Registration number: 8156927

Eaton Bank Academy

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 August 2017

Eaton Bank Academy

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Eaton Bank Academy

Reference and Administrative Details

Members

Prof D Parsons
Mr I Boyes
Mr M Lea
Mr K Smith
Mrs W Wright

Trustees (Directors)

Mrs S Aston (resigned 31 March 2017)
Mrs L Brindley (resigned 31 May 2017)
Mr S Carvell
Mrs C Caswell
Mrs T Glanville (resigned 31 May 2017)
Cllr G Hayes
Mr M Lea, Vice Chair
Mrs S Lively
Mr T McCloud
Prof D Parsons
Mrs R Simpson
Mr K Smith, Chair
Mrs S Smith
Cllr G Williams
Mrs W Wright

Principal

Mr E O'Neill

Senior Management Team

Mr E O'Neill, Headteacher
Mr M James, Deputy Headteacher
Mrs S Bennett, Assistant Headteacher
Mrs E Whitehurst, Strategic Business Manager
Mrs V Mahmoud, Associate Assistant Headteacher
Mrs M Rice, Associate Assistant Headteacher
Mr Carvell, Associate Assistant Headteacher
Mrs A Wright, Associate Assistant Headteacher

Reference and Administrative Details (continued)

Principal and Registered Office

Jackson Road
Congleton
Cheshire
CW12 1NT

Company Registration Number

8156927

Auditors

Beever and Struthers
Chartered Accountants and Statutory Auditors
St Georges House
215-219 Chester Road
Manchester
M15 4JE
28 April 2017

Bankers

The Co-Operative Bank
1 Chestergate
Macclesfield
Cheshire
SK10 1EB

Lloyds Bank Plc
13 Victoria Street
Crewe
Cheshire
CW1 2JQ

Solicitors

SAS Daniels LLP
Riverside
Montbatten Way
Congleton
Cheshire
CW12 1DY

Browne Jacobson LLP
Mowbray House
Castle Meadow Road
Nottingham
NG2 1BJ

Eaton Bank Academy

Trustees' Report for the Year Ended 31 August 2017

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2017. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The trust operates an academy for pupils aged 11 to 19 serving a catchment area in Congleton, South Macclesfield and North Staffordshire. It is rated "Good" by Ofsted with "Outstanding Leadership and Management", "Outstanding Behaviour and Safety."

Structure, governance and management

Constitution

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

Details of the trustees who served during the year are included in the Reference and Administrative Details on page1.

Members' liability

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £1 for the debts and liabilities contracted before he/she ceases to be a member.

Trustees' indemnities

Through the Risk Protection Arrangement, the Governors, Officers and Trustees of Eaton Bank Academy are protected against defence costs and legal liability to pay damages with a limit per claim (or per annum) of £10,000,000.

Method of recruitment and appointment or election of Trustees

The process for appointing or election of Governors at Eaton Bank Academy depends upon the category of Governors.

• Parent Governors - elected from among the parent body by the parent body, by secret ballot if contested, or, if necessary, by appointment
• Staff Governors – appointed through such process as the Governing Body may determine, that being elected from among the staff of the academy, by secret ballot if contested.
• Co-opted Governors (referred to as Community Governors) – appointed by the existing governing body through such process as the Governing Body may determine.

Policies and procedures adopted for the induction and training of Trustees

Following their appointment all new Governors receive an introduction to their role from the Chair of Governors. This includes a tour of the site and an opportunity to meet members of the Senior Leadership Team. Governors review and decide on appropriate training annually.

Organisational structure

The Governing Body is divided into two committees; 'School Improvement and Development' and 'Resources Management' (referred to in these accounts as the Finance Committee). These committees meet half termly and there is also a half termly Full Governing Body meeting. The Governors determine the strategic direction of the Academy, including approving the Annual School Development Plan and Self Evaluation. The Headteacher is the Accounting Officer and is supported in this role by the Strategic Business Manager, who acts as the Chief Financial Officer. The Headteacher leads a Senior Leadership Team, including the Strategic Business Manager, Deputy Headteacher, Assistant Headteacher and Associate Assistant Headteachers. The Senior Leadership Team are responsible for delivering the operational objectives attached to the School Development Plan. The Headteacher and Strategic Business Manager report to the Finance Committee and the Headteacher and Deputy Headteacher report to the School Improvement and Development Committee. The Headteacher reports to the Full Governing Body.

Arrangements for setting pay and remuneration of key management personnel

The Teachers' Pay Policy (which includes the pay of the Senior Leadership Team) is reviewed and approved annually by the Full Governing Body, with reference to the latest "Teachers Pay and Conditions" and guidance released by the Local Authority. Support Staff pay, including that of the Strategic Business Manager, was reviewed by the Full Governing Body in 2014-15 with reference to benchmarking data from other local secondary schools and from the Local Authority.

Connected organisations, including related party relationships

The Headteacher is a director of both the Chimney House Teaching Alliance and the Congleton Education Community Partnership. These are also organisations with which the Academy co-operates in pursuit of its charitable activities.

Objectives and activities

Objects and aims

Eaton Bank Academy was created on 1 September 2012 from an established community based secondary school which was local authority maintained by Cheshire East Council. This, the fifth year of operation, was another successful one. The key activity of the Academy Trust continues to be the delivery of a broad educational curriculum to children aged between 11 and 19 along with providing facilities and services to the wider community through sharing and utilisation of the Academy site.

Our enduring aims are:

- To have high expectations and enable everyone to achieve success
- To celebrate high quality learning experiences in all areas of school life
- To be at the heart of the community, and prepare everyone fully for their future lives.

Objectives, strategies and activities

The Academy's strategic priorities for 2016-17 were as follows:

- Increase levels of progress and attainment across the school
- Continue to improve the quality of teaching and learning
- Improve progress and outcomes for disadvantaged students, closing the gap with their more advantaged peers.
- Continue to improve the school resources; main school building and sports' facilities
- Improve the profile and reputation of the school in Congleton and the surrounding areas, making it the natural choice for parents and children.
- Explore the possibilities of working collaboratively within a Multi Academy Trust structure.

Public benefit

The Trustees are satisfied that the organisation's entire purpose is charitable and that due regard is given to the guidance published by the Charity Commission as they exercise their powers and duties. All non-selective academies are public by definition, and the key benefit delivered by Eaton Bank Academy is the maintenance and development of high quality education provided by the school.

Strategic Report

Achievements and performance

Eaton Bank Academy was inspected by Ofsted between the 7th and 8th May 2015 and was graded as 'Good' with 'Outstanding' features.

Leadership and management Outstanding
Behaviour and safety of pupils Outstanding
Quality of teaching Good
Achievement of pupils Good
Sixth Form provision Good
Overall Effectiveness Good

Outstanding - Leadership and Management:
Ofsted recognised the rapid progress made by the school in recent years, with 'outstanding leadership and management' helping to create 'an exceptional ethos and climate for learning within the school'.
The leadership of teaching was also described as 'outstanding' and the curriculum praised as "innovative and designed to meet the needs of all students", ensuring pupils are prepared 'exceptionally well for life in modern Britain and the next phase of their education, training or employment'.

Outstanding - Behaviour and Safety of pupils:
Ofsted rated our students' behaviour as 'outstanding', stating 'Students show great pride in the school. Their excellent behaviour and attitudes to learning reflect this'. The report noted, 'Students have very positive attitudes to learning, are keen to do well and want to achieve. Staff have very high expectations of students, to which students respond well'. The behaviour of students around the school was praised as 'exemplary, calm and purposeful'. The systems and structures put in place to ensure our students remain safe and secure, was also graded as 'outstanding' with students feeling 'Students feel extremely safe and secure as a result.'

Good - Quality of teaching:
The Ofsted report praised the rapid improvement in quality of teaching, noting
'There is an increasing amount of outstanding practice, which is a result of the school's drive to improve teaching constantly'. The lessons observed by Ofsted were 'enjoyable, involve students in their learning and challenge them to make good or better progress'. The positive learning environment ensures that 'students speak with enthusiasm about the teaching they receive'.

Good - Achievement of pupils:
Ofsted noted that the outstanding leadership of the school has contributed to a rapid improvement in achievement: 'in all key stages, students now make good progress across a wide range of subjects, including in English and mathematics'.

Governance Praised:
The 2015 Ofsted report specifically praised the Governance and Financial management of the school. The report states that the Governors are 'very effective,' 'ask astute questions, support leaders well, but also hold them to account rigorously'. 'They...oversee performance robustly...and manage the school's finances exceptionally well.'

Strategic Report

Key performance indicators

GCSE
In 2017, 71% of GCSE grades were A* to C, or equivalent, and 25% of all results awarded were at the top A or A*grade.
Students achieved the top grades in Maths and English, the first subjects to be marked under the new 1 to 9 GCSE grading system. 80% of English Language and English Literature students and 78% of Maths students secured a pass at grade 4 or above, which is equivalent to C and above in GCSE grades.
Students performed strongly in STEM subjects (Science, Technology, Engineering and Maths) with notable success in Science where 83% of students passed Additional Science at A* to C grade, and nearly a quarter of students received the top A* or A pass rate. The A* to C pass rate for Core Science was over 71% and IT students also attained top grades, with 80% securing an A* – C pass and a quarter achieving the top A* to A grade.
In the Arts, 84% of students passed Dance, Drama and Music at A* to C grade and in Art and Design 83% of students achieved an A* to C pass, and 42% passed with the top A* or A grade.

Sixth Form Provision
The Academy continues to operate a successful Sixth Form and attracts mainly their own Year 11 students who choose to continue their education at Eaton Bank studying a range of A Level subjects in preparation for many routes into University, Specialised Colleges and industry based apprenticeships. At the end of 2016-17, Eaton Bank Academy students performed well across the breadth of subject areas, achieving an impressive overall pass rate of 99%, with 35% at A* to B. Students excelled in STEM (Science, Technology, Engineering and Maths) subjects with the top A* to B grades achieved by 50% of the students in Maths, 57% in IT and over 40% in Physics and Chemistry. English students also delivered excellent results, with over 65% securing the top A* to B pass rate.

Pupil Numbers
The total number on roll at the end of the academic year was 686, with 125 in the Sixth Form. The Year 7 intake is now growing vigorously. Pupil admissions for 2017 were 33% higher than in 2016, and overall admission requests are expected to exceed the planned admission number for 2018. In year transfer requests are also growing rapidly, with a net increase of 15 pupils in years 8-11 during the course of the year. New high quality housing development nearby, combined with the school's growing popularity, are making future expansion likely, and the Governing Body is keeping this under review.

Pupil Premium
A comprehensive strategy is in place for improving the outcomes of disadvantaged students compared with their more advantaged peers, details of which may be found on the school's website. The attainment of disadvantaged students remains a key priority for the school. The strategy is under rigorous and continual review to ensure the best possible outcomes for current disadvantaged students.

Community Involvement
Eaton Bank Academy has very strong links with local community groups, charities and businesses, including the Town Council, Borough Council, sports clubs, particularly Vale Juniors FC who have their home on the Eaton Bank Academy site, Siemens, Cheshire Young Farmers, Vauxhall, Barclays, the Plus Dane Housing Association, the 'Schools for Gambia' charity, the East Cheshire Clinical Commissioning Group, Age UK East Cheshire, the Congleton Education Community Partnership, the Chimney House group of Secondary Schools, and many more. The school currently has strong links with 100 local employers, and a significant proportion of those have agreed to extended work placements to support our students' aspirations and readiness for work. Students and staff are well represented locally in sporting and cultural/performing arts activities, including the town's biennial carnival. Community use of Academy facilities continues to grow.

Strategic Report

Key performance indicators (continued)

Development of Facilities
Since conversion (to Academy status), the leadership team has successfully secured over £3million to develop its facilities, including 9 separate ring-fenced grants. In 2014-15 the exterior and interior refurbishment of the main teaching block and reception area was completed. The car park was resurfaced in 2015-16. Work is now underway to refurbish the majority of the remaining exterior and to fully upgrade its life safety systems. The Ann Packer Sports project is a longer term project, which seeks to provide a range of inspiring sports facilities, including a full size 3G astroturf pitch. The first phase of this; a Multi Use Games Area was completed during 2015-16. The Academy is now actively seeking funding to develop a 3G astroturf pitch (Phase 2).

Student Enrichments
We continue to offer an extensive programme of extra-curricular activity both at lunchtime and after school, not only in sport and performing arts but also in STEM topics, wellbeing and spiritual activity, homework clubs and many more including, in 2017, a mock general election. There is a very active and constructive student leadership team, including Head Girl and Boy, and an army of school and subject ambassadors who benefit from leadership and presentational opportunities. The Duke of Edinburgh scheme has proved extremely popular with students from all backgrounds. Educational visits in 2016-17 included a trip to the Gambia, skiing in France, a 'Bushcraft' camping experience and a residential visit to Lancaster University, together with a wide range of theatre visits and field trips.

Going concern

After making appropriate enquiries, the board of trustees has a reasonable expectation that the academy trust will receive 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.

In common with all state funded schools, particularly those in Cheshire East, the Academy faces considerable pressures on funding. This is compounded by the fact that it has entered a period of rapid pupil growth, following a prolonged demographic dip which accelerates from September 2017. The Academy delivered a small revenue surplus at the end of 2016-17, before pension scheme adjustments, but the 2017-18 period is expected to be even more challenging and the Trustees are expected to shortly reach a satisfactory agreement with the Education, Skills and Funding Agency to determine the most appropriate short term funding structure to handle the impact of the lagged funding of the growing pupil numbers.

Future financial projections are much stronger due to the rapid growth in pupil numbers, following a strong September intake and through significant ongoing in-year transfers. The Academy is becoming a popular choice as it reputation grows along with its enhanced facilities following the high level of capital investment. Large scale housing development within Congleton will fuel even greater demand and is likely to require an early review of our current pupil annual number intake and the capacity of the Academy.

Strategic Report

Financial review

In addition to its educational objectives, the Academy's key financial objectives were:

- To create an operating surplus
- To ensure the Academy's liquidity
- To generate sufficient levels of income to support the Academy
- To contain expenditure within budget

Essential ICT investments led to the Academy exceeding its budgeted expenditure for the year, although a small revenue surplus was maintained at the year end.

While funding levels and income are declining, the financial outcome for the year was satisfactory. Income from all sources was £5,378k. Good financial management and cost control have enabled the Academy's finances to be managed to retain a small surplus during the year. The outlook is challenging, however, and the school has been working to a very lean staffing model in preparation for the ongoing cuts to its budget. The Academy accounts include a provision for the potential pension liabilities for support staff at £1,871k. Cash at bank is £792k representing the operating surplus brought forward together with advances for capital projects.

School funding across Cheshire East is among the lowest in the country and, as pension and NI costs, which are outside schools' control, have risen significantly, many secondary schools are now forecasting significant financial deficits. Unlike many schools, medium term financial forecast for Eaton Bank Academy is positive and strong, due to its vigorous growth and efficient starting point. The short term forecast is challenging, predominantly as a result of the 12 month funding lag, and the school is working closely with the Education and Skills Funding Agency to ensure its short term liquidity.

Reserves policy

The value of free reserves held at the end of the year was £25k. The Governing Body aims to retain a minimum £20k reserve at the end of each financial year during this rapid growth period, until it returns to capacity and, thereafter, 2.5% of its General Annual Grant (GAG).

Investment policy

The Academy aims to manage its cash balances to provide for the day-to-day working capital requirements of its operations, whilst protecting the real long-term value of any surplus cash balances against inflation. In addition, the Academy aims to invest surplus cash funds to optimise returns, but ensuring the investment instruments are such that there is no risk to the loss of these cash funds.

Strategic Report

Principal risks and uncertainties

The Academy has developed and embedded the existing system of internal control, including financial, operation and risk management which is designed to protect the Academy's assets and reputation.

A Risk Register has been developed and adopted by the Academy. This is reviewed on an annual basis. The register identifies the key risks, the likelihood of those risks occurring, their potential impact on the Academy and the actions being taken to reduce and mitigate the risks. The Key Risks identified in 2017 were:

- Financial and reputational impact of low pupil number on roll
- Hostile financial environment faced by all schools in Cheshire East with low pupil funding levels
- Rapid pupil growth and the impact of lagged funding on Eaton Bank Academy
- Strategic gaps in ICT
- Gaps in Disaster Recovery Plan

Steps taken to manage and mitigate those risks include:

- Continued employment of a full time Marketing Manager. Comprehensive marketing strategy and primary liaison programme to ensure that the academy is the school of their first and natural choice
- Protect and enhance the full range of the 11-18 curriculum offer to ensure the Academy is attractive to parents and students
- Continued involvement in campaign for fairer funding.
- On-going work by the Strategic Business Manager to identify and secure savings in expenditure and the development of new income streams.
- Detailed discussions and frequent submissions to the Education, Skills and Funding Agency to determine the most appropriate short term funding structure to support the growth period
- Investment in network infrastructure, cabling, servers and storage, and implementation of a new managed service model for ICT.
- Preparation of detailed ICT infrastructure documentation for the disaster recovery plan
- Continuing the high level of investment in facilities enhancing the student experience and the Fixed Asset values through successfully bidding of capital funding from the DfE

Plans for future periods

The Academy's plans for future periods are as follows:

- Increase levels of progress and attainment across the school
- Continue to improve the quality of teaching and learning
- Improve progress and outcomes for disadvantaged students, closing the gap with their more advantaged peers.
- Achieve an Oftsed rating of "Outstanding" at next full inspection
- Continue to improve the school resources; main school building and sports' facilities, including the development of a 3G astroturf pitch.
- Improve the profile and reputation of the school in Congleton and the surrounding areas, making it the natural choice for parents and children.
- Make plans to form or join a Multi Academy Trust

Funds held as Custodian Trustee on behalf of others

No funds were held as Custodian Trustee on behalf of others during the period.

Auditor

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company'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, was approved by order of the members of the board of trustees on 4/12/17 and signed on its behalf by:

.....

Mr K Smith
Member

Eaton Bank Academy

Governance Statement

Scope of responsibility

As trustees, we acknowledge we have overall responsibility for ensuring that Eaton Bank 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 board of trustees has delegated the day-to-day responsibility to Mr E O'Neill, 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 Eaton Bank Academy 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 7 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
Mrs S Aston	0	4
Mrs L Brindley	1	4
Mr S Carvell	6	7
Mrs C Caswell	6	7
Mrs T Glanville	5	5
Cllr G Hayes	6	7
Mr M Lea	7	7
Mrs S Lively	4	7
Mr T McCloud	4	7
Mr E O'Neill	7	7
Prof D Parsons	6	7
Mrs R Simpson	5	7
Mr K Smith	6	7
Cllr G Williams	7	7
Mrs W Wright	6	7

Governance reviews

The Finance Committee (known as Resources Management) is a sub-committee of the main board of trustees. Its purpose is to assist the decision making of the governing body, by enabling more detailed consideration to be given to the best means of fulfilling the governing body's responsibility to ensure sound management of the Academy's finances and resources, including proper planning, monitoring and probity. It also acts as the Audit Committee, reviewing the outcome of the internal and external audits and making recommendations to the Governing Body in this respect. Attendance at meetings during the year was as follows:

Trustee	Meetings attended	Out of a possible
Mr S Carvell	6	6
Cllr G Hayes	4	6
Mr T McCloud	4	6
Mr E O'Neill	6	6
Prof D Parsons	6	6
Mrs R Simpson	5	6
Mr K Smith	4	6
Mrs W Wright	6	6

Review of value for money

As accounting officer the member 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 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 appropriate. The accounting officer for the academy trust has delivered improved value for money during the year by deploying the Strategic Business Manager to:

- Use income from lettings to upgrade the Multi Use Games Area to a mini 3G pitch to generate further growth in lettings related income
- Carry out a competitive tendering exercise for the home-school transport service, which has outgrown the school minibus.
- Carry out a competitive tendering exercise for audit and accountancy services
- Re-tender cleaning materials and supplies by working collaboratively with a group of schools
- Change banking provider to benefit from free banking services following the Co-operative Bank's decision to commence charging
- Further restructure the ICT service model by moving to a fully external managed service
- Generate additional income through the development of a professional services offer: The Business Manager, Headteacher, Deputy Headteacher and Director of Pastoral Services have each been actively seconded to other organisations to generate additional income, alongside the deployment of SLEs from within the school.

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 Eaton Bank Academy 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 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 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;
- identification and management of risks.

The board of trustees has considered the need for a specific internal audit function and has decided during the 2016-17 year to appoint Beever and Struthers as internal auditors, replacing Dains LLP, who carried out one internal audit inspection during the year.

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

- Testing of payroll transactions
- Testing of purchase ledger transactions
- Testing of income transactions
- Checks on bank reconciliations
- Review of fixed asset register and procedures

On a termly basis, the reports to the board of trustees on the operation of the systems of control and on the discharge of the board of trustees's financial responsibilities.

There were no material control or other issues reported by the Responsible Officer to date.

Governance Statement (continued)

Review of Effectiveness

As Accounting Officer the Headteacher 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 internal auditor;
- 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 implications of the result of their review of the system of internal control by the Finance and General Purposes Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on 4/12/17 and signed on its behalf by:

.....
Mr K Smith
Member

.....
Mr E O'Neill
Accounting officer
Principal

Eaton Bank Academy

Statement on Regularity, Propriety and Compliance

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

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

During the course of the 2015-16 financial year, an addendum to a service contract with the Compass Group was signed by the acting Business Manager, in the absence, on maternity leave, of the Chief Financial Officer. This was later identified as being an accidental loan agreement and retrospective consent was sought from the ESFA. This consent was received during the course of the 2016-17 financial year. The addendum was not considered a material irregularity by the school's outgoing auditors; RSM UK Audit LLP, since the school had requested retrospective consent by the time the 2015-16 financial statements had been drawn up.

I can therefore 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.:



.....

Mr E O'Neill
Accounting officer

Date: 18/12/17

Eaton Bank Academy

Statement of Trustees' Responsibilities

The Trustees (who act as the governors of Eaton Bank Academy Academy 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 published by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards [FRS 102] have been followed, subject to any material departures disclosed and explained in the financial statements; 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 charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

Approved by order of the members of the Board on 4/12/17 and signed on its behalf by:

.....

Mr K Smith
Member

Eaton Bank Academy

Independent Auditor's Report on the Financial Statements to the Members of Eaton Bank Academy

Opinion

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

This report is made solely to the academy trust'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 trust'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 trust and the academy trust's members as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the academy trust 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 draw attention to Note 1 in the financial statements, specifically the accounting policy on going concern, and the narrative in the Board report in respect of going concern on page 8 which indicates that the Academy faces considerable pressures on funding. As stated in the accounting policy and on page 8, this is compounded by the fact that it has entered a period of rapid pupil growth, preceded by a prolonged demographic dip, which accelerates from September 2017. The Academy delivered a small revenue surplus at the end of 2016-17, before pension scheme adjustments, but the 2017-18 period is expected to be even more challenging and the Trustees are expecting to shortly reach an agreement with the Education, Skills and Funding Agency to determine the most appropriate short term funding structure to handle the impact of the lagged funding of the growing pupil numbers.

These events or conditions, along with other matters as set out in Note 1, specifically the accounting policy on going concern, and the narrative in the Board report in respect of going concern on page 8, indicate that a material uncertainty exists that may cast significant doubt on the Academy's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The Trustees (who are also the directors of the academy trust for the purposes of company law) 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.

Independent Auditor's Report on the Financial Statements to the Members of Eaton Bank Academy (continued)

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report (incorporating the Strategic Report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- 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 our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in 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 [set out on page 17], 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 Academy's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Academy or to cease operations, or have no realistic alternative but to do so.

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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

Independent Auditor's Report on the Financial Statements to the Members of Eaton Bank Academy (continued)

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Academy's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.
- Conclude on the appropriateness of the Trustees use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Academy's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Academy to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Beever and Struthers

SUE HUTCHINSON
(Senior Statutory Auditor)
For and on behalf of Beever and Struthers, Statutory Auditor

St Georges House
215-219 Chester Road
Manchester
M15 4JE

Date: 21 December 2017

Eaton Bank Academy

Independent Reporting Accountant's Report on Regularity to Eaton Bank Academy and the Education and Skills Funding Agency

In accordance with the terms of our engagement letter dated 28 April 2017 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 Eaton Bank Academy 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 Eaton Bank Academy and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we may state to Eaton Bank 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 Eaton Bank Academy and the ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of the Governing Body's accounting officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of the board of trustees's funding agreement with the Secretary of State for Education dated 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 year from 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 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 and testing of financial systems of internal control
- Sample testing of transactions
- Discussions with management

Independent Reporting Accountant's Report on Regularity to Eaton Bank Academy and the Education and Skills Funding Agency (continued)

Conclusion

In the course of our work, except for the matters listed below nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year from 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.

On 1 April 2013, the Academy entered into an addendum to the Catering Service Contract with Compass Group (trading as Chartwells) to replace failed catering equipment with the cost spread over the remaining life of the service contract with Chartwells. The arrangement was confirmed to constitute a loan - as advised by the ESFA in their letter dated 14 February 2017. The ESFA also advised this is a breach of the Academies Financial Handbook 2016, paragraph 3.4.1 which requires prior approval to be obtained from the ESFA prior to entering into borrowing. The ESFA have granted retrospective approval in their letter dated 14 February 2017. This matter is also noted in the Accounting Officer's Statement of Ruglarity, Propriety and Compliance on page 16.

Beever and Struthers

For and on behalf of Beever and Struthers, Chartered Accountants

St Georges House
215-219 Chester Road
Manchester
M15 4JE

Date: 21 December 2017

Eaton Bank Academy

Statement of Financial Activities for the Year Ended 31 August 2017 (including Income and Expenditure Account)

	Note	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	1	-	1,711	1,712	19
Charitable activities:						
Funding for the Academy trust's educational operations	3	-	3,594	-	3,594	3,859
Other trading activities	4	71	-	-	71	63
Investments	5	1	-	-	1	2
Total		73	3,594	1,711	5,378	3,943
Expenditure on:						
Charitable activities:						
Academy trust educational operations	7	-	3,954	198	4,152	4,183
Total		-	3,954	198	4,152	4,183
Net income/(expenditure)		73	(360)	1,513	1,226	(240)
Other recognised gains and losses						
Actuarial gains on defined benefit pension schemes	23	-	521	-	521	(626)
Net movement in funds/(deficit)		73	161	1,513	1,747	(866)
Reconciliation of funds						
Total funds/(deficit) brought forward at 1 September 2016		183	(2,263)	7,874	5,794	6,660
Total funds/(deficit) carried forward at 31 August 2017		256	(2,102)	9,387	7,541	5,794

Eaton Bank Academy

(Registration number: 8156927)
Balance Sheet as at 31 August 2017

	Note	2017 £ 000	2016 £ 000
Fixed assets			
Tangible assets	11	7,970	7,874
Current assets			
Debtors	12	949	94
Cash at bank and in hand		792	410
		1,741	504
Liabilities			
Creditors: Amounts falling due within one year	13	(280)	(308)
Net current assets		1,461	196
Total assets less current liabilities		9,431	8,070
Creditors: Amounts falling due after more than one year	14	(19)	(13)
Net assets **excluding pension liability**		9,412	8,057
Defined benefit pension scheme liability	23	(1,871)	(2,263)
Total net assets **including pension liability**		7,541	5,794
Funds of the Academy:			
Restricted funds			
Restricted general fund		(231)	-
Restricted fixed asset fund		9,387	7,874
Restricted pension fund		(1,871)	(2,263)
		7,285	5,611
Unrestricted funds			
Unrestricted general fund		256	183
Total funds		7,541	5,794

The financial statements on pages 23 to 45 were approved by the Trustees, and authorised for issue on 4/12/17 and signed on their behalf by:

.....
Mr K Smith
Member

.....
Mr E O'Neill
Principal

Eaton Bank Academy

Statement of Cash Flows for the Year Ended 31 August 2017

	Note	2017 £ 000	2016 £ 000
Cash flows from operating activities			
Net cash used in operating activities	19	(1,036)	(28)
Cash flows from investing activities	20	1,418	(158)
Change in cash and cash equivalents in the year		382	(186)
Cash and cash equivalents at 1 September		410	596
Cash and cash equivalents at 31 August	21	792	410

1 Accounting policies

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 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.

Going concern
Eaton Bank Academy meets the definition of a public benefit entity under FRS 102.
After making appropriate enquiries, the board of trustees has a reasonable expectation that the academy trust will receive 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.

In common with all state funded schools, particularly those in Cheshire East, the Academy faces considerable pressures on funding. This is compounded by the fact that it has entered a period of rapid pupil growth, following a prolonged demographic dip which accelerates from September 2017. The Academy delivered a small revenue surplus at the end of 2016-17, before pension scheme adjustments, but the 2017-18 period is expected to be even more challenging and the Trustees are expected to shortly reach a satisfactory agreement with the Education, Skills and Funding Agency to determine the most appropriate short term funding structure to handle the impact of the lagged funding of the growing pupil numbers.

Future financial projections are much stronger due to the rapid growth in pupil numbers, following a strong September intake and through significant ongoing in-year transfers. The Academy is becoming a popular choice as it reputation grows along with its enhanced facilities following the high level of capital investment. Large scale housing development within Congleton will fuel even greater demand and is likely to require an early review of our current pupil annual number intake and the capacity of the Academy.

Income
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

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 grants are reflected in the balance sheet 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.

1 Accounting policies (continued)

Sponsorship income

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

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 Trust has provided the goods or services.

Donated goods, facilities and services

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

Donated fixed assets

Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's accounting policies.

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.

All resources expended are inclusive of irrecoverable VAT.

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.

Charitable activities

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

1 Accounting policies (continued)

Tangible fixed assets

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

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

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

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

Asset class	Depreciation method and rate
Leasehold Land and buildings	2% straight line
Computer equipment	20% straight line
Fixtures, fittings and equipment	10% straight line

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 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

Provisions are recognised when the Academy Trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

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:

1 Accounting policies (continued)

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 12. Prepayments are not financial instruments.

Cash at bank - is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 13 and 14. 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.

Taxation

The Academy Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

Accordingly, the Academy Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Pension 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 the notes to the financial statements, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

1 Accounting policies (continued)

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 fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Education and Skills Funding Agency/Department for Education/sponsor/other funders where the asset acquired or created is held for a specific purpose.

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

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 23, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 17. 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.

Agency accounting

The academy trust acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from 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 can use up to 5% of the allocation towards its own administration costs and this is recognised in the statement of financial activities. The funds received and paid and any balances held are disclosed in note 25.

2 Donations and capital grants

	Unrestricted funds £ 000	Restricted fixed asset funds £ 000	Total 2017 £ 000	Total 2016 £ 000
Capital grants	-	1,711	1,711	18
Other donations	1	-	1	1
	1	1,711	1,712	19

3 Funding for the Academy Trust's educational operations

	Restricted funds £ 000	Total 2017 £ 000	Total 2016 £ 000
DfE/ESFA revenue grants			
General annual grant (GAG)	3,355	3,355	3,667
Other DfE/EFA grants	142	142	132
	3,497	3,497	3,799
Other government grants			
Local authority grants	60	60	47
Special educational projects	12	12	13
	72	72	60
Non-government grants and other income			
Other income	25	25	-
Total grants	3,594	3,594	3,859

4 Other trading activities

	Unrestricted funds £ 000	Total 2017 £ 000	Total 2016 £ 000
Hire of facilities	29	29	19
Music tuition	3	3	5
Other income	39	39	39
	71	71	63

5 Investment income

	Unrestricted funds £ 000	Total 2017 £ 000	Total 2016 £ 000
Short term deposits	1	1	2

6 Expenditure

	Non Pay Expenditure				
	Staff costs £ 000	Premises £ 000	Other costs £ 000	Total 2017 £ 000	Total 2016 £ 000
Academy's educational operations					
Direct costs	2,712	-	212	2,924	2,954
Allocated support costs	562	362	304	1,228	1,229
	3,274	362	516	4,152	4,183

Net income/(expenditure) for the year includes:

	2017 £ 000	2016 £ 000
Operating lease rentals	24	6
Depreciation	198	192
Fees payable to auditor - audit	11	9
- other services	-	2
(Gain)/loss on disposal of fixed assets	-	(14)

7 Charitable activities

	Total 2017 £ 000	Total 2016 £ 000
Direct costs - educational operations	2,924	2,954
Support costs - educational operations	1,228	1,229
	4,152	4,183

	Educational operations £ 000	Total 2017 £ 000	Total 2016 £ 000
Analysis of support costs			
Support staff costs	562	562	559
Depreciation	198	198	178
Technology costs	35	35	39
Premises costs	164	164	195
Other support costs	222	222	209
Governance costs	47	47	49
Total support costs	1,228	1,228	1,229

8 Staff

Staff costs

	2017 £ 000	2016 £ 000
Staff costs during the year were:		
Wages and salaries	2,476	2,538
Social security costs	224	197
Operating costs of defined benefit pension schemes	536	460
	3,236	3,195
Supply staff costs	24	66
Staff restructuring costs	13	30
	3,273	3,291

	2017 £ 000	2016 £ 000
Staff restructuring costs comprise:		
Redundancy payments	13	30

Staff numbers

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

	2017 No	2016 No
Charitable Activities		
Teachers	51	51
Administration and support	46	46
	97	97

Higher paid staff

The number of employees whose emoluments exceeded £60,000 was:

	2017 No	2016 No
£60,001 - £70,000	1	2
£70,001 - £80,000	1	-
£80,001 - £90,000	-	1

8 Staff (continued)

Key management personnel

The key management personnel of the Academy Trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust was £283,347 (2016: £618,891).

9 Related party transactions - trustees' remuneration and expenses

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

Mrs A Webb (Principal - resigned 31 August 2016):

Remuneration: £Nil (2016 - £80,000 - £85,000)
Employer's pension contributions: £Nil (2016 - £10,000 - £15,000)

Mrs L Brindley (Staff trustee):

Remuneration: £40,000 - £45,000 (2016 - £40,000 - £45,000)
Employer's pension contributions: £5,000 - £10,000 (2016 - £5,000 - £10,000)

Mrs T Glanville (Staff trustee):

Remuneration: £10,000 - £15,000 (2016 - £10,000 - £15,000)
Employer's pension contributions: £Nil (2016 - £Nil)

Mr E O'Neill (Principal - Appointed 1 September 2016):

Remuneration: £70,000 - £75,000 (2016 - £Nil)
Employer's pension contributions: £10,000 - £15,000 (2016 - £Nil)

During the year ended 31 August 2017, travel and subsistence expenses totalling £47 (2016 - £Nil) were reimbursed or paid directly to 1 trustee (2016 - 0).

Other related party transactions involving the trustees are set out in note 24.

10 Trustees' and officers' insurance

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

11 Tangible fixed assets

	Leasehold land and buildings £ 000	Leasehold improvements £ 000	Assets under construction £ 000	Furniture and equipment £ 000	Computer equipment £ 000	Total £ 000
Cost						
At 1 September 2016	8,173	-	148	139	42	8,502
Additions	-	-	125	8	161	294
Transfers	-	181	(181)	-	-	-
At 31 August 2017	8,173	181	92	147	203	8,796
Depreciation						
At 1 September 2016	578	-	-	28	22	628
Charge for the year	164	-	-	21	13	198
At 31 August 2017	742	-	-	49	35	826
Net book value						
At 31 August 2017	7,431	181	92	98	168	7,970
At 31 August 2016	7,595	-	148	111	20	7,874

12 Debtors

	2017 £ 000	2016 £ 000
Trade debtors	6	7
VAT recoverable	56	33
Other debtors	834	-
Prepayments and accrued income	53	54
	949	94

13 Creditors: amounts falling due within one year

	2017 £ 000	2016 £ 000
Trade creditors	90	101
Other taxation and social security	112	118
Other creditors	46	43
Accruals	14	22
Deferred income	18	24
	280	308

Other creditors include a loan from Chartwells to procure necessary replacement catering equipment of £7,242 (2016: £14,515)

	2017 £ 000
Deferred income	
Deferred income at 1 September 2016	24
Resources deferred in the period	18
Amounts released from previous periods	(24)
Deferred income at 31 August 2017	18

Deferred income at the balance sheet date related to reimbursement of rates.

14 Creditors: amounts falling due after one year

	2017 £ 000	2016 £ 000
Other loan	19	13

Other loans includes two loans from Salix totalling £19,367 (2016: £13,080). During 2017 the trust were granted a Salix loan of £11,192 repayable over 8 years in respect of cladding works. The second loan amounting to £8,175 was granted in 2014 in respect of boiler works also repayable over 8 years.

15 Funds

	Balance at 1 September 2016 £ 000	Incoming resources £ 000	Resources expended £ 000	Gains, losses and transfers £ 000	Balance at 31 August 2017 £ 000
Restricted general funds					
General Annual Grant	(90)	3,380	(3,611)	-	(321)
Other DfE/EFA grants	30	117	(117)	-	30
Other government grants	60	72	(72)	-	60
Other non-government grants	-	25	(25)	-	-
	-	3,594	(3,825)	-	(231)
Restricted pension funds					
Pension reserve	(2,263)	-	(129)	521	(1,871)
Total restricted general funds	(2,263)	3,594	(3,954)	521	(2,102)
Restricted fixed asset funds					
Inherited funds	6,570	-	-	-	6,570
DfE/EFA grants	1,304	1,711	(198)	-	2,817
	7,874	1,711	(198)	-	9,387
Total restricted funds	5,611	5,305	(4,152)	521	7,285
Unrestricted funds					
Unrestricted general funds	183	73	-	-	256
Total funds	5,794	5,378	(4,152)	521	7,541

15 Funds (continued)

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

Restricted general fund:
This fund represents grants received for the Academy's operational activities and development. The academy trust is not subject to GAG carry forward limits.

Fixed assets fund:
These grants relate to funding from the DfE, EFA and private sponsors to carry out wokrs of a capital nature as part of the school improvement plans.

Unresticted funds:
This fund primarily rlates to income from lettings and teaching school income.

An amount of £35,000 was transferred from the unrestricted fund to the restricted general fund during the year, being expenditure on charitable activities.

An amount of £87,000 was transferred from the unrestricted fund to the restricted fixed asset fund during the year, being expenditure on items of a capital nature.

16 Analysis of net assets between funds

	Unrestricted funds £ 000	Restricted general funds £ 000	Restricted fixed asset funds £ 000	Total funds £ 000
Tangible fixed assets	-	-	7,970	7,970
Current assets	324	-	1,417	1,741
Current liabilities	(49)	(231)	-	(280)
Creditors over 1 year	(19)	-	-	(19)
Pension scheme liability	-	(1,871)	-	(1,871)
Total net assets	256	(2,102)	9,387	7,541

17 Capital commitments

	2017 £ 000	2016 £ 000
Contracted for, but not provided in the financial statements	15	15

18 Commitments under operating leases

Operating leases

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

18 Commitments under operating leases (continued)

	2017 £ 000	2016 £ 000
Amounts due within one year	10	6

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

	2017 £ 000	2016 £ 000
Net income/(expenditure)	1,226	(240)
Depreciation	198	190
Capital grants from DfE and other capital income	(1,711)	(18)
Interest receivable	(1)	(2)
Defined benefit pension scheme cost less contributions payable	83	3
Defined benefit pension scheme finance cost	46	59
(Increase)/decrease in debtors	(855)	57
Increase/(decrease) in creditors	(22)	(63)
Profit on disposal of tangible fixed assets	-	(14)
Net cash used in Operating Activities	(1,036)	(28)

20 Cash flows from investing activities

	2017 £ 000	2016 £ 000
Dividends, interest and rents from investments	1	2
Purchase of tangible fixed assets	(294)	(192)
Proceeds from sale of tangible fixed assets	-	14
Capital grants from DfE/ESFA	1,711	18
Net cash provided by/(used in) investing activities	1,418	(158)

21 Analysis of cash and cash equivalents

	At 31 August 2017 £ 000	At 31 August 2016 £ 000
Cash at bank and in hand	792	410
Total cash and cash equivalents	792	410

22 Members' liability

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £1 for the debts and liabilities contracted before he/she ceases to be a member.

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 Cheshire West and Cheshire Council. 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.

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 (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%.

23 Pension and similar obligations (continued)

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

The employer's pension costs paid to TPS in the period amounted to £297,000 (2016: £314,000).
A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

Under the definitions set out in Financial Reporting Standard 102 (FRS 102), the TPS is a multi-employer pension scheme. The Academy Trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Academy 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 year ended 31 August 2017 was £185,000 (2016 - £184,000), of which employer's contributions totalled £151,000 (2016 - £152,000) and employees' contributions totalled £34,000 (2016 - £32,000). The agreed contribution rates for future years are 27.1 per cent for employers, rising by up to 1.5ppts annually on 1st April with a tiered employee contribution.

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	2.70	3.10
Rate of increase for pensions in payment/inflation	2.40	2.10
Discount rate for scheme liabilities	2.50	2.00

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

	At 31 August 2017	At 31 August 2016
Retiring today		
Males retiring today	22.30	22.30
Females retiring today	24.50	24.40
Retiring in 20 years		
Males retiring in 20 years	23.90	24.10
Females retiring in 20 years	26.50	26.70

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

23 Pension and similar obligations (continued)

	At 31 August 2017 £ 000	At 31 August 2016 £ 000
Equities	1,105	1,185
Corporate bonds	499	228
Property	125	106
Cash and other liquid assets	54	-
Total market value of assets	1,783	1,519

The actual return on scheme assets was £145,000 (2016 - £231,000).

Amounts recognised in the statement of financial activities

	2017 £ 000	2016 £ 000
Current service cost (net of employee contributions)	(83)	(3)
Interest income	32	45
Interest cost	(78)	(104)
Total amount recognised in the SOFA	(129)	(62)

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

	2017 £ 000	2016 £ 000
At start of period	3,782	2,735
Current service cost	234	155
Interest cost	78	104
Employee contributions	34	32
Actuarial (gain)/loss	(408)	812
Benefits paid	(66)	(56)
At 31 August	3,654	3,782

23 Pension and similar obligations (continued)

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

	2017 £ 000	2016 £ 000
At start of period	1,519	1,160
Interest income	32	45
Actuarial gain/(loss)	113	186
Employer contributions	151	152
Employee contributions	34	32
Benefits paid	(66)	(56)
At 31 August	1,783	1,519

24 Related party transactions

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

There were no related party transactions in the year, other than certain trustees' remuneration and expenses already disclosed in note 9.

25 Agency arrangements

The Academy Trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2017 the trust received £9,530 and disbursed £5,254 from the fund. An amount of £30,602 is included in other creditors relating to undistributed funds that is repayable to ESFA.