Company Registration Number: 07699775 (England and Wales)

THE FEDERATION OF ABBEY SCHOOLS ACADEMY TRUST

(A Company Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2018

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THE FEDERATION OF ABBEY SCHOOLS ACADEMY TRUST
(A Company Limited by Guarantee)

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THE FEDERATION OF ABBEY SCHOOLS ACADEMY TRUST
(A Company Limited by Guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS MEMBERS, GOVERNORS AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2018

Members

D J Leigh (resigned 9 July 2018)
M King
Dr L M Bryant
E De La Motte
M J Fryer

Governors

E De La Motte, Chair
D M Bailey
P A Bibby, Parent
J Briggs, Head Teacher[1]
Dr L M Bryant[1]
V Folkes, Staff Governor
M J Fryer[1]
R Hall
R Kershaw, Parent
D J Leigh, Chair (Resigned 9 July 2018)[1]
N P Little
C Marley, Parent
H Parkinson, Staff Governor[1]
J Scott, Parent
C Stow-Smith, Staff Governor
P M Willson[1]

[1] members of Finance Committee

Company registered number

07699775

Company name

The Federation of Abbey Schools Academy Trust

Principal and registered office

The Federation Of Abbey Schools (Infant Building)
Cleveland Terrace
Darlington
County Durham
DL3 8JA

REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS MEMBERS, GOVERNORS AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2018

Company secretary

Oakwood Corporate Secretary Limited

Senior leadership team

J Briggs, Head Teacher and Accounting Officer - from 1 September 2017
V Folkes, Deputy Head Teacher
J Neasham, Deputy Head Teacher

Independent auditors

Clive Owen LLP
Chartered Accountants
Statutory Auditors
140 Coniscliffe Road
Darlington
Co Durham
DL3 7RT

Bankers

Lloyds Bank plc
21-23 Northgate
Darlington
County Durham
DL1 1TL

Solicitors

Wrigleys
19 Cookridge Street
Leeds
LS2 3AG

GOVERNORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2018

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

The trust operates an academy for pupils aged 4 to 11 serving the West End area in Darlington. The academy has a pupil capacity of 630 and had a roll of 609 in the school census on 6 October 2017.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The trustees of The Federation of Abbey Schools Academy Trust are also the directors of the charitable company for the purposes of company law. The charitable company is known as The Federation of Abbey Schools.

Details of the Governors 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.

Governors' indemnities

The academy has purchased insurance to protect Governors from claims arising against negligent acts, errors or omissions occurring whilst on academy business.

Method of recruitment and appointment or election of Governors

The term of office for any Governor shall be four years, save that this time limit shall not apply to the Head Teachers or any post held ex-officio. Subject to remaining eligible to be a particular type of Governor, any Governor may be re-appointed or re-elected.

Policies and procedures adopted for the induction and training of Governors

The training and induction provided for new Governors depends on their existing experience. Where necessary induction and training is provided on charity, educational, legal and financial matters. All new Governors are given a tour of the academy and the chance to meet with staff and students. All Governors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Governors. As there are normally only one or two new Governors a year, induction tends to be done informally and is tailored specifically to the individual.

Organisational structure

During the year the academy continued to operate a unified management structure. The structure consists of three levels: the Governors, the Senior Leadership Team and the TLR Team (Middle Leaders). The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

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

The Senior Leadership Team includes the Head Teacher and two deputy Head Teachers, who are responsible for the day to day operation of the academy, in particular organising the teaching staff, facilities and pupils

The TLR Team consists of seven team leaders, one from each year group, who each lead a year group and a curricular subject.

Arrangements for setting pay and remuneration of key management personnel

The academy uses Performance Management to determine whether a member of staff progresses to the next pay increment and it uses the School Teachers' Pay and Conditions Document (STPCD) as a framework. The school uses an external consultant for the Head Teacher's performance review and the Head Teacher and Senior Leadership Team review all other staff.

Trade union facility time

Relevant union officials

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
0	0

Percentage of time spent on facility time

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

Percentage of pay bill spent on facility time

Provide the total cost of facility time	0
Provide the total pay bill	0
Provide the percentage of total pay bill spent on facility time, calculated as: (total cost facility time / total pay bill) x 100	0

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated : (total hours spent on paid trade union activities by relevant union officials during the relevant period / total paid facility time hours) x 100	0

Related Parties and other Connected Charities and Organisations

The academy is part of the Swaledale Teaching Schools Alliance.

OBJECTIVES AND ACTIVITIES

Objects and Aims

The principal object and activity of the charitable company is the operation of The Federation of Abbey Schools to provide education for students of different abilities between the ages of four and eleven.

In accordance with the Articles of Association the charitable company has adopted a "Scheme of Government" approved by the Secretary of State for Education. The Scheme of Government specifies, amongst other things, the basis for admitting students to the academy, the catchment area from which the students are drawn, and that the curriculum should comply with the substance of the national curriculum.

The main aims of the academy during the year ended 31 August 2018 are summarised below:

'Teaching, Learning and Growing Together in Friendship' – school motto.

The Aims of the Federation of Abbey Schools

Throughout this Federation we aim for our children to be:

Successful Learners by
- Promoting an enjoyment and love of learning
- Developing inquisitive and enquiring minds, generating motivation
- Ensuring quality teaching by well trained, excellent role models who keep up to date with changes, particularly ICT
- Enabling children to access personalised learning in order to make good progress and reach their potential

Confident Individuals by
- Providing a nurturing environment ensuring children feel happy, safe and secure
- Allowing time to build confidence, raising self-esteem and promoting self-understanding
- Developing good relationships with adults and peers; communicating and interacting as appropriate
- Promoting life skills to deal with all situations

Responsible Citizens by
- Having good manners, respect for others and understanding social values
- Following a healthy lifestyle and taking care of the planet
- Engaging in cultural awareness and being tolerant of others
- Developing life skills and interacting positively within the community

Objectives, strategies and activities

The aims of the academy focus on the core purpose of the school, educating children to be successful learners, confident individuals and responsible citizens. The school improvement plan 2017 – 18 was linked to the Ofsted criteria. The leadership and management objective was to develop leaders at all levels following the changes in senior leadership. Following an Ofsted in the Junior School in January 2018 which praised senior leadership the emphasis changed to developing middle leadership. There have been developments here with teachers undertaking more roles in school and across collaborations.

The teaching and leadership priority was linked to writing and increasing progress for all learners. There have been big developments here to increase engagement and make feedback and marking more effective. The school has had support from an SLE for English from the Swaledale Alliance Teaching School and has also invested in some quality CPD from Literacy Shed, the result has been a more engaging curriculum and above expected progress in writing in all year groups.

The third priority was to improve outcomes for Pupil Premium and SEND children through tighter interventions with clear entry and exit data and a more focused use of Pupil Premium spend. Pupil Premium spend has targeted directly at the specified children with intervention like Third Space in maths and Lexia for reading. Monitoring has also become more tightly focused with reviews every half term. The gap has been closed for these groups but there is still more work to do and so this priority will continue next year.

The personal development, behaviour and welfare objective was to improve behaviour and this was improved for the majority quickly with the implementation of a new behaviour policy. This priority also included educating the whole child and progress has been made through community links and introducing growth mindset.

The final objective for Early Years (EY) was to improve tracking and enhancing the areas of provision in Early Years. Through collaborations there have been some positive improvements here and the EY areas have been revamped with more areas where provision is enhanced.

Public benefit

The academy's aims and achievements are set out within this report and have been undertaken to further its charitable purposes for the public benefit. The Governors have complied with the duty under Section 4 of the Charities Act 2011 to have due regard to public benefit guidance published by the Charity Commission for England and Wales and the Governors have considered this guidance in deciding what activities the academy should undertake.

STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE

The academy's academic performance improved across all 3 key stages this year with 87.7% of children reaching a good level of development in the EY and children in KS1 and KS2 achieving the expected level in reading, writing and mathematics was 76.7% and 86% respectively, which is substantially higher than the national average. Children in all other year groups made more than expected progress. Following a low intake in the Reception class in 2017 more marketing was undertaken and the cohort for 2018 is 91.

A new facilities lead has been employed and an audit of needs has been undertaken so now the academy is more proactive than reactive which is already starting to bring down costs. The academy has also worked to reduce costs and increase income and it now runs wrap around care every day from 7:45 to 17:45. Good budget management turned a projected overspend of £40,000 into an overspend of £16,000. The school Governors have also worked well in order to set a 3 year budget that will have minimal impact on teaching and learning.

The focus on staff performance through tight performance targets and CPD has meant children have made accelerated progress and staff retention was excellent.

Key Performance Indicators

The attainment at Key Stage 1 and Key Stage 2 has been excellent and reflects the amount of effort and resourcing that has been given to Teaching and Learning to ensure that the children make as much progress as possible. Attendance across the site is outstanding and around 97%, above the national average, the school has a good reputation in Darlington.
The junior school is rated as good by Ofsted and the infant school Outstanding.

Some other key performance indicators are listed below
- Total income per pupil - £ 4,315.37
- Total GAG income per pupil - £ 3,430.78
- Staff costs per pupil - £ 3,536.83
- Total costs per pupil - £ 4,685.51
- Staff costs as % of total costs -75.48%
- Staff costs as % of total income - 81.96%
- Pupil to teacher ratio - 24.2

FINANCIAL REVIEW

Going concern

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

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

Financial review

Most of the academy's income is obtained from the Department of Education (DfE) via the Education and Skills Funding Agency (ESFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE/ESFA during the year ended 31 August 2018 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The academy also receives grants for fixed assets from the DfE/ESFA. In accordance with the Charities SORP (FRS 102), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During the year ended 31 August 2018, total expenditure of £2,853,000 was in excess of recurrent grant funding from the DfE/ESFA together with other incoming resources. The excess of expenditure over income for the year (before transfers and actuarial gains, and excluding restricted fixed asset funds) was £31,000.

All of the expenditure shown in the Statement of Financial Activities is in furtherance of the academies objectives.

At 31 August 2018 the net book value of fixed assets was £3,986,000 and movements in tangible fixed assets are shown in note 13 to the Financial Statements. The assets were used exclusively for providing education and the associated support services to the students of the academy.

The provisions of Financial Reporting Standard (FRS) 102 have been applied in full, resulting in a deficit of £664,000 recognised on the balance sheet.

The academy held fund balances at 31 August 2018 of £3,803,000 comprising £3,425,000 of restricted funds and £378,000 of unrestricted funds.

Reserves policy

The academy holds restricted and unrestricted funds (the attached financial statements detail these funds). Unrestricted funds are held:

- to provide funds which can be designated to specific areas such as capital projects
- to cover ongoing costs in relation to the running of the academy including catering provisions, school trips, and uniform costs

The level of reserves is reviewed by the Governors regularly throughout the year. The minimum level of reserves for the ongoing needs of the academy is reviewed by the Governors on an annual basis. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Governors therefore consider it prudent to hold unrestricted reserves in the general fund in the form of free reserves (total funds less the amount held in fixed assets and restricted funds) of £200,000.

This is considered sufficient to cover:
a) Ongoing development opportunities,
b) Unforeseen circumstances / emergencies.

The academy's current level of free reserves of £378,000 therefore are considered to be above the level of reserves required for the ongoing needs of the academy. The Governors continue to consider additional activities related to the academy's objectives to which the excess reserves may be applied including:
a) Additional opportunities to access for the children in order to enhance the curriculum,
b) Variance in ongoing costs that may be referred to in the Risk Register.

Investment policy

The academy invests surplus funds through money market accounts. Interest rates are reviewed prior to each investment. This policy maximises investment return whilst minimising risks to the principal sum.

Principal risks and uncertainties

The principal risks and uncertainties are centred around changes in the level of funding from the DfE/ESFA. In addition the academy is a member of the Local Government Pension Scheme (LGPS), which results in the recognition of a significant deficit on the academy balance sheet.

The Governors have assessed the major risks, to which the academy is exposed, in particular those relating specifically to teaching, provision of facilities and other operational areas of the academy, and its finances. The Governors have implemented a number of systems to assess risks that the school faces, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school visits) and in relation to the control of finance. Where significant financial risk still remains they have ensured they have adequate insurance cover. The academy has an effective system of internal financial controls and this is explained in more detail in the Governance Statement.

The academy has fully implemented the requirements of the Safer Recruitment procedures and all staff have received training in this area in addition to training on Child Protection.

The academy is subject to a number of risks and uncertainties in common with other academies. The academy has in place procedures to identify and mitigate financial risks.

Fundraising

The Federation of Abbey Schools Academy Trust has a Parents and Friends Association (PFA) which raises additional funds for the school. All fundraising is done with the school family. Fundraising includes discos, bake sales, Christmas cards, Abbey draw raffle and Halloween parties. The PFA meet with the senior leadership team termly to discuss fundraising and how the money is to be spent. All fundraising is done within school and by the school community, the PFA does not appoint commercial fundraisers and all fundraising has to be approved by the Head Teacher. No overheads are taken from the funds raised and one hundred percent of funds are put back into the school for the benefit of the pupils.

A Charity Committee run by Governors, pupils, parents and teachers decide what external charities are to be supported for the academic year. The Charity Committee meet with the Head Teacher to seek approval of the chosen charities. All proceeds are paid to the chosen charity.

Any fundraising complaints received will follow the schools complaints procedure.

During the course of fundraising we protect donors by treating donors fairly and are mindful of vulnerable people:

- we enable them to take informed decisions about donations. We take account of needs of donors who may be vulnerable or may need additional support to make an informed decision;
- we do not take advantage of credulity, lack of knowledge or apparent need for support or vulnerable circumstance.
- we do not seek or accept donations if we know or suspect that a potential donor lacks capacity and will return any donations made by someone who lacked capacity at the time;
- we do not make unreasonable intrusions into privacy, are not unreasonably persistent and will not place undue pressure on anyone to donate;
- we will not ask for support if a person has clearly indicated that they do not wish to continue to engage or we have reasonable grounds for believing in the course of engaging with an individual that they are in vulnerable circumstances and unable to make an informed decision to donate.

Plans for future periods

The school improvement priorities for the academic year 2018-19 are set out in the school improvement action plans they are:

1. **Leadership and Management** - *To improve the capacity and effectiveness of middle leaders in raising the quality of teaching and thereby pupils achievement*
2. **Teaching, Learning and Assessment** - *To improve the progress of all pupils writing so that achievement continues to be at least in line with national average with a significant proportion achieving mastery through developing more opportunities to develop writing across the curriculum*
3. **Outcomes** - *To improve the outcomes for disadvantaged and SEND children*
4. **Personal development, behaviour and welfare** – *To review and improve the PSHE curriculum with a focus on emotional well-being and improving children's coping strategies.*
   To develop resilience through metacognition and the use of growth mindsets
5. **Early Years** - *To increase challenge through development of the areas of continuous provision and the consistency of the quality of observations*

Disclosure of information to auditors

Insofar as the Governors are aware:

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

The Governors' Report was approved by order of the Board of Governors, as the company directors, on 7 November 2018 and signed on its behalf by:



E De La Motte
Trustee

GOVERNANCE STATEMENT

Scope of Responsibility

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

The Board of Governors has delegated the day-to-day responsibility to the Head Teacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between The Federation of Abbey Schools Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Governors any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Governors' Report and in the Statement of Governors' Responsibilities. The Board of Governors has formally met 7 times during the year. Attendance during the year at meetings of the Board of Governors was as follows:

Governor	Board meetings attended	Out of a possible
E De La Motte	6	7
D M Bailey	6	7
P A Bibby, Parent	2	7
J Briggs, Head Teacher	7	7
Dr L M Bryant	6	7
V Folkes, Staff Governor	6	7
M J Fryer	7	7
R Hall	7	7
R Kershaw, Parent	6	7
D J Leigh, Chair	7	7
N P Little	5	7
C Marley, Parent	6	7
H Parkinson, Staff Governor	6	7
J Scott, Parent	6	7
C Stow-Smith, Staff Governor	7	7
P M Willson	7	7

Finance Sub-Committee

The Finance Committee is a sub-committee of the main Board of Governors. Its purpose is to set the budget and monitor all financial and premises matters.

Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
Dr L M Bryant, Chair of Finance	3	3
P M Willson, Vice Chair	3	3
V Folkes, Staff Governor	2	3
M J Fryer	3	3
D J Leigh	1	3
J Briggs	3	3
H Parkinson, Staff Governor	1	3

GOVERNANCE STATEMENT (continued)

Leadership & Management Sub-Committee

Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
M J Fryer, Chair	3	3
E De La Motte, Vice Chair	3	3
D J Leigh	0	3
R Kershaw, Parent	2	3
D M Bailey	2	3
J Briggs, Head Teacher	3	3
R Hall	3	3

Teaching & Learning Sub-Committee

Attendance at the Teaching & Learning Committee in the 2017/18 Academic Year was as follows:

Governor	Meetings attended	Out of a possible
E De La Motte (Chair)	3	3
Dr L M Bryant (Vice Chair)	2	3
P Bibby	0	3
M Fryer	3	3
N Little	3	3
C Stow-Smith	2	3
J Briggs (Head Teacher)	3	3
C Marley	3	3
J Scott	2	3

Review of Value for Money

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

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

The school employed a new Head Teacher from September 2017 who has systematically reviewed the Academy and made changes where necessary.

The aims of the academy focus on the core purpose of the school, educating children to be successful learners, confident individuals and responsible citizens. The school improvement plan 2017 – 18 was linked to the Ofsted criteria. The leadership and management objective was to develop leaders at all levels following the changes in senior leadership. Following an Ofsted in the Junior School in January 2018 which praised senior leadership the emphasis changed to developing middle leadership. There have been developments here with teachers undertaking more roles in school and across collaborations.

The teaching and leadership priority was linked to writing and increasing progress for all learners. There have been big developments here to increase engagement and make feedback and marking more effective. The school has had support from an SLE for English from the Swaledale Alliance Teaching School and has also invested in some quality CPD from Literacy Shed, the result has been a more engaging curriculum and above expected progress in writing in all year groups.

The third priority was to improve outcomes for Pupil Premium and SEND children through tighter interventions with clear entry and exit data and a more focused use of Pupil Premium spend. Pupil Premium spend has targeted directly at the specified children with intervention like Third Space in maths and Lexia for reading.

GOVERNANCE STATEMENT (continued)

Monitoring has also become more tightly focused with reviews every half term. The gap has been closed for these groups but there is still more work to do and so this priority will continue next year.

The personal development, behaviour and welfare objective was to improve behaviour and this was improved for the majority quickly with the implementation of a new behaviour policy. This priority also included educating the whole child and progress has been made through community links and introducing growth mindset.

The final objective for Early Years was to improve tracking and enhancing the areas of provision in Early Years. Through collaborations there have been some positive improvements here and the EY areas have been revamped with more areas where provision is enhanced.

Performance management is now closely linked to school improvement and some of the targets are data driven. The school has revised the way it analyses data and now this is more tightly focused and the teaching staff are more accountable for progress. Following a parent questionnaire individual data summaries are sent out to parents termly and so parents are more aware of the progress their child is making.

All staff have received relevant training appropriate to their role; as a partner school in High Force Education SCITT we have been able to train our own teachers and employ them as newly qualified teachers in our academy. All staff have continuing professional development, some at high level such as NPQSL and M.Ed. School Improvement support and advice has been sought from various outside agencies including teaching schools and ex HMI's. The service of school advisers has been carefully chosen, depending on their skill and area of expertise; matching this to the needs of the school. Procurement of other services, such as Educational Psychology, Behaviour Support and Human Resources have been carefully selected to provide Best Value enabling a cost effective service.

Careful monitoring of expenditure of specific DfE grants such as Pupil Premium and the PE and Sports funding has ensured maximum impact. Children who have been identified as meeting the criteria for Pupil Premium have accessed greater opportunities in their learning and also through wider opportunities to meet their social and emotional needs. The PE and Sport fund has enabled the academy to provide additional sport opportunities for all children; clubs before school, at lunchtimes, specific sport workshops, competitions and intra school sports. The school will be running a sports leaders programme in the next academic year.

The school entered a tendering process to procure some interactive whiteboards for each classroom. Each classroom now has a new board which has helped to support pupil engagement and has enhanced teaching and learning. The school also updated its security systems to improve safeguarding further.

The school has worked tirelessly to ensure it is GDPR compliant and has bought into a service which regularly reviews and audits the school's practice.

In addition to using ASP data for school improvement; Fischer Family Trust is also used as a valuable performance indicator when target setting, the academy uses Target Tracker to monitor pupil progress and this is now used with summative assessments to ensure teacher assessments are robust. These tools are good value for money and enable detailed analysis of the school's performance to take place.

The academy has employed a new facilities lead who is reviewing and updating risk assessments and ensuring robust systems are in place. The academy has employed a new IT company to support its IT infrastructure and updates have been made. The academy uses a process for tenders which is outlined in our 'Financial Procedures' document and followed this precisely in order to have best value when procuring contractors for any build or major works. For example, a tender exercise was carried out to find a company to replace the interactive whiteboards across both schools.

The school meals provision has been extremely successful this year; the price of a school meal has been increased to £2 with more choice of meals that are of a high quality. School meals are a non-profit section of our company, therefore we have been able to invest surplus monies into the infrastructure of the catering organisation; again using our specific process for tenders, securing best value.

GOVERNANCE STATEMENT (continued)

Governors receive regular reports from Internal Assurance (Clive Owen LLP) via the Finance Committee. The governors regularly debate and challenge the cost and effectiveness of spending proposals within the Trust and contribute effectively to the decisions made. All Governing Body meetings and committee meetings are clerked by a member of the Academy team and minutes are available for scrutiny on the website and in the school office.

Following the results of a parent questionnaire the Academy has expanded its wrap around care provision. The school now provides wrap around care from 7:45 to 5:45 for up to 60 children.

The work of the Business Team has been an excellent example of ownership of an effective system which works efficiently. It has managed to turn a projected overspend of £40,000 into an overspend of £16,000. The governors and finance team have also worked effectively to ensure budget cuts have had as little impact as possible on teaching and learning.

The Purpose of the System of Internal Control

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

Capacity to Handle Risk

The Board of Governors has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Governors is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy 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 Governors.

GOVERNANCE STATEMENT (continued)

The Risk and Control Framework

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

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

The Board of Governors has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Governors have appointed Clive Owen LLP, the external auditors, to perform additional checks.

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

- Testing of payroll systems;
- Testing of purchase systems;
- Testing of control account/bank reconciliations;
- Testing of income;
- Testing of VAT and corporation tax;
- Testing of accounting systems;
- Testing of Information Technology;
- Testing of Fixed Assets.

On a termly basis, the external auditors report to the Board of Governors through the finance committee on the operation of the systems of control and on the discharge of the Board of Governors' financial responsibilities.

The external auditors have delivered their schedule of work as planned and no material control issues have arisen as a result of their work.

GOVERNANCE STATEMENT (continued)

Review of Effectiveness

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

- the work of the external auditors;
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the Board of Governors on 7 November 2018 and signed on their behalf, by:

E De La Motte
Chair

J Briggs
Accounting Officer

THE FEDERATION OF ABBEY SCHOOLS ACADEMY TRUST
(A Company Limited by Guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of The Federation of Abbey Schools Academy Trust I have considered my responsibility to notify the academy trust Board of Governors 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 Governors 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 Governors and ESFA.

J Briggs
Accounting Officer

Date: 7 November 2018

STATEMENT OF GOVERNORS' RESPONSIBILITIES FOR THE YEAR ENDED 31 AUGUST 2018

The Governors (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Governors' 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 Governors to prepare financial statements for each financial year. Under company law the Governors 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 Governors 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 Governors 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 Governors 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 Governors 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 Governors on 7 November 2018 and signed on its behalf by:



E De La Motte
Chair

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE FEDERATION OF ABBEY SCHOOLS ACADEMY TRUST

Opinion

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

In our opinion the financial statements:

- give a true and fair view of the state of the academy'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 and Skills Funding Agency.

Basis for opinion

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

Conclusions relating to going concern

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

- the Governors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Governors 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 Governors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE FEDERATION OF ABBEY SCHOOLS ACADEMY 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 Governors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Governors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the academy and its environment obtained in the course of the audit, we have not identified material misstatements in the Governors' 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 Governors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Governors

As explained more fully in the Statement of Governors' Responsibilities, the Governors (who are also the directors of the academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Governors 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 Governors are responsible for assessing the academy's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Governors either intend to liquidate the academy or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE FEDERATION OF ABBEY SCHOOLS ACADEMY TRUST

Auditors' responsibilities for the audit of the financial statements

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

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

Use of our report

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

Kevin Shotton BA FCA (Senior Statutory Auditor)

for and on behalf of

Clive Owen LLP

Chartered Accountants
Statutory Auditors

140 Coniscliffe Road
Darlington
Co Durham
DL3 7RT
7 November 2018

THE FEDERATION OF ABBEY SCHOOLS ACADEMY TRUST

(A Company Limited by Guarantee)

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO THE FEDERATION OF ABBEY SCHOOLS ACADEMY TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY

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

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

Respective responsibilities of The Federation of Abbey Schools Academy Trust's Accounting Officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of The Federation of Abbey Schools Academy Trust's funding agreement with the Secretary of State for Education dated 21 July 2011, 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 academy's income and expenditure.

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO THE FEDERATION OF ABBEY SCHOOLS ACADEMY TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY (continued)

The work undertaken to draw to our conclusion includes:
- Review of governing body and committee minutes;
- Review of termly Internal Assurance reports;
- Completion of self assessment questionnaire by Accounting Officer;
- Discussions with the Accounting Officer and finance team;
- Review documentation provided to Governors and Accounting Officer setting out responsibilities;
- Obtain formal letters of representation detailing the responsibilities of Governors;
- Review of payroll, purchases and expenses claims on a sample basis;
- Confirmation that the lines of delegation and limits set have been adhered to;
- Evaluation of internal control procedures and reporting lines;
- Review cash payments for unusual transactions;
- Review of credit card transactions;
- Review of registers of interests;
- Review related party transactions;
- Review of borrowing agreements;
- Review of land and building transactions;
- Review of potential and actual bad debts; and
- Review an instance of gifts/hospitality to ensure in line with policy.

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.

Clive Owen LLP

Reporting Accountants

140 Coniscliffe Road
Darlington
Co Durham
DL3 7RT

7 November 2018

THE FEDERATION OF ABBEY SCHOOLS ACADEMY 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 £000	Restricted funds 2018 £000	Restricted fixed asset funds 2018 £000	Total funds 2018 £000	Total funds 2017 £000
INCOME FROM:						
Donations and capital grants	2	24	-	15	39	40
Charitable activities	3	-	2,354	-	2,354	2,358
Other trading activities	4	231	-	-	231	227
Investments	5	4	-	-	4	9
TOTAL INCOME		259	2,354	15	2,628	2,634
EXPENDITURE ON:						
Charitable activities		302	2,342	209	2,853	3,023
TOTAL EXPENDITURE	6	302	2,342	209	2,853	3,023
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS		(43)	12	(194)	(225)	(389)
Transfers between Funds	16	(3)	(40)	43	-	-
NET EXPENDITURE BEFORE OTHER RECOGNISED GAINS AND LOSSES		(46)	(28)	(151)	(225)	(389)
Actuarial gains on defined benefit pension schemes	21	-	150	-	150	788
NET MOVEMENT IN FUNDS		(46)	122	(151)	(75)	399
RECONCILIATION OF FUNDS:						
Total funds brought forward		424	(683)	4,137	3,878	3,479
TOTAL FUNDS CARRIED FORWARD		378	(561)	3,986	3,803	3,878

THE FEDERATION OF ABBEY SCHOOLS ACADEMY TRUST

(A Company Limited by Guarantee)
REGISTERED NUMBER: 07699775

BALANCE SHEET
AS AT 31 AUGUST 2018

	Note	£000	2018 £000	£000	2017 £000
FIXED ASSETS					
Tangible assets	13		3,986		4,137
CURRENT ASSETS					
Debtors	14	71		83	
Cash at bank and in hand		608		617	
		679		700	
CREDITORS: amounts falling due within one year	15	(198)		(244)	
NET CURRENT ASSETS			481		456
TOTAL ASSETS LESS CURRENT LIABILITIES			4,467		4,593
Defined benefit pension scheme liability	21		(664)		(715)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			3,803		3,878
FUNDS OF THE ACADEMY					
Restricted income funds:					
Restricted income funds	16	103		32	
Restricted fixed asset funds	16	3,986		4,137	
Restricted income funds excluding pension liability		4,089		4,169	
Pension reserve		(664)		(715)	
Total restricted income funds			3,425		3,454
Unrestricted income funds	16		378		424
TOTAL FUNDS			3,803		3,878

The financial statements on pages 24 to 48 were approved by the Governors, and authorised for issue, on 7 November 2018 and are signed on their behalf, by:

E De La Motte
Chair

J Briggs
Head Teacher

THE FEDERATION OF ABBEY SCHOOLS ACADEMY TRUST
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2018

	Note	2018 £000	2017 £000
Cash flows from operating activities			
Net cash provided by/(used in) operating activities	18	30	(115)
Cash flows from investing activities:			
Interest receivable		4	9
Purchase of tangible fixed assets		(58)	(66)
Capital grants from DfE Group		15	15
Net cash used in investing activities		(39)	(42)
Change in cash and cash equivalents in the year		(9)	(157)
Cash and cash equivalents brought forward		617	774
Cash and cash equivalents carried forward		608	617

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 Federation of Abbey Schools Academy Trust constitutes a public benefit entity as defined by FRS 102.

1.2 Fund accounting

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

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.

1.3 Income

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

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

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

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

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

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

1. ACCOUNTING POLICIES (continued)

1.4 Expenditure

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

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

All expenditure is inclusive of irrecoverable VAT.

1.5 Going concern

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

1.6 Tangible fixed assets and depreciation

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment, except where IT equipment is purchased, in which case assets costing more than £250 are capitalised.

The premises are held on a 125 year lease from Darlington Borough Council. As the risks and rewards have transferred to the Academy, the asset has been recognised within tangible fixed assets. The initial acquisition was recognised at existing use valuation by DTZ, on behalf of the Education and Skills Funding Agency. The Governors consider that the cost of obtaining an additional valuation would outweigh the benefit.

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

Long term leasehold property	-	over 22.33/22.75 years
Long term leasehold land	-	over 125 years
Furniture and fixtures	-	20% straight line
Computer equipment	-	33.33% straight line

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

1. ACCOUNTING POLICIES (continued)

1.7 Operating leases

Rentals under operating leases are charged to the Statement of Financial Activities incorporating Income and Expenditure Account on a straight line basis over the lease term.

1.8 Taxation

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

1.9 Debtors

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

1.10 Cash at Bank and in hand

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

1.11 Liabilities and provisions

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

1.12 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 14. Prepayments are not financial instruments. Amounts due to the academy's wholly owned subsidiary are held at face value less any impairment. Cash at bank is classified as a basic financial instrument and is measured at face value.

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

1. ACCOUNTING POLICIES (continued)

1.13 Pensions

Retirement benefits to employees of the academy 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 academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 21, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

1. ACCOUNTING POLICIES (continued)

1.14 Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 21, 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:

Depreciation – Depreciation is calculated so as to write off the cost of an asset, less its residual value, over the economic life of that asset. An estimate of the useful life of assets is detailed in the depreciation accounting policy. The value of depreciation charge during the year was £209,000.

Land and buildings – Land and buildings are held under a 125 year lease from Darlington Borough Council. These assets are included on the balance sheet of the academy due to the significant risks and rewards of ownership belonging to the academy, the lease term being the major part of the economic life of the assets and the assets being of such a specialised nature that only the academy could use them without major modification.

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2018 £000	Restricted fixed asset funds 2018 £000	Total funds 2018 £000	Total funds 2017 £000
Donations	24	-	24	25
Capital Grants	-	15	15	15
	24	15	39	40
Total 2017	25	15	40	

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

3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Total funds 2018 £000	Total funds 2017 £000
DfE/ESFA grants				
General Annual Grant (GAG)	-	2,089	2,089	2,099
Pupil Premium	-	57	57	61
Other DfE/ESFA Grants	-	150	150	131
	-	2,296	2,296	2,291
Other government grants				
SEN	-	37	37	26
NQT/SCITT Funding	-	21	21	41
	-	58	58	67
	-	2,354	2,354	2,358
Total 2017	-	2,358	2,358	

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Total funds 2018 £000	Total funds 2017 £000
Sundry income	86	-	86	71
Lettings	5	-	5	6
School trips	16	-	16	17
Staff absence insurance	6	-	6	18
Catering	118	-	118	115
	231	-	231	227
Total 2017	227	-	227	

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

5. INVESTMENT INCOME

	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Total funds 2018 £000	Total funds 2017 £000
Bank interest	4	-	4	9
Total 2017	9	-	9	

6. EXPENDITURE

	Staff costs 2018 £000	Premises 2018 £000	Other costs 2018 £000	Total 2018 £000	Total 2017 £000
Academy's educational operations:					
Direct costs	1,836	-	112	1,948	2,110
Support costs	318	341	246	905	913
	2,154	341	358	2,853	3,023
Total 2017	2,299	381	343	3,023	

There were no individual transactions exceeding £5,000 for:

- Ex-gratia/compensation payments
- Gifts made by the academy
- Fixed asset losses
- Stock losses
- Unrecoverable debts
- Cash losses

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

7. CHARITABLE ACTIVITIES

	2018 £000	2017 £000
DIRECT COSTS		
Wages and salaries	1,415	1,527
National insurance	122	135
Pension cost	299	336
Educational supplies	82	83
Staff development	13	11
Other direct costs	17	18
	1,948	2,110
SUPPORT COSTS		
Wages and salaries	266	256
National insurance	11	10
Pension costs	41	35
Depreciation	209	208
Net interest cost on pension scheme	17	26
Technology costs	32	11
Maintenance of premises and equipment	48	82
Cleaning	9	12
Rates	20	14
Energy	26	21
Insurance	29	25
Catering	79	79
Occupancy costs	16	19
Bank interest and charges	2	1
Other support costs	50	68
Governance costs	50	46
	905	913
	2,853	3,023

8. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2018 £000	2017 £000
Depreciation of tangible fixed assets:		
- owned by the charity	209	208
Fees payable to auditor for audit	6	6
Fees payable to auditor for other services	2	6
Operating lease rentals	7	9

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

9. STAFF COSTS

a. Staff costs

Staff costs were as follows:

	2018 £000	2017 £000
Wages and salaries	1,623	1,653
Social security costs	133	145
Operating costs of defined benefit pension schemes	340	371
	2,096	2,169
Supply staff costs	51	130
Staff restructuring costs	7	-
	2,154	2,299

Included in operating costs of defined benefit pension schemes is a debit of £82,000 relating to the pension deficit acturarial adjustment.

b. Staff numbers

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

	2018 No.	2017 No.
Teachers	33	38
Administration and support	64	57
Management	3	3
	100	98

c. 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	1	0
In the band £70,001 - £80,000	0	1

d. Key management personnel

The key management personnel of the academy trust comprise the Head Teacher and the senior leadership team as listed on page 1. The total amount of employee benefits (including employer national insurance and employer pension contributions) received by key management personnel for their services to the academy trust was £240,000 (2017: £239,000).

10. GOVERNORS' REMUNERATION AND EXPENSES

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

		2018 £000	2017 £000
E McCue, Head Teacher and Accounting Officer	Remuneration	-	55-60
	Pension contributions paid	-	5-10
J Briggs, Head Teacher and Accounting Officer	Remuneration	60-65	-
	Pension contributions paid	10-15	-
A E B Gledhill, Staff Governor	Remuneration	-	35-40
	Pension contributions paid	-	5-10
A Noel, Staff Governor	Remuneration	-	-
	Pension contributions paid	-	-
V Folkes, Staff Governor	Remuneration	50-55	10-15
	Pension contributions paid	5-10	0-5
C Stow-Smith, Staff Governor	Remuneration	10-15	5-10
	Pension contributions paid	0-5	0-5
H Parkinson, Staff Governor	Remuneration	5-10	0-5
	Pension contributions paid	0-5	0-5

During the year, no Governors received any benefits in kind (2017 - £NIL).
During the year ended 31 August 2018, no Governors received any reimbursement of expenses (2017 - £NIL).

11. CENTRAL SERVICES

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

- financial services
- human resources
- technology support services
- educational support services

The academy charges for these services on the following basis:

allocation based on pupil numbers

The actual amounts charged during the year were as follows:

	2018 £000	2017 £000
Abbey Infant School	37	27
Abbey Junior School	45	32
Total	82	59

12. GOVERNORS' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £1,000,000 on any one claim and the cost for the year ended 31 August 2018 was £231 (2017 - £*1,043*).

13. TANGIBLE FIXED ASSETS

	Long term leasehold property £000	Furniture and fixtures £000	Computer equipment £000	Total £000
Cost				
At 1 September 2017	4,667	342	102	5,111
Additions	-	15	43	58
Disposals	-	-	(2)	(2)
At 31 August 2018	4,667	357	143	5,167
Depreciation				
At 1 September 2017	722	179	73	974
Charge for the year	130	57	22	209
On disposals	-	-	(2)	(2)
At 31 August 2018	852	236	93	1,181
Net book value				
At 31 August 2018	3,815	121	50	3,986
At 31 August 2017	3,945	163	29	4,137

All assets relate to direct educational provision.

14. DEBTORS

	2018 £000	2017 £000
Trade debtors	11	5
VAT recoverable	15	2
Prepayments and accrued income	45	76
	71	83

15. CREDITORS: Amounts falling due within one year

	2018 £000	2017 £000
Trade creditors	5	-
Other taxation and social security	63	70
Accruals and deferred income	130	174
	198	244

	2018 £000	2017 £000
Deferred income		
Deferred income at 1 September 2017	89	102
Resources deferred during the year	83	89
Amounts released from previous years	(89)	(102)
Deferred income at 31 August 2018	83	89

At the balance sheet date the academy was holding funds in relation to the Devolved Formula Capital grant and the Universal Infant Free School Meals grant which straddle the academic year.

16. STATEMENT OF FUNDS

	Balance at 1 September 2017 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2018 £000
Unrestricted funds						
Unrestricted funds	424	259	(302)	(3)	-	378
Restricted funds						
General Annual Grant (GAG)	32	2,089	(1,980)	(38)	-	103
Pupil Premium	-	57	(57)	-	-	-
SEN	-	46	(46)	-	-	-
Other DfE/ESFA Grants	-	150	(148)	(2)	-	-
NQT/SCITT Funding	-	12	(12)	-	-	-
Pension reserve	(715)	-	(99)	-	150	(664)
	(683)	2,354	(2,342)	(40)	150	(561)

16. STATEMENT OF FUNDS (continued)

Restricted fixed asset funds

Legacy Assets	3,484	-	(106)	-	-	3,378
Devolved Formula Capital	23	15	(10)	-	-	28
Academies Capital Maintenance Fund	168	-	(9)	-	-	159
Capital expenditure from GAG	421	-	(69)	38	-	390
ESFA PE Grant Fund	17	-	(6)	2	-	13
Universal Infant Free School Meals	12	-	(3)	-	-	9
Pupil premium	8	-	(3)	-	-	5
Unrestricted fund	4	-	(3)	3	-	4
	4,137	15	(209)	43	-	3,986
Total restricted funds	3,454	2,369	(2,551)	3	150	3,425
Total of funds	3,878	2,628	(2,853)	-	150	3,803

ANALYSIS OF ACADEMIES BY FUND BALANCE

Fund balances at 31 August 2018 were allocated as follows:

	Total 2018 £000	Total 2017 £000
Abbey Infant School	265	261
Abbey Junior School	216	195
Total before fixed asset fund and pension reserve	481	456
Restricted fixed asset fund	3,986	4,137
Pension reserve	(664)	(715)
Total	3,803	3,878

16. STATEMENT OF FUNDS (continued)

ANALYSIS OF ACADEMIES BY COST

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

	Teaching and educational support staff costs £000	Other support staff costs £000	Educational supplies £000	Other costs excluding depreciation £000	Total 2018 £000	Total 2017 £000
Abbey Infant School	960	9	37	149	1,155	1,266
Abbey Junior School	1,174	11	45	182	1,412	1,549
	2,134	20	82	331	2,567	2,815

STATEMENT OF FUNDS - PRIOR YEAR

	Balance at 1 September 2016 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2017 £000
Unrestricted funds	411	261	(221)	(27)	-	424
Restricted funds						
General Annual Grant (GAG)	162	2,099	(2,229)	-	-	32
Pupil Premium	-	61	(50)	(11)	-	-
Other DfE/ESFA Grants	-	131	(118)	(13)	-	-
Other grants	-	67	(67)	-	-	-
Pension reserve	(1,373)	-	(130)	-	788	(715)
	(1,211)	2,358	(2,594)	(24)	788	(683)

16. STATEMENT OF FUNDS (continued)

Restricted fixed asset funds

Legacy Assets	3,591	-	(106)	(1)	-	3,484
Devolved Formula Capital	41	15	(6)	(27)	-	23
Academies Capital Maintenance Fund	172	-	(9)	5	-	168
Capital expenditure from GAG	453	-	(74)	42	-	421
ESFA PE Grant Fund	22	-	(6)	1	-	17
Universal Infant Free School Meals	-	-	(1)	13	-	12
Pupil premium	-	-	(3)	11	-	8
Unrestricted fund	-	-	(3)	7	-	4
	4,279	15	(208)	51	-	4,137
Total restricted funds	3,068	2,373	(2,802)	27	788	3,454
Total of funds	3,479	2,634	(3,023)	-	788	3,878

A CURRENT YEAR 12 MONTHS AND PRIOR YEAR 12 MONTHS COMBINED POSITION IS AS FOLLOWS:

	Balance at 1 September 2016 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2018 £000
Designated funds						
Unrestricted funds	411	261	(221)	(27)	-	424
General funds						
Unrestricted funds	-	259	(302)	(3)	-	(46)
Total Unrestricted funds	411	520	(523)	(30)	-	378
Restricted funds						
General Annual Grant (GAG)	162	4,188	(4,209)	(38)	-	103
Pupil Premium	-	118	(107)	(11)	-	-
SEN	-	46	(46)	-	-	-
Other DfE/ESFA Grants	-	281	(266)	(15)	-	-
Other grants	-	67	(67)	-	-	-
NQT/SCITT Funding	-	12	(12)	-	-	-
Pension reserve	(1,373)	-	(229)	-	938	(664)
	(1,211)	4,712	(4,936)	(64)	938	(561)

16. STATEMENT OF FUNDS (continued)

Restricted fixed asset funds

Legacy Assets	3,591	-	(212)	(1)	-	3,378
Devolved Formula Capital	41	30	(16)	(27)	-	28
Academies Capital Maintenance Fund	172	-	(18)	5	-	159
Capital expenditure from GAG	453	-	(143)	80	-	390
ESFA PE Grant Fund	22	-	(12)	3	-	13
Universal Infant Free School Meals	-	-	(4)	13	-	9
Pupil premium	-	-	(6)	11	-	5
Unrestricted fund	-	-	(6)	10	-	4
	4,279	30	(417)	94	-	3,986
	3,068	4,742	(5,353)	30	938	3,425
Total of funds	3,479	5,262	(5,876)	-	938	3,803

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

General Annual Grant (GAG) must be used for the normal running costs of the academy including salaries and related costs, overheads, repairs and maintenance and insurance.

Pupil Premium relates to additional funding to be spent as the school sees fit to support deprived students.

Other DfE/ESFA grants include monies received in relation to a PE Sport grant to promote PE and sport and Universal Infant Free School Meals grant to provide free school meals for infants.

Other Government grants includes monies received in respect of newly qualified teachers, and also ILS funding to support students with additional educational needs.

The pension reserve is the liability due to the deficit on the Local Government Pension Scheme. Further details are shown in note 21.

The restricted fixed asset funds represent monies received to purchase fixed assets. Depreciation is charged against each fund over the useful life of the associated assets.

Transfers between funds represent fixed assets purchased out of GAG, PE & Sports Fund and Parent Fundraising.

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

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

17. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Restricted fixed asset funds 2018 £000	Total funds 2018 £000
Tangible fixed assets	-	-	3,986	3,986
Current assets	576	103	-	679
Creditors due within one year	(198)	-	-	(198)
Provisions for liabilities and charges	-	(664)	-	(664)
	378	(561)	3,986	3,803

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Restricted fixed asset funds 2017 £000	Total funds 2017 £000
Tangible fixed assets	-	-	4,137	4,137
Current assets	431	269	-	700
Creditors due within one year	(7)	(237)	-	(244)
Provisions for liabilities and charges	-	(715)	-	(715)
	424	(683)	4,137	3,878

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

	2018 £000	2017 £000
Net expenditure for the year (as per Statement of Financial Activities)	(225)	(389)
Adjustment for:		
Depreciation charges	209	208
Dividends, interest and rents from investments	(4)	(9)
Decrease/(increase) in debtors	12	(54)
(Decrease)/increase in creditors	(46)	14
Capital grants from DfE and other capital income	(15)	(15)
Defined benefit pension scheme cost less contributions payable	82	104
Defined benefit pension scheme finance cost	17	26
Net cash provided by/(used in) operating activities	30	(115)

19. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2018 £000	2017 £000
Cash in hand	608	617
Total	608	617

20. NET INTEREST COST ON PENSION SCHEME

	2018 £000	2017 £000
Interest income on pension scheme assets	29	25
Interest on pension scheme liabilities	(46)	(51)
	(17)	(26)

21. PENSION COMMITMENTS

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

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

Contributions amounting to £20,000 were payable to the schemes at 31 August 2018 *(2017 - 24,000)* 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' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

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

Valuation of the Teachers' Pension Scheme

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

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

21. PENSION COMMITMENTS (continued)

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 September 2019.

The employer's pension costs paid to TPS in the period amounted to £163,000 (2017 - £*193,000*).

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £127,000 (2017 - £*103,000*), of which employer's contributions totalled £95,000 (2017 - £*74,000*) and employees' contributions totalled £32,000 (2017 - £*29,000*). The agreed contribution rates for future years are 16.7% for employers and 5.5% to 12.5% for employees.

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

	2018	2017
Discount rate for scheme liabilities	2.80 %	2.50 %
Rate of increase in salaries	3.50 %	3.50 %
Rate of increase for pensions in payment / inflation	2.00 %	2.00 %
Inflation assumption (CPI)	2.00 %	2.00 %
Commutation of pensions to lump sums	80.00 %	80.00 %

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	23.3	23.2
Females	25.0	24.9
Retiring in 20 years		
Males	25.5	25.4
Females	27.3	27.2

Sensitivity analysis	At 31 August 2018 £000	At 31 August 2017 £000
Discount rate +0.1%	1,892	1,782
Discount rate -0.1%	1,985	1,869
Mortality assumption - 1 year increase	1,883	1,771
Mortality assumption - 1 year decrease	1,994	1,880
CPI rate +0.1%	1,959	1,850
CPI rate -0.1%	1,918	1,800

21. PENSION COMMITMENTS (continued)

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

	Fair value at 31 August 2018 £000	Fair value at 31 August 2017 £000
Equity instruments	618	545
Government Bond	318	342
Corporate bonds	167	95
Property	87	80
Cash	84	48
Total market value of assets	1,274	1,110

The actual return on scheme assets was £47,000 (2017 - *£-165,000*).

The amounts recognised in the Statement of Financial Activities incorporating Income and Expenditure Account are as follows:

	2018 £000	2017 £000
Current service cost	(177)	(178)
Interest income	29	25
Interest cost	(46)	(51)
Total	(194)	(204)
Actual return on scheme assets	47	(165)

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

	2018 £000	2017 £000
Opening defined benefit obligation	1,825	2,555
Current service cost	177	178
Interest cost	46	51
Employee contributions	32	29
Actuarial gains	(132)	(978)
Net benefits paid out	(10)	(10)
Closing defined benefit obligation	1,938	1,825

21. PENSION COMMITMENTS (continued)

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

	2018 £000	2017 £000
Opening fair value of scheme assets	1,110	1,182
Expected return on assets	29	25
Actuarial gains/(losses)	18	(190)
Employer contributions	95	74
Employee contributions	32	29
Benefits paid	(10)	(10)
Closing fair value of scheme assets	1,274	1,110

22. OPERATING LEASE COMMITMENTS

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

	Land and buildings		Other	
	2018 £000	2017 £000	2018 £000	2017 £000
Amounts payable:				
Within 1 year	-	-	8	8
Between 1 and 5 years	-	-	9	17
Total	-	-	17	25

23. RELATED PARTY TRANSACTIONS

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

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