

**The Skinners'  
Academy**

**Report and Financial  
Statements**

31 August 2018

Company Limited by Guarantee  
Registration Number 06543682  
(England and Wales)

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## Reference and administrative information

<b>Members</b>	The Worshipful Company of Skinners James Leslie Charles Clark Lucy Clare Lee
<b>Trustees and Governing Body</b>	Nicholas Roberts (Chair) Moses Arthur Christina Bankes Martin Bienvenu Sarah Caton James Leslie Charles Clark Tim Clark Christopher Dearle Anton Francic Lucy Clare Lee Jan Christopher Matern Jocelyn Mitchell Evan David Lewis Price Hugh William Whitbread Mark Wickham-Jones
<b>Company Secretary</b>	Vacant
<b>Senior Leadership Team</b>	
Principal	Tim Clark
Senior Vice Principal	Zehra Jaffer
Chief Financial Officer	Olu Alalade
Assistant Vice Principal	Kwaku Opoku-Ware
Assistant Vice Principal	Catherine Pasterkamp
Assistant Vice Principal	Patrick Robbins
<b>Registered office</b>	8 Dowgate Hill London EC4R 2SP
<b>Academy office</b>	Woodberry Grove London N4 1SY
<b>Company registration number</b>	06543682 (England and Wales)
<b>Auditor</b>	Buzzacott LLP 130 Wood Street London EC2V 6DL

## Reference and administrative information

<b>Bankers</b>	National Westminster Bank plc 3rd Floor Lough Point Gladbeck Way Enfield EN2 7JA
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## Trustees' report Year to 31 August 2018

The trustees of The Skinners' Academy ('the Academy') present their statutory report together with the financial statements of the Academy for the year ended 31 August 2018. The report has been prepared in accordance with Part 8 of the Charities Act 2011 and constitutes the directors' report for the purposes of Companies Act 2006. The annual report serves the purposes of both a trustees' report and a directors' report under company law and the sections headed Strategic Report on pages 8 to 9 fulfil the requirement for a 'Strategic Report' as outlined in the Companies Act 2006 Strategic Report and Directors Report Regulations 2013.

The financial statements have been prepared in accordance with the accounting policies set out therein and comply with the Academy's memorandum and articles of association, applicable laws and 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 United Kingdom and Republic of Ireland (FRS 102), effective from accounting periods commencing 1 January 2015 or later.

### STRUCTURE, GOVERNANCE AND MANAGEMENT

#### Constitution

The Academy is a company limited by guarantee with no share capital (Company Registration No. 06543682) and an exempt charity. The Academy's memorandum and articles of association are the primary governing documents. Members of the Academy are nominated by the principal sponsor or by the Secretary of State for Education. The articles of association require that there should be at least three trustees, each being a member or a duly authorised representative of a member organisation, or one third of the total number of trustees to be responsible for the statutory and constitutional affairs and the management of the Academy.

#### Members' liability

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

#### Trustees

The trustees are also directors of the Academy for the purposes of the Companies Act. The following trustees were in office at 31 August 2018 and served throughout the year except where shown:

<b>Trustee</b>	<b>Appointed/Resigned</b>
Robert Farquharson (Chair)	Resigned 31 August 2018
Nicholas Roberts (Chair)	Appointed 01 September 2018
Moses Arthur (Staff trustee)	
Christina Bankes	Appointed 04 December 2017
Martin Bienvenu (Staff trustee)	Appointed 29 September 2017
Martin Buck	Resigned 31 August 2017
Sarah Caton	
James Leslie Charles Clark	
Tim Clark	
Christopher Dearie	
Anton Francic	Appointed 01 September 2017
Helena Gaunt	Resigned 31 August 2018
Lucy Clare Lee	

**STRUCTURE, GOVERNANCE AND MANAGEMENT** (continued)

**Trustees** (continued)

<b>Trustee</b>	<b>Appointed/Resigned</b>
Jan Christopher Matern	
Sarah Mather	Resigned 27 September 2017
Jocelyn Mitchell	Appointed 20 June 2018
Ronnie O'Connor	Resigned 31 August 2018
Evan David Lewis Price	
Gina Visram (Staff trustee)	Resigned 31 August 2017
Hugh William Whitbread	
Mark Wickham-Jones	
The Hon Emmeline Winterbotham	Resigned 31 August 2018

Mr Tim Clark is remunerated in his position as Principal, and Mr Moses Arthur and Mr Martin Blenvenu are remunerated as employees of the Academy.

**Organisational structure**

The Academy is governed by a board of trustees constituted under a memorandum of association and articles of association. The board of trustees is responsible for ensuring that high standards of corporate governance are maintained. It exercises its powers and functions with a view to fulfilling a largely strategic leadership role in the running of the Academy, addressing such matters as:

- ◆ Policy development and strategic development;
- ◆ Ensuring sound management and administration of the Academy;
- ◆ Ensuring compliance with legal requirements;
- ◆ Establishing and maintaining effective internal controls;
- ◆ The management of all resources;
- ◆ The monitoring of performance;
- ◆ Helping the Academy to be responsive to the needs of parents, carers and the community; and
- ◆ Assessing and managing risk.

A Governing Body (chaired by a member of the board of trustees) responsible for setting general policy, adopting an annual plan and budget, monitoring the Academy by the use of budgets and strategic development plans meets tri-annually. The governors have delegated components of their responsibility to the Finance and General Purposes Committee.

**STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)**

**Organisational structure (continued)**

The Finance and General Purposes Committee is responsible for all financial and resource management and accounting, all internal and external financial reporting, ensuring an effective internal control environment, legal, premises and outstanding construction issues. This Committee is also responsible for advising on matters relating to monitoring all areas of health and safety to ensure compliance of policy, working practices and environment for all staff, students and visitors to the Academy.

Day to day management of the Academy is delegated to the Principal who has appointed a Senior Leadership Team which meets on a frequent basis. The Senior Leadership Team consist of:

Principal	Tim Clark
Senior Vice Principal	Zehra Jaffer
Chief Financial Officer	Olu Alalade
Assistant Vice Principal	Kwaku Opoku-Ware
Assistant Vice Principal	Catherine Pasterkamp
Assistant Vice Principal	Patrick Robbins

Together the Senior Leadership Team control the Academy at an executive level implementing the policies laid down by the trustees and the Governing Body and reporting back to them and providing evidence, reports and data analysis at the Governing Body meetings, enabling governors to monitor effectively.

**Arrangements for setting pay and remuneration of key management personnel**

The Principal's Performance Review Committee is comprised of three governors, drawn from the Finance and General Purposes Committee and the Education Committee, and is chaired by Mr Dearie. The review is carried out on an annual basis, with the Principal in attendance.

The Pay Review Committee is chaired by Mr J Clark and is comprised of three governors, including members of the Finance and General Purposes Committee and the Education Committee. The review is carried out on an annual basis and agrees the Senior Leadership Team salaries for recommendation to the Governing Body.

The Principal undertakes an annual review of all other salaries, in accordance with the Pay Policy.

**STRUCTURE, GOVERNANCE AND MANAGEMENT** (continued)

**Trade union facility time**

*Relevant union officials*

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

*Percentage of time spent on facility time*

Percentage of time	Number of employees
1% - 50%	1

*Percentage of pay bill spent on facility time*

Total cost of facility time	£392
Total pay bill	£6,669,929
Percentage of the total pay bill spent on facility time	<0.01%

*Paid trade union activities*

Time spent on paid trade union activities as a percentage of total paid facility time hours	100%
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**Connected organisations**

The Academy works closely with its sponsor, The Skinners' Company, the Department for Education (DfE), the Education and Skills Funding Agency (ESFA), the Local Education Authority and other local organisations.



## **STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)**

### **Risk management**

The Academy maintains a risk register which is reviewed by the trustees on a regular basis. This identifies the various types of risk that the Academy is exposed to and monitors the systems in place to mitigate those risks. The following risk areas are included on the register:

- ◆ Physical assets;
- ◆ Business continuity;
- ◆ Financial;
- ◆ Technological;
- ◆ Third party liability;
- ◆ Environmental;
- ◆ Legal and compliance;
- ◆ Market and sector;
- ◆ Personnel;
- ◆ Political; and
- ◆ Reputational.

## **OBJECTIVES AND ACTIVITIES**

### **Objects, aims and objectives**

The Academy's objects ("the Objects") are to advance for the public benefit education in the United Kingdom, in particular by establishing, maintaining, carrying on, managing and developing a school offering a broad curriculum with a strong emphasis on, but in no way limited to Business, Enterprise and ICT.

### **Public benefit**

When setting the objectives of the Academy for the year, the trustees have given careful consideration to the Charity Commission's general guidance on public benefit and in particular to its supplementary guidance on advancing education.

### **Equal opportunities**

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

## **OBJECTIVES AND ACTIVITIES (continued)**

### **Disabled persons**

The policy of the Academy is to support the recruitment and retention of students and employees with disabilities. Disabled employees are accorded equal opportunities for training, career development and promotion.

## **STRATEGIC REPORT**

### **Achievements and performance**

At the end of the eighth year of operations, the pupil numbers remain very strong in Key Stages 3 and 4 and continue to grow in Key Stage 5 where we now have our third Year 13 cohort.

The 2018 GCSE results were again above national average, despite having 59% of year 11 pupils deemed disadvantaged. Attendance rates for the year remained above national average. Compared to 2017, our second set of A Levels results shows 44 out of 46 students gaining university places and 2 students opting to take gap years.

Extra-curricular activities continue to be just as crucial and important to the life and mission of the Academy. For the third year running, the Academy funded musical instruments and tuition for all Year 7 pupils, and as in prior years consistently enrolled more Yr. 10 pupils who gained the Bronze Duke of Edinburgh Award than at any other school in London (including the independent schools). Other key activities include the Wales trip made available to all year 7 and year 12 pupils. In addition to this, sixth form pupils take a trip to the USA every other year. In 2019, years 9,10 and 12 pupils are heading to Disneyland Paris for a psychology conference.

Although the funding climate remains a challenge for the sector, the academy refreshed up to 70% of its ICT equipment over the summer alongside other key facilities such as the Public Address Tannoy system, the internal CCTV system and installed a brand new 3G artificial Astro-Turf on the existing MUGA area.

Sustained increase in pupil numbers across the country alongside teaching staff recruitment constraints are major issues the Academy faces as teacher retention crisis intensifies. The Academy is currently exploring strategies to not only attract but also retain the best teachers, especially as records show that four out of ten teachers quit the profession within the first five years of qualifying.

### **Financial review**

#### ***Financial report for the period***

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

The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

**STRATEGIC REPORT (continued)**

**Financial review (continued)**

*Financial report for the period (continued)*

During the year ended 31 August 2018, total expenditure of £8,809,329 (2017 - £8,731,621) (excluding the restricted fixed asset fund) was more than covered by recurrent grant funding from the ESFA together with other income. The excess of income over expenditure for the year (excluding restricted fixed asset funds and the actuarial gain on the pension scheme) was £233,099 (2017 – excess of income over expenditure of £484,435).

At 31 August 2018 the net book value of fixed assets was £26,121,863 (2017 - £26,145,779) 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 pupils of the Academy.

**Reserves policy**

The Academy held fund balances at 31 August 2018 of £28,112,347 (2017 - £27,809,210) comprising £1,892,340 (2017 - £1,528,961) of unrestricted general funds and £26,220,007 (2017 - £26,280,249) of restricted funds which includes the pension reserve deficit of £1,056,000 (2017 - £1,525,000) and fixed asset funds of £26,163,965 (2017 - £26,185,082).

The trustees have reviewed the reserves of the Academy. This review encompassed the nature of income and expenditure streams, the need to match them with commitments and the nature of reserves. The trustees will keep the level of reserves under review. The trustees intend to use a proportion of the accumulated GAG reserves towards the repair, maintenance and development of the Academy Trust's estate and infrastructure in the forthcoming financial year. Projects have been proposed to ensure that appropriate use of these funds is made,

The funding received and to be received for the development of the Academy and all associated capital works are intended to fully cover the costs and therefore the level of reserves is not currently a significant issue. The application of these accumulated brought forward funds is included in the Academy's medium-term financial planning and the trustees have therefore determined that the appropriate level of reserves, which are not invested in tangible assets, should be reviewed once all start-up funding has been expended.

The deficit on the pension fund relates to the Academy's share of the obligations under the Local Government Pension Scheme (LGPS). Any cash flows as a result of this deficit will occur over a number of years and contributions will be met from future budgets. The position is supported by the Parliamentary Minute that provides for a guarantee by the Department for Education to meet any outstanding LGPS liabilities in the event of an Academy closure. The guarantee came into force on 18 July 2013.

The Academy's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) is £1,892,340 (2017 - £1,528,961). The Academy intends to continue monitoring free reserves to ensure they are appropriate.

### **PRINCIPAL RISKS AND UNCERTAINTIES**

The Academy's Post 16 provision enters its third year of existence, and the promotion of year 12 pupils into year 13 has been consistently strong. In contrast, the registration of pupils into year 12 following the completion of their GCSEs continues to be improved upon. Numbers are slightly higher than previous years and strategies to sustain and develop this trend are being explored. One of such strategies is the introduction of BTEC courses which whilst maintaining entry requirement standards offers alternatives to pupils falling short of grades required for academic route courses.

Whilst retention of Year 11 pupils remains below forecast, there has been an increase in retention factor from 28% in 2017 to 38% in 2018. The promotion of Year 12 students into Year 13 remains strong, however, more emphasis is now on the registration of Year 12 students on completion of their GCSEs.

Whilst opening numbers remain lower than the target set, the governors and leadership team remain focused on high quality applications and so have resisted lowering entry criteria. In maintaining these high standards, it is intended to build a reputation for excellence and, thereby secure higher application numbers in future years.

The Academy's basis of funding has now changed from estimated pupil number to lagged funding using the census figures, with the implication that the Academy would no longer be subject to a claw-back of funding in excess of the 2.5% variation allowance previously provided by the ESFA under the estimated pupil number basis.

External pressure on staff costs, relating to increased pension and national insurance payments (along with general wage inflation), remains significant. Over time, in the absence of any mitigation strategy, this is forecast to exhaust the retained reserves. With this in mind, governors continue to review the academy staffing structure to ensure that the model is financially sustainable for future years.

### **FUNDRAISING**

The Academy has not actively engaged in fund raising activities in the year under review and therefore is not registered with the Fundraising Regulator or subscribe to any fundraising codes of practice. However, donations have been made to the Academy willingly by individuals or organisations who wish to support the activities of the Academy. To the best of our knowledge, the donors are capable of and have made informed decisions regarding their donations to the Academy. The Academy have also put in place measures to ensure that such donations are used for the intended purpose.

### **PLANS FOR FUTURE PERIODS**

During the year under review, a major overhaul of ICT hardware and infrastructure took place. These upgrades are integral to the advancement of teaching and learning and the Academy's administrative functions for the next few years. The following will be our focus for the future:

To progress with the upgrade of ICT hardware and infrastructure already commenced. A five-year plan has been developed and will continue to be refreshed annually.

To continue to develop other facilities within the Academy such as the sporting equipment, and other teaching and learning equipment that are reaching the end of their lives. The MUGA area has recently been re-laid with 3G astro-turf surface with the help of Arsenal Football Club. Plans are underway to install a climbing wall in the sports hall and fives courts all of which will help to boost the Academy's community integration and income generating capacity for the future.

To continue to develop the quality of our extra-curricular activities in ensuring that our pupils consistently attain and achieve at the highest level possible intellectually and otherwise.

To ensure that pupils, staff, governors and parents alike are united in a culture of relentless pursuit of high expectations.

To consistently attract, recruit and retain the highest quality staff for the academy with the aim of boosting morale and job satisfaction.

### **AUDITOR**

In so far as the trustees are aware:

- ◆ there is no relevant audit information of which the Academy's auditor is unaware; and
- ◆ the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Trustees' report, incorporating a strategic report, approved by order of the members of the board of trustees and signed on its behalf by:



Trustee and Chair of Governing Body

Approved by the trustees on: 28 November 2018

## Governance statement 31 August 2018

### Scope of responsibility

The trustees and governors acknowledge that they have overall responsibility for ensuring that The Skinners' Academy 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 trustees and the Governing Body have delegated the day-to-day responsibility to the Principal, 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 Academy and the Secretary of State for Education. The Principal is also responsible for reporting to the governing body any material weaknesses or breakdowns in internal control.

### Governance

The information on governance included here supplements that described in the trustees' report and in the statement of trustees' responsibilities. The Governing Body has formally met four times during the year. Attendance during the year at meetings of the Governing Body was as follows:

Governor	Number of meetings attended	Out of a possible
Robert Farquharson (Chair)	3	4
Moses Arthur	4	4
Christina Bankes	4	4
Martin Bienvenu	4	4
Sarah Caton	3	4
James Leslie Charles Clark	4	4
Tim Clark	4	4
Christopher Dearie	4	4
Anton Francic	2	4
Helena Gaunt	2	4
Lucy Clare Lee	3	4
Jan Christopher Matern	1	4
Jocelyn Mitchell	1	1
Ronnie O'Connor	0	4
Evan David Lewis Price	2	4
Nicholas Roberts	2	4
Hugh William Whitbread	4	4
Mark Wickham-Jones	1	4
The Hon Emmellne Winterbotham	4	4

Attendance at meetings throughout the year has been excellent, with all being quorate.

## Governance statement 31 August 2018

### Governance (continued)

The impact and effectiveness of the trustees is kept under review internally.

The Finance and General Purposes Committee is a sub-committee of the main Governing Body. Its purpose is to take responsibility for all financial and resource management and accounting, all internal and external financial reporting, ensuring an effective internal control environment, legal, premises and outstanding construction issues. This Committee is also responsible for advising on matters relating to monitoring all areas of health and safety to ensure compliance of policy, working practices and environment for all staff, students and visitors to the Academy. Attendance at meetings in the year was as follows:

Governor	Number of meetings attended	Out of a possible
JLC Clark (Chair)	4	4
T Clark	3	4
R Farquharson	2	4
N Roberts	3	4
HW Whitbread	4	4

### Governance reviews

Governors exercised their duties over the course of the year with a full schedule of meetings. Additionally, Governors visited the Academy to monitor statutory activities such as safeguarding, health and safety and SEND (Special Educational Needs and Disability). Visits were also made to routine lessons, prize giving and performances. Governors took part in training relating to pupil resilience and mental health and received updates from curriculum leaders. The whole governing body undertakes an annual self-review survey to reflect on their own performance, to suggest training needs and to audit the skills. Given that a large number of governors had expiring terms this exercise proved effective at ensuring that we recruited highly and appropriately skilled replacements.

### Review of value for money

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

The Accounting Officer considers how the Academy's use of its resources has provided good value for money during the academic year, and reports to the board of trustees where value for money can be improved. The accounting officer for the Academy has delivered and improved value for money during the year by ensuring implementation of the following:

- ◆ All purchases, however small, have to be made using the Academy's purchase order system enabling the Academy's finance assistants to check and critically analyse all expenditure.
- ◆ The Academy has invested in a new integrated budgeting software HCSS which allows for the development of a robust 5-year budget forecast which is refreshed annually. This will ensure that the Academy can take macroeconomic changes into consideration whilst making plans for the future.

## **Governance statement 31 August 2018**

### **Review of value for money (continued)**

- ◆ Expenditure is compared with other similar local schools through the use of the benchmarking data provided by national league tables, for example, on pupil/teacher ratios, expenditure per pupil and staff cost to total income ratio.
- ◆ All expenditure over £2,500 has to receive approval from the CFO, over £10,000 from the Principal and over £20,000 from the governors. Again, these limits enable all significant expenditure to be challenged on the grounds of "best value".
- ◆ The Academy has regular visits from our Responsible Officer whose reports and feedback provide additional challenge to our expenditure.
- ◆ All contracts are formally competitively tendered.
- ◆ "Finance" is a major area of the new Academy Development Plan, with a specific target to ensure "best value" in all expenditure. The ADP informs all Departmental Development Plans (DDPs), which are also, therefore, required to ensure "best value" in all departmental purchases.
- ◆ Academy budget holders and heads of departments are periodically given training on budget management with the aim of ensuring consistency in compliance and achieving value for money at departmental levels.

### **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 the Academy's 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 at the Academy for the year ended 31 August 2018 and up to the date of approval of the annual report and financial statements.

### **Capacity to handle risk**

The trustees and Governing Body have reviewed the key risks to which the Academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The trustees and Governing Body are of the view that there is an ongoing process for identifying, evaluating and managing the Academy's significant risks that has been in place for the year ended 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the trustees and Governing Body.

### **The risk and control framework**

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



**The risk and control framework (continued)**

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

The trustees and Governing Body have considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the governors have appointed Vanessa Hill of Hillyates Chartered Accountants as Reporting Officer ('RO'). The RO's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. A RO visit was conducted in July 2018 to examine financial systems and controls for the period to June 2018 and a report was provided to the governors on the operation of the systems of control and the discharge of the trustees' and Governing Body's financial responsibilities.

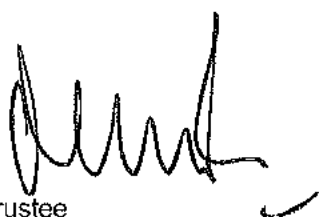
**Review of effectiveness**

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

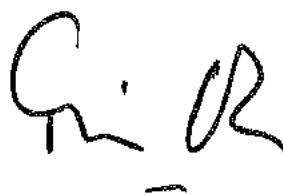
- ◆ the work of the Reporting Officer;
- ◆ the work of the external auditor;
- ◆ the financial management and governance self-assessment process; and
- ◆ the work of the Senior Leadership Team within the Academy who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Finance and General Purposes Committee and ensures continuous improvement of the system is in place.

Approved by order of the trustees and Governing Body and signed on their behalf by:



Trustee



Principal and Accounting Officer

Approved on:

24-11-18

**Statement on regularity, propriety and compliance 31 August 2018**

As Accounting Officer of The Skinners' Academy, I have considered my responsibility to notify the Academy's trustees and Governing Body and the Education and Skills Funding Agency of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the Academy and the Secretary of State. 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's trustees and Governing Body are able to identify any material irregular or improper use of funds by the Academy, or material non-compliance with the terms and conditions of funding under the Academy'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 trustees and ESFA.



Accounting Officer

Date: 28-8-18

**Statement of trustees' responsibilities 31 August 2018**

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

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

- ◆ select suitable accounting policies and then apply them consistently;
- ◆ observe the methods and principles in the Charities' SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- ◆ make judgments and estimates that are reasonable and prudent;
- ◆ state whether applicable United Kingdom Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements; and
- ◆ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Academy will continue in operation.

The trustees are responsible for keeping proper accounting records that are sufficient to show and explain the Academy's transactions and disclose with reasonable accuracy at any time the financial position of the Academy 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 Academy and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for ensuring that in its conduct and operation the Academy 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 the ESFA have been applied for the purposes intended.

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

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

Trustee



Date: 28 November 2018

## **Independent auditor's reports** Year to 31 August 2018

### **Independent auditor's report on the financial statements to the members of The Skinners' Academy**

#### **Opinion**

We have audited the financial statements of The Skinners' Academy (the 'charitable company') for the year ended 31 August 2018 which comprise the statement of financial activities, the balance sheet, the statement of cash flows, the principal accounting policies and the related notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (the Charities SORP 2015) and the Academies Accounts Direction 2017 to 2018.

In our opinion, the financial statements:

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

#### **Basis for opinion**

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

#### **Conclusions relating to going concern**

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

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

## **Independent auditor's reports** Year to 31 August 2018

### **Other information**

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

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

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

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

- ◆ the information given in the trustees' report including the strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ◆ the trustees' report including the strategic report has been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report including the strategic report.

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

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

## Independent auditor's reports Year to 31 August 2018

### Requirements of trustees

As explained more fully in the trustees' responsibilities statement, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### Auditor's responsibilities for the audit of the financial statements

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

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

### Use of our report

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



12 December 2018

Edward Finch (Senior Statutory Auditor)

for and on behalf of Buzzacott LLP, Statutory Auditor

130 Wood Street

London

EC2V 6DL

## **Independent auditor's reports** Year to 31 August 2018

### **Independent reporting accountant's report on regularity to The Skinners' Academy and the Education and Skills Funding Agency**

In accordance with the terms of our engagement letter dated 13 October 2016 and further to the requirements of the Education and 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 Skinners' Academy during the period from 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 Skinners' Academy and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to The Skinners' Academy 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 Skinners' Academy and the ESFA, for our work, for this report, or for the conclusion we have formed.

### **Respective responsibilities of The Skinners' Academy's Accounting Officer and the reporting auditor**

The Accounting Officer is responsible, under the requirements of The Skinners' Academy's funding agreement with the Secretary of State for Education dated 30 April 2008 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 period from 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

### **Approach**

We conducted our engagement in accordance with 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.

## Independent auditor's reports Year to 31 August 2018

### Approach (continued)

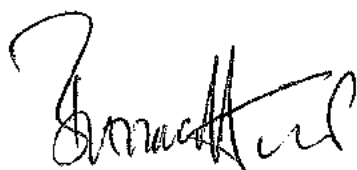
Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the Academy's income and expenditure.

The work undertaken to draw to our conclusion includes:

- ◆ An assessment of the risk of material irregularity and impropriety across all of the Academy's activities;
- ◆ Further testing and review of the areas identified through the risk assessment including enquiry, identification of control processes and examination of supporting evidence across all areas identified as well as additional verification work where considered necessary; and
- ◆ Consideration of evidence obtained through the work detailed above and the work completed as part of our financial statements audit in order to support the regularity conclusion.

### Conclusion

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



Buzzacott LLP  
Chartered Accountant  
130 Wood Street  
London  
EC2V 6DL

12 December 2018.



## Statement of financial activities Year to 31 August 2018

(Including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Notes	Un-restricted general funds £	Restricted general funds £	Restricted fixed asset funds £	2018 Total funds £	2017 Total funds £
<b>Income from:</b>						
Donations and capital grants	2	3,500	33,000	103,004	139,504	334,133
Charitable activities						
· Funding for the Academy's educational operations	4	—	8,646,049	—	8,646,049	8,706,314
Other trading activities	5	357,966	—	—	357,966	408,017
Investments	3	1,913	—	—	1,913	2,246
<b>Total income</b>		<b>363,379</b>	<b>8,679,049</b>	<b>103,004</b>	<b>9,145,432</b>	<b>9,450,710</b>
<b>Expenditure on:</b>						
Charitable activities						
· Academy's educational operations	6	—	8,809,329	739,968	9,549,295	9,491,915
<b>Total expenditure</b>		<b>—</b>	<b>8,809,329</b>	<b>739,968</b>	<b>9,549,295</b>	<b>9,491,915</b>
<b>Net income (expenditure)</b>	16	<b>363,379</b>	<b>(130,280)</b>	<b>(636,962)</b>	<b>(403,863)</b>	<b>(41,205)</b>
Transfers between funds		—	(615,847)	615,847	—	—
<b>Other recognised gains and losses</b>						
Actuarial gain on defined benefit pension schemes	22	—	707,000	—	707,000	682,000
<b>Net movement in funds</b>		<b>363,379</b>	<b>(39,127)</b>	<b>(21,115)</b>	<b>303,137</b>	<b>640,795</b>
<b>Reconciliation of funds</b>						
Fund balances brought forward at 1 September		1,528,961	95,167	26,185,082	27,809,210	27,168,415
Fund balances carried forward at 31 August		1,892,340	56,040	26,163,967	28,112,347	27,809,210

All of the Academy's activities derive from continuing operations during the above two financial periods.

**Balance sheet** 31 August 2018

	Notes	2018 £	2018 £	2017 £	2017 £
<b>Fixed assets</b>					
Tangible assets	12		26,121,863		26,145,779
<b>Current assets</b>					
Debtors	14	456,331		463,748	
Cash at bank and in hand		2,908,845		3,149,962	
		<u>3,363,176</u>		<u>3,613,710</u>	
<b>Liabilities</b>					
Creditors: amounts falling due within one year	15	(316,692)		(425,279)	
<b>Net current assets</b>			<u>3,046,484</u>		<u>3,188,431</u>
<b>Total net assets less current liabilities</b>			<u>29,168,347</u>		<u>29,334,210</u>
<b>Net assets excluding pension scheme liability</b>			<u>29,168,347</u>		<u>29,334,210</u>
Pension scheme liability	22		(1,056,000)		(1,525,000)
<b>Total net assets</b>			<u>28,112,347</u>		<u>27,809,210</u>
<b>Restricted funds</b>					
Fixed asset funds	16		26,163,967		26,185,082
Restricted income funds	16		1,112,040		1,620,167
Pension reserve	16		(1,056,000)		(1,525,000)
<b>Total restricted funds</b>			<u>26,220,007</u>		<u>26,280,249</u>
<b>Unrestricted income funds</b>					
General fund	16		1,892,340		1,528,961
<b>Total funds</b>			<u>28,112,347</u>		<u>27,809,210</u>

Approved by the trustees and signed on their behalf by:

Trustee



Approved on:

28 November 2018

Company Limited by Guarantee

Registration Number

06543682 (England and Wales)

**Principal accounting policies** Year to 31 August 2018

		2018 £	2017 £
<b>Cash flows from operating activities</b>			
Net cash provided by operating activities	A	368,016	122,100
<b>Cash flows from investing activities</b>			
Net cash (used in) provided by investing activities	B	(611,133)	168,322
<b>Change in cash and cash equivalents in the year</b>		<u>(243,117)</u>	<u>290,422</u>
<b>Cash and cash equivalents at 1 September</b>		3,149,962	2,859,540
<b>Cash and cash equivalents at 31 August</b>	C	<u>2,906,845</u>	<u>3,149,962</u>

**A Reconciliation of income to net cash flow from operating activities**

		2018 £	2017 £
<b>Net expenditure for the year (as per the statement of financial activities)</b>		(403,863)	(41,205)
<b>Adjusted for:</b>			
Depreciation charges (note 12)		739,966	760,294
Capital grants from DfE and other capital income		(103,004)	(234,654)
Interest receivable (note 3)		(1,913)	(2,246)
Defined benefit pension scheme cost less contributions payable (note 22)		198,000	207,000
Defined benefit pension scheme finance cost (note 22)		40,000	44,000
Decrease (increase) in debtors		7,417	(206,566)
Increase (decrease) in creditors		(108,587)	(404,523)
<b>Net cash provided by operating activities</b>		<u>368,016</u>	<u>122,100</u>

**B Cash flows from investing activities**

		2018 £	2017 £
Dividends, interest and rents from investments		1,913	2,246
Purchase of tangible fixed assets		(716,050)	(68,578)
Capital grants from DfE/ESFA		103,004	234,654
<b>Net cash (used in) provided by investing activities</b>		<u>(611,133)</u>	<u>168,322</u>

**C Analysis of cash and cash equivalents**

		2018 £	2017 £
Cash at bank and in hand		2,906,845	3,149,962
<b>Total cash and cash equivalents</b>		<u>2,906,845</u>	<u>3,149,962</u>

## **Principal accounting policies** Year to 31 August 2018

### **Statement of accounting policies**

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

### **Basis of preparation**

The financial statements of the Academy, 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 Academy meets the definition of a public benefit entity under FRS 102.

The accounts are presented in pound sterling and rounded to the nearest pound.

### **Going concern**

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

### **Income**

All income is recognised when the Academy has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

### **Grants**

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

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

## **Principal accounting policies** Year to 31 August 2018

### **Income (continued)**

#### ***Grants (continued)***

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. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

#### ***Donations***

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

#### ***Other income***

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

### **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.

#### ***Charitable activities***

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

All expenditure is stated net of recoverable VAT.

## Principal accounting policies Year to 31 August 2018

### Tangible fixed assets

All assets costing more than £1,000 and with an expected useful life exceeding one year are capitalised.

Depreciation is charged on a straight line basis beginning in the year in which the asset is brought into use at the following annual rates:

◆ Furniture, fittings and equipment	- 10% p.a.
◆ Buildings	- 2% p.a.
◆ Motor vehicles	- 20% p.a.
◆ Computers	- 33% p.a.

Where fixed assets have been acquired with the aid of specific grants, they are included in the balance sheet at cost and are depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund (in the statement of financial activities and carried forward in the balance sheet). The depreciation on such assets is charged in the statement of financial activities over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

### Debtors

Debtors are recognised at their settlement amount less any provision for non-recoverability. Prepayments are valued at the amounts prepaid. They have been discounted to the present value of the future cash receipt where such discounting is material.

### Cash at bank and in hand

Cash at bank and in hand represents such accounts and instruments that are available on demand. Notice deposits are included on the balance sheet as short term deposits.

### Liabilities

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the Academy 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. They have been discounted to the present value of the future cash payment where such discounting is material.

### Leased assets

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

## Principal accounting policies Year to 31 August 2018

### Financial instruments

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

*Financial assets* – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 13. Prepayments are not financial instruments. Amounts due to the charity'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 cost 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 instrument. Amounts due to charity's wholly owned subsidiary are held at face value less any impairment.

### 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.

### Pensions benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 22, 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.

## Principal accounting policies Year to 31 August 2018

### **Pensions benefits (continued)**

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

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

### **Fund accounting**

The unrestricted general fund represents those monies that are freely available for application towards achieving any charitable purpose that falls within the Academy's charitable objects.

Restricted funds comprise monies raised for, or their use restricted to, a specific purpose, or contributions subject to donor imposed conditions.

### **Critical accounting estimates and areas of judgement**

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

### ***Critical accounting estimates and assumptions***

The Academy 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.



## Principal accounting policies Year to 31 August 2018

### **Critical accounting estimates and areas of judgement (continued)**

#### ***Critical accounting estimates and assumptions (continued)***

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 22, 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 2013 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.

The net book value of tangible fixed assets is based on the original cost/value of the asset net of provision for depreciation. The depreciation provision to date is based on the trustees' assessment of the estimated useful economic lives of such assets.

#### ***Critical areas of judgement***

Other than the estimates discussed above, the governors do not consider that there are any key judgements made in the preparation of the financial statements.

**Notes to financial statements** Year to 31 August 2018

**1 General Annual Grant (GAG)**

Under the funding agreement with the Secretary of State the Academy was subject to limits at 31 August 2018 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

The Academy did not exceed these limits at 31 August 2018.

**2 Donations and capital grants**

	Unrestricted funds £	Restricted funds £	Restricted fixed assets funds £	2018 Total funds £	2017 Total funds £
Capital grants	—	—	103,004	103,004	234,654
Other donations	3,500	33,000	—	36,500	99,479
	3,500	33,000	103,004	139,504	334,133

**3 Investment income**

	Unrestricted funds £	Restricted funds £	2018 Total funds £	2017 Total funds £
Interest receivable	1,913	—	1,913	2,246
	1,913	—	1,913	2,246

**4 Funding for Academy's educational operations**

	Unrestricted funds £	Restricted funds £	2018 Total funds £	2017 Total funds £
<b>DfE/ESFA grants</b>				
. General Annual Grant (GAG)	—	7,865,376	7,865,376	7,940,452
. Start Up Grants	—	7,144	7,144	25,719
. Pupil Premium	—	518,386	518,386	543,159
. Other DfE/ESFA grants	—	67,993	67,993	—
	—	8,458,899	8,458,899	8,509,330
<b>Other Government grants</b>				
. Local authority grants	—	187,150	187,150	196,984
	—	187,150	187,150	196,984
<b>Total Funds</b>	—	8,646,049	8,646,049	8,706,314

Notes to financial statements Year to 31 August 2018

5 Other trading activities

	Unrestricted funds £	Restricted funds £	2018 Total funds £	2017 Total funds £
Hire of facilities/lettings income	31,854	—	31,854	38,291
Trip income	56,030	—	56,030	62,988
Catering income	178,946	—	178,946	170,387
Miscellaneous income	91,136	—	91,136	136,351
	<b>357,966</b>	<b>—</b>	<b>357,966</b>	<b>408,017</b>

6 Expenditure

	Staff costs £	Non pay expenditure		2018 Total funds £	2017 Total funds £
		Premises £	Other costs £		
Academy's educational operations					
. Direct costs	5,791,454	613,283	598,587	7,003,324	6,871,952
. Allocated support costs (note 7)	1,076,475	727,907	741,589	2,545,971	2,619,963
	<b>6,867,929</b>	<b>1,341,190</b>	<b>1,340,176</b>	<b>9,549,295</b>	<b>9,491,915</b>

	2018 funds £	2017 funds £
<b>Net income for the year includes:</b>		
Operating lease rentals	16,570	16,686
Depreciation	739,968	760,294
Fees payable to the auditor for:		
. Audit	12,480	13,900
. Other services	6,375	4,375

7 Charitable activities

	2018 Total funds £	2017 Total funds £
Direct costs – educational operations	7,003,324	6,871,952
Support costs – educational operations	2,545,971	2,619,963
	<b>9,549,295</b>	<b>9,491,915</b>

Notes to financial statements Year to 31 August 2018

7 Charitable activities (continued)

	2018 Total funds £	2017 Total funds £
<b>Analysis of support costs</b>		
Support staff costs	1,076,475	1,135,358
Depreciation	126,683	123,609
Technology costs	11,172	17,282
Premises costs	601,224	553,517
Other support costs	711,092	771,922
Governance costs	19,325	18,275
<b>Total support costs</b>	<b>2,545,971</b>	<b>2,619,963</b>

8 Comparative information

Analysis of income and expenditure in the year ended 31 August 2017 between restricted and unrestricted funds:

	Un- restricted general funds £	Restricted general funds £	Restricted fixed asset funds £	2017 total funds £
<b>Income from:</b>				
Donations and capital grants	91,299	8,180	234,654	334,133
<b>Charitable activities</b>				
. Funding for the Academy's educational operations	—	8,706,314	—	8,706,314
Other trading activities	408,017	—	—	408,017
Investments	2,246	—	—	2,246
<b>Total income</b>	<b>501,562</b>	<b>8,714,494</b>	<b>234,654</b>	<b>9,450,710</b>
<b>Expenditure on:</b>				
<b>Charitable activities</b>				
. Academy's educational operations	—	8,731,621	760,294	9,491,915
<b>Total expenditure</b>	<b>—</b>	<b>8,731,621</b>	<b>760,294</b>	<b>9,491,915</b>
<b>Net income (expenditure)</b>	<b>501,562</b>	<b>(17,127)</b>	<b>(525,640)</b>	<b>(41,205)</b>
Transfers between funds	—	126,773	(126,773)	—
<b>Other recognised gains and losses</b>				
Actuarial gain (loss) on defined benefit pension schemes	—	682,000	—	682,000
<b>Net movement in funds</b>	<b>501,562</b>	<b>791,646</b>	<b>(652,413)</b>	<b>640,795</b>
<b>Reconciliation of funds</b>				
Fund balances brought forward at 1 September	1,027,399	(696,479)	26,837,495	27,168,415
Fund balances carried forward at 31 August	1,528,961	95,167	26,185,082	27,809,210

9 Staff

a) *Staff costs*

Staff costs during the period were:

	2018 £	2017 £
Wages and salaries	5,906,850	4,927,369
Social security costs	540,005	433,733
Pension costs	959,586	951,539
	<u>6,506,441</u>	<u>6,312,641</u>
Supply staff costs	348,478	336,446
Staff severance payments	13,010	35,500
	<u>6,867,929</u>	<u>6,684,587</u>

b) *Non-statutory/non-contractual severance payments*

During the year, non-contractual severance payments totalling £13,010 (2017 - £35,500) were made to one member of staff (2017 - two members).

c) *Staff numbers*

The average number of persons (including the senior management team) employed by the Academy during the year ended 31 August 2018 expressed as average headcount was as follows:

	2018 No.	2017 No.
Teachers	71	70
Administration and support	71	67
Management	6	6
	<u>148</u>	<u>143</u>

d) *Higher paid staff*

The number of employees whose emoluments fell within the following bands was:

	2018 No.	2017 No.
£60,001 - £70,000	3	2
£70,001 - £80,000	---	1
£80,001 - £90,000	1	1
£130,001 - £140,000	1	1

e) *Key management personnel*

The key management personnel of the Academy comprise the trustees and the senior management team as listed on page 1. The total cost of employment (including employer pension contributions and employer's national insurance contributions) of key management personnel for their services to the Academy was £606,333 (2017 - £609,884).

**Notes to financial statements** Year to 31 August 2018

**10 Trustees' remuneration and expenses**

Principal and staff trustees only receive remuneration in respect of services they provide undertaking the roles of Principal and staff and not in respect of their services as trustees. Other trustees did not receive any payments, other than expenses, from the Academy in respect of their role as trustees. The value of trustees' remuneration was as follows:

	2018 £'000	2017 £'000
T Clark (Headteacher and trustee)		
. Remuneration	130-135	130-135
. Employer's pension contributions	20-25	20-25
G Visram (Staff trustee)		
. Remuneration	0-5	25-30
. Employer's pension contributions	0-5	5-10
M Bienvenu		
. Remuneration	30-35	—
. Employer's pension contributions	5-10	—
M Arthur (Staff trustee)		
. Remuneration	50-55	45-50
. Employer's pension contributions	0-5	5-10

No expenses were reimbursed to governors in the year (2017 – none).

Other related party transactions involving the trustees are set out in note 18.

**11 Governors' and Officers' Insurance**

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

Notes to financial statements Year to 31 August 2018

**12 Tangible fixed assets**

	Leasehold land and buildings £	Furniture and equipment £	Computer equipment £	Motor vehicles £	Total funds £
<b>Cost</b>					
At 1 September 2017	29,464,791	1,266,833	2,181,784	43,847	32,957,255
Additions	13,089	198,279	504,682	—	716,050
Disposals	—	—	(1,854,517)	—	(1,854,517)
At 31 August 2018	29,477,880	1,465,112	831,949	43,847	31,818,788
<b>Depreciation</b>					
At 1 September 2017	3,821,289	788,499	2,157,841	43,847	6,811,476
Charge in period	589,339	126,683	23,944	—	739,966
Eliminated on disposal	—	—	(1,854,517)	—	(1,854,517)
At 31 August 2018	4,410,628	915,182	327,268	43,847	5,696,925
<b>Net book value</b>					
At 31 August 2018	25,067,252	549,930	504,681	—	26,121,863
At 31 August 2017	25,643,502	478,334	23,943	—	26,145,779

The land which the Academy is sited is currently leased from the London Borough of Hackney and the Skinners' Company at a peppercorn rent.

**13 Taxation**

The Academy is an exempt charity and therefore is not liable to corporation tax on income derived from its charitable activities, as it falls within the various exemptions available to charities.

**14 Debtors**

	2018 £	2017 £
VAT recoverable	182,966	178,958
Other debtors	5,364	634
Prepayments and accrued income	268,001	284,156
	456,331	463,748

Notes to financial statements Year to 31 August 2018

15 Creditors: amounts falling due within one year

	2018 £	2017 £
Trade creditors	5,978	420
Taxation and social security	133,961	134,407
ESFA creditor: abatement of GAG	—	104,380
Accruals and deferred income	176,753	186,072
	<b>316,692</b>	<b>425,279</b>

Deferred income	2018 £	2017 £
Deferred income at 1 September	74,205	296,482
Released during the year	(69,736)	(286,753)
Resources deferred in the year	44,717	64,476
Deferred income at 31 August	<b>49,186</b>	<b>74,205</b>

16 Funds

	Balance at 1 September 2017 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2018 £
<b>Restricted general funds</b>					
. General Annual Grant (GAG)	938,330	7,865,376	(7,350,563)	(615,847)	837,296
. Start Up Grant	396,837	7,144	(403,981)	—	—
. Pupil Premium	285,000	518,386	(528,642)	—	274,744
. Other grants	—	67,993	(67,993)	—	—
. Pension reserve	(1,525,000)	—	(238,000)	707,000	(1,056,000)
	<b>95,167</b>	<b>8,458,899</b>	<b>(8,589,179)</b>	<b>91,153</b>	<b>56,040</b>
<b>Restricted fixed assets fund</b>					
. DfE/ESFA capital grants	711,163	103,004	(27,292)	—	786,875
. Capital expenditure from GAG	1,578,663	—	(63,252)	615,847	2,231,258
. Gifts in kind	23,782,914	—	(648,422)	—	23,134,492
. Donations	12,342	—	(1,000)	—	11,342
	<b>26,185,082</b>	<b>103,004</b>	<b>(739,966)</b>	<b>615,847</b>	<b>26,163,967</b>
<b>Other restricted funds</b>					
. Local authority grants	—	187,150	(187,150)	—	—
. Other restricted funds	—	33,000	(33,000)	—	—
	<b>—</b>	<b>220,150</b>	<b>(220,150)</b>	<b>—</b>	<b>—</b>
<b>Total restricted funds</b>	<b>26,280,249</b>	<b>8,782,053</b>	<b>(9,549,295)</b>	<b>707,000</b>	<b>26,220,007</b>
<b>Unrestricted funds</b>					
. General funds	1,528,961	363,379	—	—	1,892,340
<b>Total unrestricted funds</b>	<b>1,528,961</b>	<b>363,379</b>	<b>—</b>	<b>—</b>	<b>1,892,340</b>
<b>Total funds</b>	<b>27,809,210</b>	<b>9,145,432</b>	<b>(9,549,295)</b>	<b>707,000</b>	<b>28,112,347</b>



**Notes to financial statements** Year to 31 August 2018

**16 Funds** (continued)

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

***ESFA revenue grant fund and other restricted funds***

These grants relate to the Academy's development and operational activities.

***General Annual Grant (GAG)***

Under the funding agreement with the Secretary of State, the Academy was subject to a limit on the amount of GAG that it could carry forward at 31 August 2018. Note 1 discloses whether the limit was exceeded.

***Fixed asset fund***

These grants relate to capital funding to carry out works of a capital nature. The transfer between funds relates to purchase of capital items using ESFA restricted general funds.

***Pension reserve***

The pension reserve relates to the Academy's share of the deficit of the Pension Scheme.

Notes to financial statements Year to 31 August 2018

16 Funds (continued)

*Comparative information*

Comparative information in respect of the preceding period is as follows:

	Balance at 1 September 2016 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2017 £
<b>Restricted general funds</b>					
. General Annual Grant (GAG)	783,171	7,940,452	(7,912,066)	126,773	938,330
. Start Up Grant	371,118	25,719	—	—	396,837
. Pupil Premium	89,732	543,159	(347,891)	—	285,000
. Other grants	15,500	—	(15,500)	—	—
. Pension reserve	(1,956,000)	—	(251,000)	682,000	(1,525,000)
	<u>(696,479)</u>	<u>8,509,330</u>	<u>(8,526,457)</u>	<u>808,773</u>	<u>95,167</u>
<b>Restricted fixed assets fund</b>					
. DiE/ESFA capital grants	653,393	234,654	(19,367)	(157,517)	711,163
. Capital expenditure from GAG	1,741,826	—	(93,907)	30,744	1,678,663
. Gifts in kind	24,429,344	—	(646,430)	—	23,782,914
. Donations	12,932	—	(590)	—	12,342
	<u>26,837,495</u>	<u>234,654</u>	<u>(760,294)</u>	<u>(126,773)</u>	<u>26,185,082</u>
<b>Other restricted funds</b>					
. Local authority grants	—	196,984	(196,984)	—	—
. Other restricted funds	—	8,180	(8,180)	—	—
	<u>—</u>	<u>205,164</u>	<u>(205,164)</u>	<u>—</u>	<u>—</u>
<b>Total restricted funds</b>	<u>26,141,016</u>	<u>8,949,148</u>	<u>(9,491,915)</u>	<u>682,000</u>	<u>26,280,249</u>
<b>Unrestricted funds</b>					
. General funds	1,027,399	501,562	—	—	1,528,961
<b>Total unrestricted funds</b>	<u>1,027,399</u>	<u>501,562</u>	<u>—</u>	<u>—</u>	<u>1,528,961</u>
<b>Total funds</b>	<u>27,168,415</u>	<u>9,450,710</u>	<u>(9,491,915)</u>	<u>682,000</u>	<u>27,809,210</u>

Notes to financial statements Year to 31 August 2018

16 Funds (continued)

*Comparative information (continued)*

A current year 12 months and prior year 12 months combined position is as follows:

	Balance at 1 September 2016 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2018 £
<b>Restricted general funds</b>					
. General Annual Grant (GAG)	783,171	15,805,828	(15,262,629)	(489,074)	837,296
. Start Up Grant	371,118	32,863	(403,981)	—	—
. Pupil Premium	89,732	1,061,545	(876,533)	—	274,744
. Other grants	15,500	67,993	(83,493)	—	—
. Pension reserve	(1,956,000)	—	(489,000)	1,389,000	(1,056,000)
	<u>(696,479)</u>	<u>16,968,229</u>	<u>(17,115,638)</u>	<u>899,926</u>	<u>56,040</u>
<b>Restricted fixed assets fund</b>					
. DfE/ESFA capital grants	653,393	337,658	(46,659)	(157,517)	786,875
. Capital expenditure from GAG	1,741,828	—	(157,169)	646,591	2,231,258
. Gifts in kind	24,429,344	—	(1,294,852)	—	23,134,492
. Donations	12,932	—	(1,590)	—	11,342
	<u>26,837,495</u>	<u>337,658</u>	<u>(1,500,260)</u>	<u>489,074</u>	<u>26,163,967</u>
<b>Other restricted funds</b>					
. Local authority grants	—	384,134	(384,134)	—	—
. Other restricted funds	—	100,735	(100,735)	—	—
	<u>—</u>	<u>484,869</u>	<u>(484,869)</u>	<u>—</u>	<u>—</u>
<b>Total restricted funds</b>	<u>26,141,016</u>	<u>17,790,756</u>	<u>(19,100,765)</u>	<u>1,389,000</u>	<u>26,220,007</u>
<b>Unrestricted funds</b>					
. General funds	1,027,399	864,941	—	—	1,892,340
<b>Total unrestricted funds</b>	<u>1,027,399</u>	<u>864,941</u>	<u>—</u>	<u>—</u>	<u>1,892,340</u>
<b>Total funds</b>	<u>27,168,415</u>	<u>18,655,697</u>	<u>(19,100,765)</u>	<u>1,389,000</u>	<u>28,112,347</u>

17 Analysis of net assets between funds

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Fund £	Total 2018 £
<b>Fund balances at 31 August 2018 are represented by:</b>				
Tangible fixed assets	—	—	26,121,863	26,121,863
Current assets	1,892,340	1,428,733	42,103	3,363,176
Current liabilities	—	(316,692)	—	(316,692)
Pension scheme liability	—	(1,056,000)	—	(1,056,000)
<b>Total net assets</b>	<u>1,892,340</u>	<u>56,041</u>	<u>26,163,966</u>	<u>28,112,347</u>

**18 Related party transactions**

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

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

**19 Capital commitments**

	2018 £	2017 £
Contracted for, but not provided in the financial statements	54,465	—

**20 Commitments under operating leases**

*Operating leases*

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

	2018 £	2017 £
Amounts due within one year	9,895	1,580
Amounts due between one and five years	5,542	486
	<u>15,437</u>	<u>2,066</u>

**21 Members Liability**

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

**22 Pension and similar obligations**

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

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

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

## 22 Pension and similar obligations (continued)

### *Teachers' Pension Scheme*

#### *Introduction*

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

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

#### *Valuation of the Teachers' Pension Scheme*

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 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; and
- ◆ the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

The TPS valuation for 2012 determined an employer rate of 16.48% (including a 0.08% employer administration charge), which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

**22 Pension and similar obligations (continued)**

*Teachers' Pension Scheme (continued)*

*Valuation of the Teachers' Pension Scheme (continued)*

The employer's pension costs paid to TPS in the period amounted to £522,586 (2017 - £502,311).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

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

**Local Government Pension Scheme (LGPS)**

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £313,000 (2017 - £327,000), of which employer's contributions totalled £239,000 (2017 - £249,000) and employees' contributions totalled £74,000 (2017 - £78,000). The agreed contribution rates for 2018/19 are 21.3% (2017/18 - 21.3%) of employers and between 5.5% (2017/18 - 5.5%) and 12.5% (2017/18 - 12.5%) of 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	At 31 August 2018	At 31 August 2017
Rate of increase in salaries	3.4%	3.5%
Rate of increase for pensions in payment/inflation	2.3%	2.4%
Discount rate for scheme liabilities	2.8%	2.5%

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

	At 31 August 2018	At 31 August 2017
<i>Retiring today</i>		
Males	22.2	22.2
Females	24.2	24.2
<i>Retiring in 20 years</i>		
Males	24.2	23.6
Females	25.7	25.7

**22 Pension and similar obligations (continued)**

*Local Government Pension Scheme (LGPS) (continued)*

Sensitivity analysis	At 31 August 2018 £'000	At 31 August 2017 £'000
Discount rate -0.5%	753	738
Salary increase rate +0.5%	143	156
Pension increase rate +0.5%	599	567

The Academy's share of the assets and liabilities in the scheme were:

	Fair value at 31 August 2018 £'000	Fair value at 31 August 2017 £'000
Equities	2,438	2,011
Bonds	487	468
Property	325	276
Cash	—	—
<b>Total market value of assets</b>	<b>3,250</b>	<b>2,755</b>
Present value of scheme liabilities		
· Funded	(4,306)	(4,280)
<b>Deficit in the scheme</b>	<b>(1,056)</b>	<b>(1,525)</b>

The actual return on scheme assets was £46,000 (2017 - £98,000).

Amounts recognised in statement of financial activities	2018 £'000	2017 £'000
Current service costs (net of employer contributions)	198	207
Net interest cost	40	44
<b>Total operating charge</b>	<b>238</b>	<b>251</b>

**Analysis of pension finance income (costs)**

Expected return on pension scheme assets	73	52
Interest on pension liabilities	(113)	(96)
<b>Pension finance income (costs)</b>	<b>40</b>	<b>(44)</b>

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

	2018 £'000	2017 £'000
At 1 September	4,280	4,288
Current service cost	437	456
Interest cost	113	96
Employee contributions	74	78
Actuarial gain	(595)	(636)
Benefits paid	(3)	(2)
<b>At 31 August</b>	<b>4,306</b>	<b>4,280</b>

Notes to financial statements Year to 31 August 2018

22 Pension and similar obligations (continued)

*Local Government Pension Scheme (LGPS) (continued)*

Changes in the fair value of the Academy's share of scheme assets:	2018 £'000	2017 £'000
At 1 September	2,755	2,332
Interest income	73	52
Actuarial gain	74	46
Employer contributions	239	249
Employee contributions	112	78
Benefits paid	(3)	(2)
At 31 August	3,250	2,755