

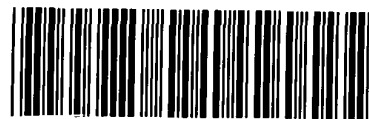
Registered number: 09035788 (England & Wales)

THE DIOCESE OF CANTERBURY ACADEMIES TRUST
(A company limited by guarantee)

Annual Report and Financial Statements

For the period ended 31 August 2017

TUESDAY



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THE DIOCESE OF CANTERBURY ACADEMIES TRUST
(A company limited by guarantee)

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Reference and Administrative Details
For the period ended 31 August 2017

Members	Rt Revd Trevor Willmott Dr John Moss Revd John Richardson Mr Alasdair Hogarth (deceased 30 August 2017)
Trustees	Revd John Richardson, Chairman ^{1,2} Mr John McParland Mrs Jo Hygate ¹ Mr Graham Birrell Mr Quentin Roper Miss Kathryn Page ² Mrs Lorna Priddle Mrs Hayley Porter-Aslet ^{1,2} Mr David Race ² Mrs Annie Wiles (appointed 14 December 2016) ^{1,2} ¹ Members of the Finance & Resources Committee ² Members of the Audit & Risk Committee
Company registered number	09035788
Company name	The Diocese of Canterbury Academies Trust
Principal and registered office	The Diocese of Canterbury Academies Trust Diocesan House Lady Wooton's Green Canterbury Kent CT1 1NQ
Company secretary	Mrs Marian Dunning (known as Ms Marian Scally)
Chief executive officer	Mrs Annie Wiles
Senior management team	Mrs Annie Wiles, Chief Operations Officer (Accounting Officer) Mrs Marian Dunning, Director of Finance and Administration
Independent auditors	Williams Giles Limited Chartered Accountants 12 Conqueror Court Sittingbourne Kent ME10 5BH
Bankers	Lloyds Bank plc PO Box 1000 BX1 1LT
Solicitors	Lee Bolton Monier Williams 1 The Sanctuary London SW1P 3JT

THE DIOCESE OF CANTERBURY ACADEMIES TRUST
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Trustees' Report
For the period ended 31 August 2017

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 1st September 2015 to 31 August 2016. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The trust operates 11 primary academies in Kent. Its academies have a combined pupil capacity of 3258. Funding allocations to 31st August 2016 were based on a collective roll of 2995.

ACADEMY	CONVERSION DATE	NOR	PAN
Archbishop Courtenay CE Primary School	September 2014	285	315
Kennington CE Junior Academy	November 2014	320	360
Charlton CE Primary School	March 2015	209	210
Reculver CE Primary School	July 2015	471	525
St Mary of Charity CE Primary School	August 2015	192	210
St George's CE Primary School	October 2015	418	420
Kingsnorth CE Primary School	November 2015	419	420
St Nicholas CE Primary Academy	June 2016	333	378
Temple Ewell CE Primary School	September 2016	143	140
Brenzett CE Primary School	October 2016	106	140
Charing CE Primary School	July 2017	99	140

Structure, governance and management

a. Constitution

The academy is a charitable company limited by guarantee and an exempt charity.

The charitable company's Memorandum and Articles of Association, 31st March 2014 are the primary governing documents of the academy trust.

The Trustees of The Diocese of Canterbury Academies Trust are also the directors of the charitable company for the purpose of company law.

The trust is also known as Aquila which is its branding name. The name 'Aquila' is translated from Latin or Hebrew as 'eagle' and reflects the sense of aspiration and hope found in Isaiah 40:31, *'...those who hope in the Lord will renew their strength. They will soar on wings like eagles; they will run and not grow weary, they will walk and not be faint.'*

The charitable company is known as The Diocese of Canterbury Adademies Trust.

Details of the Trustees who served during the are included in the Reference and administrative details on page 5.

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

b. Members' liability

Each member of the charitable company undertakes to contribute to the assets of the charitable company in the event of it being wound up while 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 He/She ceased to be a member.

THE DIOCESE OF CANTERBURY ACADEMIES TRUST
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Trustees' Report (continued)
For the period ended 31 August 2017

c. Method of recruitment and appointment or election of Trustees

Members of the Trust at the point of incorporation comprised of the following:

Rt Revd Trevor Willmott (the Bishop of Canterbury Diocese)
Dr John Moss (Dean of Education of Canterbury Christ Church University)
Revd John Richardson (Chairman of the Trust)
Mr Alasdair Hogarth (Chairman of the Diocesan Board of Education)

Each of the persons entitled to appoint Members shall have the right from time to time, by written notice delivered to the Office, to remove any Member appointed by them and to appoint a replacement Member to fill a vacancy whether resulting from such removal or otherwise.

The Members with the written consent of the Diocesan Board of Education may agree by passing a special resolution in writing to appoint such additional Members as they think fit and may agree by passing a special resolution in writing to remove any such additional Members provided that such appointment or removal is in the interests of the Company.

d. Policies and procedures adopted for the induction and training of Trustees

The training and induction provided to new trustees will depend upon their existing experience. All trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as trustees. As there are at most two or three new trustees a period, induction is informal and tailored specifically to the individual.

With the delegation of responsibility from the Trust Board to local governing bodies the priority for much of the training and development of Governors has been for those in academies. A comprehensive programme of training for members of local governing bodies has been established covering:

- Managing data
- The role of Governors
- Safeguarding
- Financial management
- Risk management

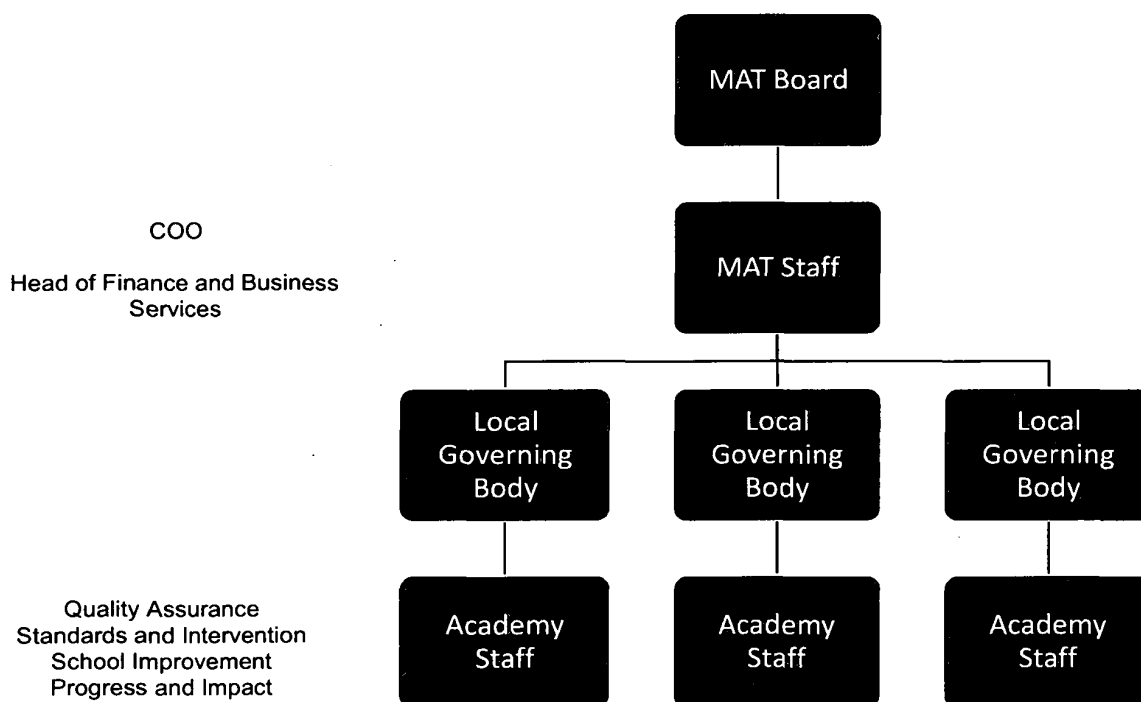
Additional support is also provided in the transition from member of an Interim Executive Board (IEB) to a local governing body.

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Trustees' Report (continued)
For the period ended 31 August 2017

e. Organisational structure

Relationship between Trust Board and Academies;



The main responsibilities of the Trust are prescribed in the Funding Agreements with the EFA. The key responsibilities include:

- ensuring that grants from the EFA are used only for the purposes intended
- approval of the annual budget
- balancing its budget from year to year
- production of an Annual Report and Accounts
- appointment of auditors
- appointment of a Chief Executive Officer (as Accounting Officer)
- appointment of the Head of Finance & Business Services (Finance Director) in conjunction with the Chief Executive Officer
- ensure regularity, propriety and value-for-money in relation to the management of public funds

Subject to provisions of the Companies Act 2006, the Articles and to any directions given by special resolution, the business of the Company will be managed by the Trustees who may exercise all the powers of the Company.

The Academy Trust has defined the responsibilities of key committees and staff involved in the administration of Academy finances to avoid the duplication or omission of functions and to provide a framework of accountability for governors and staff. The Committees that have responsibilities relating to the Academy finances are as follows:

- Trust Board
- Audit & Risk
- Finance and Resources

The main responsibilities of these Committees are set out in written terms of reference. The following sections summarise the responsibilities of those individuals with key roles in the administration and accountability of the Trust finances.

THE DIOCESE OF CANTERBURY ACADEMIES TRUST
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Trustees' Report (continued)
For the period ended 31 August 2017

Role of the Chief Operations Officer

The Chief Operations Officer has overall responsibility for the Trust's activities including financial activities. As the Accounting Officer for the Trust, the Chief Operations Officer is personally responsible for:

- propriety and regularity of the public finances for which they are answerable. This covers standards of conduct, behaviour and corporate governance
- keeping of proper accounts
- prudent and economical administration
- avoidance of waste and extravagance
- ensuring value for money
- efficient and effective use of all available resources
- management of opportunities and risks

Role of the Finance & Business Director

The Finance & Business Director works in close collaboration with the Chief Executive Officer, through whom they are responsible to the Trustees. The Finance & Business Director also has direct access to the trustees and governors. The main responsibilities of the Finance & Business Director are:

- day to day management of financial issues including the establishment and operation of a suitable accounting system for the Trust's central budget and individual academies
- management of the Academy financial position at a strategic and operational level within the framework for financial control determined by the members and directors
- preparation of budget plans in conjunction with the Chief Executive Officer and Head Teachers
- the maintenance of effective systems of internal control
- maintenance of adequate fixed asset registers
- liaising auditors to ensure that the annual accounts are properly presented and adequately supported by the underlying books and records of the Trust
- the preparation of monthly management accounts, including income and expenditure reports, cash flow forecasts and a balance sheet
- ensuring forms and returns are sent to the ESFA in line with the timetable in the ESFA guidance
- additional roles, some of which are not directly finance related, as outlined in the Finance & Business Director's job description

THE DIOCESE OF CANTERBURY ACADEMIES TRUST
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Trustees' Report (continued)
For the period ended 31 August 2017

Academy Local Governing Body responsibilities

- the management of the academy is, through its Scheme of Delegation, the responsibility of its Local Governing Body, and, to the extent of the delegated powers vested in them, the committees created by the Local Governing Body
- the Local Governing Body delegates day to day responsibility for carrying out the policies and decisions of the Local Governing Body and its committees to the Head Teacher
- sub-committees of the Local Governing Body will act strictly within the remit allocated to them by the Local Full Governing Body
- management and administration duties undertaken by the Head Teacher and the members of the Academy Staff shall be carried out in accordance with the terms of this statement, and within the terms of their contract of employment
- it is the responsibility of the Local Governing Body (or Finance Committee where this is delegated) to set/recommend to the full governing body an annual budget for the academy for submission to the Trust Board which accords with the academy's aims and objectives, as set out in the current Academy Improvement Plan, and the legislative responsibilities undertaken by the Governing Body. Such approval should be clearly minuted by the Local Governing Body's Finance Committee (if appropriate) or the full Local Governing Body in sufficient time to allow prompt submission of the plan to the Education & Skills Funding Agency (ESFA) and the Trust Board
- the Head Teacher will prepare a recommendation for expenditure by reference to the anticipated budget provision of the academy, sufficiently in advance of each financial year, in order to allow due consideration and approval by the Local Governing Body (or Finance Committee). The Head Teacher will advise the Local Governing Body (or Finance Committee) on all areas of the academy budget
- the Local Governing Body (or Finance Committee) will, in each year, consider the recommendation of the Head Teacher and will set an Annual Budget. Acting with advice and knowledge acquired from any combination of the Local Governing Body, The Local Governing Body's committees, Head Teacher or staff. The Local Governing Body (or Finance Committee) will ensure that adequate long term budgeting is undertaken in order that the long term performance of the Academy may be maintained. This will be approved and authorised by the Board of the Trust.

f. Connected organisations, including related party relationships

- The Local Authority (LA) Kent including:
 - Signing of collaborative agreements
 - Developing integrated school-to-school support
 - Working together to improve schools that are not yet part of Aquila
 - Procurement for trust savings for bulk purchases
- Canterbury Christ Church University for provision of research driven CPD opportunities, supervision for senior school leaders and to develop a bespoke School Direct training package for ITT
- SELT for the creation and delivery of Leadership Training
- Capita for bespoke data management systems and effective use of school information management systems
- Ambition Leadership for Senior and Middle Leadership Training
- PBM training for bespoke SEF support, audit and health check and training
- Achievement for All to raise the attainment of the lowest 20%
- GL assessment for the provision of trust wide pupil and parent surveys for 2016-17
- NFER for trust wide standardised assessment tests
- National Society for developing effective networks for sharing best practice across church school Mats
- CCCU for providing supervision and well-being support for senior leaders
- AMR for managing estates work and capital programme bids.

THE DIOCESE OF CANTERBURY ACADEMIES TRUST
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Trustees' Report (continued)
For the period ended 31 August 2017

g. Trustees' indemnities

Trustees benefit from indemnity insurance purchased at the Academy Trust's expense to cover liability of Trustees 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. Any such insurance shall not extend to any claim arising from any act or omission which the Trustees knew to be a 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. 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 Trustees of the Academy Trust. The limit of this indemnity is £10,000,000.

Strategic report

Objectives and Activities

a. Objects and aims

The object of the Trust is restricted to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing Academies which shall offer a broad and balanced curriculum and which shall include:

- (i) Church of England schools designated as such which shall be conducted in accordance with the principles, practices and tenets of the Church of England both generally and in particular in relation to arranging for religious education and daily acts of worship, and having regard to any advice issued by the Diocesan Board of Education; and
- (ii) Other Academies whether with or without designated religious character; but in relation to each of the Academies to recognise and support their individual ethos, whether or not designated Church of England.

The Trust aims to promote distinctive, inclusive communities of learning that seek to be underpinned by Christian values sourced in the Gospel narrative, enriching the whole educational experience. We aspire to excellence; to secure the best possible outcomes for children and young people, enabling them to fulfil their potential and make a worthwhile contribution to our diverse, dynamic society.

The Trust brings schools (and therefore children, staff and governors) into a deeper relationship with the Diocese, across all spheres of our mission and ministry. To achieve our vision we will balance autonomy with expectation, supporting schools in:

- striving towards ambitious and challenging goals, specifically an inspection judgement of good or outstanding for both OfSTED and SIAMS (church schools)
- serving children and young people in ways that relate to their humanity in all its fullness, equipping them in asking questions in a complex world, encouraging open-mindedness and an exploration of truth
- acknowledging and confronting their responsibility to safeguard the vulnerable and reaching out to those marginalised by society
- determining provision that stems from Christian principles
- modelling healthy, holistic relationships
- appointing and equipping determined, high quality staff
- nurturing teachers and school leaders, mindful of their vocation and well-being
- encouraging the dissemination of good practice and promoting mutual accountability
- enhancing learning and teaching by engaging in collaborative pedagogical projects, action research and professional development
- engaging in partnerships that operate for the benefit of the whole community
- demonstrating focused, effective local governance

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Trustees' Report (continued)
For the period ended 31 August 2017

The Board of Trustees and staff of Aquila believe that:

- the quality of education in our academies depends on the quality of our teachers
- strong leadership is needed at all levels to drive and sustain improvements
- we need to build openness, trust and respect across our academies
- we can offer development opportunities to good and outstanding schools to develop their strengths beyond the confines of a single organisation
- we should welcome into the Trust community schools who share our vision of high quality, inclusive education which will change the lives of children and young people across all communities
- We have the drive and capacity to sponsor church schools which are directed to academy status by the DfE
- We will operate a simple efficient low cost organisation
- We operate an effective and strong governance framework
- We welcome Church of England schools working in accordance with the principles, practices and tenets of the Church of England both generally and in particular in relation to religious education and daily acts of worship, and having regard to any advice issued by the Diocesan Board of Education; and other schools without designated religious character; but which recognise and support their individual ethos as being in line with Christian values

Vision

Our vision for all schools is the same: to promote distinctive, inclusive communities of learning that seek to be underpinned by Christian values sourced in the Gospel narrative. We aspire to excellence; to secure the best possible outcomes for children and young people, enabling them to fulfil their potential and make a worthwhile contribution to our diverse, dynamic society.

b. Objectives, strategies and activities

The strategic aims and objectives for The Diocese of Canterbury Academies Trust are:

- Deliver positive, immediate support and interventions for academies through our increased expertise and capacity for school improvement, as well as connections with pedagogical projects, action research and professional development through Canterbury Christ Church University
- Secure options for centralised functions and economies of scale - operating with a central set of policies, centralised finance and employment, our directors will have freedom to achieve best value for money without being tied to specific providers
- Enable and encourage effective governance. Learner focused, skilled Local Governing Bodies will have a level of autonomy dependent on academy performance and expressed through a Scheme of Delegation
- Promote mutual accountability and the sharing of complementary strengths - academies will be required to contribute their experiences, research findings and professional skills with other members

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Trustees' Report (continued)
For the period ended 31 August 2017

c. AQUILA THREE YEAR CORPORATE OBJECTIVES January 2015 - January 2018

As a new trust we faced significant challenges in the first two years of operation to establish ourselves into a longer term sustainable position but are now viewed by the RSC as an established Trust. We are likely to face significant requests to convert into the Trust, given the policy directives from the Government but we need to be clear that our priority must be to schools already in Aquila and any expansion must be of benefit to those already in the Trust. We cannot solve fundamental issues of financially unsustainable schools and need to remain mindful of this, especially as the pressure on school budgets increases. We have to focus on building a brand recognised for excellence and the highest level of core Christian values.

We need to ensure that all local schools understand the solution we offer so we become the sponsor of choice for all Church schools in the Diocese and are considered a strong sponsor by community schools wishing to convert. We are developing clear messages for schools at risk of being forced to convert as to the benefits of joining the Trust, but are also clear on the problems we cannot solve. We are developing a strategy and capacity that builds on the model of targeted intervention, leading to self-supporting groups of schools and developing a clear and attractive offer to schools graded good and outstanding. There are six strands to our business development plan.

THE DIOCESE OF CANTERBURY ACADEMIES TRUST
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Trustees' Report (continued)
For the period ended 31 August 2017

A. Connect.

There will be strong professional relationships within the Trust, between the Trust and the Schools and these will be maintained throughout the development of the hub structure. We must ensure the Board of Trustees of Aquila acts on behalf of its moral and legal obligations in the best interests of the Trust. It will govern lawfully in accordance with its Articles of Association and have governance arrangements that demonstrate legitimate and visionary leadership, clarity of governing and managerial relationships, effective oversight, strong support structures for sustainability and achieve the greatest possible economies. The objective is to grow the Trust in a way which is economically viable and focused on the needs of our academies. There will be effective school to school support across the Trust, sharing best practice, inspiring subject leadership and looking beyond the immediate locality for outstanding and innovative pedagogy.

<p>Current situation:</p> <p>The consolidated tracking system has been refined and embedded. Training is needed in each school joining the Trust. Parental and pupil surveys completed and results consolidated. Surveys will be repeated in Autumn 2017 to show improvements. RE Subject leader and SBM networks are established and networks are developing in other subjects to share good practice and support. We are accessing FFT data consolidated across the Trust for target setting. Consolidated budgets established and the next step is to centralize the finance function for key schools. Schools are working on joint improvement projects in 2017-18. IRISConnect being rolled out to all schools to allow sharing of best practice in teaching and for LGBs through sharing technology. First Trust conference for all teaching staff and TAs.</p>	<p>Target position:</p> <p>Consistent and clear understanding in the county of what Aquila offers, linked to schools' current evaluation. Trust is financially sustainable and able to support schools across the Diocese in a 'hub' model. Schools share all data freely. Data and progress meetings are held within hubs with Head teachers and Chairs of Governors to ensure clarity and shared ownership between schools. Best practice is shared through effective school to school support, including subject leaders' networks and training. Staff share expertise and innovation for the benefit of all children. Links are maintained with 'non-Aquila' schools as the Trust is outward looking. Expertise employed centrally includes Ed. Psych. SaLT, Play Therapy etc. This partnership work is fundamental to our ethos within Aquila.</p>
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<p>Strategies:</p> <ol style="list-style-type: none"> 1. Increase number of academies in the Trust by 2 converters by 31st August 2018 2. Sharing best practice 3. Staff development - training, networking and internships 4. Employing and sharing core staff 5. Sharing Governance through developing the hub model 6. Stakeholder surveys inform sharing of strategies 7. Improve communication and sharing of resources through use of innovative technologies.
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THE DIOCESE OF CANTERBURY ACADEMIES TRUST
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Trustees' Report (continued)
For the period ended 31 August 2017

B. Nurture.

Our objective is to support and develop each school's approach to staff and pupil well-being and provide well-being services for academy leaders, staff and pupils. We recognise the difficult lives and challenging circumstances of many of our pupils and will ensure that our schools are safe and caring environments in which they are all able to develop. Supervision for school leaders will be a core service we provide.

<p>Current situation:</p> <p>The Diocese has strong relationships with all the church schools and provides high quality services to support their church distinctiveness. Senior staff are able to access well-being days. Aquila has a network of school improvement professionals employed on a consultancy basis used to support academies, starting prior to conversion to build strong relationships. Achievement for All is in place in 80% of schools, focussed on the engagement and progress of the lowest 20%. Coaching is fundamental to this approach so all staff in schools will have access to a coach from September 2017. We have started training our first cohort of new teachers as a Trust. My Concern software in place for all schools to ensure safe central record keeping for all safeguarding / welfare concerns. Exit interview and questionnaires in place.</p>	<p>Target position:</p> <p>Well-being is high for all staff and pupils within our schools supported by supervision for senior leaders, FLOs and SENCOs. Parents feel valued as partners in their child's learning and as part of the school family. Coaching is fundamental to school improvement at all levels. All pupils are taught resilience and have aspirations. HR and H and S practices are robust and keep staff and pupils safe. Disadvantaged pupils are seen as core to the mission of the school and the Trust. Well-being and mental health support is in place for all staff and pupils.</p>
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Strategies:

1. Well-being and mental health support to be available to all our staff and pupils.
2. Embed new HR and H and S services through updated handbook and policies
3. Develop FLO and SENCO networks
4. Achievement for All in all schools
5. Coaching and mentoring training
6. Further develop network links with Ambition Leadership
7. Interventions training
8. Employment of Ed Psych for the Trust.

THE DIOCESE OF CANTERBURY ACADEMIES TRUST
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Trustees' Report (continued)
For the period ended 31 August 2017

C. Aspire

We aspire to excellence in all areas of our work, recognising that the financial and business aspects of the Trust are vitally important. We will ensure there is a rigorous and robust programme of Quality Assurance that helps to support teachers and other staff, builds expertise and capacity and raises standards in all areas within our academies to deliver positive outcomes for pupils. We will implement a CPD programme for our academies to ensure our staff at all levels have the right skills to further raise standards, deliver good teaching and learning and disseminate best practice to ensure rapid improvement. We will ensure that the Trust has efficient, effective business arrangements that enable it to deliver on its commitments to grow and prosper and deliver value for money across all of our operations. This includes delivering best practice, minimisation of risk and for management of resources to be concentrated to the front line of our academies.

Current position	Target position
The MAT offers leadership training and training in core subject leadership in partnership with teaching schools, CCCU and other providers. There are regular HT and C of G meetings to offer support and update through the year. Training on data analysis. SBM induction and on-going training. Risk management tool is in place but not used effectively by all schools. CPD for LGB members being developed.	CPD is in place for all staff and for members of the LGB. Good practice is shared between schools based on a hub model and across the Trust as a whole. NLGs are in place in every hub to provide proven effective governance support. All teaching in our schools will be good or better. Head teachers are able to focus on teaching as they are supported by an efficient, high quality, value for money suite of support services. Inspirational leadership will be shared across our academies. No school will have a long term vacancy. Robust systems and processes in place to ensure value for money including shared high level finance and other staff.

THE DIOCESE OF CANTERBURY ACADEMIES TRUST
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Trustees' Report (continued)
For the period ended 31 August 2017

Strategies:

1. Through sharing good practice and pedagogical development using IRISConnect
2. CPD for leadership at all levels will ensure our academies benefit from good leadership including governance.
3. High quality CPD of staff and well-being programmes will mean our academies will attract and retain the very best teachers and leaders
4. Training courses to be established based on joint practice development to increase percentages of good and outstanding teaching and to ensure sustainability of leadership and develop systems of school to school support to ensure all Trust academies are good
5. Existing links with Teaching Schools, CCCU and other providers to be developed to deliver relevant focused training to academies in the Trust and to other schools, creating income.
6. Support Christian values and Church school distinctiveness to ensure 100 % of academies judged outstanding at SIAMS in their second inspection
7. Support innovative and creative learning to ensure at least 15 % of academies judged outstanding at OfSTED
8. Increase school improvement team to give area teams of improvement partners.
9. Through intensive support and rigorous monitoring where required all academies will be judged good or outstanding by both OfSTED and SIAMS within two years of joining Aquila.
10. FFT D to be used for target setting.

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Trustees' Report (continued)
For the period ended 31 August 2017

D. Learn

Aquila will ensure that our academies provide the very best teaching in order to promote and provide high quality engaging learning for our children and young people and that there is support in place for teachers to achieve this and make a difference for all our pupils. We will learn from each other and from educational and business setting further afield. We will implement a CPD programme for all staff in our academies to ensure that everybody has the chance to learn.

<p>Current situation:</p> <p>External reviews grade schools as good after one year within Aquila – however pockets of RI teaching remain in the schools. High quality bespoke CPD from an increasing range of providers. Research based school improvement impact project is an integral part of NPQSL training and will form a 'library' of resources on the Aquila portal.</p> <p>RE leaders network is particularly effective at sharing best practice and learning from each other.</p> <p>Schools engaging in shared joint practice development projects in 2017-18.</p> <p>First schools working on Thinking Schools' accreditation.</p>	<p>Target position:</p> <p>Consistently high quality teaching and learning across all schools. Trust services are seen as attractive by other schools. For our 'good' and 'outstanding' academies we will encourage and facilitate further development and also engage the academy in delivering school to school support within our family of Aquila academies. This will provide excellent opportunities for leadership development for key personnel in those academies. Links will be developed and high quality CPD will be organised.</p> <p>Aquila has a reputation for high quality school improvement services and building peer support models. Aquila has developed a network of specialists, including finance, data and SBM, to form the core providers for school improvement.</p>
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<p>Strategies:</p> <ol style="list-style-type: none"> 1. Hub lead Head teachers drive improvement and support development of groups of schools 2. Each hub has access to support from a National Leader of Governance 3. LGB training and induction 4. Improved use of SIMs modules in the classroom will support progress and attainment in our academies that exceeds floor targets and is above national for pupil progress and outcomes and attendance 5. A hub model of school-to-school support will be developed and learning shared Trust wide. 6. Initial focus on quality first teaching develops into thinking models 7. ITE to develop teaching capacity 8. Training for middle leaders and aspiring senior leaders to develop capacity
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THE DIOCESE OF CANTERBURY ACADEMIES TRUST
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Trustees' Report (continued)
For the period ended 31 August 2017

E. Excel.

We will ensure the Trust has efficient, effective business arrangements that enable it to deliver on its commitments to grow and prosper and deliver value for money across all our operations. This includes best practice, minimisation of risk and for management of resources to be concentrated to the front line of our academies. We will be outward looking to be at the forefront in all aspects of our operation. We will have high expectations of all our staff and external providers of services.

Current Position	Target Position
We have in place a framework of financial planning, treasury management and systems to enable the proper management of the financial resources within the organisation. We have set a realistic Central Services contribution for each academy. We specify and procure school improvement services for academies in and outside the Trust. We have the structures in place to support academy business managers to ensure they comply with Trust and DfE finance regulations.	The trust is financially sustainable with managed growth. Services support effective school leadership and management ensuring value for money and high standards across all our academies. The Trust is a model of best practice in all areas of operation and works beyond the immediate locality to share this expertise. Schools are pathfinders with outstanding progress and outcomes.

Strategies

1. Identify the key services required by schools joining the Trust and develop clear specifications for commissioning such services.
2. Develop a prospectus detailing a range of approved and trusted providers and services to support our academies
3. Develop and document our offer and entry criteria to each type of school likely to consider joining the Trust
4. Expand our range of centrally purchased services to give schools value for money
5. Provide training and support so that resources in schools are used effectively
6. Look for best practice from business and from school beyond the LA.

THE DIOCESE OF CANTERBURY ACADEMIES TRUST
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Trustees' Report (continued)
For the period ended 31 August 2017

F. Hope

We will make a sustained difference to the lives of pupils within our schools. We will inspire live long learning, confidence and resilience. We will share our expertise within the Trust and beyond the Trust to benefit all children within the locality and not just those within Aquila. Spirituality and Christian distinctiveness will be core to all aspects of our work within the school and the wider community.

Current situation	Target situation
The Trust is working with Ambition Leadership to provide training which will make a difference to the lives of disadvantaged pupils. CEO has been working with Ofsted on their strategy for FSM pupils. Achievement for All is in place in 80% of our schools All HTs and C of Gs are aware of best practice for pupil premium reports on websites. One Diocesan Specialist RE teacher is employed in an Aquila school and a Godly Play advocate in another.	Our disadvantaged pupils outperform students nationally. All pupils leave our schools well equipped for the next stage of their education. Our schools are seen as central to their communities. Spirituality is highly developed and central to the ethos and vision of the school. 100% of schools are good + within two years of joining the Trust. 100% of schools are outstanding at their second SIAMs.

Strategies:

1. Schools develop vision and mission based on Christian values
2. Engagement with Ambition Leadership networks
3. Sustainable development of the Trust through effective succession planning.

d. Public benefit

The primary purpose of the Trust is the advancement of education of academies within the Diocese of Canterbury and the development of pupils who will make a positive contribution to society. Inextricably linked with this purpose is the aim of contributing to the public good. The Trust has plans to use its facilities to provide educational, sporting and other activities that will contribute considerable benefit to the local communities. The Trustees have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission in defining the strategic direction of the Trust, and supporting its primary objectives.

e. Equal Opportunities Policy

The Trustees recognise that equal opportunities should be an integral part of good practice within the workplace. The Trust aims to establish equal opportunity in all areas of its activities, including creating a working environment in which contribution and needs of all people are fully valued.

THE DIOCESE OF CANTERBURY ACADEMIES TRUST
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Trustees' Report (continued)
For the period ended 31 August 2017

Achievements and performance

National Curriculum Key Stage	Headline	Improvements on 2016	Above National	In Line with National	Below National or Results Indicate Concern (including commentary)
Early Years	GLD	ABC, Charlton, Reculver, SMC, Temple Ewell, Brenzett (6/10)	Charlton, SMC, St George's, Kingsnorth, Temple Ewell, Brenzett (6/10)	Reculver	St Nicks: New team in place working well with outstanding nursery.
Year 1	Phonics	ABC, Charlton, Reculver, St George's. S Nicks, Brenzett. (7/10) SMC and Kingsnorth results dropped by the equivalent of 1 child, Kingsnorth were at 100% in 2016 Temple Ewell results are the same.	ABC, Charlton, Reculver, SMC, St George's, Kingsnorth, Temple Ewell. (7/10)	Brenzett broadly in line with national	St Nicks below national by 1 child
Key Stage 1	Reading	All Schools	Charlton, Reculver, SMC, St George's, Kingsnorth, Temple Ewell, Brenzett (7/10)		ABC, St Nicks Robust action plan in place for ABC. St Nicks working on RWI with Ruth Miskin
	Writing	All schools except Temple Ewell which fell by the equivalent of 1 child. (8/9)	Charlton, Reculver, SMC, St George's, Kingsnorth, Temple Ewell, Brenzett(7/9)		ABC – working with SMC on writing St Nicks- Talk for Writing project.
	Maths	Charlton, Reculver, SMC, St George's, Kingsnorth, St Nicks, Brenzett (7/9)	Charlton, SMC, Reculver, St George's, Kingsnorth, Temple Ewell, Brenzett. (6/9)		ABC, St Nicks. Both schools are involved in the White Rose maths hub.
Key Stage 2	COMBINED	ABC, Charlton, Reculver, SMC, St George's, St Nicks, Temple Ewell (7/10) Same results as 2016 or better – All schools.	Charlton, SMC, St George's, Kingsnorth, Temple Ewell. (5/10)	Kennington, Reculver (2/10)	ABC, St Nicks, Brenzett New leadership in all three schools. ABC - new HT and DHT in 2016-17. Brenzett – new Exe HT and LGB in summer term 2017. St Nicks – new LGB in autumn term 2017.

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Trustees' Report (continued)
For the period ended 31 August 2017

National Curriculum Key Stage	Headline	Improvements on 2016	Above National	In Line with National	Below National or Results Indicate Concern (including commentary)
Key Stage 2	Reading	ABC, Charlton, Reculver, SMC, St George's, Temple Ewell, Brenzett (7/10)			
		Kennington and St Nick's decline is the equivalent of 1 child.			
		Progress improved from 2016 - All schools except Kennington (9/10)	Charlton, SMC, St George's, Kingsnorth, Temple Ewell (5/10)	Reculver, Brenzett. (2/10)	
		Progress in 2017 in line with or better than national – Charlton, Reculver, SMC, St George's, Temple Ewell (5/10)			
	Writing	ABC, Kennington, St George's, St Nick's, Temple Ewell. (5/10)			
		Progress improved from 2016 – ABC, Kennington, Charlton, SMC, St George's, Kingsnorth, St Nicks, Temple Ewell (8/10)	Kennington, Charlton, SMC, St George's, Kingsnorth, Temple Ewell (6/10)	Reculver, St Nicks.(2/10)	
		Progress in 2017 in line with or better than national – All schools except Brenzett (9/10)			
	Maths	ABC, Kennington, Reculver, SMC, St George's St Nicks, Brenzett (7/10)			
		Progress improved from 2016 – All schools except Kennington (9/10)	Charlton, SMC, St George's, Kingsnorth, Temple Ewell, (5/10)	Kingsnorth, Brenzett (2/10)	
		Progress in 2017 in line with or better than national – Charlton, Reculver, SMC, St George's, Temple Ewell, Brenzett (6/10)			

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Trustees' Report (continued)
For the period ended 31 August 2017

Although the Trust has a high proportion of sponsored academies, our school improvement offer is effective and our overall percentages are at least in line with national average results.

Outcomes	Phonics	86% (>national)
	KS1	78 (>national)
	KS2	60% (=national)
PP outcomes	Phonics	73% (>Kent PP)
Progress	KS1	71%(> Kent PP)
	KS2	66% (>Kent PP)
	R	0.7 (>national)
PP progress	W	1.7 (>national)
	M	0.9 (>national)
	R	0.4 (>Kent PP)
	M	1.52 (>Kent PP)
	W	0.32 (>Kent PP)

THE DIOCESE OF CANTERBURY ACADEMIES TRUST
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Trustees' Report (continued)
For the period ended 31 August 2017

a. Key performance indicators

The Trust has a risk management strategy and risk registers covering its major areas of activity. The key current risks are described below in the section on risk management. No current or soon to open Trust academy faces any financial risk associated with falling rolls and some academies have increased roll since converting.

From September 2016 the combined impact of increases in teachers' pension contributions, increasing national insurance contributions for school staff and a sharp reduction in the Education Services Grant meant academy funding has fallen in real terms.

The Trust will continue to ensure robust school level financial planning and budgeting arrangements are in place to ensure local and Trust wide financial challenges are identified and addressed early. The Trust examines the financial health of each academy at regular committee meetings and Trust staff monitor budget forecasts on a monthly basis.

More detailed scrutiny is undertaken by the Finance & Resources Committee, at least termly, where information from review of management accounts is considered with other information from monitoring of financial activity by Trust and academy staff. These processes continue to be strengthened to ensure the Trust has the capacity to meet future financial challenges.

At the period end the Trust had no significant liabilities arising from trade creditors or debtors where there would be a significant effect on liquidity. Future commitments to Operating Lease instruments are modest in comparison to total expenditure for each academy and for the Trust overall. The Trust recognises that the defined benefit scheme deficit (Local Government Pension Scheme), which is set out in note to the financial statements, represents a significant potential liability. However, as the member Trustees of the Trust consider that the Trust is able to meet its known annual deficit contribution commitments for the foreseeable future, the risk from this liability is minimised and is manageable.

THE DIOCESE OF CANTERBURY ACADEMIES TRUST
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Trustees' Report (continued)
For the period ended 31 August 2017

Financial review

The Diocese of Canterbury Academies Trust is a Multi Academy Trust including exclusively primary phase academies. It has no other business or charitable activity apart from the delivery of education to children from the ages of 2 to 11 within the Diocese across Kent. At 31st August 2017 the Trust had 11 academies open. The vast majority of the Trust's income comes from the DfE via the Education Skills & Funding Agency (ESFA) in the form of recurrent grants to the Trust's academies (Revenue and Capital), the use of which is restricted to particular educational purposes. The grants received from the DfE during the period ended 31st August 2017 and the associated expenditure are shown within Restricted Funds in the Statement of Financial Activities.

The Trust has also received £15,216 from the academy sponsor for Reculver, St George's, Charlton, Kingsnorth and Brenzett being the balance of their conversion grant, as well as £25,000 conversion grant for Charing CEP. £79,743 was received for Archbishop Courtenay, Kennington, Charlton, Reculver, St Mary of Charity and St Nicholas relating to sponsor funding held by the trust sponsor.

Devolved formula capital funding totalling £72,868 was received by the Trust for each academy and the Trust was 100% successful with all bids for Condition Improvement Funding. A total of £846,681 was received by 31st August 2017 relating to 7 projects within 5 academies, with the balances due in November 2017. The scope of the projects were roofs x4, windows/doors x1, heating x1 and safeguarding x1.

During the period ended 31st August 2017 total expenditure of £16,264,080 was covered by recurrent grant funding from the EFA, together with other incoming resources of £14,298,070. The excess of expenditure over income for the period (excluding restricted fixed asset funds and the restricted pension reserve) was £821,271. This reflects robust budget management and provides the first year foundation for reserves set aside to meet future priorities and capital projects. All of these results relate to income and expenditure within academies in the period 31st August 2017.

At 31st August 2017 the net book value of fixed assets was £33,300,804 and movements in tangible fixed assets are shown in note 16 to the financial statements. The assets were used exclusively for providing education and the associated support services for pupils of the Academy.

The Trust has introduced the deficit in the Local Government Pension Scheme in respect of its support staff transferred on conversion. The deficit of £452,000 is included within the Statement of Financial Activities in note 29 to financial statements.

Finance Procedures and regulations are set out within the Trust's Finance Policy and Financial Organisational Scheme of Delegation. These set out the framework for financial management, including financial responsibilities of Trustees, Trust staff, local governing bodies and Head Teachers. Procedures and guidance on purchasing and procurement are described in Trust Finance Policy.

The Trust has engaged additional support services from their accountants, Williams Giles to undertake a programme of internal checks on financial controls and processes within its academies.

The Trust has a strategic approach to robust financial management and budgetary control. The Trust aims to increase central Executive and services throughout this growth. The contribution charge for 2017-18 was 5% of General Annual Grant income.

THE DIOCESE OF CANTERBURY ACADEMIES TRUST
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Trustees' Report (continued)
For the period ended 31 August 2017

a. Going concern

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

b. Principal risks and uncertainties

Risk assessment and management is an essential part of the process of engaging with schools as prospective academies. Detailed due diligence is carried out for all potential Trust academies. This is used to inform decisions on prospective Trust academies. Each conversion of a school into an academy is managed by an external Project Manager who ensures that any potential risk is discussed with the Trust.

The Trust board has established comprehensive risk assessment and management arrangements using a consolidated risk management software. All known risks associated with the Executive of the Trust are included in the risk register along with an assessment of likelihood, impact and details of any mitigating action. Ownership of risks is identified to each academy and this is reviewed termly by the LGB.

Aquila's Risk Register identifies 9 major areas of potential risk underpinned by 64 associated threats. These risks broadly fall into the following categories:

- **Finance:** the impact of reductions in academy funding on sustainability and the ability to deliver services to the appropriate level
- **Human Resources and Governance:** the impact of the loss of key academy or central staff and the impact of poor performing staff
- **Education:** lack of improvement in educational performance or attendance, breakdown in relationship with an academy principal and changes to national assessment criteria
- **Premises and facilities management:** unaffordable building maintenance programmes, failure of academy building fabric and variable premises management expertise within academies
- **Overall risk for all Directors:** failure to deliver undermines confidence of academy governors and staff in the Trust and changes in central government policy undermines Aquila's business model

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Trustees' Report (continued)
For the period ended 31 August 2017

Disabled Employees

The Trust operates equal opportunities for all staff and will make reasonable adjustments to accommodate any disabled staff.

Employee Consultation

All employees have been consulted on the change of school status resulting in them becoming an employee of Aquila. They have been supported in their deliberations by representatives of their unions.

c. Reserves policy

The Academy Trust adopts a pragmatic approach to Academy reserves. The Finance & Resources committee monitor the level of reserves at each meeting and will examine reserve levels of the Trust central Executive in detail annually. The review encompasses the nature of income and expenditure streams, the need to match revenue income with commitments through budgetary control and also the various elements and strategic uses for different layers of reserves. Trustees take into consideration the future plans of the Trust, the uncertainty over future income streams and other key risks identified during the risk review. While the financial arrangements for academies are less complex each local governing body is required to undertake an examination of its level of reserves as part of its financial management arrangements.

The Trust does not pool academy reserves. The minimum revenue reserve we would expect to see carried forward would be 2% of recurring income. There is no maximum limit but we will need the local governing body to give reasons if they are planning to agree to increase the carried forward revenue balances above 7%. For example building up a reserve to meet a substantial one off cost such as replacement of IT equipment or a capital project.

d. Material investments policy

The Trust does not hold any significant investments at this stage.

THE DIOCESE OF CANTERBURY ACADEMIES TRUST
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Trustees' Report (continued)
For the period ended 31 August 2017

Plans for future periods

a. Future developments

The Trust will continue to strive to provide outstanding education and improve the levels of performance and progress at all levels. To achieve this we will aim to attract high quality teachers and support staff and develop our employees to achieve their potential. The Trust aims to grow beyond the 10 academies open (as at 1st October 2016) and plans to have 15 academies converted by 31st January 2018. By this time, it is anticipated that cluster arrangements will be in place for groups of academies geographically located. Improvement targets for each academy, at the outset, will be for each academy converting with a 'required to improve' or worse Ofsted judgement to be 'good' within 18 months. The quality of financial administration is expected to show similar improvement within 18 months of opening.

Disclosure of information to auditors

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Trustees have taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

The Trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 13 December 2017 and signed on its behalf by:



Revd John Richardson, Chairman
Chair of Trustees

THE DIOCESE OF CANTERBURY ACADEMIES TRUST
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Governance Statement

Scope of Responsibility

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

The board of trustees has delegated the day-to-day responsibility to the Chief Executive Officer, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between The Diocese of Canterbury Academies Trust and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

Governance

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

Trustee	Meetings attended	Out of a possible
Revd John Richardson, Chairman	5	5
Mr John McParland	3	5
Mrs Jo Hygate	3	5
Mr Graham Birrell	4	5
Mr Quentin Roper	5	5
Miss Kathryn Page	2	5
Mrs Lorna Priddle	3	5
Mrs Hayley Porter-Aslet	3	5
Mr David Race	4	5
Mrs Annie Wiles	5	5

The changes to the board composition since 2015/16 have been the resignation of Mrs Tracy Luke, Dr Richard Maloney, Mr Andy Somers and Mrs Lesley Gallagher. The board have appointed Mrs Annie Wiles, Mrs Hayley Porter-Aslet and Mr David Race. All other roles and responsibilities remain the same.

Governance Reviews:

The Audit & Risk committee completed an Assurance Validation Review in May 2016 which was submitted to the EFA. We are implementing the recommendations and will continue to review our governance arrangements on an annual basis.

The **Finance and Resources Committee** is a sub-committee of the main board of trustees. Its purpose is to lead the development of strategic plans and provide leadership on financial, resource and personnel issues. The committee was established in 2015. The Chief Executive Officer and Finance & Business Director attend all meetings. The committee formally met once throughout the year. Attendance at this meeting was as follows:

Attendance at meetings in the period was as follows:

Trustee	Meetings attended	Out of a possible
Revd John Richardson	0	1
Mrs Jo Hygate	1	1
Mrs Hayley Porter-Aslet	1	1
Mrs Marian Scally	1	1
Mrs Annie Wiles	0	1

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Governance Statement (continued)

The **Audit and Risk Committee** is also a sub-committee of the main board of trustees. Its purpose is to undertake such activities as deemed necessary in order to provide assurance to the Trust Board regarding the management and identification of risk, and the sound management and control of the Trust's finances and other resources.

The committee is separate to the finance & resources committee but may have overlapping membership. It will take delegated responsibility on behalf of the board of directors for ensuring that there is a framework for accountability; for examining and reviewing all systems and methods of control both financial and otherwise including risk analysis and risk management; and for ensuring the Trust is complying with all aspects of the law, relevant ESFA and other regulations and good practice.

The committee was established in 2015 and is attended by the Chief Executive Officer, Finance & Business Director and the Trust's accountants, Williams Giles where appropriate. The committee formally met once throughout the year. Attendance at this meeting was as follows:

Attendance at meetings in the period was as follows:

Trustee	Meetings attended	Out of a possible
Sam Page	1	1
Revd John Richardson	1	1
Mrs Hayley Porter-Aslet	1	1
Marian Scally	1	1
Mrs Annie Wiles	1	1
Mr David Race	1	1

Review of Value for Money

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

The Accounting Officer considers how the academy's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the academy has delivered improved value for money during the year by:

- Having very stringent financial controls across the Trust, ensuring effective segregation of duties with all transactions. All purchases are made using the consolidated finance software. The purchasing and authorisation limits are in accordance with the Financial Scheme of Delegation as well as the ESFA and auditor's guidance and recommendations.
- Carrying out internal compliance visits using a recommended template from our auditors. Every academy has had a visit during the year and a report with recommendations has been provided to LGB's after scrutiny from our auditors.
- The accounting officer working closely with the Finance & Business Director to ensure that day to day operations and financial transactions are in line with the Trust's Finance Policy and Operations Handbook.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Diocese of Canterbury Academies Trust for the period 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements.

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Governance Statement (continued)

Capacity to Handle Risk

The board of trustees has reviewed the key risks to which the academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy's significant risks, that has been in place for the period 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

The Risk and Control Framework

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

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

The board of trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have appointed Williams Giles Limited, the external auditors, to perform additional checks. In addition the Head of Finance & Business Services carried out compliance visits at each academy and Williams Giles Limited performed a compliance visit at Trust level.

The auditors' role includes giving advice on financial matters and performing a range of checks on the academy's financial systems.

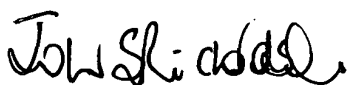
Review of Effectiveness

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

- the work of the external auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the academy who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the board of trustees on 13 December 2017 and signed on their behalf, by:



Revd John Richardson
Chair of Trustees



Annie Wiles
Accounting Officer

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Statement on Regularity, Propriety and Compliance

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

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2016.

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



Annie Wiles
Accounting Officer

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Statement of Trustees' Responsibilities
For the period ended 31 August 2017

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the board of trustees on 13 December 2017 and signed on its behalf by:



Revd John Richardson
Chair of Trustees

THE DIOCESE OF CANTERBURY ACADEMIES TRUST
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Independent Auditors' Report on the Financial Statements to the Members of The Diocese of Canterbury Academies Trust

Opinion

We have audited the financial statements of The Diocese of Canterbury Academies Trust (the 'academy') for the period ended 31 August 2017 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

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

In our opinion the financial statements:

- give a true and fair view of the state of the academy's affairs as at 31 August 2017 and of its incoming resources and application of resources, including its income and expenditure for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

Basis for opinion

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

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'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.

Other information

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

THE DIOCESE OF CANTERBURY ACADEMIES TRUST
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Independent Auditors' Report on the Financial Statements to the Members of The Diocese of Canterbury Academies Trust

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the academy and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report including the Strategic Report.

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

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

Responsibilities of trustees

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

In preparing the financial statements, the Trustees are responsible for assessing the academy's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the academy or to cease operations, or have no realistic alternative but to do so.

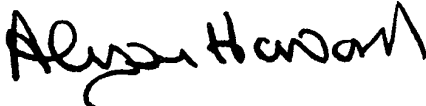
THE DIOCESE OF CANTERBURY ACADEMIES TRUST
(A company limited by guarantee)

Independent Auditors' Report on the Financial Statements to the Members of The Diocese of Canterbury Academies Trust

Auditors' responsibilities for the audit of the financial statements

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

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



Alyson Howard FCCA DChA CF (Senior statutory auditor)

for and on behalf of

Williams Giles Limited

Chartered Accountants
Statutory Auditor

12 Conqueror Court
Sittingbourne
Kent

ME10 5BH

Date: 21 December 2017

THE DIOCESE OF CANTERBURY ACADEMIES TRUST
(A company limited by guarantee)

Independent Reporting Accountants' Assurance Report on Regularity to The Diocese of Canterbury Academies Trust and the Education and Skills Funding Agency

In accordance with the terms of our engagement letter dated 21 March 2016 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Diocese of Canterbury Academies Trust during the period 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of The Diocese of Canterbury Academies Trust's accounting officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of The Diocese of Canterbury Academies Trust's funding agreement with the Secretary of State for Education dated 26 August 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 2016 to 2017. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

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

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

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

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

The work undertaken to draw to our conclusion includes:

- An assessment of the risk of material misstatement and irregularity.
- Testing and review of areas identified through risk assessment including enquiry, inspection and review, observation and re-performance.
- Review of system controls, policies and procedures in place to ensure compliance with the regularity regime.
- Consideration of evidence obtained through the work performed as part of our audit in order to support the regularity conclusion.

THE DIOCESE OF CANTERBURY ACADEMIES TRUST
(A company limited by guarantee)

Independent Reporting Accountants' Assurance Report on Regularity to The Diocese of Canterbury Academies Trust and the Education and 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 period 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Williams Giles

Reporting Accountant

Williams Giles Limited

Chartered Accountants
Statutory Auditor

12 Conqueror Court
Sittingbourne
Kent
ME10 5BH

Date: *21 December 2017*

THE DIOCESE OF CANTERBURY ACADEMIES TRUST
(A company limited by guarantee)

Statement of Financial Activities incorporating Income and Expenditure Account
For the period ended 31 August 2017

	Note	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
Income from:						
Donations & capital grants:						
Donations on conversion from local authority	2	25,325	(167,000)	5,799,812	5,658,137	12,278,287
Donations on transfer from another academy	2	80,411	(285,000)	1,024,825	820,236	-
Other donations and capital grants	2	37,871	-	1,579,551	1,617,422	503,794
Charitable activities	3	-	13,515,381	-	13,515,381	10,686,213
Other trading activities	4	493,909	282,308	-	776,217	602,592
Investments	5	-	3,894	-	3,894	1,191
Total income		637,516	13,349,583	8,404,188	22,391,287	24,072,077
Expenditure on:						
Raising funds	6	204,403	-	-	204,403	136,669
Charitable activities		13,318	15,046,388	1,001,129	16,060,835	11,913,826
Total expenditure	9	217,721	15,046,388	1,001,129	16,265,238	12,050,495
Net income / (expenditure) before other recognised gains and losses		419,795	(1,696,805)	7,403,059	6,126,049	12,021,582
Actuarial gains/(losses) on defined benefit pension schemes	28	-	2,146,000	-	2,146,000	(2,542,000)
Net movement in funds		419,795	449,195	7,403,059	8,272,049	9,479,582
Reconciliation of funds:						
Total funds brought forward		1,127,976	(5,503,440)	26,266,783	21,891,319	12,411,737
Total funds carried forward		1,547,771	(5,054,245)	33,669,842	30,163,368	21,891,319

THE DIOCESE OF CANTERBURY ACADEMIES TRUST

(A company limited by guarantee)

Registered number: 09035788

**Balance Sheet
As at 31 August 2017**

	Note	£	2017 £	£	2016 £
Fixed assets					
Tangible assets	16		33,300,805		26,079,508
Current assets					
Stocks	17	3,882		4,023	
Debtors	18	623,565		373,778	
Cash at bank and in hand		1,956,727		1,687,805	
		<u>2,584,174</u>		<u>2,065,606</u>	
Creditors: amounts falling due within one year	19	<u>(576,823)</u>		<u>(499,007)</u>	
Net current assets			<u>2,007,351</u>		<u>1,566,599</u>
Total assets less current liabilities			<u>35,308,156</u>		<u>27,646,107</u>
Creditors: amounts falling due after more than one year	20		<u>(21,788)</u>		<u>(21,788)</u>
Net assets excluding pension scheme liabilities			<u>35,286,368</u>		<u>27,624,319</u>
Defined benefit pension scheme liability	28		<u>(5,123,000)</u>		<u>(5,733,000)</u>
Net assets including pension scheme liabilities			<u><u>30,163,368</u></u>		<u><u>21,891,319</u></u>
Funds of the academy					
Restricted income funds:					
Restricted income funds	21	68,755		229,560	
Restricted fixed asset funds	21	<u>33,669,842</u>		<u>26,266,783</u>	
Restricted income funds excluding pension liability		<u>33,738,597</u>		<u>26,496,343</u>	
Pension reserve		<u>(5,123,000)</u>		<u>(5,733,000)</u>	
Total restricted income funds			<u>28,615,597</u>		<u>20,763,343</u>
Unrestricted income funds	21		<u>1,547,771</u>		<u>1,127,976</u>
Total funds			<u><u>30,163,368</u></u>		<u><u>21,891,319</u></u>

The financial statements on pages 39 to 67 were approved by the Trustees, and authorised for issue, on 13 December 2017 and are signed on their behalf, by:



**Revd John Richardson, Chairman
Chair of Trustees**

THE DIOCESE OF CANTERBURY ACADEMIES TRUST
(A company limited by guarantee)

Statement of Cash Flows
For the period ended 31 August 2017

	Note	2017 £	2016 £
Cash flows from operating activities			
Net cash provided by operating activities	23	<u>83,266</u>	<u>1,040,338</u>
Cash flows from investing activities:			
Dividends, interest and rents from investments		3,894	1,191
Purchase of tangible fixed assets		(1,397,789)	(143,837)
Capital grants from DfE/ESFA		<u>1,579,551</u>	<u>384,639</u>
Net cash provided by investing activities		<u>185,656</u>	<u>241,993</u>
Cash flows from financing activities:			
Repayments of borrowings		-	(44,137)
Net cash used in financing activities		<u>-</u>	<u>(44,137)</u>
Change in cash and cash equivalents in the period		268,922	1,238,194
Cash and cash equivalents brought forward		<u>1,687,805</u>	<u>449,611</u>
Cash and cash equivalents carried forward	24	<u><u>1,956,727</u></u>	<u><u>1,687,805</u></u>

THE DIOCESE OF CANTERBURY ACADEMIES TRUST
(A company limited by guarantee)

Notes to the Financial Statements
For the period ended 31 August 2017

1. Accounting Policies

The Diocese of Canterbury Academies Trust is a charitable company limited by guarantee and an exempt charity incorporated in England and Wales. The register office is The Diocese of Canterbury Academies Trust, Diocesan House, Lady Woottons Green, Canterbury, CT1 1NQ. The principal activity of the academy trust is to provide a primary education for pupils that satisfies the requirements of the Education Act 2002.

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

1.1 Basis of preparation of financial statements

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

The Diocese of Canterbury Academies Trust constitutes a public benefit entity as defined by FRS 102.

1.2 Going concern

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

THE DIOCESE OF CANTERBURY ACADEMIES TRUST
(A company limited by guarantee)

Notes to the Financial Statements
For the period ended 31 August 2017

1. Accounting Policies (continued)

1.3 Income

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

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

General Annual Grant is recognised in full in the Statement of financial activities incorporating income and expenditure account in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

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

Sponsorship income provided to the academy which amounts to a donation is recognised in the Statement of financial activities incorporating income and expenditure account in the period in which it is receivable, where receipt is probable and it is measurable.

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

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

1.4 Expenditure

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

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

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

All expenditure is inclusive of irrecoverable VAT.

THE DIOCESE OF CANTERBURY ACADEMIES TRUST
(A company limited by guarantee)

Notes to the Financial Statements
For the period ended 31 August 2017

1. Accounting Policies (continued)

1.5 Tangible fixed assets and depreciation

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

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

The buildings are situated on land, not owned by the Trust, and are occupied on a rolling supplemental agreement with the Diocese of Canterbury. The underlying land is subject to a variety of specific trusts and vests in a number of different parties represented by the Diocese of Canterbury. Whilst the Trust does not own the buildings, the Trustees do not regard the termination of the agreement to occupy as likely and therefore have reflected the fact that the Trust derives economic value from the buildings, which it is obliged to maintain and improve, by including them in the accounts. The buildings are valued at 75% of the latest insurance valuations or valuations provided by Kent County Council where formal ESFA valuations are not available. The basis of the value is Fair Value, as defined by the International Financial Reporting Standards (IFRS). No value for land has been included. This treatment reflects the substance of the transaction, not the strict legal form of the transaction and places no restriction on either the Academy or the Diocese of the trust which own the land.

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

Long-term leasehold property	-	2% straight line
Motor vehicles	-	25% straight line
Fixtures and fittings	-	20% straight line
Computer equipment	-	25% straight line

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

1.6 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the academy; this is normally upon notification of the interest paid or payable by the Bank.

1.7 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

THE DIOCESE OF CANTERBURY ACADEMIES TRUST
(A company limited by guarantee)

Notes to the Financial Statements
For the period ended 31 August 2017

1. Accounting Policies (continued)

1.8 Debtors

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

1.9 Cash at Bank and in hand

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

1.10 Liabilities and provisions

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

1.11 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 18. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in notes 19 and 20. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments.

1.12 Taxation

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

1.13 Pensions

THE DIOCESE OF CANTERBURY ACADEMIES TRUST
(A company limited by guarantee)

Notes to the Financial Statements
For the period ended 31 August 2017

1. Accounting Policies (continued)

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 28, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

THE DIOCESE OF CANTERBURY ACADEMIES TRUST
(A company limited by guarantee)

Notes to the Financial Statements
For the period ended 31 August 2017

1. Accounting Policies (continued)

1.14 Conversion and transfer to an academy trust

The conversion from a state maintained school to an academy trust involved the transfer of identifiable assets and liabilities and the operation of the school for £nil consideration. The substance of the transfer is that of a gift and it has been accounted for on that basis as set out below.

The assets and liabilities transferred on conversion from Brenzett Primary School and Charing Primary School to an academy trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in Donations - transfer from local authority on conversion in the Statement of financial activities incorporating income and expenditure account and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

The transfer from an existing academy trust involved the transfer of identifiable assets and liabilities and the operation of the school for £nil consideration. The substance of the transfer is that of a gift and it has been accounted for on that basis as set out below.

The assets and liabilities transferred from Temple Ewell Primary School to the academy trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in Donations - transfer from an existing academy in the Statement of financial activities incorporating income and expenditure account and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds. Further details of the transaction are set out in note 25.

1.15 Fund accounting

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

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

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

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

THE DIOCESE OF CANTERBURY ACADEMIES TRUST
(A company limited by guarantee)

Notes to the Financial Statements
For the period ended 31 August 2017

1. Accounting Policies (continued)

1.16 Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 28, 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 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2. Income from donations and capital grants

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
Donations on conversion from local authority	25,325	(167,000)	5,799,812	5,658,137	12,278,287
Donations on transfer from another academy	80,411	(285,000)	1,024,825	820,236	-
Subtotal detailed disclosure	105,736	(452,000)	6,824,637	6,478,373	12,278,287
Donations	37,871	-	-	37,871	119,155
Capital Grants	-	-	1,579,551	1,579,551	384,639
Subtotal	37,871	-	1,579,551	1,617,422	503,794
	143,607	(452,000)	8,404,188	8,095,795	12,782,081
Total 2016	708,631	(1,109,000)	13,182,450	12,782,081	

THE DIOCESE OF CANTERBURY ACADEMIES TRUST
(A company limited by guarantee)

Notes to the Financial Statements
For the period ended 31 August 2017

3. Funding for Academy's educational operations

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
DfE/ESFA grants				
General Annual Grant (GAG)	-	11,096,306	11,096,306	8,517,515
Start up grants	-	75,000	75,000	22,797
Other DfE/EFA grants	-	511,086	511,086	306,256
Pupil premium	-	889,636	889,636	821,517
	-	12,572,028	12,572,028	9,668,085
Other government grants				
Local authority income	-	928,137	928,137	1,018,128
	-	928,137	928,137	1,018,128
Other funding				
Other grants	-	15,216	15,216	-
	-	15,216	15,216	-
	-	13,515,381	13,515,381	10,686,213
<i>Total 2016</i>	-	10,686,213	10,686,213	

4. Other trading activities

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
School trips	150,618	-	150,618	126,065
Catering income	-	138,433	138,433	92,381
Consultancy fees	13,016	-	13,016	15,349
Other income	330,275	143,875	474,150	368,797
	493,909	282,308	776,217	602,592
<i>Total 2016</i>	359,934	242,658	602,592	

THE DIOCESE OF CANTERBURY ACADEMIES TRUST
(A company limited by guarantee)

Notes to the Financial Statements
For the period ended 31 August 2017

5. Investment income

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Investment income	-	3,894	3,894	1,191
<i>Total 2016</i>	-	1,191	1,191	

6. Expenditure on raising funds

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
School Trips	195,400	-	195,400	127,626
Other expenditure	9,003	-	9,003	9,043
	204,403	-	204,403	136,669
<i>Total 2016</i>	136,669	-	136,669	

7. Direct costs

	Educational operations £	Total 2017 £	Total 2016 £
Educational supplies	618,311	618,311	450,573
Staff development	259,320	259,320	170,539
Educational consultancy	100,137	100,137	74,621
Computer costs	69,568	69,568	61,436
Printing, postage and stationery	17,382	17,382	-
Agency supply	324,326	324,326	215,997
Apprenticeship Levy	11,161	11,161	-
Wages and salaries	7,030,198	7,030,198	5,514,091
National insurance	583,772	583,772	393,094
Pension cost	1,188,563	1,188,563	898,324
	10,202,738	10,202,738	7,778,675
<i>At 31 August 2016</i>	7,778,675	7,778,675	

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8. Support costs

	Educational operations £	Total 2017 £	Total 2016 £
LGPS costs	130,000	130,000	90,000
Recruitment and support	9,493	9,493	15,805
Maintenance of premises and equipment	229,196	229,196	267,592
Cleaning	87,943	87,943	58,860
Rents & rates	133,862	133,862	94,579
Light & heat	185,123	185,123	153,865
Insurance	107,265	107,265	90,896
Security & transport	42,376	42,376	36,779
Catering	347,636	347,636	266,086
Interest and charges	31,323	31,323	1,099
Computer costs	272,803	272,803	229,072
Printing, postage and stationery	111,296	111,296	100,714
Other support costs	300,709	300,709	279,936
Loss on disposal of fixed assets	-	-	18,624
Advertising and marketing	6,321	6,321	1,242
Apprenticeship Levy	2,157	2,157	-
Governance costs	73,300	73,300	31,027
Wages and salaries	1,478,233	1,478,233	1,158,800
National insurance	86,523	86,523	56,119
Pension cost	1,221,409	1,221,409	434,981
Depreciation	1,001,129	1,001,129	749,075
	<u>5,858,097</u>	<u>5,858,097</u>	<u>4,135,151</u>
<i>At 31 August 2016</i>	<u>4,135,151</u>	<u>4,135,151</u>	

During the period ended 31 August 2017, the academy incurred the following Governance costs:
£73,300 (2016 - £31,027) included within the table above in respect of Educational Operations.

9. Expenditure

	Staff costs 2017 £	Premises 2017 £	Other costs 2017 £	Total 2017 £	Total 2016 £
Expenditure on raising voluntary income	-	-	204,403	204,403	136,669
Educational operations:					
Direct costs	9,075,402	-	1,127,336	10,202,738	7,778,675
Support costs	2,788,322	422,260	2,647,515	5,858,097	4,135,151
	<u>11,863,724</u>	<u>422,260</u>	<u>3,979,254</u>	<u>16,265,238</u>	<u>12,050,495</u>
<i>Total 2016</i>	<u>8,718,606</u>	<u>749,075</u>	<u>2,582,814</u>	<u>12,050,495</u>	

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10. Expenditure - Analysis of specific expenses

Included within expenditure are the following transactions:

	Total £	Individual items above £5,000 Amount £	Reason
Compensation payments	17,382	9,882	Staff restructuring
		7,500	Staff restructuring

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11. Staff costs

Staff costs were as follows:

	2017 £	2016 £
Wages and salaries	8,508,431	6,672,891
Social security costs	670,295	449,213
Operating costs of defined benefit pension schemes	2,409,972	1,333,305
	<u>11,588,698</u>	<u>8,455,409</u>
Apprenticeship levy	13,318	-
Supply teacher costs	244,326	215,997
Staff restructuring costs	17,382	47,200
	<u><u>11,863,724</u></u>	<u><u>8,718,606</u></u>

Staff restructuring costs comprise:

	2017 £	2016 £
Severance payments	<u>17,382</u>	<u>47,200</u>

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £17,382 (2016 - £47,200). Individually the payments were £7,500 and £9,882.

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

	2017 No.	2016 No.
Teachers	122	110
Admin & Support	307	309
Management	19	2
	<u>448</u>	<u>421</u>

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

	2017 No.	2016 No.
In the band £60,001 - £70,000	1	3
In the band £70,001 - £80,000	3	1

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 £176,142 (2016: £142,763).

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12. Trustees' remuneration and expenses

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

	2017 £	2016 £
Anne Wiles (Appointed 14 December 2016)		
Remuneration	55,000-60,000	
Pension contributions paid	10,000-15,000	

During the period ended 31 August 2017, no Trustees received any reimbursement of expenses (2016 - £276 to no Trustees).

13. Central services

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

- human resources
- financial services
- legal services
- educational support services
- IT services

The academy charges for these services on the following basis:

5% of GAG income

The actual amounts charged during the year were as follows:

	2017 £	2016 £
Archbishop Courtney CE Primary School	57,613	32,797
Kennington Junior School	57,299	49,318
Charlton CofE Primary School	43,042	17,065
Reculver CofE Primary School	84,881	47,818
St Mary of Charity CEP School	40,280	38,787
St Georges CofE Primary School	85,308	76,500
Kingsnorth CofE Primary School	70,268	57,813
St Nicholas CofE Primary School	62,405	15,621
Charing Primary School	3,732	-
Brenzett Primary School	21,507	-
Temple Ewell CofE Primary School	28,638	-
Total	554,973	335,719

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14. Trustees' and Officers' Insurance

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

15. Net pension interest

	2017 £	2016 £
Interest income on pension scheme assets	109,000	122,000
Interest on pension scheme liabilities	(239,000)	(212,000)
	<u>(130,000)</u>	<u>(90,000)</u>

16. Tangible fixed assets

	Buildings on church land £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
Cost					
At 1 September 2016	26,145,215	8,333	474,676	497,132	27,125,356
Additions	1,284,849	-	24,968	87,972	1,397,789
Disposals	-	-	(120)	(11,500)	(11,620)
Inherited from local authority on conversion and an existing academy trust on transfer	4,302,971	-	164,135	2,357,531	6,824,637
At 31 August 2017	<u>31,733,035</u>	<u>8,333</u>	<u>663,659</u>	<u>2,931,135</u>	<u>35,336,162</u>
Depreciation					
At 1 September 2016	824,445	2,083	95,787	123,533	1,045,848
Charge for the period	680,068	2,083	143,199	175,779	1,001,129
On disposals	-	-	(120)	(11,500)	(11,620)
At 31 August 2017	<u>1,504,513</u>	<u>4,166</u>	<u>238,866</u>	<u>287,812</u>	<u>2,035,357</u>
Net book value					
At 31 August 2017	<u>30,228,522</u>	<u>4,167</u>	<u>424,793</u>	<u>2,643,323</u>	<u>33,300,805</u>
At 31 August 2016	<u>25,320,770</u>	<u>6,250</u>	<u>378,889</u>	<u>373,599</u>	<u>26,079,508</u>

17. Stocks

	2017 £	2016 £
Uniform stock	<u>3,882</u>	<u>4,023</u>

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18. Debtors

	2017 £	2016 £
Trade debtors	50,563	25,491
Other debtors	319,368	108,130
Prepayments and accrued income	253,634	240,157
	<u>623,565</u>	<u>373,778</u>

19. Creditors: Amounts falling due within one year

	2017 £	2016 £
Other loans	41,757	41,757
Trade creditors	140,362	150,255
Other taxation and social security	50,591	-
Other creditors	42,286	76,393
Accruals and deferred income	301,827	230,602
	<u>576,823</u>	<u>499,007</u>

	2017 £	2016 £
Deferred income		
Deferred income at 01 September 2014	191,318	104,597
Resources deferred during the year	249,494	191,318
Amounts released from previous years	(191,318)	(104,597)
Deferred income at 31 August 2017	<u>249,494</u>	<u>191,318</u>

At the balance sheet date the academy trust was holding funds received in advance for Universal Infant Free School Meals.

20. Creditors: Amounts falling due after more than one year

	2017 £	2016 £
Other loans	<u>21,788</u>	<u>21,788</u>

Included within the above are amounts falling due as follows:

	2017 £	2016 £
Between one and two years		
Other loans	<u>21,788</u>	<u>21,788</u>

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20. Creditors: Amounts falling due after more than one year (continued)

On conversion Reculver CofE Primary School inherited two loans from Kent County Council. The first one was obtained to cover cashflow at an interest rate of 0.5% above the Bank of England base rate. This loan is unsecured and repayable by instalments.

The second loan is a capital loan that was obtained to build a new kitchen and Admin Building. This loan is interest bearing at a rate of 1%, is unsecured and repayable by instalments.

On conversion Kingsnorth Primary School inherited a loan from Kent County Council. The loan is a capital loan that was obtained to £46,060. This loan is interest bearing at a rate of 1%, is unsecured and repayable by instalments.

21. Statement of funds

	Balance at 1 September 2016 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 31 August 2017 £
Unrestricted funds					
General Funds	1,127,976	637,516	(217,721)	-	1,547,771
Restricted funds					
General Annual Grant	246,260	11,093,728	(11,254,533)	-	85,455
Start up grants	-	75,000	(75,000)	-	-
Pupil Premium	-	889,636	(889,636)	-	-
Other DFE/EFA grants	-	513,664	(513,664)	-	-
Other government grants	-	928,137	(928,137)	-	-
Generated Funds	-	286,202	(286,202)	-	-
KCC Loan	(16,700)	-	-	-	(16,700)
Other grants	-	15,216	(15,216)	-	-
Pension reserve	(5,733,000)	(452,000)	(1,084,000)	2,146,000	(5,123,000)
	<u>(5,503,440)</u>	<u>13,349,583</u>	<u>(15,046,388)</u>	<u>2,146,000</u>	<u>(5,054,245)</u>
Restricted Fixed Assets funds					
Assets donated on conversion	25,900,456	6,824,637	(1,001,129)	-	31,723,964
Devolved formula capital	411,201	82,870	-	-	494,071
Sports England Capital Grant	29,400	-	-	-	29,400
Capital Donation from the Diocese	16,717	-	-	-	16,717
KCC Capital Loan	(90,991)	-	-	-	(90,991)
Other Capital Grants	-	1,496,681	-	-	1,496,681
	<u>26,266,783</u>	<u>8,404,188</u>	<u>(1,001,129)</u>	<u>-</u>	<u>33,669,842</u>
Total restricted funds	<u>20,763,343</u>	<u>21,753,771</u>	<u>(16,047,517)</u>	<u>2,146,000</u>	<u>28,615,597</u>
Total of funds	<u>21,891,319</u>	<u>22,391,287</u>	<u>(16,265,238)</u>	<u>2,146,000</u>	<u>30,163,368</u>

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21. Statement of funds (continued)

Statement of funds - prior year

	Balance at 1 September 2015 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 31 August 2016 £
Unrestricted funds					
General Funds	196,080	1,068,565	(136,669)	-	1,127,976
	<u>196,080</u>	<u>1,068,565</u>	<u>(136,669)</u>	<u>-</u>	<u>1,127,976</u>
Restricted funds					
General Annual Grant	138,325	8,517,515	(8,409,580)	-	246,260
Start up grants	-	22,797	(22,797)	-	-
Pupil premium	-	821,517	(821,517)	-	-
Other DfE/ESFA grants	-	306,256	(306,256)	-	-
Other government grants	-	1,018,128	(1,018,128)	-	-
Generated funds	-	243,849	(243,849)	-	-
KCC loan	(16,700)	-	-	-	(16,700)
Pension inherited on conversion	-	(1,109,000)	-	-	-
Pension reserve	(1,758,000)	-	(324,000)	(2,542,000)	(5,733,000)
	<u>(1,636,375)</u>	<u>9,821,062</u>	<u>(11,146,127)</u>	<u>(2,542,000)</u>	<u>(5,503,440)</u>
Restricted Fixed Assets funds					
Assets donated on conversion	13,824,284	12,843,871	(767,699)	-	25,900,456
Devolved formula capital	26,562	384,639	-	-	411,201
Sports England Capital Grant	29,400	-	-	-	29,400
Capital Donation from the Diocese	16,717	-	-	-	16,717
KCC Capital Loan	(44,931)	(46,060)	-	-	(90,991)
	<u>13,852,032</u>	<u>13,182,450</u>	<u>(767,699)</u>	<u>-</u>	<u>26,266,783</u>
Total restricted funds	<u>12,215,657</u>	<u>23,003,512</u>	<u>(11,913,826)</u>	<u>(2,542,000)</u>	<u>20,763,343</u>
Total of funds	<u>12,411,737</u>	<u>24,072,077</u>	<u>(12,050,495)</u>	<u>(2,542,000)</u>	<u>21,891,319</u>

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

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

Restricted funds are applied specifically in accordance with the rules of each grant and support the education provision delivered by the academy.

Restricted fixed asset funds are applied to the maintenance and improvement of all the academy's fixed assets.

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21. Statement of funds (continued)

Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2017.

Analysis of academies by fund balance

Fund balances at 31 August 2017 were allocated as follows:

	Total 2017 £	Total 2016 £
Archbishop Courtney CE Primary School	261,415	222,712
Kennington Junior School	98,643	55,591
Charlton CofE Primary School	(1,374)	(25,663)
Reculver CofE Primary School	542,404	387,892
St Mary of Charity CEP School	119,842	198,776
St Georges CofE Primary School	252,637	277,149
Kingsnorth CofE Primary School	31,126	141,507
St Nicholas CofE Primary School	137,128	178,787
Temple Ewell	43,215	-
Charing Primary School	10,311	-
Brenzett Primary School	37,597	-
Trust	87,321	(79,215)
Total before fixed asset fund and pension reserve	<u>1,620,265</u>	<u>1,357,536</u>
Restricted fixed asset fund	33,669,842	26,266,783
Pension reserve	(5,123,000)	(5,733,000)
Total	<u><u>30,167,107</u></u>	<u><u>21,891,319</u></u>

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Notes to the Financial Statements
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21. Statement of funds (continued)

Analysis of academies by cost

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciat- ion £	Total 2017 £	Total 2016 £
Archbishop Courtney CE Primary School	937,761	152,330	86,272	246,621	1,422,984	1,414,050
Kennington Junior School	910,188	148,526	36,190	205,048	1,299,952	1,352,674
Charlton CofE Primary School	651,266	152,744	42,343	130,236	976,589	1,031,822
Reculver CofE Primary School	1,733,537	223,028	70,219	356,960	2,383,744	2,352,568
St Mary of Charity CEP School	647,315	125,799	64,005	200,823	1,037,942	950,669
St Georges CofE Primary School	1,352,476	265,587	54,061	325,478	1,997,602	1,861,166
Kingsnorth CofE Primary School	1,118,760	206,414	157,235	230,430	1,712,839	1,413,491
St Nicholas CofE Primary School	976,022	201,511	82,426	229,950	1,489,909	357,194
Brenzett Primary School	309,573	50,482	25,663	103,385	489,103	-
Charing Primary School	52,167	10,464	2,935	27,274	92,840	-
Temple Ewell Primary School	476,337	76,072	15,444	176,677	744,530	-
Central	(10,000)	1,305,365	(18,482)	339,190	1,616,073	431,117
	<u>9,155,402</u>	<u>2,918,322</u>	<u>618,311</u>	<u>2,572,072</u>	<u>15,264,107</u>	<u>11,164,751</u>

22. Analysis of net assets between funds

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	33,300,805	33,300,805
Current assets	1,678,613	472,979	432,582	2,584,174
Creditors due within one year	(130,842)	(404,224)	(41,757)	(576,823)
Creditors due in more than one year	-	-	(21,788)	(21,788)
Provisions for liabilities and charges	-	(5,123,000)	-	(5,123,000)
	<u>1,547,771</u>	<u>(5,054,245)</u>	<u>33,669,842</u>	<u>30,163,368</u>

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22. Analysis of net assets between funds (continued)

Analysis of net assets between funds - prior year

	<i>Unrestricted funds</i>	<i>Restricted funds</i>	<i>Restricted fixed asset funds</i>	<i>Total funds</i>
	2016	2016	2016	2016
	£	£	£	£
Tangible fixed assets	-	-	26,079,508	26,079,508
Current assets	1,557,780	229,560	278,266	2,065,606
Creditors due within one year	(429,804)	-	(69,203)	(499,007)
Creditors due in more than one year	-	-	(21,788)	(21,788)
Provisions for liabilities and charges	-	(5,733,000)	-	(5,733,000)
	<u>1,127,976</u>	<u>(5,503,440)</u>	<u>26,266,783</u>	<u>21,891,319</u>

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

	2017 £	2016 £
Net income for the year (as per Statement of Financial Activities)	6,126,049	12,021,582
Adjustment for:		
Depreciation charges	1,001,130	749,075
Dividends, interest and rents from investments	(3,894)	(1,191)
Loss on the sale of fixed assets	-	18,624
Decrease in stocks	143	-
Increase in debtors	(149,981)	(168,167)
(Decrease)/increase in creditors	(21,993)	169,865
Capital grants from DfE and other capital income	(1,579,551)	(384,639)
Defined benefit pension scheme obligation inherited	452,000	1,109,000
Defined benefit pension scheme cost less contributions payable	1,084,000	90,000
Assets and liabilities inherited from local authority on conversion	-	1,031,000
Net (loss) on assets and liabilities from local authority on conversion	(6,824,637)	(12,797,811)
LGPS prior year adjustment	-	(797,000)
Net cash provided by operating activities	<u>83,266</u>	<u>1,040,338</u>

24. Analysis of cash and cash equivalents

	2017 £	2016 £
Cash in hand	1,956,727	1,687,805
Total	<u>1,956,727</u>	<u>1,687,805</u>

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25. Conversion to an academy trust

On 01 October 2016 and 01 July 2016 Brenzett Primary School and Charing Primary School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to The Diocese of Canterbury Academies Trust from Kent County Council for £nil consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the Balance sheet under the appropriate headings with a corresponding net amount recognised as a net gain in the Statement of financial activities incorporating income and expenditure account as Donations - transfer from local authority on conversion

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of financial activities incorporating income and expenditure account.

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets				
- Freehold/leasehold land and buildings	-	-	5,570,568	5,570,568
- Other tangible fixed assets	-	-	159,496	159,496
Budget surplus/(deficit) on LA funds	25,325	-	-	25,325
LGPS pension surplus/(deficit)	-	(167,000)	-	(167,000)
Net assets/(liabilities)	25,325	(167,000)	5,730,064	5,588,389

The above net assets include £25,325 that were transferred as cash.

26. Transfer of existing academies into the academy

	Value reporting by transferring trust £	Fair value adjustments £	Transfer in recognised £
Tangible fixed assets			
Long-term leasehold property	1,002,755	-	1,002,755
Fixtures and fittings	14,159	-	14,159
Computer equipment	7,911	-	7,911
Debtors due within one year	14,041	-	14,041
Cash in bank and in hand	99,869	-	99,869
Liabilities			
Creditors due within one year	(33,499)	-	(33,499)
Pensions			
Pensions - pension scheme assets	203,000	-	203,000
Pensions - pension scheme liabilities	(488,000)	-	(488,000)
Net assets	820,236	-	820,236

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27. Contingent liabilities

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

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

28. Pension commitments

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

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

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

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

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

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28. Pension commitments (continued)

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

The employer's pension costs paid to TPS in the period amounted to £812,164 (2016 - £864,000).

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the period ended 31 August 2017 was £823,000 (2016 - ££608,000), of which employer's contributions totalled £637,000 (2016 - £469,000) and employees' contributions totalled £186,000 (2016 - £139,000). The agreed contribution rates for future years are 20% for employers and var% for employees.

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

Principal actuarial assumptions:

	2017	2016
Discount rate for scheme liabilities	2.60 %	2.20 %
Rate of increase in salaries	4.20 %	4.10 %
Rate of increase for pensions in payment / inflation	2.70 %	2.30 %
Inflation assumption (CPI)	2.70 %	2.30 %
Commutation of pensions to lump sums	50.00 %	50.00 %
RPI increase	3.60 %	3.20 %

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

	2017	2016
Retiring today		
Males	23	22.9
Females	25.1	25.3
Retiring in 20 years		
Males	25.2	25.2
Females	27.4	27.7

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28. Pension commitments (continued)

Sensitivity analysis	At 31 August 2017 £	At 31 August 2016 £
Discount rate +0.1%	10,942,000	9,756,000
Discount rate -0.1%	11,448,000	10,246,000
Mortality assumption - 1 year increase	11,555,000	10,253,000
Mortality assumption - 1 year decrease	10,841,000	9,749,000
CPI rate +0.1%	11,404,000	10,196,000
CPI rate -0.1%	10,985,000	9,806,000

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

	Fair value at 31 August 2017 £	Fair value at 31 August 2016 £
Equities	4,273,000	2,887,000
Gilts	42,000	38,000
Other Bonds	584,000	455,000
Property	745,000	598,000
Cash and other liquid assets	192,000	102,000
Absolute return fund	233,000	185,000
Total market value of assets	6,069,000	4,265,000

The actual return on scheme assets was £819,000 (2016 - £467,000).

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

	2017 £	2016 £
Current service cost	(1,400,000)	(702,000)
Interest income	109,000	122,000
Interest cost	(239,000)	(212,000)
Total	(1,530,000)	(792,000)
Actual return on scheme assets	819,000	467,000

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28. Pension commitments (continued)

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

	2017 £	2016 £
Opening defined benefit obligation	9,998,000	3,691,000
Transferred in on existing academies joining the trust	1,153,000	2,367,000
Current service cost	1,400,000	702,000
Interest cost	239,000	212,000
Employee contributions	186,000	139,000
Actuarial (gains)/losses	(1,741,000)	2,887,000
Benefits paid	(43,000)	-
	<u>11,192,000</u>	<u>9,998,000</u>
Closing defined benefit obligation	<u>11,192,000</u>	<u>9,998,000</u>

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

	2017 £	2016 £
Opening fair value of scheme assets	4,265,000	1,933,000
Transferred in on existing academies joining the trust	513,000	1,258,000
Interest income	109,000	122,000
Actuarial losses	405,000	345,000
Employer contributions	634,000	468,000
Employee contributions	186,000	139,000
Benefits paid	(43,000)	-
	<u>6,069,000</u>	<u>4,265,000</u>
Closing fair value of scheme assets	<u>6,069,000</u>	<u>4,265,000</u>

29. Operating lease commitments

At 31 August 2017 the total of the Academy trust's future minimum lease payments under non-cancellable operating leases was:

	2017 £	2016 £
Amounts payable:		
Within 1 year	-	14,128
Between 1 and 5 years	-	17,388
	<u>-</u>	<u>31,516</u>
Total	<u>-</u>	<u>31,516</u>

30. 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.

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31. Related party transactions

Owing to the nature of the academy's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the academy's financial regulations and normal procurement procedures.

During the year Diocesan Architectural Services Limited received £nil (2016 - £3,825) in respect of architectural services rendered for the year with regards to the projects undertaken by the Academy.

In entering into the transaction the trust has complied with the requirements of the ESFA's Academies Financial Handbook.