today</i>		
Males	23.0	22.9
Females	25.8	25.7
<i>Retiring in 20 years</i>		
Males	25.2	25.1
Females	28.1	28

Sensitivity analysis

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

	At 31 August 2018 £000	At 31 August 2017 £000
Discount rate +0.1%	(232)	(163)
Discount rate -0.1%	232	163
Mortality assumption – 1 year increase	172	117
Mortality assumption – 1 year decrease	(172)	(117)
CP1 rate +0.1%	57	167
CP1 rate -0.1%	(57)	(167)

The Diocese of Sheffield Academies Trust

Notes to the Financial Statements for the year ended 31 August 2018

25 Pension and similar obligations (continued)

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

	Fair value at 31 August 2018 £000	Fair value at 31 August 2017 £000
Equities	2,218	1,112
Government Bonds	596	242
Other Bonds	302	124
Property	404	166
Cash/Liquidity	191	38
Other	453	136
Total market value of assets	4,164	1,818

The actual return on scheme assets was £791,000 (2017: £170,000).

Amounts recognised in the statement of financial activities

	2018 £000	2017 £000
Current service cost (net of employer contributions)	228	163
Net interest cost	131	84
Total operating charge	359	247

Changes in the present value of defined benefit obligations were as follows:

	2018 £000	2017 £000
At 1 September	6,669	5,607
Upon conversion	2,868	800
Current service cost	765	499
Interest cost	214	127
Employee contributions	134	85
Actuarial (gain)/loss	(694)	(446)
Benefits paid	(86)	(3)
At 31 August	9,870	6,669

The Diocese of Sheffield Academies Trust

Notes to the Financial Statements for the year ended 31 August 2018

25 Pension and similar obligations (continued)

Changes in the fair value of academy trust's share of scheme assets

	2018 £000	2017 £000
At 1 September	2,213	1,788
Upon conversion	1,186	20
Expected return on assets	83	43
Actuarial gain/(loss)	97	(56)
Employer contributions	547	342
Employee contributions	134	85
Benefits paid	(86)	(3)
Administration expenses	(10)	(6)
At 31 August	4,164	2,213
 Net Pension Scheme Liabilities	 5,706	 4,456

26 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 a governor has an interest. All transactions involving such organisations are conducted at arm's length and ordinarily in accordance with the academy's financial regulations and normal procurement procedures.

During the year ended 31st August 2018 the Trust was invoiced £2,021 to Gurner Electrical Solutions, a company managed by the husband of Amy Gurner Deputy Head teacher at Wickersley St Albans. The transactions have been conducted under normal market conditions and have followed the Academy Trust's procurement policies. At the balance sheet date there were no outstanding amounts to or from the related party.