

Moorlands Learning Trust
(Formerly Ilkley Grammar School)
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 AUGUST 2017

Company Registration No. 07663864

Moorlands Learning Trust

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Moorlands Learning Trust

REFERENCE AND ADMINISTRATION DETAILS

| | ILKLEY GRAMMAR SCHOOL (from 1 Sept – 30 June 2017) | | MOORLANDS LEARNING TRUST (from 1 July 2017 to date) | |
|-----------------|---|---|--|---|
| Members | Mrs L Wharmby | Transferred to Moorlands Learning Trust | Mrs L Wharmby | Transferred from Ilkley Grammar School |
| | Mr G Droogmans | Transferred to Moorlands Learning Trust | Mr G Droogmans | Transferred from Ilkley Grammar School |
| | Mr J Rickard | Transferred to Moorlands Learning Trust | Mr J Rickard | Resigned 11 July 2017 Transferred from Ilkley Grammar School |
| | | | Mr M Brook | Resigned 11 July 2017 Appointed 11 July 2017 |
| | | | Mrs S Morrissey | Appointed 11 July 2017 |
| Trustees | Mrs L Wharmby (Chair) * | Transferred to Moorlands Learning Trust | Mrs L Wharmby (Chair) | Transferred from Ilkley Grammar School |
| | Ms H Williams (Headteacher) * | Transferred to Moorlands Learning Trust | Ms H Williams (Chief Executive Officer) | Transferred from Ilkley Grammar School |
| | Mrs E Arnold | Appointed 13 December 2016 | Mrs E Arnold | Transferred from Ilkley Grammar School |
| | | Transferred to Moorlands Learning Trust | | Resigned 11 July 2017 |
| | Mrs A Bleasdale * | Resigned 24 April 2017 | | |
| | Mrs I Clark * | Appointed 13 December 2016 | Mrs I Clark | Transferred from Ilkley Grammar School |
| | | Transferred to Moorlands Learning Trust | | |
| | Ms C Douglas * | Transferred to Moorlands Learning Trust | Ms C Douglas | Transferred from Ilkley Grammar School |
| | | | | Resigned 11 July 2017 |
| | Mr G Droogmans * | Transferred to Moorlands Learning Trust | Mr G Droogmans | Transferred from Ilkley Grammar School |
| | | | | Resigned 11 July 2017 |
| | Dr N Garrido | Transferred to Moorlands Learning Trust | Dr N Garrido | Transferred from Ilkley Grammar School |
| | | | | Resigned 11 July 2017 |
| | Mr S Herrington | Transferred to Moorlands Learning Trust | Mr S Herrington | Transferred from Ilkley Grammar School |
| | | | | Resigned 11 July 2017 |
| | Mrs S Lazenby * | Appointed 13 December 2016 | Mrs S Lazenby | Transferred from Ilkley Grammar School |
| | | Transferred to Moorlands Learning Trust | | Resigned 11 July 2017 |
| | Mr S Lord | Appointed 13 December 2016 | Mr S Lord | Transferred from Ilkley Grammar School |
| | | Transferred to Moorlands Learning Trust | | Resigned 11 July 2017 |
| | Mr S Spoerry | Transferred to Moorlands Learning Trust | Mr S Spoerry | Transferred from Ilkley Grammar School |
| | | | | Resigned 11 July 2017 |
| | Mrs H Templar * | Resigned 9 January 2017 | | |
| | | | Mrs A Duggan | Appointed 11 July 2017 |
| | | | Mr J Rickard | Appointed 11 July 2017 |
| Executive Group | | | Ms H Williams (Chief Executive Officer) | |
| | | | Mrs A Kaye (Chief Finance Officer) | |

Moorlands Learning Trust

REFERENCE AND ADMINISTRATION DETAILS

Local
Governing
Body Ilkley
Grammar
School

Mrs I Clark (Chair) *

Ms H Williams
(Headteacher) *
Mr G Droogmans *
Dr N Garrido
Mr S Herrington
Mrs S Lazenby *
Mr S Lord
Mr S Spoerry
Mrs L Wharmby *

* Member of LGB Resources Committee

Secretary

Mrs A Kaye (Chief Finance Officer)

Principal and
Registered
Office

Cowpasture Road, Ilkley, LS29 8TR

Company
Registration
Number

07663864 (England and Wales)

Auditor

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

Bankers

HSBC
1 Wells Road
Ilkley
LS29 9JB

Solicitors

Schofield Sweeney
Church Bank House
Church Bank
Bradford
BD1 4DY

Moorlands Learning Trust

TRUSTEES' REPORT

The Trustees of Moorlands Learning Trust present their annual report together with the financial statements and auditor's report of the Academy Trust for the year ended 31 August 2017. During the year the Academy Trust operated one secondary academy, Ilkley Grammar School, with approximately 1,700 students on roll including 400 in P16. The annual report serves the purposes of both a Trustees' Report and a Directors' Report under company law.

Structure, Governance and Management

Constitution

The Academy Trust is a company limited by guarantee with no share capital (registration number 07663864) and an exempt charity. The Charitable Company's memorandum and articles of association are the primary governing documents of the Academy Trust. Trustees of the Academy Trust are nominated by the Board of Trustees or the Secretary of State for Education. The articles of association require the Members of the Academy Trust to appoint at least three Trustees to be responsible for the statutory and constitutional affairs of the Academy Trust and the management of the Academy Trust.

Information on the Trustees who served throughout the period are included on page 1.

Members' liability

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

Trustee's indemnity provisions are detailed in note 11 to the financial statements.

Not all Trustees are legal members of the Academy Trust. Only three legal members are required at any one time. Members who served throughout the period are included on page 1.

The Academy Trust has purchased insurance to protect Trustees from claims arising against negligent acts, errors or omissions whilst on Academy Trust business. Further details are provided in note 11.

Principal activities

The Academy Trust exists with the purpose of advancing education for the benefit of its community. As an Academy Trust it is incumbent upon us to co-operate particularly with other schools, especially where there is advantage in the exchange of information and good practice.

The Academy Trust pays from its public funding the costs and expenses of providing education for children aged 11-19 in and beyond our catchment area.

Method of recruitment and appointment or election of Trustees

The Academy Trust, on identifying a need to recruit an additional or replacement Trustee, will refer to the Trustee skills audit. They will then seek to recruit an individual with appropriate skills to help the Board of Trustees ensure effective governance. The Academy Trust may advertise the role or look at offers of service received both within the Academy Trust's schools and the wider community. Appointment will be subject to interview with the Chair of Trustees and Chief Executive Officer and a vote by the Board of Trustees.

Policies and procedures adopted for the induction and training of Trustees

A full induction pack is provided to all Trustees and new Trustees will meet the Chair, the Headteacher and the Business and Finance Director to help with their assimilation in to the role of School Trustee. All Trustees subscribe to the importance of communicating the Academy's performance to stakeholders and are, therefore, taken step by step through school evaluation systems by a member of the Academy's Senior Management Team. All Trustees are also constantly updated on all matters through the committee and Board meetings. Training requirements are assessed by the Chair of Trustees to ensure that there is an appropriate balance of skills and experience on the Board at all times.

Moorlands Learning Trust

TRUSTEES' REPORT

Organisational structure

The Trustees are responsible for setting general policy, adopting an annual plan and budget, monitoring the Academy Trust by the use of budgets and making major decisions about the direction of the Academy Trust, capital expenditure and senior staff appointments.

The Local Governing Body are focussed on the interests of the individual academy and includes parent and staff representatives. The Executive Group are the Chief Executive Officer and the Chief Financial Officer. The Chief Executive Officer is the Academy Trusts Accounting Officer. The Executive Group control the Academy Trust at an executive level implementing the policies laid down by the Trustees and reporting back to them. As a group they are responsible for the authorisation of spending within agreed budgets and the appointment of staff. Some spending control is devolved to members of the Extended Leadership Team, with limits above which a member of the Executive Group must countersign.

The Extended Leadership Team includes the Deputy and Assistant Headteachers, the Curriculum Leaders and the Pastoral Leaders. These managers are responsible for the day to day operation of the Academy, in particular organising the teaching staff, facilities and students.

Key Management Personnel

| | |
|-----------------------------|----------------|
| Headteacher | Helen Williams |
| Deputy Headteacher | Carly Purnell |
| Deputy Headteacher | Sally Bishop |
| Business & Finance Director | Alison Kaye |

Arrangements for setting pay and remuneration of key management personnel

The pay and remuneration of key management personnel is proposed by the Headteacher (or in the case of the Headteacher by the Chair of Trustees) and is authorised by the Pay Committee in line with the appraisal and pay policies.

Related Parties and other Connected Charities and Organisations

Moorlands Learning Trust is a member of the Red Kite Alliance and during 2016/17 was a member of the Bradford Partnership. Both of these organisations relate to school improvement and a fee is payable.

Objectives and activities

Objects and aims

The sole object and aim of the Academy Trust is the operation of the Moorlands Learning Trust to advance, for the public benefit, education for students of different abilities between the ages of 11 and 19. The main ambitions of the Academy Trust are summarised below.

- Develop successful learners, happy and confident individuals and responsible citizens;
- Develop a rich curriculum, responsive to need and providing the skills for life and work in the 21st century;
- Create a culture of inspirational learning and teaching;
- Achieve outstanding outcomes;
- Develop high quality leadership;
- Ensure high expectations and professionalism in all aspects of school life;
- Promote an inclusive and engaged community;
- Secure a sustainable organisation;
- Provide a pleasant, inspirational and safe environment; and
- Promote our reputation locally, nationally and internationally.

Moorlands Learning Trust

TRUSTEES' REPORT

Strategies and Activities

The Trust's vision is as follows:

Moorlands Learning Trust will build on the success and reputation of Ilkley Grammar School, its founder school. It is intended that the MAT's reputation will become synonymous with high quality educational experiences, where parents and the wider community are proud for their children to attend a Moorlands Learning Trust school or provider, secure in the knowledge that their child will succeed and achieve their personal best as a result.

The Moorlands Learning Trust vision is one where its students will be equipped with the confidence and skills to make a positive difference to their own lives and to the lives of others. Through Moorlands Learning Trust, schools will learn from and challenge each other. They will take opportunities to develop the range of provisions across the Academy Trust, in order to enhance the achievement of all students in Moorlands Learning Trust and to enrich their lives and the opportunities they have - both now and in the future.

Moorlands Learning Trust school partners will share the same moral purpose: they will play a key role in the wider development of our region and its future generations, by catering for students from all cohorts and demographic backgrounds, in order to ensure that individual context does not affect a Moorlands Learning Trust student's life chances. This will be achieved by partners working strategically together, drawing on the support of others when required, to ensure that every student within their care, whether mainstream secondary, primary, post 16, specialist or alternative provision, and from whatever background and starting point, will receive an exceptional education. Students' future prospects will therefore be enhanced by their school's membership of the MAT and its wider partnerships, including those in already successful schools, with local communities strengthened by the involvement of the Academy Trust.

Moorlands Learning Trust schools, leaders and trustees are aspirational for every student within the Academy Trust and all are committed to sharing in the improvement journey by playing their part in achieving success and inspiring others to do so too. Fundamental to this is a core focus on enhancing our students' experiences and achievements through rigorous and systematic support and challenge of all schools within the MAT. Our robust school improvement and support strategy means that all within Moorlands Learning Trust will be able to continually improve and aim higher.

Public benefit

When setting the objectives of the Academy Trust 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. The Academy Trust's object is specifically restricted to advance for the public benefit, education in the United Kingdom, by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum.

Strategic Report

Achievements and Performance

Key Performance Indicators

In its Ofsted inspection in March 2017, Ilkley Grammar School was confirmed as an 'Outstanding' school in all areas of provision.

Within Ilkley Grammar School, results at both A-Level and GCSE continue to be very strong in 2017 with record performances:

A-Level:

- 26.9% of students achieved A-levels at grades AAB or higher in at least 2 facilitating subjects;
- 42.44% of all A-level entries were A*/A (16.1% above national); 76.2% were a A*-B (23.12% above national);
- The pass rate was 100%;
- The average grade per entry in students' best three A-levels was a grade B+ (42.51);
- The ALPS score at A-level was a 2 and continues to be in line with the top 10% of providers for the fourth consecutive year;
- The L3VA for A-level is estimated to again be significantly positive (+.24) confirming that students at IGS make significantly better progress than similar students nationally.

Moorlands Learning Trust

TRUSTEES' REPORT

GCSE:

- At GCSE students also continue to make much stronger progress than similar students nationally with an overall Progress 8 score of +.33 (unvalidated). Progress for all prior attainment groups is above average with scores of +.46, +.40 and +.26 for low, middle and high prior attainment groups respectively;
- Attainment is also very high compared to the national average with an estimated Attainment 8 score of 56.62;
- Over 35% of all GCSE grades were at A/A* or 7-9 with 16% at the very highest grades A*/8/9;
- 63% achieved the Basics measure (5+ in English and maths), with 86% securing a grade 4 and above in both subjects;
- 33% achieved strong pass (grade 5+) in the English Baccalaureate, with 38% securing a standard pass (grade 4+).

Other achievements

- Partner of Red Kite Teaching School Alliance and Bradford Partnership.

Going concern

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

Financial review

During the year ended 31 August 2017, total expenditure of £9,339,000 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 of unrestricted funds and restricted funds (before transfers and actuarial gains and excluding restricted fixed asset funds) was £313,000.

All of the expenditure showing in the statement of financial activities is in furtherance of the Academy Trust's objectives.

The Academy Trust held fund balances at 31 August 2017 of £10,031,000 comprising £10,031,000 restricted funds and £nil of unrestricted funds.

At 31 August 2017 the net book value of fixed assets was £11,314,000 and movements in tangible fixed assets are shown in note 12 to the financial statements. The assets were used exclusively for providing education and the associated support services to the students of the Academy Trust.

Most of the Academy Trust's income is obtained from the Department for 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 2017 and the associated expenditure are shown as restricted funds in the statement of financial activities.

The Academy Trust also received grants for fixed assets from the DfE/ESFA. In accordance with the Charities Statement of Recommended Practice (FRS102), 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.

The provisions of Financial Reporting Standard No. 102 'Retirement Benefits' have been applied in full, resulting in a deficit of £1,315,000 recognised on the balance sheet.

Principal risks and uncertainties

The principal risks and uncertainties are centred around changes in the level of funding from the DfE/ESFA, over which the Academy Trust has no control. The Academy Trust is a member of the Local Government Pension Scheme (LGPS), which results in the recognition of a significant potential deficit on the Academy Trust balance sheet if the Academy Trust was called upon to meet it. 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.

Moorlands Learning Trust

TRUSTEES' REPORT

Reserves policy

The policy of the Academy Trust is to allocate a prudent level of funds to meet long-term recurring needs of renewal and any other unforeseen expenditure, subject to the constraint that the level of resource does not exceed the level permitted by the ESFA.

The Academy Trust has three categories of reserves: Restricted Funds, which is GAG funding used to carry out the principal objects of the organisation, Fixed Asset Reserve used to finance fixed assets and Unrestricted reserves which is used under the direction of the Trustees.

Unrestricted reserves are freely available for general purposes and, where available, these will be allocated in line with the strategic objectives of the Academy Trust. Currently unrestricted reserves are £nil.

The restricted funds of £10,031,000 include the restricted fixed asset fund of £11,314,000. The restricted pension fund is currently in deficit to the value of £1,315,000 as at 31 August 2017 (£2,219,000 deficit as at 31 August 2016). This deficit was inherited upon conversion to Academy status and the Trustees will continue to monitor this situation closely.

Investment policy

The Academy Trust monitors cash flow to ensure immediate and forthcoming commitments can be met. Surplus funds are invested in risk free, short, fixed term deposit accounts with British banks.

Plans for future periods

The Academy Trust plans to build further on the excellent results of 2016/17 and to continue with the plans approved by Trustees in the Academy Development Plan. The Academy Trust will continue to support and invest in staff and facilities to ensure the best outcomes for our students.

At Moorlands Learning Trust, partnerships matter and we value our work with an increasingly wide range of stakeholders. This includes the Red Kite Teaching School Alliance, where we work with several similar schools across the Leeds, Harrogate and the North Yorkshire region, for the training and development of teachers. We are also committed to working with our fellow Bradford schools to support the delivery of the best outcomes for children, young people and our communities across the Bradford District. We converted our 'single' academy to multi academy trust (MAT) status in July 2017 when we formed Moorlands Learning Trust, in order to be able to better contribute to wider system leadership and school to school support through enhanced partnership working.

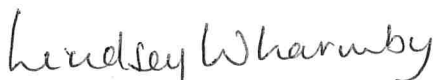
Auditor

Clive Owen LLP has indicated its willingness to continue in office.

Statement as to disclosure of information to the auditor

The Trustees have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the Trustees have confirmed that they have taken all the steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Approved by order of the Board of Trustees at its meeting on 23 November 2017 and signed on its behalf by:



Lindsey Wharmby
Chair of Trustees

Moorlands Learning Trust

GOVERNANCE STATEMENT

Scope of Responsibility

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

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

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' responsibilities. The Board of Trustees has formally met 2 times during the year. Attendance during the year at meetings of the Moorlands Learning Trust Trustees and (prior to conversion to multi-academy trust status) the Ilkley Grammar School Governing Body was as follows:

Moorlands Learning Trust – Trustees Meetings

| Trustee | Meetings Attended | Out of a possible |
|-----------------------------|-------------------|-------------------|
| Mrs L Wharmby (Chair) | 2 | 2 |
| Ms H Williams (Headteacher) | 2 | 2 |
| Mrs I Clark | 2 | 2 |
| Mrs A Duggan | 2 | 2 |
| Mr J Rickard | 2 | 2 |

Ilkley Grammar School (Single Academy Trust) – Governing Body Meetings

| Governor | Meetings Attended | Out of a possible |
|-----------------------------|-------------------|-------------------|
| Mrs L Wharmby (Chair) | 6 | 6 |
| Ms H Williams (Headteacher) | 6 | 6 |
| Mrs E Arnold | 2 | 4 |
| Mrs A Bleasdale | 1 | 4 |
| Mrs I Clark | 4 | 4 |
| Ms C Douglas | 6 | 6 |
| Mr G Droogmans | 4 | 6 |
| Dr N Garrido | 6 | 6 |
| Mr S Herrington | 4 | 6 |
| Mrs S Lazenby | 3 | 4 |
| Mr S Lord | 4 | 4 |
| Mr S Spoerry | 5 | 6 |
| Mrs H Templar | 3 | 3 |

The Resources Committee is a sub-committee of the main Ilkley Grammar School Local Governing Body. Its purpose is to review the financial position of the Academy Trust and to guide and monitor the use of Academy Trust resources.

Attendance during the year was as follows:

| Governor | Meetings Attended | Out of a possible |
|-----------------|-------------------|-------------------|
| Mrs A Bleasdale | 1 | 4 |
| Mrs I Clark | 4 | 4 |
| Ms C Douglas | 2 | 6 |
| Mr G Droogmans | 5 | 6 |
| Mrs S Lazenby | 3 | 4 |
| Mrs H Templar | 2 | 2 |
| Ms H Williams | 6 | 6 |
| Mrs L Wharmby | 5 | 6 |

Moorlands Learning Trust

GOVERNANCE STATEMENT

Governance Reviews

During the year (and the preceding year) the number of resources meetings was increased in order to monitor the income statement and cash flow with greater frequency. The number of board meetings was in line with the prior year.

Following conversion to multi academy trust status, there were a number of governance changes made. Two new Members and two new Trustees were appointed.

Review of Value for Money

As Accounting Officer the Chief Executive Officer 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 Trustees where value for money can be improved, including the use of benchmarking data where available. The Accounting Officer for the academy trust has delivered improved value for money during the year by:

- Maintaining the level of community lettings;
- Maintaining parental donations to the charitable iPad scheme and launching a parent and community donation scheme;
- Review of key contracts and retendering of reprographics contract achieving an annual saving of £15k; and
- Maintaining ICT and Facilities spend at low 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 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 Moorlands Learning Trust for the year ended 31 August 2017 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

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

The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees;
- regular reviews by the Strategic Finance Team 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 Board of Trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. A responsible officer visit and a detailed link governor visit were undertaken during the year.

The plan of work is carried out in line with the suggested system checks as laid out in the Academies Financial Handbook and covers the key areas of payroll, purchases, income and accounting systems. No significant issues have been noted.

Moorlands Learning Trust

GOVERNANCE STATEMENT

Review of Effectiveness

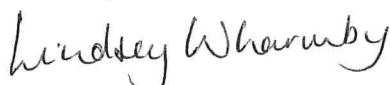
As Accounting Officer, the Chief Executive Officer has responsibility for reviewing the effectiveness of the systems of internal control. During the year in question the review has been informed by:

- the work of the internal assurance provider;
- the work of the external auditor;
- 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 implication of the result of their review of the system of internal control and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Trustees on 23 November 2017 and signed on its behalf by:

Signed



Lindsey Wharmby
Chair of Trustees

Signed



Helen Williams
Accounting Officer

Moorlands Learning Trust

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Moorlands Learning Trust I have considered my responsibility to notify the Academy Trust Board of Trustees 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 Trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2016.

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

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

Signed



Helen Williams
Accounting Officer
23 November 2017

Moorlands Learning Trust

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees (who are responsible for the charitable activities of Moorlands Learning Trust and are also the Directors of the Charitable Company for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with the Annual Accounts Direction issued by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgements and 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in business.

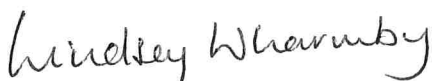
The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Academy Trust's transactions and disclose with reasonable accuracy at any time the financial position of the Academy Trust and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Academy Trust 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 Trust 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 DfE/ESFA have been applied for the purposes intended.

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

Approved by order of the members of the Board of Trustees on 23 November 2017 and signed on its behalf by:

Signed



Lindsey Wharmby
Chair of Trustees

Moorlands Learning Trust

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MOORLANDS LEARNING TRUST

We have audited the financial statements of Moorlands Learning Trust for the year ended 31 August 2017 which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

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

Emphasis of Matter

We draw the reader's attention to the accounting policies on page 20 of the financial statements, which set out why the financial statements have been prepared on a going concern basis. Our opinion is not qualified in respect of this matter.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the academy's affairs as at 31 August 2017 and of its incoming resources and application of resources, including its income and expenditure, for the 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 2016 to 2017 issued by the Education and Skills Funding Agency.

Basis of 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 academy in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the 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.

Moorlands Learning Trust

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MOORLANDS LEARNING TRUST

Opinion on other matters prescribed of the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

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

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



Christopher Beaumont BA(Hons) FCA DChA (Senior Statutory Auditor)
For and on behalf of Clive Owen LLP
Chartered Accountants
Statutory Auditors
140 Coniscliffe Road
Darlington
Co Durham
DL3 7RT

23 November 2017

Moorlands Learning Trust

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON REGULARITY TO MOORLANDS LEARNING TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter dated 26 September 2016 and further to the requirements of the Education and Skills Funding Agency ('ESFA') as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Moorlands Learning Trust during the period 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of Moorlands Learning Trust's Accounting Officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of Moorlands Learning Trust's funding agreement with the Secretary of State for Education dated 1 July 2011 and the Academies Financial Handbook extant from 1 September 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2016 to 2017. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

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

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

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

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

The work undertaken to draw to our conclusion includes:

- Review of Board of Trustees and committee minutes;
- Review of annual internal assurance reports;
- Completion of self assessment questionnaire by Accounting Officer;
- Discussions with the Accounting Officer and finance team;
- Review documentation provided to Trustees and Accounting Officer setting out responsibilities;
- Obtain formal letters of representation detailing the responsibilities of Trustees;
- 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.

Moorlands Learning Trust

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON REGULARITY TO MOORLANDS LEARNING TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2016 to 31 August 2017 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Clive Owen

Clive Owen LLP
Reporting Accountant
140 Coniscliffe Road
Darlington
Co Durham
DL3 7RT
23 November 2017

Moorlands Learning Trust

STATEMENT OF FINANCIAL ACTIVITIES

For the year ended 31 August 2017

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

| | Notes | Unrestricted funds £000 | Restricted general funds £000 | Restricted fixed asset funds £000 | Total 2017 £000 | Total 2016 £000 |
|--|-------|-------------------------------|--|--|-----------------------|-----------------------|
| INCOME AND ENDOWMENTS FROM: | | | | | | |
| Donations and capital grants | 2 | 192 | - | 118 | 310 | 124 |
| Charitable activities: | | | | | | |
| Funding for the Academy's educational Operations | 3 | - | 7,185 | - | 7,185 | 7,345 |
| Other trading activities | 4 | 1,122 | - | - | 1,121 | 921 |
| Investments | 5 | - | - | - | - | - |
| Total incoming resources | | 1,314 | 7,185 | 118 | 8,617 | 8,390 |
| EXPENDITURE ON: | | | | | | |
| Charitable activities: | | | | | | |
| Academy's educational operations | 7 | 1,350 | 7,462 | 527 | 9,339 | 9,492 |
| Total resources expended | 6 | 1,350 | 7,462 | 527 | 9,339 | 9,492 |
| NET INCOME / (EXPENDITURE) | | (36) | (277) | (409) | (722) | (1,102) |
| Transfers between funds | 16 | - | - | - | - | - |
| Other recognised gains/(losses): | | | | | | |
| Actuarial gains on defined benefit schemes | 23 | - | 1,162 | - | 1,162 | (1,355) |
| NET MOVEMENT IN FUNDS | | (36) | 885 | (409) | 440 | (2,457) |
| RECONCILIATION OF FUNDS | | | | | | |
| Funds brought forward at 1 September 2016 | | 36 | (2,168) | 11,723 | 9,591 | 12,048 |
| TOTAL FUNDS CARRIED FORWARD AT 31 AUGUST 2017 | 16 | - | (1,283) | 11,314 | 10,031 | 9,591 |

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

A statement of total recognised gains and losses is not required as all gains and losses are included in the statement of financial activities.

Moorlands Learning Trust

BALANCE SHEET

31 August 2017

Company registration No: 07663864

| | Notes | 2017 £000 | 2017 £000 | 2016 £000 | 2016 £000 |
|--|-------|--------------|---------------|--------------|---------------|
| FIXED ASSETS | | | | | |
| Tangible assets | 12 | | 11,314 | | 11,723 |
| CURRENT ASSETS | | | | | |
| Debtors | 13 | 231 | | 266 | |
| Stock | 14 | 2 | | 2 | |
| Cash at bank and in hand | | 514 | | 491 | |
| | | <u>747</u> | | <u>759</u> | |
| LIABILITIES | | | | | |
| Creditors: Amounts falling due within one year | 15 | (715) | | (672) | |
| NET CURRENT ASSETS | | | 32 | | 87 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | <u>11,346</u> | | <u>11,810</u> |
| NET ASSETS EXCLUDING PENSION LIABILITY | | | 11,346 | | 11,810 |
| Pension scheme liability | 23 | | (1,315) | | (2,219) |
| NET ASSETS INCLUDING PENSION LIABILITY | | | <u>10,031</u> | | <u>9,591</u> |
| THE FUNDS OF THE ACADEMY TRUST: | | | | | |
| RESTRICTED FUNDS | | | | | |
| Fixed asset funds | 16 | | 11,314 | | 11,723 |
| General funds | 16 | | 32 | | 51 |
| Pension reserve | 16 | | (1,315) | | (2,219) |
| TOTAL RESTRICTED FUNDS | | | <u>10,031</u> | | <u>9,555</u> |
| TOTAL UNRESTRICTED FUNDS | 16 | | - | | 36 |
| TOTAL FUNDS | | | <u>10,031</u> | | <u>9,591</u> |

The financial statements on pages 17 to 35 were approved by the Trustees and authorised for issue on 23 November 2017, and are signed on their behalf by:

Lindsey Wharmby

Lindsey Wharmby
Chair of Trustees

Moorlands Learning Trust

CASH FLOW STATEMENT

For the year ended 31 August 2017

| | <i>Notes</i> | 2017 £000 | 2016 £000 |
|--|--------------|----------------------|----------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Net cash provided by (used in) operating activities | 19 | (106) | (470) |
| CASHFLOWS FROM FINANCING ACTIVITIES | 20 | - | - |
| CASHFLOWS FROM INVESTING ACTIVITIES | 21 | 129 | (161) |
| CHANGE IN CASH AND CASH EQUIVALENTS IN THE REPORTING PERIOD | 22 | <u>23</u> | <u>(631)</u> |
| CASH AND CASH EQUIVALENTS AT 1 SEPTEMBER | | <u>491</u> | <u>1,122</u> |
| CASH AND CASH EQUIVALENTS AT 31 AUGUST | 22 | <u>514</u> | <u>491</u> |

Moorlands Learning Trust

ACCOUNTING POLICIES

For the year ended 31 August 2017

Statement of Accounting Policies

Basis of Preparation

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

Moorlands Learning Trust meets the definition of a public benefit entity under FRS 102.

Going Concern

The financial statements have been prepared on a going concern basis. Having carried out a detailed review of the Academy Trust's resources and the challenges presented by the current economic climate, the Trustees are confident that the Academy Trust has sufficient cash flows to meet its liabilities as they fall due for at least one year from the date of approval of the financial statements. Although the reserves position has been significantly depleted in the last 3 financial years, restructuring of staff (resulting in an annual cost saving of £375k) and an increase in student numbers will mean that a positive reserves and cash flow position is maintained over the coming years. From 2018/19 significant in year surpluses are forecast.

Incoming Resources

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

Grants receivable

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

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

Capital grants are recognised in full when there is an unconditional entitlement to the grant. 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 is certainty of receipt and the amount can be reliably measured.

Other income

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

Investment income

Interest receivable is included in the statement of financial activities on a receivable basis, and is stated inclusive of related tax credits.

Resources expended

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

Expenditure on raising funds

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

Moorlands Learning Trust

ACCOUNTING POLICIES

For the year ended 31 August 2017

Charitable activities

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

All resources expended are inclusive of irrecoverable VAT.

Fund accounting

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

Restricted General funds are resources subject to specific restrictions imposed by funders or donors, and include grants from the Education and Skills Funding Agency.

Restricted Fixed Assets Funds are resources which are to be applied to specific capital purposes imposed by the Education and Skills Funding Agency, where the asset acquired or created is held for a specific purpose.

Tangible fixed assets

Tangible fixed assets costing £5,000 or more are capitalised at cost and are carried at cost net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. Where the related grants require the asset to be held for a specific purpose they are credited to a restricted fixed asset fund in the statement of financial activities and carried forward in the balance sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the statement of financial activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

The premises are held on a 125-year lease from City of Bradford Metropolitan District Council. As the risks and rewards have transferred to the Academy Trust, 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 Trustees consider that the cost of obtaining an additional valuation would outweigh the benefits.

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

| | |
|--------------------------|--------------|
| Long leasehold buildings | 50 years |
| Long leasehold land | 125 years |
| Building maintenance | 25 years |
| Fixtures and fittings | 5 years |
| Computer equipment | 3 to 5 years |
| Motor vehicles | 5 years |

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 assets 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.

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 trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

Leased assets

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

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.

Moorlands Learning Trust

ACCOUNTING POLICIES

For the year ended 31 August 2017

Cash at bank – is classified as a basic financial instruments 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.

Stock

Catering stocks are valued at the lower of cost or net realisable value.

Taxation

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

Pensions benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 23, the TPS is a multi-employer scheme and the Academy Trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme 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 gains and losses on 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 gains and losses.

Agency Arrangements

The Academy Trust acts as an agent in distributing 16-19 bursary funds from the ESFA. Payments received from the ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The trust does not apply an administration charge. The funds received and paid and any balances held are disclosed in note 25.

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.

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 LGPS 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 costs (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 23, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Moorlands Learning Trust

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2017

1 General Annual Grant (GAG)

Under the funding agreement with the Secretary of State the Academy Trust was subject to limits at 31 August 2017 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 Trust has not exceeded these limits during the year ended 31 August 2017.

2 Donations and capital grants

| | Unrestricted funds £000 | Restricted funds £000 | Total 2017 £000 | Total 2016 £000 |
|-----------------|-------------------------------|-----------------------------|-----------------------|-----------------------|
| Capital grants | - | 118 | 118 | 32 |
| Other donations | 192 | - | 192 | 92 |
| | <u>192</u> | <u>118</u> | <u>310</u> | <u>124</u> |
| 2016 Total | <u>92</u> | <u>32</u> | <u>124</u> | |

3 Funding for the Academy's educational operations

| | Unrestricted funds £000 | Restricted general funds £000 | Total 2017 £000 | Total 2016 £000 |
|---|-------------------------------|--|-----------------------|-----------------------|
| DfE/ESFA grants | | | | |
| General annual grant (GAG) (note 1) | - | 6,912 | 6,912 | 6,987 |
| Other DfE/ESFA grants | - | 143 | 143 | 152 |
| | <u>-</u> | <u>7,055</u> | <u>7,055</u> | <u>7,139</u> |
| Other government grants | | | | |
| Local authority grants | - | 130 | 130 | 206 |
| | <u>-</u> | <u>130</u> | <u>130</u> | <u>206</u> |
| Total funding for educational operations | <u>-</u> | <u>7,185</u> | <u>7,185</u> | <u>7,345</u> |
| 2016 Total | <u>-</u> | <u>7,345</u> | <u>7,345</u> | |

Moorlands Learning Trust

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2017

4 Other trading activities

| | Unrestricted funds £000 | Restricted funds £000 | Total 2017 £000 | Total 2016 £000 |
|-----------------------|-------------------------------|-----------------------------|-----------------------|-----------------------|
| Catering Income | 418 | - | 418 | 347 |
| Consultancy | 73 | - | 73 | 18 |
| Hire of facilities | 96 | - | 96 | 101 |
| Trips & Visits Income | 422 | - | 422 | 346 |
| Other Income | 113 | - | 113 | 109 |
| | <u>1,122</u> | <u>-</u> | <u>1,122</u> | <u>921</u> |
| 2016 Total | <u>921</u> | <u>-</u> | <u>921</u> | |

5 Investment income

| | Unrestricted funds £000 | Restricted funds £000 | Total 2017 £000 | Total 2016 £000 |
|------------------------|-------------------------------|-----------------------------|-----------------------|-----------------------|
| Bank interest received | - | - | - | - |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| 2016 Total | <u>-</u> | <u>-</u> | <u>-</u> | |

6 Expenditure

| | Staff costs £000 | Non pay expenditure Premises £000 | Other costs £000 | Total 2017 £000 | Total 2016 £000 |
|-------------------------------------|---------------------|---|---------------------|-----------------------|-----------------------|
| Expenditure on raising funds | | | | | |
| Academy's educational operations: | | | | | |
| Direct costs | 5,572 | - | 1,003 | 6,575 | 6,818 |
| Allocated support costs | 1,049 | 912 | 803 | 2,764 | 2,674 |
| Total resources expended | <u>6,621</u> | <u>912</u> | <u>1,806</u> | <u>9,339</u> | <u>9,492</u> |
| 2016 Total | <u>6,779</u> | <u>1,184</u> | <u>1,529</u> | <u>9,492</u> | |

Moorlands Learning Trust

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2017

Net income/(expenditure) for the period includes:

| | 2017 £000 | 2016 £000 |
|---|--------------|--------------|
| Incoming/outgoing resources for the period include | | |
| Operating leases | 145 | 45 |
| Depreciation of tangible fixed assets | 409 | 489 |
| Profit/(loss) on disposal of tangible fixed assets | 11 | 1 |
| Fees payable to auditor for: -audit | 10 | 10 |

7 Charitable activities

| | Total 2017 £000 | Total 2016 £000 |
|---|-----------------------|-----------------------|
| Direct costs – educational operations | 6,575 | 6,818 |
| Support costs – educational operations | 2,764 | 2,674 |
| | 9,339 | 9,492 |

Analysis of support costs

| | Educational operations £000 | Total 2017 £000 | Total 2016 £000 |
|----------------------------|-----------------------------------|-----------------------|-----------------------|
| Support staff costs | 1,049 | 1,049 | 1,039 |
| Depreciation | 398 | 398 | 492 |
| Premises costs | 645 | 645 | 692 |
| Technology costs | 157 | 157 | 55 |
| Other support costs | 229 | 229 | 175 |
| Catering costs | 262 | 262 | 203 |
| MAT costs | 6 | 6 | - |
| Governance costs | 18 | 18 | 18 |
| Total support costs | 2,764 | 2,764 | 2,674 |

Moorlands Learning Trust

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2017

8 Staff

Staff costs

| | Total 2017 £000 | Total 2016 £000 |
|-------------------------------------|--------------------------------|--------------------------------|
| Staff costs during the period were: | | |
| Wages and salaries | 5,065 | 5,334 |
| Social security costs | 475 | 424 |
| Pension costs | 980 | 812 |
| Apprenticeship Levy | 4 | - |
| | <u>6,524</u> | <u>6,570</u> |
| Supply teacher costs | 73 | 111 |
| Restructuring costs | 24 | 98 |
| | <u>6,621</u> | <u>6,779</u> |
| Staff restructuring costs comprise: | | |
| Redundancy payments | 24 | 82 |
| Severance payments | - | - |
| Other restructuring costs | - | 16 |
| | <u>24</u> | <u>98</u> |

Included within pension costs is a charge of £216,000 (2016: £87,000) in respect of movements in the LGPS deficit.

Non statutory/non-contractual staff severance payments

There were no non statutory/non-contractual staff severance payments made during the year (2016: £16,000).

Staff numbers

The average number of persons (including leadership team) employed by the Academy Trust during the period was as follows:

| | 2017 No | 2016 No |
|----------------------------|--------------------|--------------------|
| Teachers | 108 | 103 |
| Administration and support | 101 | 115 |
| Leadership team | 8 | 11 |
| | <u>217</u> | <u>229</u> |

Higher paid staff

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

| | 2017 No | 2016 No |
|--------------------|--------------------|--------------------|
| £60,001 - £70,000 | 1 | 2 |
| £70,001 - £80,000 | 2 | 1 |
| £80,001 - £90,000 | - | 1 |
| £90,001 - £100,000 | 1 | - |
| | <u>4</u> | <u>4</u> |

Moorlands Learning Trust

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2017

Key management personnel

The key management personnel of the Academy Trust comprise the trustees and the senior management team as listed on page 4. 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 £391,000 (2016: £381,000)

9 Central Services

No central services were provided by the Academy Trust to its Academies during the period and no central charges arose.

10 Related Party Transactions - Trustees' remuneration and expenses

The Headteacher and staff Trustees only receive remuneration in respect of services they provide undertaking the roles of the Headteacher and staff and not in respect of their services as Trustees. Other Trustees did not receive any payments from the Academy Trust in respect of their role as Trustees. The value of Trustees' remuneration and other benefits was as follows:

H Williams (Headteacher and Chief Executive Officer):

Remuneration £90,000 - £95,000 (2016: £90,000 - £95,000)

Employer's pension contributions £15,000 - £20,000 (2016: £15,000 - £20,000)

J Stewart (Staff Governor):

Remuneration £nil (2016: £20,000 - £25,000)

Employer's pension contributions £nil (2016: £nil - £5,000)

A Bleasdale (Staff Governor):

Remuneration £10,000 - £15,000 (2016: £15,000 - £20,000)

Employer's pension contributions £nil - £5,000 (2016: £nil - £5,000)

N Garrido (Staff Governor):

Remuneration £25,000 - £30,000 (2016: £35,000 - £40,000)

Employer's pension contributions £nil - £5,000 (2016: £5,000 - £10,000)

During the year ended 31 August 2017, no travel and subsistence expenses were reimbursed to Trustees (2016: £nil).

11 Trustees' and officers indemnity insurance

In accordance with normal commercial practice the Academy Trust has purchased insurance to protect Trustees and officers from claims occurring whilst on Academy Trust business. The insurance provides cover up to £5,000,000. It has not been possible to quantify the trustees indemnity element from the overall cost of the insurance premium (2016: £497). The cost of this insurance is included in the total insurance cost.

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2017

12 Tangible fixed assets

| | Long leasehold land and buildings £000 | Fixtures and fittings £000 | Computer equipment £000 | Motor vehicles £000 | Total £000 |
|-----------------------|--|-------------------------------------|-------------------------------|---------------------------|---------------|
| Cost | | | | | |
| At 1 September 2016 | 12,422 | 452 | 428 | 14 | 13,316 |
| Additions | - | - | - | - | - |
| Disposals | - | (41) | (204) | - | (245) |
| 31 August 2017 | 12,422 | 411 | 224 | 14 | 13,071 |
| Depreciation | | | | | |
| At 1 September 2016 | (1,198) | (126) | (264) | (5) | (1,593) |
| Charged in the period | (239) | (59) | (108) | (3) | (409) |
| Disposals | - | 41 | 204 | - | 245 |
| 31 August 2017 | (1,437) | (144) | (168) | (8) | (1,757) |
| Net book value | | | | | |
| 31 August 2017 | 10,985 | 267 | 56 | 6 | 11,314 |
| 31 August 2016 | 11,224 | 326 | 164 | 9 | 11,723 |

13 Debtors

| | 2017 £000 | 2016 £000 |
|-------------------------------|--------------|--------------|
| Prepayments | 157 | 201 |
| Trade debtors | 29 | 15 |
| Amounts due from ESFA | 24 | 21 |
| Other tax and social security | 21 | 29 |
| | 231 | 266 |

14 Stock

| | 2017 £000 | 2016 £000 |
|-------|--------------|--------------|
| Stock | 2 | 2 |
| | 2 | 2 |

Moorlands Learning Trust

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2017

15 Creditors: amounts falling due within one year

| | 2017 | 2016 |
|--|------------|------------|
| | £000 | £000 |
| Trade creditors | 94 | 142 |
| Other taxation and social security costs | 122 | 124 |
| Accruals and deferred income | 499 | 406 |
| | <u>715</u> | <u>672</u> |
| Deferred income | | |
| Deferred income at 1 September 2016 | 170 | 99 |
| Resources deferred in the year | 157 | 170 |
| Amounts released from previous years | (170) | (99) |
| | <u>157</u> | <u>170</u> |
| Deferred income at 31 August 2017 | | |

The deferred income includes amounts paid in advance for dinner money and school trips taking place next year, rates and grants received in advance of the next academic year.

Moorlands Learning Trust

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2017

16 Funds

| | At 1 September 2016 £000 | Incoming resources £000 | Resources expended £000 | Gains, losses and transfers £000 | At 31 August 2017 £000 |
|--|-----------------------------------|-------------------------------|-------------------------------|--|---------------------------------|
| Restricted general funds | | | | | |
| General Annual Grant (GAG) | - | 6,912 | (6,912) | - | - |
| Pupil Premium reserve | 51 | 134 | (153) | - | 32 |
| Other DfE/ESFA grants | - | 9 | (9) | - | - |
| Other government grants | - | 130 | (130) | - | - |
| Funds inherited on conversion | - | - | - | - | - |
| Pension reserve | (2,219) | - | (258) | 1,162 | (1,315) |
| | <u>(2,168)</u> | <u>7,185</u> | <u>(7,462)</u> | <u>1,162</u> | <u>(1,283)</u> |
| Restricted fixed asset funds | | | | | |
| DfE capital grants | 88 | 118 | (122) | - | 84 |
| Capital expenditure from GAG | 960 | - | (184) | - | 776 |
| Capital expenditure from unrestricted funds | 83 | - | (2) | - | 81 |
| Assets transferred on conversion | 10,592 | - | (219) | - | 10,373 |
| | <u>11,723</u> | <u>118</u> | <u>(527)</u> | <u>-</u> | <u>11,314</u> |
| Total restricted funds | <u>9,555</u> | <u>7,303</u> | <u>(7,989)</u> | <u>1,162</u> | <u>10,031</u> |
| Unrestricted funds | | | | | |
| Funds inherited on conversion | - | - | - | - | - |
| Unrestricted funds | 36 | 1,314 | (1,350) | - | - |
| Total unrestricted funds | <u>36</u> | <u>1,314</u> | <u>(1,350)</u> | <u>-</u> | <u>-</u> |
| Total funds | <u>9,591</u> | <u>8,617</u> | <u>(9,339)</u> | <u>1,162</u> | <u>10,031</u> |

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

Restricted general funds have been spent in line with the terms of the Master Funding Agreement. Restricted fixed asset funds are used solely for capital purchases in line with the strategic objectives of the Academy Trust.

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 was provided to deliver additional learning support to deprived children as the academy sees fit. Other DfE/ESFA grants represent Year 7 Catch up grant.

SEN funding was provided to cover the costs of supporting students with additional learning requirements.

The restricted pension fund is in deficit to the value of £1,315,000 as at 31 August 2017.

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

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2017

17 Analysis of net assets between funds

| | Unrestricted funds £000 | Restricted general funds £000 | Restricted fixed asset funds £000 | Total funds 2017 £000 | Total funds 2016 £000 |
|--------------------------|-------------------------------|--|--|-----------------------------|-----------------------------|
| Tangible fixed assets | - | - | 11,314 | 11,314 | 11,723 |
| Current assets | - | 747 | - | 747 | 759 |
| Current liabilities | - | (715) | - | (715) | (672) |
| Pension scheme liability | - | (1,315) | - | (1,315) | (2,219) |
| Total net assets | - | (1,283) | 11,314 | 10,031 | 9,591 |

18 Financial commitments

Operating leases

At 31 August 2017 the Academy Trust had annual commitments under operating leases as follows:

| | 2017 £000 | 2016 £000 |
|--|--------------|--------------|
| Amounts due within one year | 106 | 28 |
| Amounts due between one and five years | 69 | 63 |
| Amounts due after five years | - | - |
| | 175 | 91 |

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2017

19 Reconciliation of net income/(expenditure) to net cash inflow from operating activities

| | 2017 | 2016 |
|--|--------------|--------------|
| | £000 | £000 |
| Net income/(expenditure) for the reporting period (as per the statement of financial activities) | (722) | (1,102) |
| Adjusted for: | | |
| Depreciation (note 12) | 409 | 489 |
| (Surplus)/loss on disposal of fixed assets | (11) | 1 |
| Capital grants from DfE and other capital income | (118) | (32) |
| Interest receivable (note 5) | - | - |
| Defined benefit pension scheme cost less contributions payable (note 23) | 216 | 87 |
| Defined benefit pension scheme finance cost (note 23) | 42 | 25 |
| (Increase)/decrease in debtors | 35 | (43) |
| (Increase)/decrease in stock | - | 2 |
| Increase/(decrease) in creditors | 43 | 103 |
| Net cash provided by/ (used in) operating activities | (106) | (470) |

20 Cash flows from finance activities

| | 2017 | 2016 |
|---|----------|----------|
| | £000 | £000 |
| Interest received | - | - |
| Net cash provided by/ (used in) financing activities | - | - |

21 Cash flows from investing activities

| | 2017 | 2016 |
|--|------------|--------------|
| | £000 | £000 |
| Purchase of tangible fixed assets | - | (202) |
| Proceeds from sale of tangible fixed assets | 11 | 9 |
| Capital grants | 118 | 32 |
| Net cash provided by / (used in) investing activities | 129 | (161) |

22 Analysis of cash and cash equivalents

| | At 1 September 2016 £000 | Cash flows 2017 £000 | At 31 August 2017 £000 |
|--|--------------------------------|----------------------------|------------------------------|
| Cash in hand and at bank | 491 | 23 | 514 |
| Total cash and cash equivalents | 491 | 23 | 514 |

Moorlands Learning Trust

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2017

23 Pension and similar obligations

The Academy Trust'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 Mercer Limited. Both are multi-employer defined-benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 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.

Teachers' Pension Scheme

The Teachers' Pensions Scheme ("TPS") is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension 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' Pensions Scheme

Not less than every four years 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) Direction 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, currently 14.1%);
- Total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million;
- An employer cost cap of 10.9% of pensionable pay will be applied to future valuations;
- The assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

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

The total contribution made to the TPS in the period amounted to £934,000 (2016: £992,000) of which employer's contribution totalled £585,000 (2016: £628,000) and employees' contributions totalled £349,000 (2016: £364,000).

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

Under the definition set out in FRS102, the TPS is a multi-employer pension scheme. The trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The trust has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the 12 months ended 31 August 2017 was £283,000 (2016: £256,000) of which employer's contributions totalled £214,000 (2016: £184,000) and employees' contribution totalled £69,000 (2016: £72,000). The agreed rates for future years are 16.7 per cent for employers and 5.5 to 12.5 per cent for employees.

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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 2017 | At 31 August 2016 |
|--|----------------------|----------------------|
| Rate of increase in salaries | 3.25% | 3.4% |
| Rate of increase for pensions in payment | 2.00% | 1.9% |
| Discount rate | 2.50% | 2.0% |
| Inflation (CPI) | 2.00% | 1.9% |
| Commutation of lump sums | 75% | 75% |

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

| | At 31 August 2017 Years | At 31 August 2016 Years |
|-----------------------|-------------------------------|-------------------------------|
| Retiring today: | | |
| Males | 22.1 | 22.7 |
| Females | 25.2 | 25.6 |
| Retiring in 20 years: | | |
| Males | 23.0 | 24.9 |
| Females | 27.0 | 28.0 |

Sensitivity analysis

| | At 31 August 2017 £000 | At 31 August 2016 £000 |
|--|------------------------------|------------------------------|
| Discount rate +0.1% | 5,550 | 5,665 |
| Discount rate -0.1% | 5,794 | 5,926 |
| Mortality assumption - 1 year increase | 5,500 | 5,612 |
| Mortality assumption - 1 year decrease | 5,843 | 5,978 |
| CPI rate +0.1% | 5,761 | 5,878 |
| CPI rate -0.1% | 5,583 | 5,711 |

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

| | Asset Split | Fair value at 31 August 2017 £000 | Fair value at 31 August 2016 £000 |
|-------------------------------------|----------------|---|---|
| Equities | 77.1 | 3,359 | 2,685 |
| Government bonds | 9.6 | 418 | 400 |
| Corporate bonds | 3.9 | 170 | 150 |
| Property | 4.5 | 196 | 172 |
| Other | 3.4 | 148 | 118 |
| Cash/liquidity | 1.5 | 65 | 50 |
| Total market value of assets | | 4,356 | 3,575 |
| Present value of scheme liabilities | | | |
| - Funded | | 5,671 | 5,794 |
| Deficit in the scheme | | (1,315) | (2,219) |

The actual return on scheme assets was £575,000 (2016: £547,000).

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| Amounts recognised in the statement of financial activities | 2017 £000 | 2016 £000 |
|---|--------------|--------------|
| Current service cost (net of employee contributions) | 396 | 271 |
| Past service cost | 34 | - |
| Net interest cost | 42 | 25 |
| Total operating charge | 472 | 296 |

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

| | 2017 £000 | 2016 £000 |
|------------------------|--------------|--------------|
| At 1 September | 5,794 | 3,530 |
| Current service cost | 396 | 271 |
| Interest cost | 116 | 135 |
| Employee contributions | 69 | 72 |
| Actuarial (gain)/loss | (661) | 1,792 |
| Benefits paid | (77) | (6) |
| Past service cost | 34 | - |
| At 31 August | 5,671 | 5,794 |

Changes in the fair value of Academy Trust's share of scheme assets:

| | 2017 £000 | 2016 £000 |
|------------------------|--------------|--------------|
| At 1 September | 3,575 | 2,778 |
| Interest income | 74 | 110 |
| Actuarial gain | 501 | 437 |
| Employer contributions | 214 | 184 |
| Employee contributions | 69 | 72 |
| Benefits paid | (77) | (6) |
| At 31 August | 4,356 | 3,575 |

24 Related party transactions

Owing to the nature of the Academy Trust's operations and the composition of the Board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the trust's financial regulations and normal procurement procedures. No related party transactions took place in the period of account, other than certain Trustees' remuneration and expenses already disclosed in note 10.

25 16-19 Bursary Fund

The Academy Trust administers the disbursement of the new discretionary support for learners, 16-19 Bursary Funds, on behalf of the ESFA. In the year it received £23,214 (2016: £28,152) and disbursed £20,692 (2016: £16,540), leaving a balance of £2,522 (2016: £11,612) included in accruals and deferred income.

26 Members Liability

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

