

FAIRCHILDES ACADEMY COMMUNITY TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

LANDAU BAKER LIMITED
Chartered Accountants & Statutory Auditors
Mountcliff House
154 Brent Street
London
NW4 2DR

FAIRCHILDES ACADEMY COMMUNITY TRUST
(A Company Limited by Guarantee)

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FAIRCHILDES ACADEMY COMMUNITY TRUST
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REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2018

Members	Mrs R Ellis Mrs L Cress John Green (resigned 1 May 2018) Mrs C Warner Mr R Hitchcock (appointed 21 February 2018)
Trustees	Mrs R Ellis, Chair Miss R Sandell, Executive Head Teacher and Accounting Officer Mr J Green, Vice Chair (resigned 1 May 2018) Ms N Patel Mr S Bailey, Chair of Rowdown Primary School local governing body (resigned 4 June 2018) Mrs K Conroy, Chair of Fairchildes Primary School local governing body Mrs R Huque-Dowlet, Finance Director, CFO (resigned 5 June 2018) Mr R Hitchcock (appointed 21 February 2018)
Company registered number	08934482
Company name	Fairchildes Academy Community Trust
Principal and registered office	Fairchildes Avenue New Addington Croydon Surrey CR0 0AH
Company secretary	Mrs R Huque-Dowlet
Chief executive officer	Miss R Sandell
Senior management team	Miss R Sandell, Executive Head Teacher Miss J Hussey, Head of School, Fairchildes Primary School Mr J Taylor, Head Teacher, Rowdown Primary School Mrs R Huque-Dowlet, Finance Director, CFO
Independent auditors	Landau Baker Limited Chartered Accountants Statutory Auditors Mountcliff House 154 Brent Street London NW4 2DR
Bankers	Lloyds Bank 25 Gresham Street London EC2V 7HN

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

Advisers (continued)

Solicitors

Winckworth Sherwood
Minerva House
5 Montagu Close
London
SE1 9BB

FAIRCHILDES ACADEMY COMMUNITY TRUST
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2018

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

The trust operates 2 primary academies in New Addington, Croydon. Its academies have a combined pupil capacity of 944 and had a roll of 872 in the school census in January 2018.

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 Fairchildes Academy Community Trust Limited are also the directors of the charitable company for the purposes of company law. The charitable company is known as Fairchildes Academy Community Trust. Details of the trustees who served during the year are included in the Reference and Administrative Details on page [1].

Members' Liability

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

Method of Recruitment and Appointment or Election of Trustees

The Board of Directors draws representation from the FACT Local Governing Bodies. Two LGB Chairs of LGB serve as Academy Trustees. Both Chairs are elected, although their appointment requires ratification by the Board.

New Trustees will be appointed to the Board by the existing Trustees until the date of the next Annual General Meeting, at which time they are eligible for re-election for a further term.

Individual trustees attend training courses organised by appropriate bodies in order to ensure their knowledge and understanding is fully up to date.

Policies and procedures adopted for the induction and training of trustees

During the period under review, the Trustees held 4 Full Director meetings covering Teaching and Learning and Pupil Focus and one Annual General Meeting. In addition there were 4 meetings of a sub-committee Finance, Personnel & Audit covering Finance and audit. The training and induction provided for new Trustees will depend on their existing experience. Where necessary an induction will provide training on charity and educational legal and financial matters.

All new Trustees are given a tour of the Academy and the chance to meet with staff and pupils. All Trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Trustees of the Academy

Organisational Structure

Fairchildes Academy Community Trust has established a management structure to enable its efficient running. The structure consists of two levels: the Trustees and the executives who are the senior leadership team. The Board of Trustees has considered its role thoughtfully and decided that the role of the Trustees is to approve the strategic direction and objectives of the Academy and monitor its progress towards these objectives.

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

Trustees are responsible for setting general policies, adopting an annual plan and budget, monitoring the Academy by use of budgets and making major decisions about the direction of the Academy, including capital expenditure and senior staff appointments. The trustees decided to take the responsibility for financial and other corporate functions being carried centrally, leaving the Local Governing Body of each academy free to focus on teaching and learning. Therefore, the schools within the trust have their financial systems, governance and legal issues managed for them by the trust. This in turn, may mean LGB are free to focus on the core business of their pupils' attainment and progress

The Board of Trustees has approved a scheme of delegation which sets out a statement on the system of internal control, responsibilities, standing orders, and a scheme of delegation and terms of reference. The Head of School is directly responsible for the day to day running of the Academy and is assisted by a Senior Leadership Team of the school.

The Trust has appointed a Responsible Officer (RO) who provides oversight of the operation of financial management arrangements. The RO undertakes checks to help ensure that the financial responsibilities of the board of Trustees are properly discharged.

The Executive Head teacher assumes the accounting officer role, the Finance and Business Director assumes the CFO role.

Arrangement for setting pay and remuneration of key management personnel

The key management personnel of Fairchildes Academy Community Trust are the executive Head teacher, Finance and Business Director, and the head of schools. The executive head teacher and the finance & Business director are part of the trust's executive team and are paid by the trust on behalf of its 2 academies from its central pot which is retained as a percentage of each academy's EFA annual funding.

Connected organisations, including related party relationships

The composition of the Board of Trustees is drawn from local public and private sector organisations. It is therefore inevitable that transactions may take place with organisations in which a member of the board of Trustees may have an interest. All such transactions would be conducted at arm's length.

Risk Management

The Trustees have assessed the major risks to which the Academy is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Academy, and its finances. The Trustees have implemented a number of systems to assess risks that the Academy faces, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school trips) and in relation to the control of finance. They have introduced systems, including operational procedures (e.g. vetting of new staff and visitors, supervision of school grounds) and internal financial controls in order to minimise risk.

Risks are scored and prioritised in terms of their potential operational or financial impact and assessed in terms of the likelihood of occurrence. Where significant financial risk still remains they have ensured they have adequate insurance cover.

The Academy has an effective system of internal financial controls.

Trustees' indemnities

Subject to the provisions of the Companies Act 2006 s236, every Trustee or other officer of the Charitable Company shall be indemnified out of the assets of the Charitable Company against any liability incurred by them in that capacity in defending any proceedings, whether civil or criminal, in which judgment is given in favour or in which they are acquitted or in connection with any application in which relief is granted to them by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the Charitable Company.

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

Objectives and Activities

Objects and aims

The principal object and activity of the Academy is the operation of Fairchildes Academy Community Trust, to advance for the public benefit education in the United Kingdom, by establishing, maintaining, carrying on, managing and developing schools offering a broad and balanced curriculum. The Trustees have referred to the guidance issued by the Charity Commission in respect of public benefit when reviewing the aims and objectives of the Trust. In accordance with the articles of association, the Trust has adopted a "Scheme of Government" approved by the Secretary of State for Education. The Scheme of Government is part of the wider 'Master Funding Agreement' between the Company and the Secretary of State and 'Supplemental Funding Agreements' for each Academy.

OBJECTIVES, STRATEGIES AND ACTIVITIES

The Scheme of Government specifies, amongst other things, the basis for admitting pupils to the Academy, the catchment area from which the pupils are drawn, and that the curriculum should comply with the substance of the national curriculum.

The main objectives of the Academy during the period ended 31 August 2017 are summarised below:

- To develop more effective relationships between all stakeholders to positively impact on the ethos of the academies and behaviour of pupils within the academies.
- to ensure that every child enjoys the same high quality education in terms of resourcing, tuition and care;
- to raise the standard of educational achievement of all pupils;
- to improve the effectiveness of the Academy by keeping the curriculum and organisational structure under continual review
- to comply with all appropriate statutory and curriculum requirements;
- to maintain close links with industry and commerce;
- Provide support building upon individual learning and/or areas of strength between schools to improve key aspects of performance.
- Achieve best value in service delivery especially where partnership working can add value.
- to conduct the Academy's business in accordance with the highest standards of integrity, probity and openness.
- to provide support building upon individual learning and/or areas of strength between schools to improve key aspects of performance.
- The trust will strengthen its accountability structure through a review of the effectiveness of leadership and management. It will achieve this through developing a more effective appraisal framework.

The Academy's vision is to create:

- a strong ethos of achievement leading to improved standards
- personal confidence
- appropriate thinking skills
- It is the responsibility of all of the adult staff in each academy to remove the barriers to each individual child's development and create the conditions in which they are able to love and enjoy learning.
- It is the responsibility of each academy to reach out and raise and support the aspiration of their community to believe in their children's potential.

This is achieved through developing:

- a sense of personal identity
- a sense of belonging to an individual academy
- an emphasis on personal and community responsibility
- a positive learning climate in terms of the nature of courses offered and teaching styles utilised
- positive relationships with external partners

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

The main activities for achieving objectives the academy will undertake will be:

- Developing a new teaching and learning policy and implementing this effectively.
- The academy will review and develop its curriculum provision to enhance creativity and engagement.
- The accountability of the academy will be strengthened by the development of new policies and procedures and implementation of a new self-evaluation framework.
- Where possible the Trust secures value for money and consistent quality of support services through a combination of centrally procured and provided services

Public Benefit

In setting the objectives, the Trustees have given careful consideration to the Charity Commission's general guidance on public benefit and in particular to its supplementary public benefit guidance on advancing education. As a multi academy trust we make the best use of our skills, expertise and experience with regards to the community. Some examples of this are:

- Raising money for local, and national charities.
- Providing community events.

Strategic Report

Key Performance Indicators

School Details			At Expected Standard				Working at a Greater Depth			
Academy	Date joined MAT	Sponsored, convertor or New provision	Reading %	Writing %	Maths %	SPAG %	Reading %	Writing %	Maths %	SPAG %
Fairchildes Primary	April 2014	Converter	84	90	90	88	16	8	21	26
Rowdown Primary	June 2014	Sponsored	59	70	70	73	14	18	11	21
			Expected standard in Reading, Writing and Maths, %				Working at a Greater Depth in Reading, Writing and Maths, %			
Fairchildes Primary			77				3			
Rowdown Primary			52				7			

Progress Information

Fairchildes	Progress score
Reading	0.9
Writing	0.7
Maths	2.2

Rowdown	Progress score
Reading	1.8
Writing	4.6
Maths	3.3

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TRUSTEES' REPORT (continued)
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School Absence Data

2017/18	Fairchildes Primary	Rowdown Primary
Authorised	3.04%	3.3%
Unauthorised	1.04%	2.6%
Total	4.08%	5.9%

Going Concern

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

Financial Review

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

The Academy Trust also receives specific grants from Croydon Council. The grant relate to pupils with Special Educational need and pupils in Nursery and Children Centre. The Academy Trust has also generated income via extended services offering to pupils.

The Academy also received grants for fixed assets from the ESFA. In accordance with the Charities Statement of Recommended Practice, "Accounting for Reporting by Charities" (SORP 2005), 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.

Under the Charities SORP, it is necessary to charge projected deficits on the Local Government Pension Scheme, which is provided to support staff, to a restricted fund. This results in reducing reserves shown in the total funds of the Academy. It should be noted that this does not present the Academy with any current liquidity problem.

The employer contributions are currently being assessed and it is expected that they will increase to bring a further reduction in this pension deficit in future, although this may not be achieved until stock market investment values start to recover.

The Finance Director has subsequently been reviewing the financial processes and controls. The Board of Trustees, the Finance Committee receive financial progress reports throughout the year and compare against budgets submitted to the Education and Skills Funding Agency. The Finance Committee also review medium and longer term financial plan to plan and organise resources most effectively to fulfil the aims of the Academies.

Financial risk and risk management objectives and policies

The Academy is exposed to a number of financial risks including credit, cash flow and liquidity risks. Exposure principally relates to bank balances, cash and trade creditors, with limited trade (and other) debtors. The Academy's system of internal controls ensures risk is minimal in these areas.

Reserve policy

The definition of reserves in the SORP is 'that part of a charity's income funds that is freely available for its general purposes'. This definition of reserves therefore normally excludes:

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

- permanent endowment funds
- expendable endowment funds
- restricted income funds
- any part of unrestricted funds not readily available for spending, specifically income funds which could only be realised by disposing of fixed assets held for charitable use.

The Academy Trust's free reserves are total funds less the amount held in fixed assets and restricted funds.

Reserves are therefore the resources the trust has or can make available to spend for its purposes once it has met its commitments. The level of reserves held take into account the nature of income and expenditure streams, they need to match them with commitments, including future capital projects, and the nature of reserves. The trusts review the reserves annually, but are mindful of budget forecast when discussing reserves.

Investment Policy

It should be noted that the Trust has substantial power with regards to investments due to cash balances held. Investment policies are determined at academy level, which is agreed by the trust. This ensures the level of funds the Academy holds can cover any immediate expenditure, without exposing the Academies to additional risk. Should any potential investment opportunity arise this would be escalated to the Board for consideration. The most typical investments that are held by academies are the Special Interest Deposit accounts which are immediately available to draw against. At 31 August 2017, no investments were held.

Principal Risks and Uncertainties

The Companies Act 2006 s417(3b) requires disclosure of the principal risks and uncertainties facing a company. The trust is exposed to a number of financial risks including credit, cash flow and liquidity risks. Given the trust's exposure to financial instruments being limited, the exposure principally relates to bank balances, cash and trade creditors, with limited trade (and other) debtors. The academy's system of internal controls ensures risk is minimal in these areas.

A risk register has been established and is updated regularly. Where appropriate, systems or procedures have been established to mitigate the risks the trust faces. Internal control risks are minimised by the implementation of procedures for authorisation of all transactions and projects.

The trustees have assessed the major risks to which the trust is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the trust, and its finances. The trustees have implemented a number of systems to assess risks that the school faces, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school trips) and in relation to the control of finance. They have introduced systems, including operational procedures (e.g. vetting of new staff and visitors, supervision of school grounds) and internal financial controls in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover.

It should also be noted that procedures are in place to ensure compliance with the health and safety regulations, pertaining to both staff and pupils.

Future Developments

To increase the level of pupil support to address the growing numbers of EAL and SEN pupils. This will require recruiting additional skilled staff. We also would like to continue to improve the ICT suite and have more computer/ hardware available for both schools.

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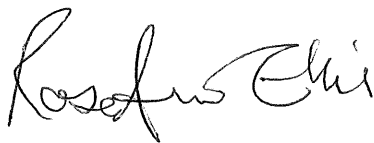
TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who are Trustees at the time when this Trustees' Report is approved has confirmed that:
Insofar as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware
- 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.

This report, incorporating the Strategic Report, was approved by order of the board of trustees, as the company directors, on 15 November 2018 and signed on the board's behalf by:



Mrs R Ellis
Chair of Trustees

FAIRCHILDES ACADEMY COMMUNITY TRUST
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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As trustees, we acknowledge we have overall responsibility for ensuring that Fairchildes Academy Community 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 Executive Head Teacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Fairchildes Academy Community 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 5 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 R Ellis, Chair	5	5
Miss R Sandell, Executive Head Teacher and Accounting Officer	5	5
Mr J Green, Vice Chair	5	5
Ms N Patel	3	5
Mr S Bailey, Chair of Rowdown Primary School local governing body	4	5
Mrs K Conroy, Chair of Fairchildes Primary School local governing body	5	5
Mrs R Hugue-Dowlet, Finance Director, CFO	5	5
Mr R Hitchcock	3	4

The trust continued to purchase governor's service from OCTAVO who provides various training sessions for governors. The trust also subscribes NGA to keep the trustees up to date.

Skill audit is updated regularly by governors of LGB and the trustee's to identify training needs and the strength of the members.

In summer Trustees met twice to carry out self - assessment for the future development of the Trust and agreed follow up meetings to look at the Trust Development plan and to confirm judgements made in their self-evaluation.

Both Governing Boards are working productively to improve all areas of governance including joint training sessions. The collective governor visit reports evidence the impact from the governing boards. The improvement and quality of teaching can be linked to governors' understanding and challenge. School visit reports have increased and improved with governors asking the questions in line with their focus role.

The Finance, Personnel and Audit Committee is also a sub-committee of the main board of trustees. Its purpose is to, through delegated authority, provide independent checking of the Academy's financial controls, systems transactions and risks. Their findings must be reported back to the whole board of Trustees. Issues dealt with during the year include a review of the reports from the Responsible Officer.

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GOVERNANCE STATEMENT (continued)

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mrs R Ellis, Chair	4	4
Ms N Patel	3	4
Mr J Green	2	4
Miss R Sandell	4	4
Mrs R Hugue-Dowlet	4	4
Mr R Hitchcock	1	2

REVIEW OF VALUE FOR MONEY

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

The Accounting Officer considers how the Academy's use of its resources has provided good value for money during 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 has delivered improved value for money during the year by:

- Continuing deploying experienced staff effectively across both schools to ensure improvements in the curriculum is made and teaching staff are supported in improving educational standards. Expertise has been shared and teaching and support staff trained in best practice to help raise the attainments and progress in the schools.
- Internal control over spending has been strengthened through robust challenge of spending.
- All contracts are reviewed regularly to ensure they offer best value for money.
- Where possible have single combined SLA for all schools of the trust to receive discounted offers
- Bulk Purchase on discounted cost and sharing between the 2 academies.

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 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 Fairchildes Academy Community Trust for the year 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

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

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GOVERNANCE STATEMENT (continued)

THE RISK AND CONTROL FRAMEWORK

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

- 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 Board of Trustees 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 not to appoint an internal auditor. However, the Trustees have appointed School Management Support (SMS), to perform additional checks.

The financial consultant role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems.

On a quarterly basis, the financial consultant reports to the board of trustees through the Finance, Personnel and Audit Committee on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

The reports from SMS have indicated no material control weaknesses throughout the period.

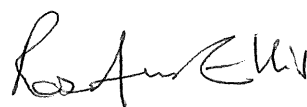
REVIEW OF EFFECTIVENESS

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

- the work of the external auditors;
- the work of the executive managers within the Academy 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, Personnel and Audit Committee and a plan to ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on 15 November 2018 and signed on their behalf, by:



Mrs R Ellis
Chair of Trustees



Miss R Sandell
Accounting Officer

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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

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

I confirm that I and the academy trust board of 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 2017.

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



Miss R Sandell
Accounting Officer

Date: 15 November 2018

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

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

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

The 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 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 of trustees on

and signed on its behalf by:



Mrs R Ellis
Chair of Trustees

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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
FAIRCHILDES ACADEMY COMMUNITY TRUST**

OPINION

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

In our opinion the financial statements:

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

BASIS FOR OPINION

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

CONCLUSIONS RELATING TO GOING CONCERN

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

- the 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.

FAIRCHILDES ACADEMY COMMUNITY TRUST
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
FAIRCHILDES ACADEMY COMMUNITY TRUST**

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 Auditors' Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 including the Strategic Report for the financial year 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 in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of 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 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

FAIRCHILDES ACADEMY COMMUNITY TRUST
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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
FAIRCHILDES ACADEMY COMMUNITY TRUST**

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.


AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

USE OF OUR REPORT

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

 for Landau Baker Limited

Michael Durst (Senior Statutory Auditor)

for and on behalf of

Landau Baker Limited

Chartered Accountants
Statutory Auditors

Mountcliff House
154 Brent Street
London
NW4 2DR
15 November 2018

FAIRCHILDES ACADEMY COMMUNITY TRUST
(A Company Limited by Guarantee)

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO FAIRCHILDES
ACADEMY COMMUNITY TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 15 July 2014 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Fairchildes Academy Community Trust during the year 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

**RESPECTIVE RESPONSIBILITIES OF FAIRCHILDES ACADEMY COMMUNITY TRUST'S ACCOUNTING
OFFICER AND THE REPORTING ACCOUNTANT**

The Accounting Officer is responsible, under the requirements of Fairchildes Academy Community Trust's funding agreement with the Secretary of State for Education dated 15 July 2014, and the Academies Financial Handbook extant from 1 September 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

APPROACH

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

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

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

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

The work undertaken to draw to our conclusion includes:

- review of management reporting documents.
- review of Trustees/Governors meeting minutes.
- confirming compliance with the Academy Trust's Scheme of Delegation.
- compliance with delegated authorities.
- consideration of whether any personal benefit has been derived from the Academy Trust's transactions by staff

FAIRCHILDES ACADEMY COMMUNITY TRUST
(A Company Limited by Guarantee)

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO FAIRCHILDES
ACADEMY COMMUNITY TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY (continued)**

or related parties.

- adherence to tendering policies.

CONCLUSION

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

Landau Baker Limited

Reporting Accountant

Landau Baker Limited

Chartered Accountants
Statutory Auditors

Mountcliff House
154 Brent Street
London
NW4 2DR

15 November 2018

FAIRCHILDES ACADEMY COMMUNITY TRUST
(A Company Limited by Guarantee)

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

	Note	Unrestrict'd funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
INCOME FROM:						
Donations and capital grants	2	-	-	160,422	160,422	17,577
Charitable activities	3	-	5,365,096	-	5,365,096	5,301,498
Investments	4	308	-	-	308	386
TOTAL INCOME		308	5,365,096	160,422	5,525,826	5,319,461
EXPENDITURE ON:						
Charitable activities		-	5,537,983	144,952	5,682,935	5,650,408
TOTAL EXPENDITURE	7	-	5,537,983	144,952	5,682,935	5,650,408
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS						
Transfers between Funds	21	308	(172,887)	15,470	(157,109)	(330,947)
		-	(17,749)	17,749	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES						
		308	(190,636)	33,219	(157,109)	(330,947)
Actuarial gains on defined benefit pension schemes	27	-	504,000	-	504,000	359,000
NET MOVEMENT IN FUNDS		308	313,364	33,219	346,891	28,053
RECONCILIATION OF FUNDS:						
Total funds brought forward		2,081	(2,460,319)	6,846,876	4,388,638	4,360,585
TOTAL FUNDS CARRIED FORWARD		2,389	(2,146,955)	6,880,095	4,735,529	4,388,638

The notes on pages 24 to 48 form part of these financial statements.

FAIRCHILDES ACADEMY COMMUNITY TRUST
(A Company Limited by Guarantee)
REGISTERED NUMBER: 08934482

BALANCE SHEET
AS AT 31 AUGUST 2018

	Note	£	2018 £	£	2017 £
FIXED ASSETS					
Intangible assets	16		5,527		8,917
Tangible assets	17		6,794,553		6,820,288
			<u>6,800,080</u>		<u>6,829,205</u>
CURRENT ASSETS					
Debtors	18	150,115		175,715	
Cash at bank and in hand		672,914		398,588	
		<u>823,029</u>		<u>574,303</u>	
CREDITORS: amounts falling due within one year	19	(494,651)		(407,895)	
NET CURRENT ASSETS			<u>328,378</u>		<u>166,408</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>7,128,458</u>		<u>6,995,613</u>
CREDITORS: amounts falling due after more than one year	20		(27,929)		(975)
NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES			<u>7,100,529</u>		<u>6,994,638</u>
Defined benefit pension scheme liability	27		(2,365,000)		(2,606,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u><u>4,735,529</u></u>		<u><u>4,388,638</u></u>
FUNDS OF THE ACADEMY					
Restricted income funds:					
Restricted income funds	21	218,045		145,681	
Restricted fixed asset funds	21	6,880,095		6,846,876	
		<u>7,098,140</u>		<u>6,992,557</u>	
Restricted income funds excluding pension liability					
Pension reserve		(2,365,000)		(2,606,000)	
		<u>4,733,140</u>		<u>4,386,557</u>	
Total restricted income funds			<u>4,733,140</u>		<u>4,386,557</u>
Unrestricted income funds	21		2,389		2,081
TOTAL FUNDS			<u><u>4,735,529</u></u>		<u><u>4,388,638</u></u>

FAIRCHILDES ACADEMY COMMUNITY TRUST
(A Company Limited by Guarantee)

BALANCE SHEET (continued)
AS AT 31 AUGUST 2018

The financial statements on pages 20 to 48 were approved by the Trustees, and authorised for issue, on and are signed on their behalf, by:



Mrs R Ellis
Chair of Trustees

The notes on pages 24 to 48 form part of these financial statements.

FAIRCHILDES ACADEMY COMMUNITY TRUST
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Net cash provided by/(used in) operating activities	23	<u>198,511</u>	<u>(250,656)</u>
Cash flows from investing activities:			
Dividends, interest and rents from investments		308	386
Purchase of tangible fixed assets		(115,827)	(55,460)
Capital grants from DfE Group		<u>160,422</u>	<u>17,577</u>
Net cash provided by/(used in) investing activities		<u>44,903</u>	<u>(37,497)</u>
Cash flows from financing activities:			
Repayments of borrowings		(150)	(75)
Cash inflows from new borrowing		<u>31,062</u>	<u>-</u>
Net cash provided by/(used in) financing activities		<u>30,912</u>	<u>(75)</u>
Change in cash and cash equivalents in the year		<u>274,326</u>	<u>(288,228)</u>
Cash and cash equivalents brought forward		<u>398,588</u>	<u>686,816</u>
Cash and cash equivalents carried forward	24	<u><u>672,914</u></u>	<u><u>398,588</u></u>

FAIRCHILDES ACADEMY COMMUNITY TRUST
(A Company Limited by Guarantee)

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

1. ACCOUNTING POLICIES

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

1.1 Basis of preparation of financial statements

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

Fairchildes Academy Community Trust constitutes a public benefit entity as defined by FRS 102.

1.2 Going concern

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

FAIRCHILDES ACADEMY COMMUNITY TRUST
(A Company Limited by Guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.3 Income

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

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

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

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

Sponsorship income provided to the Academy which amounts to a donation is recognised in the Statement of Financial Activities incorporating Income and Expenditure Account in the period in which it is receivable, where receipt is probable and it is measurable.

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

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

1.4 Expenditure

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

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

All expenditure is inclusive of irrecoverable VAT.

FAIRCHILDES ACADEMY COMMUNITY TRUST
(A Company Limited by Guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.5 Intangible fixed assets and amortisation

Intangible assets costing £NIL or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment

1.6 Tangible fixed assets and depreciation

All assets costing more than £2,500 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

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

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

Leasehold property	-	125 years
Furniture and fixtures	-	7 years
Plant and equipment	-	10 years
Assets under construction	-	No depreciation until first brought into use

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 incorporating Income and Expenditure Account.

1.7 Debtors

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

1.8 Cash at Bank and in hand

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

FAIRCHILDES ACADEMY COMMUNITY TRUST
(A Company Limited by Guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.9 Liabilities and provisions

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

1.10 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 18. Prepayments are not financial instruments. Amounts due to the Academy's wholly owned subsidiary are held at face value less any impairment. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in notes 19 and 20. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments. Amounts due to the Academy's wholly owned subsidiary are held at face value less any impairment.

1.11 Taxation

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

FAIRCHILDES ACADEMY COMMUNITY TRUST
(A Company Limited by Guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.12 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 27, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

1.13 Fund accounting

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

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

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

FAIRCHILDES ACADEMY COMMUNITY TRUST
(A Company Limited by Guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.14 Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 27, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestrict'd funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
Capital grants	-	-	160,422	160,422	17,577
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Total 2017</i>	-	-	17,577	17,577	
	<hr/>	<hr/>	<hr/>	<hr/>	

FAIRCHILDES ACADEMY COMMUNITY TRUST
(A Company Limited by Guarantee)

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

3. INCOME FROM CHARITABLE ACTIVITIES

	Unrestrict'd funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Educational operations	-	5,117,282	5,117,282	5,072,454
Other charitable activities	-	30,542	30,542	28,367
Catering income	-	89,202	89,202	92,945
Lettings income	-	44,153	44,153	16,025
After school club income	-	55,690	55,690	58,971
Trips and activities income	-	28,227	28,227	32,736
	-	5,365,096	5,365,096	5,301,498
<i>Total 2017</i>	-	5,301,498	5,301,498	

FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestrict'd funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
DfE/ESFA grants				
GAG	-	3,733,137	3,733,137	3,733,128
Other EFA funding	-	642,426	642,426	608,554
LA and other government grants	-	741,719	741,719	730,772
	-	5,117,282	5,117,282	5,072,454
<i>Total 2017</i>	-	5,072,454	5,072,454	

4. INVESTMENT INCOME

	Unrestrict'd funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Bank interest	308	-	308	386
	308	-	308	386
<i>Total 2017</i>	386	-	386	

FAIRCHILDES ACADEMY COMMUNITY TRUST
(A Company Limited by Guarantee)

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

5. DIRECT COSTS

	Educational operations £	Total 2018 £	Total 2017 £
Educational non-ICT expenditure	178,946	178,946	165,431
Educational ICT expenditure	55,620	55,620	47,131
Staff development and training	26,862	26,862	14,285
Supply teaching costs	13,965	13,965	1,161
Educational consultancy	65,461	65,461	87,325
Other supplies and services	6,766	6,766	7,397
Insurance	8,781	8,781	8,527
Staff restructuring costs	-	-	30,000
Wages and salaries	3,052,245	3,052,245	3,122,625
National insurance	285,174	285,174	321,396
Pension cost	475,016	475,016	441,884
Depreciation	144,952	144,952	147,559
	<u>4,313,788</u>	<u>4,313,788</u>	<u>4,394,721</u>
<i>Total 2017</i>	<u>4,394,721</u>	<u>4,394,721</u>	

6. SUPPORT COSTS

	Educational operations £	Total 2018 £	Total 2017 £
Pension income	67,000	67,000	57,000
Agency supply costs	-	-	23,942
Building maintenance	64,026	64,026	42,824
Maintenance of plant and equipment	14,580	14,580	11,943
Grounds maintenance	15,125	15,125	19,435
Energy costs	68,085	68,085	78,331
Rent and rates	11,980	11,980	11,737
Insurance	11,650	11,650	11,681
Other occupancy costs	40,689	40,689	35,953
Catering	157,425	157,425	160,255
Other support costs	36,632	36,632	41,599
Governance costs	72,469	72,469	35,999
Wages and salaries	497,216	497,216	479,335
National insurance	31,434	31,434	29,387
Pension cost	280,836	280,836	216,266
	<u>1,369,147</u>	<u>1,369,147</u>	<u>1,255,687</u>
<i>Total 2017</i>	<u>1,255,687</u>	<u>1,255,687</u>	

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7. EXPENDITURE

	Staff costs 2018 £	Premises 2018 £	Other costs 2018 £	Total 2018 £	Total 2017 £
Educational operations:					
Direct costs	3,826,400	92,221	395,167	4,313,788	4,394,721
Support costs	815,421	211,555	342,171	1,369,147	1,255,687
	<u>4,641,821</u>	<u>303,776</u>	<u>737,338</u>	<u>5,682,935</u>	<u>5,650,408</u>
Total 2017	<u>4,665,995</u>	<u>290,967</u>	<u>693,446</u>	<u>5,650,408</u>	

8. ANALYSIS OF EXPENDITURE BY ACTIVITIES

	Activities undertaken directly 2018 £	Support costs 2018 £	Total 2018 £	Total 2017 £
Educational operations	<u>4,313,788</u>	<u>1,369,147</u>	<u>5,682,935</u>	<u>5,650,408</u>
Total 2017	<u>4,394,721</u>	<u>1,255,687</u>	<u>5,650,408</u>	

9. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets:		
- owned by the charity	141,562	144,134
Amortisation of intangible fixed assets	3,390	3,426
Operating lease rentals	<u>3,340</u>	<u>3,340</u>

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FOR THE YEAR ENDED 31 AUGUST 2018

10. AUDITORS' REMUNERATION

	2018	2017
	£	£
Fees payable to the Academy's auditor in respect of:		
The auditing of accounts of the Academy	9,250	8,750
All other non-audit services not included above	4,250	1,300
	<u>13,500</u>	<u>10,050</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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11. STAFF COSTS

a. Staff costs

Staff costs were as follows:

	2018 £	2017 £
Wages and salaries	3,549,460	3,601,960
Social security costs	316,607	350,782
Operating costs of defined benefit pension schemes	755,851	658,150
	<u>4,621,918</u>	<u>4,610,892</u>
Agency staff costs	13,965	25,103
Staff restructuring costs	-	30,000
Apprenticeship levy	5,938	-
	<u><u>4,641,821</u></u>	<u><u>4,665,995</u></u>

Staff restructuring costs comprise:

	2018 £	2017 £
Compensation payment	-	30,000
	<u><u>-</u></u>	<u><u>30,000</u></u>

b. Staff numbers

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

	2018 No.	2017 No.
Teachers	50	51
Administration and support	151	154
Management	4	4
	<u>205</u>	<u>209</u>

Average headcount expressed as a full time equivalent:

	2018 No.	2017 No.
Teachers	44	43
Administration and support	96	98
Management	4	4
	<u>144</u>	<u>145</u>

c. Higher paid staff

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

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11. STAFF COSTS (continued)

	2018	2017
	No.	No.
In the band £60,001 - £70,000	1	2
In the band £70,001 - £80,000	1	1
In the band £80,001 - £90,000	1	1

Two (2017 - 3) of the above staff participated in the Teachers' Pension Scheme and employer contributions amounting to £26,076 (2017 - £37,102) were paid by the academy in the period. One of the above staff participated in the Local Government Pension Scheme and employer contributions paid by the academy amounted to £11,324 (2017 - £10,256).

d. 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 £291,716 (2017 - £334,326).

12. CENTRAL SERVICES

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

- Leadership and management support
- Finance management
- Audit and control services

The Academy charges for these services on the following basis:

The charge for central services is based on a percentage of the GAG income (excluding pre 16 high needs block funding) as follows:

Fairchildes Primary School: 6%

Rowdown Primary School: 4%

The actual amounts charged during the year were as follows:

	2018	2017
	£	£
Fairchildes Primary School	141,138	126,449
Rowdown Primary School	67,645	59,358
	<u>208,783</u>	<u>185,807</u>
Total	<u><u>208,783</u></u>	<u><u>185,807</u></u>

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

13. TRUSTEES' REMUNERATION AND EXPENSES

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

		2018	2017
		£'000	£'000
Miss R Sandell	Remuneration	85-90	85-90
	Pension contributions paid	10-15	10-15
Mrs R Hugue-Dowlet	Remuneration	65-70	60-65
	Pension contributions paid	10-15	10-15

During the year ended 31 August 2018, no Trustees received any reimbursement of expenses (2017 - £NIL to 0 Trustees).

14. 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.

15. PENSION FINANCE CHARGES

	2018	2017
	£	£
Interest income on pension scheme assets	63,000	24,000
Interest on pension scheme liabilities	(130,000)	(81,000)
	(67,000)	(57,000)

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

16. INTANGIBLE FIXED ASSETS

	Software licences £
Cost	
At 1 September 2017 and 31 August 2018	<u>16,085</u>
Amortisation	
At 1 September 2017	7,168
Charge for the year	<u>3,390</u>
At 31 August 2018	<u>10,558</u>
Carrying amount	
At 31 August 2018	<u><u>5,527</u></u>
At 31 August 2017	<u><u>8,917</u></u>

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FOR THE YEAR ENDED 31 AUGUST 2018**

17. TANGIBLE FIXED ASSETS

	Leasehold property £	Furniture and fixtures £	Plant and equipment £	Assets under construction £	Total £
Cost					
At 1 September 2017	6,948,110	20,000	225,385	-	7,193,495
Additions	31,062	-	7,421	77,344	115,827
At 31 August 2018	6,979,172	20,000	232,806	77,344	7,309,322
Depreciation					
At 1 September 2017	248,725	9,761	114,721	-	373,207
Charge for the year	92,221	2,857	46,484	-	141,562
At 31 August 2018	340,946	12,618	161,205	-	514,769
Net book value					
At 31 August 2018	6,638,226	7,382	71,601	77,344	6,794,553
At 31 August 2017	6,699,385	10,239	110,664	-	6,820,288

Leasehold property comprises the academy premises from which Fairchildes Primary School and Rowdown Primary School operate. The premises are held under 125 year leases granted by the London Borough of Croydon on conversion to academy status in 2014 at valuations obtained from the ESFA.

18. DEBTORS

	2018 £	2017 £
Trade debtors	10,012	5,025
Prepayments and accrued income	31,979	39,877
Tax recoverable	15,926	19,297
Grants Receivable	92,198	111,516
	<u>150,115</u>	<u>175,715</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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19. CREDITORS

Amounts falling due within one year

	2018 £	2017 £
Other loans	4,033	75
Trade creditors	111,933	5,392
Other taxation and social security	71,404	70,310
Accruals and deferred income	307,281	332,118
	<u>494,651</u>	<u>407,895</u>

	2018 £	2017 £
Deferred income		
Deferred income at 1 September 2017	254,451	239,845
Resources deferred during the year	272,059	254,451
Amounts released from previous years	(254,451)	(239,845)
	<u>272,059</u>	<u>254,451</u>
Deferred income at 31 August 2018		

Deferred income comprises grants received from the ESFA and local authority in advance.

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

	2018 £	2017 £
Other loans	27,929	975

Included within the above are amounts falling due as follows:

	2018 £	2017 £
Between two and five years		
Other loans	20,015	450
Over five years		
Other loans	7,914	525

Creditors include amounts not wholly repayable within 5 years as follows:

	2018 £	2017 £
Repayable by instalments	7,914	525

The loans were granted by Salix Limited and the Salix Energy Efficiency Fund and are unsecured and interest free.

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NOTES TO THE FINANCIAL STATEMENTS
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21. STATEMENT OF FUNDS

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Unrestricted funds						
General Funds - all funds	2,081	308	-	-	-	2,389
Restricted funds						
Restricted Funds - all funds	145,681	5,365,096	(5,274,983)	(17,749)	-	218,045
Pension reserve	(2,606,000)	-	(263,000)	-	504,000	(2,365,000)
	<u>(2,460,319)</u>	<u>5,365,096</u>	<u>(5,537,983)</u>	<u>(17,749)</u>	<u>504,000</u>	<u>(2,146,955)</u>
Restricted fixed asset funds						
Restricted Fixed Asset Funds - all funds	6,846,876	160,422	(144,952)	17,749	-	6,880,095
Total restricted funds	<u>4,386,557</u>	<u>5,525,518</u>	<u>(5,682,935)</u>	<u>-</u>	<u>504,000</u>	<u>4,733,140</u>
Total of funds	<u><u>4,388,638</u></u>	<u><u>5,525,826</u></u>	<u><u>(5,682,935)</u></u>	<u><u>-</u></u>	<u><u>504,000</u></u>	<u><u>4,735,529</u></u>

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

All funds originated from assets gifted by the predecessor school. In addition:

Restricted fixed asset funds have been increased by capital grants provided by the DfE and reduced by depreciation charges.

Restricted general funds have been increased by revenue grants provided by the DfE and reduced by expenditure incurred in the operation of the trust.

The restricted funds can only be used in terms of limitations imposed the the Funding Agreement with the DfE and the terms of any specific grant.

Unrestricted funds have been increased by voluntary contributions by parents and reduced by expenditure incurred in the operation of the trust.

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

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

ANALYSIS OF ACADEMIES BY FUND BALANCE

Fund balances at 31 August 2018 were allocated as follows:

	Total 2018 £	<i>Total 2017 £</i>
Fairchildes Primary School	119,518	123,252
Rowdown Primary School	100,916	24,510
	220,434	147,762
Total before fixed asset fund and pension reserve		
Restricted fixed asset fund	6,880,095	6,846,876
Pension reserve	(2,365,000)	(2,606,000)
Total	4,735,529	4,388,638

ANALYSIS OF ACADEMIES BY COST

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciat- ion £	Total 2018 £	<i>Total 2017 £</i>
Fairchildes Primary School	2,537,214	539,633	258,845	323,522	3,659,214	3,594,588
Rowdown Primary School	1,289,185	269,851	218,239	169,141	1,946,416	1,908,261
	3,826,399	809,484	477,084	492,663	5,605,630	5,502,849

STATEMENT OF FUNDS - PRIOR YEAR

	<i>Balance at 1 September 2016 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers in/out £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 August 2017 £</i>
General Funds - all funds	1,695	386	-	-	-	2,081
Restricted funds						
Restricted Funds - all funds	160,032	5,301,498	(5,315,849)	-	-	145,681
Pension reserve	(2,778,000)	-	(187,000)	-	359,000	(2,606,000)

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21. STATEMENT OF FUNDS (continued)

Restricted fixed asset funds

Restricted Fixed Asset Funds - all funds	6,976,858	17,577	(147,559)	-	-	6,846,876
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A CURRENT YEAR 12 MONTHS AND PRIOR YEAR 12 MONTHS COMBINED POSITION IS AS FOLLOWS:

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Unrestricted funds						
General Funds - all funds	1,695	386	-	-	-	2,081
	-	308	-	-	-	308
Restricted funds						
Restricted Funds - all funds	160,032	10,666,594	(10,590,832)	(17,749)	-	218,045
Pension reserve	(2,778,000)	-	(450,000)	-	863,000	(2,365,000)
Restricted fixed asset funds						
Restricted Fixed Asset Funds - all funds	6,976,858	177,999	(292,511)	17,749	-	6,880,095
	4,358,890	10,844,593	(11,333,343)	-	863,000	4,733,140
Total of funds	4,360,585	10,845,287	(11,333,343)	-	863,000	4,735,529

22. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestrict'd funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Intangible fixed assets	-	-	5,527	5,527
Tangible fixed assets	-	-	6,794,553	6,794,553
Current assets	(83,713)	826,727	80,015	823,029
Creditors due within one year	86,102	(580,753)	-	(494,651)
Creditors due in more than one year	-	(27,929)	-	(27,929)
Provisions for liabilities and charges	-	(2,365,000)	-	(2,365,000)
	2,389	(2,146,955)	6,880,095	4,735,529

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22. ANALYSIS OF NET ASSETS BETWEEN FUNDS (continued)

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	<i>Unrestrict'd funds</i>	<i>Restricted funds</i>	<i>Restricted fixed asset funds</i>	<i>Total funds</i>
	<i>2017</i>	<i>2017</i>	<i>2017</i>	<i>2017</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
Intangible fixed assets	-	-	8,917	8,917
Tangible fixed assets	-	-	6,820,288	6,820,288
Current assets	2,081	554,551	17,671	574,303
Creditors due within one year	-	(407,895)	-	(407,895)
Creditors due in more than one year	-	(975)	-	(975)
Provisions for liabilities and charges	-	(2,606,000)	-	(2,606,000)
	<u>2,081</u>	<u>(2,460,319)</u>	<u>6,846,876</u>	<u>4,388,638</u>

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

	2018	2017
	£	£
Net expenditure for the year (as per Statement of Financial Activities)	(157,109)	(330,947)
Adjustment for:		
Depreciation charges	144,952	147,559
Dividends, interest and rents from investments	(308)	(386)
Decrease in stocks	-	5,994
Decrease in debtors	25,600	29,552
Increase/(decrease) in creditors	82,798	(271,851)
Capital grants from DfE and other capital income	(160,422)	(17,577)
Defined benefit pension scheme cost less contributions payable	196,000	130,000
Defined benefit pension scheme finance cost	67,000	57,000
Net cash provided by/(used in) operating activities	<u>198,511</u>	<u>(250,656)</u>

24. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2018	2017
	£	£
Cash in hand	672,914	398,588
Total	<u>672,914</u>	<u>398,588</u>

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NOTES TO THE FINANCIAL STATEMENTS
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25. CONTINGENT LIABILITIES

The academy trust has a liability arising in respect of utility charges in Monks Orchard Primary School, which joined the trust on 1 September 2018, contingent upon the London Borough of Croydon (LBC) finalising historic charges due by the predecessor school. Indications from LBC are that the amount due, not provided at 31 August 2018, and for which there are no funds available in the predecessor school, and for which the academy trust is liable, are of the order of £46,000.

26. CAPITAL COMMITMENTS

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

	2018 £	2017 £
Contracted for but not provided in these financial statements	<u>331,288</u>	<u>-</u>

27. PENSION COMMITMENTS

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

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

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:

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NOTES TO THE FINANCIAL STATEMENTS
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27. PENSION COMMITMENTS (continued)

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

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

The employer's pension costs paid to TPS in the period amounted to £279,612 (2017 - £273,495).

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £458,000 (2017 - £412,000), of which employer's contributions totalled £378,000 (2017 - £334,000) and employees' contributions totalled £80,000 (2017 - £78,000). The agreed contribution rates for future years are 18.9% for employers and between 5.5% and 8.5% for employees.

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

The academy paid £76,833 (2017 - £90,894) during the year in respect of additional contributions over and above the normal funding level.

London Borough of Croydon Pension Fund

Principal actuarial assumptions:

	2018	2017
Discount rate for scheme liabilities	2.70 %	2.50 %
Rate of increase in salaries	2.90 %	2.90 %
Rate of increase for pensions in payment / inflation	2.40 %	2.40 %

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**NOTES TO THE FINANCIAL STATEMENTS
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27. PENSION COMMITMENTS (continued)

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

	2018	2017
Retiring today		
Males	22.3	22.3
Females	24.4	24.4
Retiring in 20 years		
Males	24.0	24.0
Females	26.2	26.2

	At 31 August 2018 £	At 31 August 2017 £
Sensitivity analysis		
Discount rate -0.1%	145,000	108,000
CPI rate +0.1%	17,000	92,000

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

	Fair value at 31 August 2018 £	Fair value at 31 August 2017 £
Equities	2,100,000	1,621,000
Bonds	473,000	399,000
Property	354,000	258,000
Cash and other liquid assets	30,000	71,000
Total market value of assets	<u>2,957,000</u>	<u>2,349,000</u>

The actual return on scheme assets was £154,000 (2017 - £926,000).

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

	2018 £	2017 £
Current service cost	(574,000)	(464,000)
Interest income	63,000	24,000
Interest cost	(130,000)	(81,000)
Total	<u>(641,000)</u>	<u>(521,000)</u>
Actual return on scheme assets	<u>154,000</u>	<u>926,000</u>

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27. PENSION COMMITMENTS (continued)

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

	2018 £	2017 £
Opening defined benefit obligation	4,955,000	3,881,000
Current service cost	574,000	464,000
Interest cost	130,000	81,000
Employee contributions	80,000	78,000
Actuarial (gains)/losses	(350,000)	567,000
Benefits paid	(67,000)	(116,000)
	<u>5,322,000</u>	<u>4,955,000</u>
Closing defined benefit obligation	<u>5,322,000</u>	<u>4,955,000</u>

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

	2018 £	2017 £
Opening fair value of scheme assets	2,349,000	1,103,000
Interest income	63,000	24,000
Return on assets	154,000	926,000
Employer contributions	378,000	334,000
Employee contributions	80,000	78,000
Benefits paid	(67,000)	(116,000)
	<u>2,957,000</u>	<u>2,349,000</u>
Closing fair value of scheme assets	<u>2,957,000</u>	<u>2,349,000</u>

28. OPERATING LEASE COMMITMENTS

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

	2018 £	2017 £
Amounts payable:		
Within 1 year	3,340	3,340
Between 1 and 5 years	-	3,340
	<u>3,340</u>	<u>6,680</u>
Total	<u>3,340</u>	<u>6,680</u>

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29. MEMBERS' LIABILITY

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

30. RELATED PARTY TRANSACTIONS

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

Miss J Hussey, an employee and member of Fairchildes Primary School local governing body, has declared an interest in Paul's Pan Percussion, a charity for which she is treasurer. The academy purchased services from this charity to the value of £6,975 (2017: £5,652) in the period.

The above transactions were provided at cost.

Mrs A Conroy, the mother of Ms K Conroy, a trustee of the Academy Trust, is employed by Fairchildes Primary School. In the period her remuneration, including employer pension contributions, amounted to £59,962 (2017: £54,084).

Mr D Sayer, the brother of Mr S Sayer, a member of staff and member of Fairchildes Primary School local governing body, is employed by Fairchildes Primary School. In the period his remuneration, including employer pension contributions, amounted to £21,599 (2017: £17,385).

Miss K Sparks, partner of Mr S Sayer, is employed by Fairchildes Primary School. In the period her remuneration, including pension contributions, amounted to £5,307 (2017: £7,672).

The above transactions were entered into at arm's length and the requirements of the ESFA's Academies Financial Handbook 2017 have been complied with.

31. POST BALANCE SHEET EVENTS

Monks Orchard Primary School in Shirley, Croydon, converted to academy status and joined the trust on 1 September 2018.