

Company Registration Number: 09284368 (England and Wales)

INVICTUS EDUCATION TRUST

(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2018



INVICTUS EDUCATION TRUST
(A company limited by guarantee)

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REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2018

Members

Geoffrey Marsh
Lyndon Evans
William Caldwell

Directors

Tony Bowles, Chief Executive Officer (appointed 1 September 2018)
William Caldwell
Craig Cartwright
Robert Dimmock
Lyndon Evans, Vice Chair
Robert Evans (appointed 1 September 2018)
Andrew Griffiths, Chief Executive Officer (retired 31 August 2018)
John Harris
Geoffrey Marsh, Chair
Richard Westwood
Phillip Whitehouse
Gillian Withers

Company registered number

09284368

Company name

Invictus Education Trust

Principal and registered office

Ward House
Himley Park
Himley
West Midlands
DY3 4DF

INVICTUS EDUCATION TRUST
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS DIRECTORS AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2018**

Advisers (continued)

Company secretary

Clare Tolan (retired 31 October 2017)
Amy Buttery (appointed 1 November 2017)

Chief executive officer

Tony Bowles

Executive Headteacher's Board

Andrew Griffiths, Chief Executive Officer and Accounting Officer (retired 31 August 2018)
Tony Bowles, Headteacher - The Crestwood School until 31 August 2018,
Chief Executive Officer and Accounting Officer from 1 September 2018)
Alan Jasper, Headteacher - Ellowes Hall Sports College
Christine Brown, Headteacher - Ounsdale High School (retired 31 August 2018)
Gemma Smith, Headteacher - Ounsdale High School (appointed 1 September 2018)
Christopher Rogers, Headteacher - Kinver High School
Caroline Sutton, Acting Headteacher - The Crestwood School (appointed 1 September 2018)
Matthew Mynott, Headteacher - Leasowes High School (appointed 1 April 2018)
Gareth Lloyd, Headteacher - Pedmore High School (appointed 1 September 2018)

Independent auditor

Crowe U.K. LLP
Black Country House
Rounds Green Road
Oldbury
West Midlands
B69 2DG

Bankers

Barclays Bank plc
PO Box 5
Wolverhampton
WV1 1DS

Solicitors

Browne Jacobson
Mowbray House
Castle Meadow Road
Nottingham
NG2 1BJ

INVICTUS EDUCATION TRUST
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DIRECTORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2018

The Trustees (who are also Directors of the charity for the purposes of the Companies Act) present their annual report together with the audited financial statements and Auditor's report of Invictus Education Trust ("the Trust") for the year ended 31 August 2018. The Directors confirm that the annual report and financial statements of the Trust comply with the current statutory requirements, the requirements of the Trust's governing document and the provisions of the FRS102, including the Charities SORP 2015. The annual report serves the purposes of both a Trustees' Report and a Directors' Report under Company Law.

STRUCTURE, GOVERNANCE AND MANAGEMENT

CONSTITUTION

The Trust is a company limited by guarantee and is an exempt charity. The charitable company's Memorandum and Articles of Association and Funding Agreement are the primary governing documents of the Trust. The Charitable Company was incorporated on 18 October 2014, and commenced operations on 1 March 2015.

The Trust is constituted under a Memorandum of Association dated 18 October 2014.

The Directors of Invictus Education Trust are also the directors of the charitable company for the purpose of company law.

The charitable company is known as Invictus Education Trust.

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

MEMBERS' LIABILITY

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

DIRECTORS' INDEMNITIES

Directors benefit from indemnity insurance to cover the liability of the Directors which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of Trust or breach of duty to which they may be guilty in relation to the Trust.

METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF DIRECTORS

The Trust's Board of Directors' has been appointed for a 4-year term. Where a vacancy arises, through the completion of term or by the resignation of a serving Director, Directors will be recruited in accordance with the Articles of Association and 'A Guide to the Law for School Directors.' The term of office for any Director is 4 years, and may be re-elected.

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DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF DIRECTORS

The Trust is a member of the National Governors' Association and through this professional Body. Each member receives regular updates on current legislation by email and the NGA magazine. A programme of Governor specific training is provided by the Local Authority and additional training is sourced as required based on individual or collective need from external providers such as Browne Jacobson.

ORGANISATIONAL STRUCTURE

Chief Executive Officer/Accounting Officer

The Executive Headteacher is the Accounting Officer and Chief Executive Officer of the Trust, and as such, has ultimate responsibility for the operations and controls in place. Mr A Griffiths commenced a phased retirement in April 2018 and fully retired on 31 August 2018. The role during April to August 2018 was supported in an Acting capacity by Mr A Jasper, the Headteacher at Ellowes Hall School. From 1 September 2018, Mr T Bowles, the former Headteacher of Crestwood School, was appointed to the Executive Headteacher and the Accounting Officer of the Trust.

Board of Directors

At the 31 August 2018, the Trust had a Board of Directors with responsibility and accountability for the five schools, with a local governing body at each school. At 1 September 2018, Pedmore High School academised and joined the Invictus Trust therefore the Trust's responsibility and accountability has now increased to six schools with six local governing bodies. This structure is currently under review to bring into line with the requirements of the Governance Handbook.

The Board of Directors is responsible for setting the Trust's policies, approval of budgets, monitoring performance against these plans and making major decisions about the direction of the Trust including its curriculum, the achievement and welfare of students, and staffing.

Groups of Directors may be formally organised outside of this structure as necessary to support the Trust as required.

Finance and Audit Committee

The Trust's Finance and Audit Committee works across the Trust, where appropriate, duties are delegated to sub-committees and employees of the Trust. Although the Board of Directors maintains overall control for the activities and performance of the Trust.

Management Structure

An aim of the management structure is to distribute responsibility and accountability and to encourage involvement in decision making at all levels so that the Trust nurtures the talents of its entire staff to support continual improvement and excellence.

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DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

PAY POLICY FOR KEY MANAGEMENT PERSONNEL

The Board of Directors recognise the range of powers which it has a duty, or discretion, to exercise in respect of the remuneration of staff. Pay and remuneration is reviewed annually as required by the School Teachers' Pay and Conditions Document.

It is the responsibility of the Board of Directors to approve annual pay increases of Key Management Personnel. Key Management Personnel are paid at a rate that is comparable to other employers of teachers.

Annual pay reviews are linked to performance, with appropriate incremental progression and 'cost of living' increases. Pay awards are only given where performance management targets have been met.

Support Staff salary grades are based on the National Joint Council Pay Range, in selecting the salary grade the responsibilities of the job outlined in the Job Description and Person Specification are used and the role is assessed using a recognised job evaluation scheme with advice from our HR Adviser.

TRADE UNION FACILITY TIME

Relevant union officials

Number of employees who were relevant union officials during the Year	1
Full-time equivalent employee number	-

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	-
1%-50%	1
51%-99%	-
100%	-

Percentage of pay bill spent on facility time £

Total cost of facility time	665
Total pay bill	13,058,924
Percentage of total pay bill spent on facility time	- %

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	- %
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DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

CONNECTED ORGANISATIONS, INCLUDING RELATED PARTY RELATIONSHIPS

The Trust has procured the services of several external consultants to help develop educational and business expertise within the Trust. None of which constitute a related party or connected organisation but are currently working closely with the Trust

- David Rzeznik (former Senior HMI Inspector)
- Peter Limm (former HMI Inspector)

OBJECTIVES AND ACTIVITIES

OBJECTIVES, STRATEGY AND AIMS

The principal object and activity of the Trust is to advance education in the UK for the public benefit, in particular by establishing, maintaining, carrying on, managing and developing its academies, offering a broad curriculum with a strong emphasis on the specified specialism's of those academies. In setting our objectives and planning our activities the Directors have given careful consideration to the Charity Commission's general guidance on public benefit.

EDUCATIONAL AIMS

To Ensure that every child enjoys the same high quality in terms of resourcing, tuition and care

Year 7 Student Intake September 2018 and Ofsted Grading

School	PAN	Actual Number Admitted Sept 2018	Last Inspection Date	Ofsted Grading
Crestwood School	150	190	2018	Good with outstanding features in respect of personal development, behaviour and welfare
Ellowes Hall Sports College	180	223	2012	Outstanding
Kinver High School	120	98	2018	Requires Improvement with good features in respect of personal development, behaviour and welfare and the 16-19 study programme
Leasowes High School	150	186	2015	Good
Ounsdale High School	192	196	2018	Requires Improvement with good features in respect of personal development, behaviour
Pedmore High School	120	107	2016	Good with outcomes for pupils requires improvement

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DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

School Improvement Process

Invictus Education Trust has been created with a distinctive identity, and focus on Independent Minded Education and Elite Opportunities.

We start (and end) with academic excellence – and it is academic excellence for all. We will not deal in excuses and where, perhaps, circumstances conspire against our students; we will fight to overcome those circumstances. We know, moreover, that for many of our students, especially the ablest that good qualifications will only take them so far. Consequently, we are determined to grow them in confidence, in articulacy and as leaders.

They will have the opportunity to try out a wide and rich range of experiences and unique opportunities. We will try to bring them the best of cultural, vocational and sporting opportunities. We understand that those aspects are not recreational but critical to the students' independent development and success

If we believe in what we are doing, then it is right that we should do it for more children. To that end, we will consider expansion.

We have established a very rigorous system of School Improvement. The Trust has taken on David Rzeznik, former Senior HMI, as an Educational Advisor. David Rzeznik has also brokered the involvement of three further former HMI's – including one to advise and conduct Headteacher performance management.

The work begins with a detailed scrutiny of the picture painted of a school by its data. From this, we have used a template 'Scorecard' developed internally, and from this a school will produce a Self-Evaluation Form (SEF). The work identified and required by the SEF is put into three categories of importance, (Red, Amber and Green). These, in effect, become the School Improvement Plan.

Sometimes schools can be busy on worthwhile endeavours that do not get to the heart of what needs to be done. Consequently, the priorities, especially 'Red' and 'Amber', are scrutinised carefully, including by David Rzeznik.

To monitor progress towards meeting the demands of the School Improvement we have introduced a Progress Monitoring Visit in addition to termly Quality Assurance Days (QUADs). Each school will be visited by David Rzeznik, the Executive Headteacher and another of the Headteachers. The day will concentrate on the priorities of the SIP and will always involve visits to lessons to observe teaching, check on books, interview pupils etc. David Rzeznik will 'merge' the observations and arrange them into an Ofsted style summary. This report will be published and will be lodged in the on-line repository for all Directors to read.

Additional Educational Expertise

A clear need to improve Maths continues to be a priority across the Trust. We have Subject Directors (specialists) in all EBacc subjects that support/guide and lead on improvement across the MAT. We have appointment (September 2018) a SLS Strategic Lead Standards to work across the MAT with the CEO to rapidly improve standards.

The Board will also receive up-dates on progress at each meeting. There will be formal 'data-drops' when GCSE predictions - of both attainment and progress - will be presented to Directors.

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DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

Factors Relevant to Achieve Objectives

In order to achieve the objectives and future-plans of the Trust we must:

- Maintain our student numbers in those schools oversubscribed and work to increase our student numbers, particularly in two of our schools, which remain undersubscribed.
- Improve our Sixth Form Provision
- Maximise income and optimise alternative funding/grants
- Reduce staffing and expenditure in line with need/income
- Share good practice and seek opportunities to share resources

Objectives and Aims – Business and Financial Management

Financial Management

To improve financial management within the Trust, the following controls have been implemented:

- Enhanced internal controls and checks have been put in place during 2017/18 to achieve a consistent approach across all Trust's schools and these will continue to be developed as the need arises or systems change.
- The revised financial control processes will be independently reviewed each month by the centralised Finance Officer supporting each of the six Trust Schools (Including Pedmore High School who joined 1 September 2018).
- The Trust's Financial Procedure manual will be refreshed by the Spring 2019 incorporating the internal controls and checks developed through the new centralised finance model along with models of good internal school practice to adopt with points of contact.
- Mid-Year audit reviews will continue where it is proven that the need exists to complement the full audit of year end accounts as normal at 31 August.
- Mid-Year audit review on new schools joining the Trust will remain a priority.
- A programme of staff training on all financial systems in school will be developed after identifying any areas of strength or weaknesses across the Trust.
- In readiness for the 2017/18 year end audit, the internal systems used in respect of School Fund were overhauled and the balances reported are now on a consistent basis and approved by the Auditors. Further work will be undertaken in 2018/19 regarding parent pay income, procurement and internal recording of school fund items.
- The Fixed Asset Management Register of items in excess of £3,000 will be retained and controlled centrally. The FAR will be reformatted with enhanced processes for capturing the data. Schools will continue to maintain their own inventory of all assets in school for internal control purposes.
- Centrally controlled Significant Risk Register

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DIRECTORS' REPORT (continued)
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Condition Improvement Funding

Invictus Education Trust has been extremely successful in the bids for Condition Improvement Funding. Between 2015 and 2017 grants totalling £15m have been awarded to the Trust covering all Trust Schools during that period.

Due to the number of students on roll, the Trust will no longer be able to submit applications for Condition Improvement Funding. From 2018, the Trust will be allocated Schools Condition Funding Allocation. An internal process to determine how this funding is to be fairly distributed to each school has been developed. The provisional allocations are below.

School	Funding Approved	
Crestwood School	70,400	
Ellowes Hall School	12,468	
Kinver High School	133,687	
Leasowes High School	241,748	
Ounsdale High School	70,886	
Pedmore High School	18,220	
Contingency for Reactive Urgent repairs	121,112	
Total Funding Allocated Invictus	668,521	
Total Grant Approved ESFA	1,218,118	
Funding to be Allocated	549,597	Ounsdale, Ellowes and Crestwood have plans for larger scale projects which are being costed and evaluated before a final allocation is confirmed by the Trust

Finance Systems

All finance staff use PS Financial Management System and the Pebble Fund Manager system. As new software is developed and introduced then appropriate training will be supplied to school staff, either internally from the Finance Staff at Ward House or by the system provider.

Banking

All schools within the Trust bank with Barclays bank. This allows the Trust to have full access to all bank accounts, statements, users and to have full control over access security and banking limits.

Traded/External Services

HR Transactions/Payroll

Dudley Transaction and Payroll Department on a 3-year contract. This is a fully managed payroll and pension service operating from September - August

HR Employment Advice

Browne Jacobson Solicitors on a 2-year contract. To provide HR Advice in matters such as disciplinary, capability, policies, employment law.

Insurance

Zurich Insurance via Solihull MBC Brokers on a 3-year contract. Cover runs from September – August and covers, inter alia land, buildings, assets, public liability, employer liability, school trips, mini buses

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DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

Legal Services

Browne Jacobson Legal Advisory Service to the Trust dealing with schools converting to academy and joining the Trust

Gas & Electricity

Norther Gas & Power a fixed term 5-year energy supply contract.

School Fund

All schools in the Trust use Pebble Financial Management System to record School Fund transactions. This system is linked to Parent Pay, which allows parents to have an online account therefore reducing cash management in the school office.

Tucasi Facility and Lettings Management System

Tucasi Booking Pro system is used by all five Trust schools at 31 August 2018. This will ensure consistency of data and financial management across the Trust.

PUBLIC BENEFIT

In setting our objectives and planning our activities, the Directors have given careful consideration to the Charity Commission's general guidance on public benefit.

STRATEGIC REPORT

KEY PERFORMANCE INDICATORS

The following areas are deemed to be the key performance indicators for the Trust

Cash Flow

Cashflow across the Trust varies in line with both activities and reserves. All schools maintain a cash flow forecast and a vigilant check on cash against creditors and are proactive to ensure that debtor income is collected in a timely manner.

Credit

All Trust school finance staff have access to a credit card for purchases to ensure procurement opportunities are both efficient and economical. There is a credit limit set on all credit purchases.

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DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

Student Numbers

The total number of students in Invictus Trust secondary Academy schools at 1 September 2018 are as follows. Previous years have been shown for comparative purposes (including Pedmore High School which joined the trust on 1 September 2018).

Student Numbers	Sep-18	Sep-17	Sep-16	Sep-15
KS3 & KS4				
Years 7 – 11				
Crestwood School	822	747	717	716
Ellowes Hall School	1,029	1,019	994	1,008
Kinver High School	532	549	500	521
Leasowes High School	848	789	719	705
Ounsdale High School	836	804	784	741
Pedmore High School	567	584	598	578
Total Year 7 to 11	4,634	4,492	4,312	4,269
Post 16				
Years 12-14	245	191	196	274
Total Invictus Schools	4,879	4,683	4,508	4,543

In August 2018, Students achieved GCSE results as follows:

	Crestwood			Ellowes			Kinver			Leasowes			Ounsdale			Pedmore		
	All	Non-PP	PP	All	Non-PP	PP	All	Non-PP	PP	All	Non-PP	PP	All	Non-PP	PP	All	Non-PP	PP
Year 11 Students On Roll	118	60	58	201	149	52	109	99	10	115	70	45	159	132	27	113	63	50
Average KS2 Level	4.60	4.78	4.42	4.74	4.83	4.47	4.92	5.00	4.04	4.67	4.79	4.47	4.87	4.91	4.66	4.62	4.62	4.62
Attainment 8	39.93	45.92	33.73	46.36	50.02	36.15	50.54	52.12	33.50	41.94	46.80	34.02	47.44	48.87	40.20	39.17	40.79	37.16
Attainment 8 (Expected)	43.87	47.04	40.59	46.83	48.55	42.04	51.08	52.24	38.54	44.56	46.69	41	49.60	50.68	44.12	43.36	43.29	43.46
Progress 8	-0.39	-0.11	-0.69	-0.05	0.15	-0.59	-0.05	-0.01	-0.50	-0.29	0.01	-0.84	-0.22	-0.18	-0.39	-0.42	-0.25	-0.63
E-Bacc Entry (%)	53.4%	73.3%	32.8%	60.7%	70.5%	32.7%	29.4%	31.3%	10.0%	45.0%	52.9%	32.60%	62.9%	67.4%	40.7%	22.1%	27.0%	16.0%
E-Bacc Pass (%)	7.6%	8.3%	6.9%	10.9%	12.1%	7.7%	9.2%	10.1%	0.0%	16.8%	21.4%	9.30%	8.8%	9.8%	3.7%	7.1%	11.1%	2.0%
E-Bacc Score	3.41	4.04	2.75	3.99	4.33	3.00	4.14	4.29	2.73	3.81	4.30	3.03	4.23	4.37	3.54	3.15	3.30	2.97
Bucket 1 Full (%)	97.5%	98.3%	96.6%	97.5%	97.3%	98.1%	97.2%	98.0%	90.0%	95.0%	99.0%	87%	99.4%	100.0%	96.3%	96.5%	95.2%	98.0%
Bucket 1 (Attainment)	16.12	18.61	13.54	19.17	20.51	15.42	20.28	20.89	13.78	17.04	18.91	14	19.49	20.00	16.92	17.31	17.80	16.69
Bucket 2 Full (%)	97.5%	98.3%	96.6%	84.6%	89.9%	69.2%	93.6%	96.0%	70.0%	81.0%	86.0%	71%	96.2%	96.2%	96.3%	78.8%	81.0%	76.0%
Bucket 2 (Attainment)	10.77	12.69	8.77	12.46	13.61	9.25	14.09	14.57	9.00	12.54	14.13	9.94	13.97	14.36	12.00	10.01	10.57	9.32
Bucket 3 Full (%)	96.6%	98.3%	94.8%	95.5%	97.3%	90.4%	96.3%	97.0%	90.0%	92.0%	94.0%	89.0%	96.2%	96.2%	96.3%	91.2%	93.7%	88.0%
Bucket 3 (Attainment)	13.04	14.61	11.41	14.73	15.90	11.48	16.16	16.66	10.72	12.36	13.76	10.08	13.98	14.51	11.28	11.85	12.41	11.15
5+ in English & Maths	25.4%	36.7%	13.8%	40.8%	49.0%	17.3%	47.7%	51.5%	10.0%	32.7%	42.9%	16.3%	44.7%	48.5%	25.9%	24.8%	27.0%	22.0%
4+ in English & Maths	46.6%	68.3%	24.1%	69.7%	76.5%	50.0%	73.4%	76.8%	40.0%	62.8%	74.3%	44.2%	66.0%	69.7%	48.1%	46.9%	50.8%	42.0%
5+ in English	50.8%	68.3%	32.8%	66.7%	75.2%	42.3%	69.7%	73.7%	30.0%	47.8%	57.1%	32.6%	67.9%	72.0%	48.1%	56.6%	60.3%	52.0%
4+ in English	70.3%	88.3%	51.7%	83.6%	90.6%	63.5%	87.2%	89.9%	60.0%	69.9%	80.0%	53.5%	81.1%	83.3%	70.4%	77.9%	79.4%	76.0%
5+ in Maths	28.8%	40.0%	17.2%	46.3%	53.0%	26.9%	54.1%	57.6%	20.0%	43.4%	55.7%	23.3%	49.1%	51.5%	37.0%	27.4%	28.6%	26.0%
4+ in Maths	50.0%	70.0%	29.3%	72.6%	77.2%	59.6%	75.2%	78.8%	40.0%	70.8%	84.3%	48.8%	69.2%	73.5%	48.1%	52.2%	55.6%	48.0%

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DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

GOING CONCERN

After making appropriate enquiries, the board of directors has a reasonable expectation that the 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 Accounting Policies.

FINANCIAL REVIEW

REVIEW OF ACTIVITIES

Principal Funding and financial performance

The Trust received income into its Unrestricted Fund, Restricted General Funds and Fixed Asset Fund during the year.

Restricted General Fund

The majority of the Trust's income was received through Education and Skills Funding Agency (ESFA) recurrent revenue grants into the Restricted General Fund, the use of which is restricted to the Trust's charitable activities, its educational operations. These revenue grants and the associated expenditure made against them are detailed in the SOFA. General Restricted Fund income for the year was £21,013,545 (2017: £19,735,787) (excluding pension liabilities assumed on conversion); expenditure against the fund was £24,646,764 (2017: £23,142,598) including £708,000 (2017: £751,000) in relation to Actuarial movements in the LGPS pension deficit. After transfers, the restricted general fund broke even.

Unrestricted Funds

Income received into the Unrestricted Fund was £1,779,571 (2017: £1,797,930). Expenditure against the fund was £1,405,849 (2017: £1,337,656) for the year, giving an Unrestricted Fund, in-year surplus, £373,722 (2017: £460,274). After transfers there is an in-year deficit of £569,178 (2017: £197,359) on the unrestricted fund.

Restricted Fixed Asset (Capital) Fund

The Restricted Fixed Asset Fund balance is reduced by an annual depreciation charge over the expected useful life of the assets concerned in line with the Trust's Depreciation Policy.

Income received into the fund included £1,494,359 (2017: £8,761,907) Capital Improvement Funding (CIF), £77,525 (2017: £97,567) of Devolved Capital Grant Funding and a capital donation of £96,210 (2017: £433,259) receivable from Dudley Metropolitan Borough Council. Expenditure from the fund equates to £2,170,410 of depreciation and a loss on disposal of leasehold land amounting to £1,680,000. Further details can be found in note 12 to the financial statements.

Summary of Financial Position

Total fund balance as at 31st August 2018 was £104,379,259 (2017: £108,404,072) comprised of a surplus of £227,987 (2017: £797,165) and £111,659,272 (2017: £115,823,907) in Unrestricted and Restricted Fixed Asset Funds respectively excluding the pension fund deficit of £7,508,000 (2017: £8,217,000).

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DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

Balance Sheet

The Trust's assets were predominantly used for providing education to school students within the Trust.

Some assets were used by the local community, predominantly for sports but also working with local charities to raise funds and support for the elderly and disadvantaged.

The net book value of the Trust's tangible fixed assets was £105,569,025 (2017: £105,956,154) as at 31st August 2018. Cash at bank at 31st August 2018 was £6,941,463 (2017: £5,547,692), which includes capital grants received, but not yet spent at the year end.

RESERVES POLICY

The Trust's Reserve Policy adheres to the legal requirement not to hold onto income reserves for an excessive period of time. Usually, restricted reserves derived from grant income would be excluded from the definition of reserves, since expenditure on such income is allocated for specific purposes. However, the Trust needs to balance the potential volatility in pupil numbers, increasing inflation and the need to invest in its capital infrastructure to maintain a good state of repair against this policy. Therefore its main consideration is to build up its reserves to approximately 3% of annual expenditure of for such areas of unexpected expenditure and to ensure the ongoing financial security of the Trust.

The Trust's free reserves as at 31 August 2018 amounted to £227,987 which comprised entirely of unrestricted reserves. Note 17 to the financial statements includes an overview of the Trusts free reserves by academy.

In addition to the above free reserves, the Trust has been allocated £1,218,118 School Condition Capital Maintenance and Healthy Pupils Capital Funding. At 31 August 2018, the Trust has £670,708 of the £1,218,118 allocation remaining. Of this, £121,112 has been earmarked as a contingency to fund emergency reactive projects. The balance of £549,596 will be allocated to larger scale repairs in three schools, however, additional funding will need to be identified in order to fully fund the programme of works. Therefore final decisions on the programme will depend upon the extent of other available resources which may include awaiting a decision on the 2019 SCA Trust allocation.

MATERIAL INVESTMENTS POLICY

With the potential growth and diversity of the Trust, Directors recognised the need for a formal Investment Policy ratified by Directors. Where cash flows identify a base level of cash funds that will be surplus to requirements, these funds may be invested, following approval from the Finance and Audit Committee. In making decisions regarding where and how any surplus funds should be invested, and the pursuit of optimum performance consistent with due regard given to risk.

The Trust's primary objectives for the investment of its surplus funds are to protect the principal sums invested from loss, and to ensure adequate liquidity so that funds are available for expenditure when needed. The generation of investment income to support the provisions of the Trust business, services and charitable objectives is an important, but secondary objective.

The Trust acknowledges that effective treasury management will provide support towards the achievement of its charitable objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of risk management.

INVICTUS EDUCATION TRUST
(A company limited by guarantee)

DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

PRINCIPAL RISKS AND UNCERTAINTIES

Principal Risk and Uncertainties

The major risks to which the Trust is exposed, as identified by the Directors and Auditors will be reviewed, systems, and procedures established including internal controls to manage and mitigate these risks. Risks will be regularly reviewed and reported to the Audit and Finance Committee and any significant non-compliance actioned upon.

The Trust regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of financial management activities will be measured. Risk management will be embedded into the ongoing planning and strategy process of the Board of Directors.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The objectives of the Trust's Risk Management Procedure, is to identify the principal risks facing the Trust so that existing controls may be considered and further action taken if required, including external insurances.

The Board of Directors has compiled a comprehensive risk management process to identify and monitor the risks faced by the Trust within the context of the Trust constitution.

The financial risks considered include; economic/financial uncertainty, liquidity and solvency, credit risk, the risk of fraud and compliance with financial statutory requirements.

FUNDRAISING

The Trust does not work with any commercial partners or professional fundraisers but is aware of the Charity Commission publication "Charity fundraising : a guide to trustee duties" which covers fundraising practises.

Plans for future periods

FUTURE DEVELOPMENTS

The Trust strives to continually improve levels of attainment for all students, equipping them with the qualifications, skills and character to follow their chosen pathway, whether it be, into further and higher education or employment. The curriculum, the quality of teaching and learning and informed interventions are consistently reviewed to help every child achieve their full potential.

We have an application in (Wave 13, November 2018) for a Free School to potentially open in 2020.

The Trust believes that developing the whole child is critical to improving levels of attainment and in developing broader skills and character that will develop students' commitment to lifelong learning and enrich their quality of life. To this extent, the Trust strives to provide exceptional behaviour and attendance management support to its students, and to offer a broad range of extra-curricular activities.

INVICTUS EDUCATION TRUST
(A company limited by guarantee)

DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

Expansion of the Trust

Invictus has 'nailed its colours to the mast' in terms of high academic achievement, allied to providing students with a broad, rich and confidence growing set of experiences. We have also chosen as an imprecise but very expressive benchmark that we will 'give any independent school a run for its money'. Consequently, when we consider expansion we need to recruit schools that could fit, or be grown to fit, our ambition.

On 1 September 2018, Pedmore High School joined the Trust. Pedmore is a secondary school based in Stourbridge.

In considering expansion there is a scrutiny process of 'due diligence' in place around such things as financial position, buildings etc. However, we need to be mindful that, particularly for schools converting to academy 'voluntarily', they will not be short of suitors. The Board is currently considering the optimum size for the Trust.

Establishment of an Invictus Joint Sixth Form

We are optimistic for this development. We:

- Offer some 37 courses which means wider student choice
- We have combined small course numbers, requiring fewer teachers. This saving is of course, repeated in the following year
- Offer better teaching and outstanding pastoral care.

Subsequent student feedback from our Sixth Form Launch and Open Evenings tells us that in the main, 'the Invictus effect' is very positive and we will see an increase in numbers.

Free School Vision – Invictus Academy/Invictus Military Academy

Rationale

Our bid has been inspired by the impact we have seen in in the different Invictus Schools following the introduction of a Cadet Force. For a significant number of students, that impact has been transformational and we aim to spread this through the Trust with our Free School. We believe there is no better way to instil the skills and confidence that young people need to thrive than to take a model that clearly works and embed it into a full time, long term education plan. Using the cadet programme alongside the curriculum allows students to develop academically, socially, emotionally, and personally. The key feature is that the students who choose to learn in our 'cadet force style' Free School will also achieve far more in the disciplined structure, both academically and as useful members of society thereafter.

Finance

In submitting the application we must demonstrate that the free school can be financially sustainable and ensure that every pound is used efficiently to have maximum impact for the pupils and the school. The financial plan has been drawn up starting in September 2020 and forecast forward to 2027 (as per the request from DfE). Income from pupils numbers, lump sum, pupil weighting and leadership grants (for diseconomies of scale) has been balanced against expenditure for all lines of budget and staffing (SLT, teaching, Admin, pupil support, premises, catering). There is an in year surplus of 3-5% (except year 3 and 5 where the surplus is reduced by the extra appointment of staff to 0.5 and 0.3% respectively).

Present situation

Two copies of the application are due to be submitted to the DfE midday Monday 5th November. This will be assessed against a vast number of criteria and if successful in the first instance, we will be invited to London early 2019 to discuss the project further. This will be the second stage. If successful we will be notified in spring 2019 that we can move forward with our proposal.

INVICTUS EDUCATION TRUST
(A company limited by guarantee)

DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

FUNDS HELD AS CUSTODIAN

The academy trust acts as an agent in distributing bursary funds and grants from the ESFA and other government bodies. Payments received and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. In some instances the trust can use a percentage of the allocation towards its own administration costs and this is recognised in the statement of financial activities.

EMPLOYEE INVOLVEMENT AND EMPLOYMENT OF THE DISABLED

Employees have been consulted on issues of concern to them by means of regular consultative committee and staff meetings and have been kept informed on specific matters directly by management. The academy carries out exit interviews for all staff leaving the organisation and has adopted a procedure of upward feedback for senior management and the Directors.

The academy has implemented a number of detailed policies in relation to all aspects of personnel matters including:

- Equal opportunities policy
- Volunteers' policy
- Health & safety policy

In accordance with the academy's Equal opportunities policy, the academy has long established fair employment practices in the recruitment, selection, retention and training of disabled staff.

Full details of these policies are available from the academy's offices.

DISCLOSURE OF INFORMATION TO AUDITOR

Insofar as the Directors are aware:

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

The Directors' report, incorporating a strategic report, was approved by order of the board of directors, as the company directors, on 31/12/18 and signed on its behalf by: *Geoffrey Graham Marsh*

Geoffrey Marsh
Chair of Trustees

INVICTUS EDUCATION TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As directors, we acknowledge we have overall responsibility for ensuring that Invictus Education 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 directors 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 Invictus Education Trust and the Secretary of State for Education. They are also responsible for reporting to the board of directors any material weaknesses or breakdowns in internal control.

GOVERNANCE

The information on governance included here supplements that described in the Directors' report and in the Statement of Directors' responsibilities. The board of directors has formally met 4 times during the year. Attendance during the year at meetings of the board of directors was as follows:

Director	Meetings attended	Out of a possible
Tony Bowles	0	0
William Caldwell	4	4
Craig Cartwright	3	4
Robert Dimmock	3	4
Lyndon Evans	3	4
Robert Evans	0	0
Andrew Griffiths	4	4
John Harris	2	4
Geoffrey Marsh, Chair	3	4
Richard Westwood	3	4
Phillip Whitehouse	0	4
Gillian Withers	4	4

Governance Reviews

With the support of legal advice from Browne Jacobson solicitors, the Board of Directors are in the process of reviewing the current structure of the Board, including the structure, roles and responsibilities of the Local Governing Bodies and relevant sub-committees. The intention is to streamline the current structure and review the scheme of delegation, in line with the requirements of the Governance Handbook.

INVICTUS EDUCATION TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

Finance and Audit Committee

The Finance and Audit Committee is a sub committee of the main Board of Directors.

All members of the Committee shall be Board Members of the Trust, at least one of whom shall have recent and relevant financial experience, ideally with a professional qualification from one of the professional accountancy bodies. There should be no employees of the Trust on the Committee.

Only members of the Committee have the right to attend Committee meetings. However the External Auditor, Trust Employees and Chairs of the School's Governing Bodies Finance Committee will be invited to attend meetings of the Committee on a regular basis and other non-members may be invited attend all or part of any meeting as and when appropriate and necessary.

The Committees purpose is to oversee the Trust's financial and audit considerations as required as part of the Trust's Funding Agreement to support the trustees role in ensuring regularity and propriety in use of the trust's funds, and achieve economy, efficiency and effectiveness – the three key elements of value for money.

The Committees terms of reference are detailed in the Trusts Financial Procedures manual.

Key responsibilities of the Finance & Audit Committee

Financial reporting

The Committee shall monitor the integrity of the financial statements of the Trust, including its annual reports, and any other formal announcement relating to its financial performance, reviewing and reporting to the Trust Board on significant financial reporting issues and judgements which they contain having regard to matters communicated to it by the Auditor.

Narrative reporting

Where requested by the Trust Board, the Committee should review the content of the Annual Report and Accounts and provide the Trust Board on whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary for readers to assess the Trust's performance, business model and strategy.

Internal controls and risk management systems

Keep under review the adequacy and effectiveness of the Trust's internal financial controls and internal control and risk management systems, and review and approve the statements to be included in the Trustees Report and the Governance statement concerning internal controls and risk management.

Compliance, whistleblowing and fraud

Review the adequacy and security of the Trust's arrangement for its employees and contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action.

INVICTUS EDUCATION TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

External Audit

Consider and make recommendations to the Trust Board in relation to the appointment, re-appointment and removal of the Trust's external auditor. Oversee the relationship with the external auditor including their terms of reference, remuneration, independence and objectivity and monitoring the auditor's compliance with relevant ethical professional guidance compliance.

Attendance at meetings in the year was as follows:

Director	Meetings attended	Out of a possible
Richard Westwood - Chair	3	3
Lyndon Evans	3	3
Craig Cartwright	0	3
Andrew Griffiths	2	3
Andrew Dyehouse (invited)	3	3
Peter Hipkiss (invited)	2	3
David Carr (invited)	2	3
Hattie Groves (invited)	2	3
Suresh Patel (invited)	2	3
Matthew Mynott (invited)	1	3
Tony Bowles (invited)	1	1
John Harris (invited in place of Hattie Groves)	1	1
Alan Jasper (invited as acting part time CEO)	2	2

REVIEW OF VALUE FOR MONEY

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

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

- Merging and streamlining the use of traded services
- Implementation of Facilities Management Systems across the Trust
- Negotiating new procurement contracts and bulk purchasing
- Enlisting and expanding the use of external education and non-education experts

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 Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Invictus Education Trust for the year 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

INVICTUS EDUCATION TRUST
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GOVERNANCE STATEMENT (continued)

CAPACITY TO HANDLE RISK

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

THE RISK AND CONTROL FRAMEWORK

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of directors;
- regular reviews by the Board 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 directors has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Directors have appointed Crowe U.K. LLP, the external auditor, to perform additional checks.

The auditor's role includes giving advice on financial matters and performing a range of checks on the Trust's financial systems. During the 2017/18 period there have been no specific internal audits invoked or necessary due to the change in the finance and accounting arrangements from November 2017 to embrace a centralised finance and accounting function. This is still evolving and the Trusts Financial Procedures manual will now be re-written to embrace the enhanced internal controls and checks which are being put in place consistently across all Trust's schools.

These controls will be independently reviewed each month by the centralised Finance Officer supporting the six Trust Schools (Including Pedmore High School who joined 1 September 2018).

Discussions were held with the external auditors and the Finance and Audit Committee during 2017/18 regarding the strategy for not undertaking any programmed internal audit inspections this year and it was agreed that sufficient internal controls had been undertaken in readiness for 2017/18 year end to mitigate the need for separate audits.

The position will be reviewed again during 2018/19 together with consideration of the Auditors suggested schedule of testing which will be approved by the board. Thereafter, on an annual basis, the external auditor will report to the board of directors through the audit committee on the operation of the systems of control and on the discharge of the board of directors' financial responsibilities.

INVICTUS EDUCATION TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

REVIEW OF EFFECTIVENESS

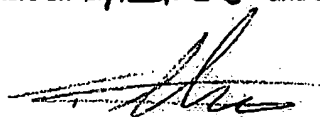
As Accounting Officer, the Chief Executive Officer has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the external auditor;
- the work of the Chartered Accountants in the centralised finance function role;
- the financial management and governance self-assessment process;
- the work of the executive managers within the trust who have responsibility for the development and maintenance of the internal control framework

Approved by order of the members of the board of directors on 3/12/2018 and signed on their behalf, by;



Geoffrey Marsh
Chair of Directors



Tony Bowles
Accounting Officer

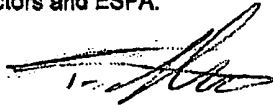
INVICTUS EDUCATION TRUST
(A company limited by guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

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

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

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



Tony Bowles
Accounting Officer

3 / 12 / 18

INVICTUS EDUCATION TRUST
(A company limited by guarantee)

**STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2018**

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

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

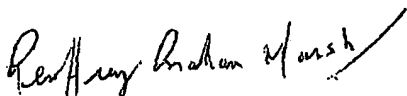
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the board of directors on 31/12/18 and signed on its behalf by:



Geoffrey Marsh
Chair of Directors

INVICTUS EDUCATION TRUST
(A company limited by guarantee)

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
INVICTUS EDUCATION TRUST**

OPINION

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

In our opinion the financial statements:

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

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the 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 Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors 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 Directors are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

INVICTUS EDUCATION TRUST
(A company limited by guarantee)

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
INVICTUS EDUCATION 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 Directors' Report including the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Directors' 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 charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' 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 Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

RESPONSIBILITIES OF TRUSTEES

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

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

INVICTUS EDUCATION TRUST
(A company limited by guarantee)

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
INVICTUS EDUCATION TRUST**


AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

USE OF OUR REPORT

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



Dave Darlaston (Senior statutory auditor)

for and on behalf of

Crowe U.K. LLP

Statutory Auditor

Black Country House
Rounds Green Road

Oldbury
West Midlands
B69 2DG

Date:

6 December 2018

INVICTUS EDUCATION TRUST
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO INVICTUS
EDUCATION TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 3rd November 2014 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Invictus Education Trust during the year 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

**RESPECTIVE RESPONSIBILITIES OF INVICTUS EDUCATION TRUST'S ACCOUNTING OFFICER AND THE
REPORTING ACCOUNTANT**

The Accounting Officer is responsible, under the requirements of Invictus Education Trust's funding agreement with the Secretary of State for Education dated 21st June 2018, and the Academies Financial Handbook extant from 1 September 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

APPROACH

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

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

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

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

INVICTUS EDUCATION TRUST
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO INVICTUS
EDUCATION TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY (continued)**

CONCLUSION

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

Crowe UK LLP

Crowe U.K. LLP

Reporting Accountant

Black Country House
Rounds Green Road
Oldbury
West Midlands
B69 2DG

Date: *6 December 2018*

INVICTUS EDUCATION TRUST
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2018**

	Note	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
INCOME FROM:						
Donations & capital grants:						
Transfer on conversion	2	-	(67,889)	-	(67,889)	19,804,870
Other donations and capital grants	2	11,387	-	1,668,094	1,679,481	9,296,513
Charitable activities	4	941,634	21,081,434	-	22,023,068	20,591,336
Other trading activities	3	826,550	-	-	826,550	821,638
TOTAL INCOME		1,779,571	21,013,545	1,668,094	24,461,210	50,514,357
EXPENDITURE ON:						
Raising funds		434,306	-	-	434,306	417,172
Charitable activities:						
Loss on disposal of leasehold property		-	-	1,680,000	1,680,000	-
Other charitable activities		971,543	24,646,764	2,170,410	27,788,717	26,355,354
TOTAL EXPENDITURE	5	1,405,849	24,646,764	3,850,410	29,903,023	26,772,526
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES		373,722	(3,633,219)	(2,182,316)	(5,441,813)	23,741,831
Transfers between Funds	17	(942,900)	2,925,219	(1,982,319)	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES		(569,178)	(708,000)	(4,164,635)	(5,441,813)	23,741,831
Actuarial gains on defined benefit pension schemes	23	-	1,417,000	-	1,417,000	1,473,000
NET MOVEMENT IN FUNDS		(569,178)	709,000	(4,164,635)	(4,024,813)	25,214,831
RECONCILIATION OF FUNDS:						
Total funds brought forward		797,165	(8,217,000)	115,823,907	108,404,072	83,189,241
TOTAL FUNDS CARRIED FORWARD		227,987	(7,508,000)	111,659,272	104,379,259	108,404,072

The notes on pages 32 to 57 form part of these financial statements.

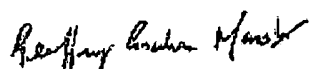
INVICTUS EDUCATION TRUST

(A company limited by guarantee)
REGISTERED NUMBER: 09284368

**BALANCE SHEET
AS AT 31 AUGUST 2018**

	Note	£	2018 £	£	2017 £
FIXED ASSETS					
Tangible assets	12		105,569,025		105,956,154
CURRENT ASSETS					
Debtors	13	2,636,658		7,324,518	
Cash at bank and in hand		<u>6,941,463</u>		<u>5,547,692</u>	
		9,578,121		12,872,210	
CREDITORS: amounts falling due within one year	14	<u>(2,983,848)</u>		<u>(2,201,643)</u>	
NET CURRENT ASSETS			<u>6,594,273</u>		<u>10,670,567</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			112,163,298		116,626,721
CREDITORS: amounts falling due after more than one year	16		<u>(276,039)</u>		<u>(5,649)</u>
NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES			111,887,259		116,621,072
Defined benefit pension scheme liability	23		<u>(7,508,000)</u>		<u>(8,217,000)</u>
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u>104,379,259</u>		<u>108,404,072</u>
FUNDS OF THE ACADEMY					
Restricted funds:					
Restricted fixed asset fund		111,659,272		115,823,907	
Pension reserve		<u>(7,508,000)</u>		<u>(8,217,000)</u>	
Total restricted funds			104,151,272		107,606,907
Unrestricted income funds	17		<u>227,987</u>		<u>797,165</u>
TOTAL FUNDS			<u>104,379,259</u>		<u>108,404,072</u>

The financial statements on pages 29 to 57 were approved by the Directors, and authorised for issue, on 3/12/18 and are signed on their behalf, by:



Geoffrey Marsh
Chair of Directors

The notes on pages 32 to 57 form part of these financial statements.

INVICTUS EDUCATION TRUST
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Net cash used in operating activities	20	<u>(2,770,370)</u>	<u>(1,630,232)</u>
Cash flows from investing activities:			
Purchase of tangible fixed assets		(2,371,357)	(1,519,587)
Capital funding received from ESFA and other sources		<u>6,450,527</u>	<u>3,597,686</u>
Net cash provided by investing activities		<u>4,079,170</u>	<u>2,078,099</u>
Cash flows from financing activities:			
Repayments of loan borrowings		(65,600)	(13,150)
New loans received		150,571	-
Cash transferred on conversion		-	116,963
Net cash provided by financing activities		<u>84,971</u>	<u>103,813</u>
Change in cash and cash equivalents in the Year		<u>1,393,771</u>	<u>551,680</u>
Cash and cash equivalents brought forward		<u>5,547,692</u>	<u>4,996,012</u>
Cash and cash equivalents carried forward	21	<u><u>6,941,463</u></u>	<u><u>5,547,692</u></u>

The notes on pages 32 to 57 form part of these financial statements.

INVICTUS EDUCATION TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES

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

1.1 Basis of preparation of financial statements

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

The financial statements represent the financial results and financial position of Invictus Education Trust ("the trust"), which comprised of the following member academies at the 31 August 2018:

The Crestwood School
Ellowes Hall Sports College
Kinver High School
Ounsdale High School
Leasowes High School

1.2 Company information

The trust is a company limited by guarantee and was incorporated in England and Wales (registered number 09284368). The address of the registered office is Ward House, Himley Park, Himley, West Midlands, DY3 4DF. The members of the company are named in the reference and administration pages. In the event of the trust being wound up, the liability in respect of the guarantee is limited to £10 per member of the trust.

1.3 Fund accounting

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

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

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

INVICTUS EDUCATION TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

1.4 Income

All income is recognised once the trust 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 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 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.

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, coach income and other generated income 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.

1.5 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 trust 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 trust's educational operations, including support costs and those costs relating to the governance of the trust appointed to charitable activities.

Expenditure is inclusive of irrecoverable VAT.

INVICTUS EDUCATION TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

1. ACCOUNTING POLICIES (continued)

1.6 Going concern

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

1.7 Tangible fixed assets and depreciation

All assets costing more than £3,000 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 and carried forward in the Balance sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of financial activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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

Freehold Property	-	50 years straight line
Leasehold Property	-	50-125 years straight line
Furniture & Equipment	-	8 years straight line
Building Refurbishment	-	10 years straight line
Motor vehicles	-	4 years straight line
ICT	-	3 years straight line

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

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

INVICTUS EDUCATION TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

1.8 Conversion 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 and has been accounted for under the acquisition accounting method.

The assets and liabilities transferred on conversion to an academy trust have been valued at their fair value, being a reasonable estimate of the current market value that the Directors would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for Invictus Education Trust. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in the Statement of financial activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

1.9 Operating leases

Rentals under operating leases are charged to the Statement of financial activities on a straight line basis over the lease term.

1.10 Taxation

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

1.11 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.

1.12 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 trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

Provisions 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.

INVICTUS EDUCATION TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

1. ACCOUNTING POLICIES (continued)

1.13 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 13. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in notes 14 and 16. 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.

1.14 Pensions

Retirement benefits to employees of the trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Governments 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 trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 23, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the 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 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.

INVICTUS EDUCATION TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

1.15 Agency arrangements

The trust acts as an agent in distributing bursary funds and grants from the ESFA and other government bodies. Payments received and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. In some instances the trust can use a percentage of the allocation towards its own administration costs and this is recognised in the statement of financial activities. The funds received and paid and any balances held are disclosed in the notes to the financial statements.

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 23, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgment:

There are no further critical judgments which would have a material impact on the financial statements.

INVICTUS EDUCATION TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
LA surplus/deficit on conversion	-	(67,889)	-	(67,889)	116,963
Donated fixed assets	-	-	-	-	21,851,907
Defined benefit pension scheme deficit	-	-	-	-	(2,164,000)
Transfer on conversion	-	(67,889)	-	(67,889)	19,804,870
Other donations	11,387	-	-	11,387	3,780
Capital grants	-	-	1,668,094	1,668,094	9,292,733
Other voluntary income	11,387	-	1,668,094	1,679,481	9,296,513
Total donations and capital grants	11,387	(67,889)	1,668,094	1,611,592	29,101,383
Total 2017	120,743	(2,164,000)	31,144,640	29,101,383	

3. OTHER TRADING ACTIVITIES

	Unrestricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Lettings income	284,714	284,714	270,076
Other income	239,050	239,050	248,172
Productions and similar income	112,268	112,268	114,634
Coach income	129,197	129,197	114,773
Swimming income	61,321	61,321	73,983
	826,550	826,550	821,638
Total 2017	821,638	821,638	

INVICTUS EDUCATION TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

4. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
DfE/ESFA grants				
General annual grant (GAG)	-	18,844,172	18,844,172	18,351,089
Start up grant	-	25,000	25,000	25,000
Other DfE/ESFA grants	-	1,249,180	1,249,180	1,117,841
	-	20,118,352	20,118,352	19,493,930
Other government grants				
Local Authority grants	-	963,082	963,082	241,857
	-	963,082	963,082	241,857
Other funding				
Catering income	214,574	-	214,574	200,393
School Fund income	727,060	-	727,060	655,156
	941,634	-	941,634	855,549
	941,634	21,081,434	22,023,068	20,591,336
<i>Total 2017</i>	855,549	19,735,787	20,591,336	

5. EXPENDITURE

	Staff costs 2018 £	Premises 2018 £	Other costs 2018 £	Total 2018 £	As restated Total 2017 £
Expenditure on fundraising					
trading - direct costs	20,333				417,172
Direct costs	-	-	434,306	434,306	-
Support costs	-	-	-	-	-
Funding for the Academy's operations:					
Direct costs	14,877,443	3,729,240	1,441,444	20,048,127	17,852,708
Support costs	4,418,986	3,396,876	1,604,728	9,420,590	8,502,646
	19,316,762	7,126,116	3,480,478	29,903,023	26,772,526
<i>Total 2017</i>	18,432,284	5,183,864	3,156,378	26,772,526	

INVICTUS EDUCATION TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

6. SUPPORT COSTS

	Funding Academy's operations £	Total 2018 £	As restated Total 2017 £
Technology costs	227,774	227,774	186,447
School trip expenditure	734,386	734,386	681,864
Recruitment and support	53,850	53,850	58,315
Maintenance of premises and equipment	2,467,857	2,467,857	2,120,887
Cleaning	55,513	55,513	50,892
Rents & rates	213,418	213,418	146,222
Energy costs	459,082	459,082	373,554
Insurances and security	201,006	201,006	200,037
Bank interest & charges	18,359	18,359	7,155
Other support costs	518,199	518,199	439,964
Professional services	23,923	23,923	159,233
Governance costs	28,237	28,237	35,125
Wages and salaries	2,898,281	2,898,281	2,618,740
National insurance	188,803	188,803	171,713
Pension cost	1,331,902	1,331,902	1,252,498
	<u>9,420,590</u>	<u>9,420,590</u>	<u>8,502,646</u>
<i>Total 2017</i>	<u>8,506,664</u>	<u>8,506,664</u>	

During the year the trust incurred governance costs in relation to statutory audit fees and professional fees.

7. NET INCOME/(EXPENDITURE)

This is stated after charging:

	Note	2018 £	2017 £
Depreciation of tangible fixed assets:			
- owned by the trust	12	2,170,410	2,292,272
Fees payable to the trust's auditor	8	31,025	35,125
Loss on disposal of fixed assets	12	1,680,000	-
Other operating lease rentals		<u>160,321</u>	<u>157,749</u>

INVICTUS EDUCATION TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

8. AUDITOR'S REMUNERATION

	2018	2017
	£	£
Fees payable to the trust's auditor for the audit of the annual accounts	22,800	22,000
Fees payable to the trust's auditor in respect of: All other services not included above	8,225	13,125

INVICTUS EDUCATION TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

9. STAFF COSTS

a. Staff costs

Staff costs were as follows:

	2018 £	2017 £
Wages and salaries	14,088,829	13,728,578
Social security costs	1,417,728	1,316,737
Operating costs of defined benefit pension schemes	3,169,996	3,017,448
	<u>18,676,553</u>	<u>18,062,763</u>
Staff restructuring costs - severance payments	211,173	46,978
Supply costs	429,036	322,543
	<u>19,316,762</u>	<u>18,432,284</u>

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

There were two non-statutory/non-contractual severance payments during the year amounting to £32,928, one for £29,928 (paid 30 June 2018) and one for £3,000 (paid 7 February 2018) (2017: £14,887, one for £10,350 and one for £4,537).

c. Staff numbers

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

	2018 No.	2017 No.
Management	39	32
Teachers	236	230
Support	311	303
	<u>586</u>	<u>565</u>

d. Higher paid staff

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

	2018 No.	2017 No.
In the band £60,001 - £70,000	3	2
In the band £70,001 - £80,000	2	2
In the band £80,001 - £90,000	2	2
In the band £90,001 - £100,000	2	1
In the band £110,001 - £120,000	1	0
In the band £120,001 - £130,000	0	1

INVICTUS EDUCATION TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

9. STAFF COSTS (continued)

e. Key management personnel

The key management personnel of the trust comprise the senior management team, details of whom can be found within the reference and administrative pages. The total amount of employee benefits (including employer pension and national insurance contributions) received by key management personnel for their services to the trust was £683,066 (2017: £664,605).

10. DIRECTORS' REMUNERATION AND EXPENSES

One or more Directors has been paid remuneration or has received other benefits from an employment with the academy. The Principal and other staff Directors 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 Directors. The value of Directors' remuneration and other benefits was as follows:

		2018	2017
		£	£
Andrew Griffiths	Remuneration	110,000-115,000	120,000-125,000
	Pension contributions paid	10,000-15,000	20,000-25,000

During the year, no Directors received any reimbursement of expenses (2017 - £NIL).

11. DIRECTORS' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the trust has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on trust business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2018 was £996 (2017 - £2,851).

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12. TANGIBLE FIXED ASSETS

	Long term leasehold Property £	Freehold Property £	Fixtures, fittings and motor vehicles £	Computer equipment £	Assets under construct'n £	Total £
Cost or valuation						
At 1 September 2017	63,532,370	45,386,000	390,865	244,831	1,419,562	110,973,628
Additions	-	-	228,052	81,938	3,153,291	3,463,281
Disposals	(1,810,000)	-	-	-	-	(1,810,000)
At 31 August 2018	61,722,370	45,386,000	618,917	326,769	4,572,853	112,626,909
Depreciation						
At 1 September 2017	3,145,187	1,580,925	135,888	155,474	-	5,017,474
Charge for the Year	1,258,464	790,776	58,438	62,732	-	2,170,410
On disposals	(130,000)	-	-	-	-	(130,000)
At 31 August 2018	4,273,651	2,371,701	194,326	218,206	-	7,057,884
Net book value						
At 31 August 2018	57,448,719	43,014,299	424,591	108,563	4,572,853	105,569,025
At 31 August 2017	60,387,183	43,805,075	254,977	89,357	1,419,562	105,956,154

Freehold land

Included in freehold property is freehold land amounting to £513,250 (2017: £513,250) which is not depreciated.

Leasehold title

Long leasehold property includes property that has been gifted to the trust on 125 year leases upon conversion of constituent schools to the trust. The legal owners of the leasehold properties being Dudley Metropolitan Borough Council and South Staffordshire County Council.

Leasehold disposal

As part of the ongoing buildings works that are taking place at Kinver High School, a significant proportion of the existing building has been demolished in order to facilitate the building of a brand new block. A disposal amounting £1,680,000 has therefore been recognised in the financial statements to reflect the fact that approximately 10% of the initial valuation placed on the long leasehold building, upon transfer into the trust, has been disposed of for £nil consideration. In order to account for this disposal, the directors have obtained the approximate square footage of the building that is being demolished and compared this to the approximate square footage of the school building as a whole. This % has then been applied to the total valuation placed on the building at the date of transfer into the trust.

Costs incurred in association with the new building are being capitalised as an asset under construction and will be transferred to long leasehold property, and subsequently depreciated, from the date at which the buildings are available for use, which is September 2018.

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13. DEBTORS

	2018 £	2017 £
Trade debtors	75,486	47,745
Other debtors	344,211	330,918
Accrued capital grants	1,770,200	6,552,633
Prepayments and accrued income	446,761	393,222
	<u>2,636,658</u>	<u>7,324,518</u>

14. CREDITORS: Amounts falling due within one year

	2018 £	2017 £
Local Authority and Salix loans	16 103,588	10,285
Trade creditors	579,057	1,099,500
Capital accruals	1,270,115	178,191
Other taxation and social security	338,025	374,530
Other creditors	342,441	343,672
Accruals and deferred income	350,622	195,465
	<u>2,983,848</u>	<u>2,201,643</u>

	2018 £	2017 £
Deferred income		
Deferred income at 1 September 2017	84,028	91,281
Resources deferred during the year	85,088	84,028
Amounts released from previous years	(84,028)	(91,281)
Deferred income at 31 August 2018	<u>85,088</u>	<u>84,028</u>

Included in deferred income are grants and other income received in advance of entitlement for the 18/19 academic year.

15. AGENCY ARRANGEMENTS

The trust distributes bursary funds to students as an agent for the ESFA. In the accounting period ending 31 August 2018 the trust received £21,030 (2017: £25,203) and disbursed £13,678 (2017: £4,852) from the fund. An amount of £47,716 (2017: £40,364) is included in other creditors relating to undistributed funds.

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

	2018	2017
	£	£
Local Authority and Salix loans	276,039	5,649

Loans

Included in Local authority and Salix loans are the following loans.

South Staffordshire County Council

This is an interest free, concessionary loan which was agreed before the constituent school joined the trust. The amount outstanding is £5,625 (2017: £15,947) of which the whole amount is due within one year.

Dudley Metropolitan Borough Council

There are two loans from Dudley Metropolitan Borough Council. One of loans has an outstanding balance of 164,833 (of which £46,000 is due within one year and £118,833 due after more than one year) and the other loan has an outstanding balance of £55,217 (of which £28,344 is due within one year and £26,873 due after more than one year). These loans are interest bearing at a rate of 3.5% and 2.5% respectively and are fully repayable within 5 years. Both of these loans were agreed before the constituent school joined the trust.

Salix and ClF related loans

The remaining loans amounting to £146,371 are interest free Salix loans which were agreed as part of the ClF applications. The loans are due for repayment by instalments. £44,577 was due for repayment after more than 5 years.

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17. STATEMENT OF FUNDS

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Unrestricted funds						
General funds	616,341	1,052,511	(698,092)	(942,900)	-	27,860
School funds	180,824	727,060	(707,757)	-	-	200,127
	<u>797,165</u>	<u>1,779,571</u>	<u>(1,405,849)</u>	<u>(942,900)</u>	<u>-</u>	<u>227,987</u>
Restricted funds						
General annual grant	15,934	18,844,172	(21,701,745)	3,040,791	-	199,152
Other DfE/ESFA grants	-	1,249,180	(1,249,180)	-	-	-
LA grants	-	963,082	(963,082)	-	-	-
Start up grants	-	25,000	(9,357)	-	-	15,643
Salix and LA loans	(15,934)	(67,889)	(15,400)	(115,572)	-	(214,795)
Pension reserve	(8,217,000)	-	(708,000)	-	1,417,000	(7,508,000)
	<u>(8,217,000)</u>	<u>21,013,545</u>	<u>(24,646,764)</u>	<u>2,925,219</u>	<u>1,417,000</u>	<u>(7,508,000)</u>
Restricted fixed asset funds						
Restricted fixed assets	105,956,154	-	(3,850,410)	3,463,281	-	105,569,025
ESFA Capital grants	9,434,494	1,571,884	-	(4,751,298)	-	6,255,080
LA donated assets	433,259	96,210	-	(529,469)	-	-
LA capital loan	-	-	-	(164,833)	-	(164,833)
	<u>115,823,907</u>	<u>1,668,094</u>	<u>(3,850,410)</u>	<u>(1,982,319)</u>	<u>-</u>	<u>111,659,272</u>
Total restricted funds	<u>107,606,907</u>	<u>22,681,639</u>	<u>(28,497,174)</u>	<u>942,900</u>	<u>1,417,000</u>	<u>104,151,272</u>
Total of funds	<u>108,404,072</u>	<u>24,461,210</u>	<u>(29,903,023)</u>	<u>-</u>	<u>1,417,000</u>	<u>104,379,259</u>

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17. STATEMENT OF FUNDS (continued)

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

Unrestricted funds

These funds represent those resources which may be used towards meeting any of the charitable objects of the charitable company at the discretion of the Directors.

Restricted funds

Restricted general funds comprise all other restricted funds received and include grants from the Department for Education and the Local Authority(ies).

Restricted fixed asset funds

These funds represents the carrying value of fixed assets that have either been received upon conversion of constituent Academies into the Trust or have been purchased from grants received from the ESFA. It also includes fixed assets that have been funded by grants/loans from the ESFA/LA plus amounts received which have yet to be spent on future capital assets.

Transfers between funds

Transfers between funds represent capital items purchased from GAG offset by capital grants spent on revenue expenditure along with other expenditure transfers.

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

ANALYSIS OF ACADEMIES BY FUND BALANCE

Fund balances at 31 August 2018 were allocated as follows:

	Total 2018 £	Total 2017 £
Ellowes Hall Sports College	(305,974)	(67,162)
The Crestwood School	173,138	210,897
Kinver High School	9,197	189,935
Ounsdale High School	(174)	(13,912)
Central Services	385,843	321,920
Leasowes High School	(34,043)	(7,928)
Capital reclassification adjustment (see explanation overleaf)	-	163,415
Total before fixed asset fund and pension reserve	227,987	797,165
Restricted fixed asset fund	111,659,272	115,823,907
Pension reserve	(7,508,000)	(8,217,000)
Total	104,379,259	108,404,072

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

During the year it was identified that in 2016/17 £163,415 of revenue expenditure had been incorrectly allocated to the Crestwood and Kinver High School fund balances which had the effect of overstating The Crestwood School's reserves by £161,415 and Kinver High School's reserves by £2,000. This matter has been corrected during the current year so that the above reserves by school at 31 August 2018 are accurate.

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

Name of academy	Amount of deficit £
Ellowes Hall Sports College	305,974
Ounsdale High School	174
Leasowes High School	34,043

The trust is working on achieving future balanced budgets for each school. Deficits in these schools are subsidised by trust central services until such a time that all schools achieve a balance budget position.

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 depr'n £	Total 2018 £	Total 2017 £
Ellowes Hall Sports College	3,826,338	971,397	75,911	1,240,471	6,114,117	6,319,945
Kinver High School	2,036,114	414,237	27,296	647,242	3,124,889	3,033,101
Ounsdale High School	2,946,498	689,425	26,440	685,954	4,348,317	4,708,354
The Crestwood School	2,844,379	710,586	31,701	1,824,484	5,411,150	5,729,020
Leasowes High School	2,971,899	1,031,892	45,282	1,545,063	5,594,136	3,489,797
Central services	233,915	640,082	53,954	532,053	1,460,004	1,200,037
	<u>14,859,143</u>	<u>4,457,619</u>	<u>260,584</u>	<u>6,475,267</u>	<u>26,052,613</u>	<u>24,480,254</u>

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

STATEMENT OF FUNDS - PRIOR YEAR

	<i>Balance at 1 September 2016 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers in/out £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 August 2017 £</i>
General funds						
General Funds	164,228	1,025,811	(620,918)	47,220	-	616,341
School funds	125,443	655,156	(599,775)	-	-	180,824
LA budget surplus	704,853	116,963	(116,963)	(704,853)	-	-
	<u>994,524</u>	<u>1,797,930</u>	<u>(1,337,656)</u>	<u>(657,633)</u>	<u>-</u>	<u>797,165</u>
Restricted funds						
General annual grant	29,084	18,351,089	(21,006,900)	2,642,661	-	15,934
Start up grants	-	25,000	(25,000)	-	-	-
Other DfE/ESFA grants	-	1,117,841	(1,117,841)	-	-	-
LA grants	-	241,857	(241,857)	-	-	-
LA Loan	(29,084)	-	-	13,150	-	(15,934)
Pension reserve	(6,775,000)	(2,164,000)	(751,000)	-	1,473,000	(8,217,000)
	<u>(6,775,000)</u>	<u>17,571,787</u>	<u>(23,142,598)</u>	<u>2,655,811</u>	<u>1,473,000</u>	<u>(8,217,000)</u>
Restricted fixed asset funds						
Restricted fixed assets	84,876,932	-	(2,292,272)	23,371,494	-	105,956,154
ESFA Capital grants	4,092,785	8,859,474	-	(3,517,765)	-	9,434,494
Transfers on conversion	-	21,851,907	-	(21,851,907)	-	-
LA donated assets	-	433,259	-	-	-	433,259
	<u>88,969,717</u>	<u>31,144,640</u>	<u>(2,292,272)</u>	<u>(1,998,178)</u>	<u>-</u>	<u>115,823,907</u>
Total restricted funds	<u>82,194,717</u>	<u>48,716,427</u>	<u>(25,434,870)</u>	<u>657,633</u>	<u>1,473,000</u>	<u>107,606,907</u>
Total of funds	<u>83,189,241</u>	<u>50,514,357</u>	<u>(26,772,526)</u>	<u>-</u>	<u>1,473,000</u>	<u>108,404,072</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

18. CENTRAL SERVICES

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

- Management services
- Legal services
- Education support services
- Maintenance and admin support services

The charitable company charges for these services based on a percentage of grant income received for each constituent academy. Any surplus generated is held as contingency reserve for use in future periods.

The actual amounts charged during the year were as follows:

	2018	2017
	£	£
The Crestwood School	266,748	258,919
Kinver High School	158,698	134,643
Ellowes Hall Sports College	356,588	367,794
Ounsdale High School	279,847	287,248
Leasowes High School	182,240	136,581
	<u>1,244,121</u>	<u>1,185,185</u>
Total		

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**NOTES TO THE FINANCIAL STATEMENTS
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19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	105,569,025	105,569,025
Current assets	227,987	3,095,054	6,255,080	9,578,121
Creditors due within one year	-	(2,937,848)	(46,000)	(2,983,848)
Creditors due in more than one year	-	(157,206)	(118,833)	(276,039)
Provisions for liabilities and charges	-	(7,508,000)	-	(7,508,000)
	<u>227,987</u>	<u>(7,508,000)</u>	<u>111,659,272</u>	<u>104,379,259</u>

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	105,956,154	105,956,154
Current assets	797,165	2,207,292	9,867,753	12,872,210
Creditors due within one year	-	(2,201,643)	-	(2,201,643)
Creditors due in more than one year	-	(5,649)	-	(5,649)
Provisions for liabilities and charges	-	(8,217,000)	-	(8,217,000)
	<u>797,165</u>	<u>(8,217,000)</u>	<u>115,823,907</u>	<u>108,404,072</u>

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

	2018 £	2017 £
Net (expenditure)/income for the year (as per Statement of Financial Activities)	(5,441,813)	23,741,831
Adjustment for:		
Depreciation charges	2,170,410	2,292,272
Loss on disposal of assets	1,680,000	-
Capital grants receivable from ESFA and other sources	(1,668,094)	(7,294,555)
Decrease in debtors	(94,573)	23,219
Decrease in creditors	(403,022)	(1,339,129)
Fixed assets transferred on conversion	-	(21,851,907)
LGPS pension scheme adjustments	708,000	751,000
Pension liability transferred on conversion	-	2,164,000
Surplus transferred on conversion	278,722	(116,963)
Net cash used in operating activities	<u>(2,770,370)</u>	<u>(1,630,232)</u>

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NOTES TO THE FINANCIAL STATEMENTS
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21. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2018 £	2017 £
Cash at bank and in hand	6,941,463	5,547,692
Total	<u>6,941,463</u>	<u>5,547,692</u>

22. CAPITAL COMMITMENTS

At 31 August 2018 the trust had capital commitments as follows:

	2018 £	2017 £
Contracted for but not provided in these financial statements	<u>5,230,255</u>	<u>4,651,418</u>

23. PENSION COMMITMENTS

The trust'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 West Midlands Pension Fund and Staffordshire Pension Fund. Both are Multi-employer defined benefit pension schemes.

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

Contributions amounting to £293,000 were payable to the schemes at 31 August 2018 (2017 - 295,000) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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:

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23. PENSION COMMITMENTS (continued)

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

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

The employer's pension costs paid to TPS in the period amounted to £1,629,000 (2017 - £1,590,000).

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 an unfunded multi-employer pension scheme. The trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The trust has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the Year ended 31 August 2018 was £968,000 (2017 - £939,000), of which employer's contributions totalled £783,000 (2017 - £702,000) and employees' contributions totalled £185,000 (2017 - £237,000). The agreed contribution rates for future years are between 18.3% and 23.2% for employers and between 5.5% and 12.5% for employees.

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

The trust has entered into an agreement to make contributions in addition to normal funding levels due to the scheme being in deficit. It is anticipated that the additional contributions will be paid over the following years as follows:

2018/19: £147,360
2019/20: £153,060
2020/21: £158,860

Principal actuarial assumptions:

	2018	2017
Discount rate for scheme liabilities	2.75 %	2.53 %
Rate of increase in salaries	3.13 %	3.27 %
Pension increases	2.37 %	2.50 %

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23. PENSION COMMITMENTS (continued)

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

	2018	2017
Retiring today		
Males	22	22
Females	24.4	24.4
Retiring in 20 years		
Males	24.1	23.8
Females	26.5	26.2

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

	Fair value at 31 August 2018 £	Fair value at 31 August 2017 £
Equities	4,391,000	3,851,000
Bonds	697,000	493,000
Other bonds	184,000	165,000
Property	545,000	434,000
Cash/liquidity	240,000	274,000
Other	692,000	570,000
Total market value of assets	<u>6,749,000</u>	<u>5,787,000</u>

The actual return on scheme assets was £437,000 (2017 - £408,000).

The amounts recognised in the Statement of financial activities are as follows:

	2018 £	2017 £
Current service cost	1,263,000	1,275,000
Net interest on defined liability	206,000	177,000
Admin expenses	2,000	1,000
Total	<u>1,471,000</u>	<u>1,453,000</u>

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23. PENSION COMMITMENTS (continued)

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

	2018 £	2017 £
Opening defined benefit obligation	14,004,000	10,662,000
Current service cost	1,263,000	1,275,000
Interest cost	365,000	280,000
Employee contributions	185,000	237,000
Actuarial gains	(1,416,000)	(1,139,000)
Benefits paid	(164,000)	(84,000)
Losses on curtailments	20,000	-
Transfers on conversion	-	2,773,000
	<u>14,257,000</u>	<u>14,004,000</u>
Closing defined benefit obligation	<u>14,257,000</u>	<u>14,004,000</u>

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

	2018 £	2017 £
Opening fair value of scheme assets	5,787,000	3,887,000
Interest income	159,000	103,000
Actuarial gains and (losses)	1,000	334,000
Employer contributions	783,000	702,000
Employee contributions	185,000	237,000
Benefits paid	(164,000)	(84,000)
Admin expenses	(2,000)	(1,000)
Transfers on conversion	-	609,000
	<u>6,749,000</u>	<u>5,787,000</u>
Closing fair value of scheme assets	<u>6,749,000</u>	<u>5,787,000</u>

24. OPERATING LEASE COMMITMENTS

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

	2018 £	2017 £
Amounts payable:		
Within 1 year	158,075	119,220
Between 1 and 5 years	134,419	79,078
After more than 5 years	120,794	73,941
Total	<u>413,288</u>	<u>272,239</u>

INVICTUS EDUCATION TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

25. RELATED PARTY TRANSACTIONS

Owing to the nature of the academy trust and the composition of the board of directors being drawn from local public and private sector organisations, transactions may take place with organisations in which Directors have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH and with the trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 10.

26. 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.

27. POST BALANCE SHEET EVENTS

From 1 September 2018 the directors have agreed to expand the Trust by welcoming into the trust Pedmore High School, a secondary school based in Stourbridge.