

Great Academies Education Trust

(A CHARITABLE COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2017

GREAT ACADEMIES EDUCATION TRUST
FINANCIAL STATEMENTS
Year ended 31 August 2017

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GREAT ACADEMIES EDUCATION TRUST

Reference and Administrative Details

Year ended 31 August 2017

Members	Position	Date of change
D McLoughlin		Resigned 10/07/17
Members & Trustees		
Ian Munro (Chair)	Sponsor Nominee	
Ann Djordjevic	Sponsor Nominee *	Resigned 13/03/17
Christine Amyes	Sponsor Nominee *	
Tony Powell	Sponsor Nominee *	
Trustees		
Mark Tweedie	Sponsor Nominee	Resigned 26/09/16
Helen Whittingham	Sponsor Nominee *	
Kieran Quinn	Sponsor Nominee	
Allison Crompton	Chief Executive Officer *	Appointed 26/09/16
Annette Hall	Sponsor Nominee	Appointed 27/09/17
Sue Hutchinson	Sponsor Nominee *	Appointed 27/09/17
Anna Ferguson	Sponsor Nominee	Appointed 10/07/17
Chris Bowes	Sponsor Nominee	Appointed 10/07/17
Emma Perry	Sponsor Nominee	Resigned 13/03/17
Paul Stopford	Sponsor Nominee	Resigned 15/12/16
Co-opted Trustees		
Joanne Manfred	Co-opted	Appointed 26/9/16
		Resigned 10/07/17
Helen Curran	Co-opted *	Appointed 27/09/17

* member of the Finance & Audit Committee

Senior Managers:	A Crompton	Chief Executive Officer
	C Barlow	Director of Finance & Corporate Services
	J Langley	Principal Great Academy Ashton
	D Mason	Principal Silver Springs Primary Academy
	H Plaice	Interim Principal Copley Academy
	J Kellett	Principal Middleton Technology School

Principal and Registered Office:	Cavendish 249 Cavendish Street Ashton-under-Lyne OL6 7AT
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Auditor:	RSM UK Audit LLP 3 Hardman Street Manchester M3 3HF
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Bankers:	Co-operative Bank 1 Balloon Street Manchester M60 4EP	Yorkshire Bank 58 Spring Gardens Manchester M2 1YB
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GREAT ACADEMIES EDUCATION TRUST
TRUSTEES' REPORT
Year ended 31 August 2017

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

The Trust operated three secondary academies and one primary academy during the year. The academies have a combined pupil capacity of 3,780 ranging from 3 to 16 years old and had a roll of 3,583 in Autumn 2017.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Trust is a company limited by guarantee (company number 6237630) and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Trust. The trustees of Great Academies Education Trust are also the directors of the charitable company for the purposes of company law. Details of the trustees who served during the year are included in the company information section on page 3. The four academies within the Trust during the financial year are Great Academy Ashton (formally New Charter Academy), Copley Academy, Middleton Technology School and Silver Springs Primary Academy.

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.

Trustees' Indemnities

The Trust is a member of the Department for Education risk protection arrangement (RPA) which includes risk protection for Governors Liability with a liability limit of £10m.

Method of Recruitment and Appointment or Election of Trustees

The Trust currently has ten trustees who may appoint committees to be known as Local Governing Bodies for each Academy. The constitution, membership and proceedings of any committee shall be determined by the trustees. Appointments will be in accordance with the Trust's Memorandum and Articles of Association and Governor Recruitment Policy.

The members may appoint up to nine trustees and any number of staff trustees so long as the number does not exceed one third of the total number. The trustees may also co-opt up to three trustees onto the Board.

Trustees with the appropriate skills and experience are sought out to ensure a good balance of knowledge and expertise on the Board. The Trust uses a combination of the Academies Ambassadors programme, printed press and on-line adverts to attract suitable candidates.

GREAT ACADEMIES EDUCATION TRUST
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Policies and Procedures Adopted for the Induction and Training of Trustees

The Board has developed a number of documents to support trustees in their role including a handbook, code of conduct, role profile and competency framework.

A flexible induction process takes place taking into account the skills and experience of the trustee but includes, as a minimum, meetings with the Chair of the Board and the Chairs and Principals of each Academy and a day within the organisation spending time in each of the academies.

Trustees receive no remuneration or benefits in respect of their duties as trustees but are reimbursed for expenses incurred in carrying out their duties. During the year, the trustees held four Trust Board meetings.

Organisational structure

The trustees meet four times a year to receive reports and manage its strategic objectives. In addition to the Trust Board, there are subcommittees for finance and audit and academic outcomes. Each academy has a local governing body and two sub-committees which meet to review and discuss key areas in more detail and make recommendations to the governing body.

The day to day management is delegated to the Chief Executive Officer and the Principals who are each supported by a Leadership Team. The scheme of delegation clarifies those decisions that must be referred to the trustees.

Arrangements for setting pay and remuneration of key management personnel

Each local governing body has a pay committee to agree the decisions of the principal with regard to their local staff and the Trust has a Remuneration Committee which is responsible for setting the pay and remuneration of the Trust's senior managers. The Committee consists of three Trustees.

Related Parties and other Connected Charities and Organisations

The Trust works to advance, for public benefit, the education of all pupils within our academies. Working with our teaching school, Rochdale Pioneers Trust, our sponsor, New Charter Housing Trust Limited, the Department for Education (DfE), Education and Skills Funding Agency (ESFA), Rochdale and Tameside Local Authorities, Tameside Sports Trust, local primary schools and other local organisations to establish links with the local community.

The trustees acknowledge the support of the Trust's sponsor which has been provided in a number of ways, including office space for central staff and payroll services. The ESFA provides grant funding to the Trust (details of which are provided in Note 3 to the financial statements).

GREAT ACADEMIES EDUCATION TRUST
TRUSTEES' REPORT
Year ended 31 August 2017

OBJECTIVES AND ACTIVITIES

Objects and Aims

The Trust's objects are specifically restricted to the following:

Advancing education by:

- establishing, maintaining, managing and developing schools offering a broad and balanced curriculum
- Promoting the physical, intellectual and social development of all children and young people, especially those who are socially and economically disadvantaged
- Developing the capacity and skills of those who are socially and economically disadvantaged in such a way that helps meet their needs and enables them to participate more fully in their communities and society at large
- Providing recreational and leisure time facilities in the interest of social welfare for the local communities in which the academies reside, especially those who have need of such facilities by reason of their youth, age, infirmity or disablement, poverty or social and economic circumstances.

Our aim is to provide outstanding schools to improve the academic achievement of all our children and young people and increase their life chances and opportunities for successful and fulfilled lives as well educated future citizens.

Objectives, Strategies and Activities

The main objectives of the Trust are summarised below:

- deliver maximum value-added academic progress for each student from their starting points
- provide a high achieving and disciplined environment in each academy
- improve standards of attainment in literacy and numeracy for all children and young people
- raise aspirations for individual students, parents and the wider community
- develop an enriched and extended curriculum with a focus on active citizenship and cultural entitlement
- using the teaching school and Great Academies Improvement and Support Team (GIST) to create a training school culture of continuous professional development for all staff
- Using the teaching school and GIST to establish a centre of excellence in school leadership
- provide high quality buildings, designed to minimise impact on the environment and which encourages learning, self-discipline and community involvement
- meet the needs of local and regional employers for workforce of the future
- work in collaboration with the local authorities, schools, colleges and universities

GREAT ACADEMIES EDUCATION TRUST
TRUSTEES' REPORT
Year ended 31 August 2017

Objectives, Strategies and Activities (continued)

The Trust has a number of strategies to aid the achievement of the stated objectives including:

- The strategic recruitment of five board members to improve the capacity of the Trust to hold to account the Chief Executive and senior leaders
- The development of a school improvement arm of the Trust namely GIST (Great Academies Improvement and Support team) to support and develop teachers and leaders within our academies
- The use of the Teaching School attached to the Trust to support and develop teachers and leaders within our academies
- The use of our SCITT (school based initial teacher training programmes) to train new teachers that we are able to recruit into our academies
- Tuition and learning opportunities for all students to attain appropriate academic qualifications, including after hours, weekend and holiday classes
- A programme of sport, music and other enrichment activities for all students
- Opportunities for student placements with industrial and commercial partners
- Training opportunities for all staff and especially teaching staff
- A Community Team focussed on links with parents and the community

Among the activities undertaken to achieve the objectives of the Trust are:

- The use of the Teach Like a Champion (TLAC) programme as the basis of our teacher professional development programme. The programme is run by GIST.
- The introduction of a new teaching and learning rubric used across our secondary academies, again run by GIST.
- The further development of the Every Child A Reader (Literacy) and Every Child Counts (Maths) programmes to provide targeted support for children before they reach year 6.
- Enrichment activities that have included eight trips to Europe and the USA.
- Free and/or very low cost music and singing tuition

Public Benefit

The trustees have considered the duty in section 17 of the Charities Act 2011 to have due regard to the public benefit guidance published by the Charities Commission. The main activities of the Trust are to advance for public benefit:

- education for pupils of different abilities between the ages of 3 and 16
- develop the capacity and skills of those who are socially and economically disadvantaged in such a way that helps meet their needs and enables them to participate more fully in their communities and society at large
- provide recreational and leisure time facilities in the interest of social welfare for the local communities in which the academies reside, especially those who have need of such facilities by reason of their youth, age, infirmity or disablement, poverty or social and economic circumstances.

GREAT ACADEMIES EDUCATION TRUST

TRUSTEES' REPORT

Year ended 31 August 2017

Equal opportunities

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

Disabled persons

The Trust welcomes applications from candidates with a disability. Applicants are advised to contact HR if they have any specific requirements to enable them to apply.

Selection panels are not provided with information about whether candidates have a disability at the shortlisting stage, as the equal opportunities monitoring information is removed prior to shortlisting taking place. New starters complete a health questionnaire which enables us to assess whether any adjustments are needed to the working environment.

The Trust makes use of an occupational health provider. Any employee can request self-referral, and the Academies make regular referrals, most often for staff returning to work after a period of sickness absence, but also for employees who may be encountering difficulties at work, either due to a disability or due to other reasons. The Academies endeavour to act on the advice provided wherever possible, and will consult with the employee to ensure reasonable adjustments are provided.

Disabled employees are entitled to the same opportunities for training, development and promotion as other employees. Opportunities for promotion are advertised within the Academy, and staff wishing to be considered would be entitled to the same adjustments as candidates coming for interview and to have other adjustments considered, thus ensuring there are no barriers to their promotion.

Employee Consultation

The Trust recognises and regularly consults with a number of trade unions for both teaching and non-teaching staff. Regular scheduled meetings are held with full time union officials, and both the Academies and the trade union representatives also request additional meetings whenever the need arises. In addition to consultation with full time officials, local meetings are also held with the internal representatives both on a regular scheduled basis and on an ad hoc basis as required.

Consultation also takes place through staff events, staff questionnaires and a general culture of leaders being available and open to staff feedback.

GREAT ACADEMIES EDUCATION TRUST
TRUSTEES' REPORT
Year ended 31 August 2017

STRATEGIC REPORT

Achievements and Performance

Overview

Academic year 2016/17 can be characterised as a year of change for Great Academies Education Trust, but also a year of focussed determination to get things right for our schools and the young people we serve. This has not been without the challenges that change brings, as we have tried to align the Trust and its schools into more successful and effective ways of working. The external pressure and scrutiny is challenging but warranted and we are still very much at the start of our improvement journey as a Trust.

Our Academies

Great Academy Ashton (GAA), formally New Charter Academy, was subject to a Section 5 Inspection on 28th February and 1st March 2017 and placed into Special Measures. The Regional Schools Commissioner subsequently issued the Trust a notice to improve. Mrs Jenny Langley was appointed to the Principal role from Easter 2017.

Copley Academy (CA) was subject to an HMI monitoring visit on 13th June 2017. The visit was the first monitoring inspection since the school was judged to require improvement following the section 5 inspection in May 2016. HMI found that senior leaders, governors and the Trust were not taking effective action to tackle the areas requiring improvement. We currently have an interim Principal in place and Mrs Sarah Gregory has been appointed to the Principal role from January 2018.

Middleton Technology School (MTS) converted to an academy in September 2016. It has not been inspected since 2006 when it was judged outstanding. It may be inspected within the next two years as a converter academy. Miss Janine Kellett was promoted to the Principal role in September 2016.

Silver Springs Primary Academy (SSPA) has a judgement of good with outstanding leadership and is due an inspection imminently. Mrs Deborah Mason is a very experienced primary Principal and has led SSPA from special measures to good.

Great Academy Ashton (previously New Charter Academy)

Great Academy Ashton has had a turbulent year which included industrial action from teachers, the closure of the sixth form and a special measures judgement from Ofsted. The local governing body has been disbanded and replaced with an Interim Executive Board (IEB) structure of five specialist professionals able to provide robust governance of the academy. A new Principal was appointed and a rebranding process was concluded in July 2017. Parents have continued to be supportive of the academy and GAA remains an oversubscribed school with 270 students recruited to Year 7 each year.

Ofsted identified five key issues:

- Immediately improve the quality of leadership
- Rapidly improve pupils' progress in core subjects, particularly disadvantaged pupils and those that have special educational needs and/or disabilities
- Improve the quality of teaching and in turn reduce the incidents of poor behaviour and reduce truancy
- Improve behaviour, safety and the personal development and welfare of pupils

GREAT ACADEMIES EDUCATION TRUST
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Year ended 31 August 2017

Great Academy Ashton (continued)

The fifth key issue is no longer applicable as the sixth form provision has now closed (improve the 16 to 19 study programmes).

Achievement rose marginally compared to last year, using the new Progress and Attainment 8 measures. Progress does show a rising trend but we need to accelerate this improvement.

The academy is a vibrant place with an interesting enrichment offer. Student leadership is an emerging strength of the academy as students increasingly see themselves as part of One Family – One Voice. As new opportunities are fully realised in the new academic year, students have access to an increasingly large number of academic interventions. Attendance figures remain high for the majority of students (95%) and this is a clear indicator of very positive student attitudes and their enjoyment of academy life.

Silver Springs Primary Academy

The academy has now enjoyed a full year in its new building. The school was rebuilt as part of the Priority School Building Programme managed by the Education Funding Agency on behalf of the Department for Education.

By comparison the school is larger than national average (4th quintile) with more than twice as many children who are eligible for FSM that the national average (5th quintile). This is also reflected in the school's deprivation indicator, which is also in the highest quintile. The school's stability rating similarly reflects the challenges: the school is currently in the lowest quintile (bottom 20%) for stability with a three year downward trend.

Attainment results at Silver Springs are still below national averages, however the school has demonstrated outstanding academic progress, as shown below.

KS2 Progress Measure (CI = Confidence Interval)				
	School 2017	Nat Percentile Rank 2017	School 2016	Improved by
Reading	4.1 (CI=2.0 to 6.2)	Top 20%	-1.68	5.78
Writing	5.2 (CI=3.2 to 7.2)	Top 5%	-2.85	8.05
Maths	3.1 (CI=1.2 to 5.0)	Top 20%	+0.96	2.14

Rate of progress in all three individual subjects was excellent for this cohort, despite their low attainment. All three subjects had a positive progress result – this means that the value that Silver Springs adds to a child's attainment is higher than the national average (0). In addition to this the Confidence Intervals are also about zero in all subjects – which gives the best possible picture of progress.

GREAT ACADEMIES EDUCATION TRUST
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Year ended 31 August 2017

Copley Academy

Copley Academy is currently judged 'Requires Improvement' by Ofsted (May 2016) and has been designated as a coasting school by the DfE in January 2017. The academy Principal left the school in May 2017 and a subsequent HMI visit in June 2017 found that leaders were not taking effective action to improve Copley Academy to become a good school.

The academy has 707 pupils on roll from 11 – 16 and is smaller than the average-sized secondary school. Its pupils are drawn from a mixed catchment area and the number of pupils eligible for free school meals is significantly higher than the national average, currently 48.7% (National Average 28.2%)

Attainment in 2017 fell back from 2016 with 43% of students achieving the new combined 9 – 4 measure. The Progress 8 figure was well below average at -0.5.

The HMI inspection, pupil and parent surveys tell us that pupil behaviour is good and pupils are happy and feel safe at Copley Academy. We have an active choir, Samba band and a thriving partnership with the Royal Exchange theatre. We are part of a pilot project with the Cadet Force and have a large range of extra-curricular sporting activities that our pupils can access. Pupil leadership is a feature of the school. We continue to develop strong links with other schools, both in the UK and overseas, last year our staff and pupils visited Germany, Italy and the USA.

Middleton Technology School

Middleton Technology School (MTS) is an outstanding school that joined the Trust in September 2016. MTS has strong attainment but was let down in 2017 by EBACC subjects, particularly computer science and humanities. Progress was not as strong as previous years at 0.09 and is, by national comparison, judged as average for this year.

MTS also has a Teaching School and School Centred Initial Teacher Training (SCITT) programme. This enables the Trust to draw additional support around our school improvement team – GIST – to develop our school to school support and help us to plan for strategic recruitment into the academies.

Going concern

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

GREAT ACADEMIES EDUCATION TRUST
TRUSTEES' REPORT
Year ended 31 August 2017

FINANCIAL REVIEW

Financial report for the year

The principal sources of funding for the Trust are grants from the ESFA, donations and investment income. Most of the Academy Trust's income is obtained from the ESFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the year ended 31 August 2017 and the associated expenditure are shown as restricted funds in the statement of financial activities.

The Academy Trust also receives grants for fixed assets from the DfE. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (FRS 102 SORP), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. In addition to the grants received, the Trust recognised fixed asset related voluntary income in the current year in respect of the value of land and building occupied by Middleton Technology School (£12.65m) and in prior years in respect of the value of the land and buildings occupied by Great Academies Ashton (previously New Charter Academy), Copley Academy and Silver Springs Primary Academy. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

The conversion of Middleton Technology School resulted in the transfer of school reserve balances to the Trust totalling £902,265. £330,963 from the Local Authority is reported within restricted general funds and £571,302 school fund balance is shown within unrestricted.

£100,000 voluntary donations (2016: £nil) were received from related parties in the current year. This is shown as unrestricted income.

£2,000,000 permanent endowment fund and other cash not required to meet day to day running expenses is invested in short-term deposit accounts with the Academy's banks. Interest received on these deposits was £51,943 compared to £72,960 in the previous year (£20,814 being interest on the endowment fund 2016: £27,676).

During the year ended 31 August 2017, total expenditure after accounting for the movement on the pension deficit, voluntary income in respect of the land and building occupied by Middleton Technology School and voluntary income relating to balances transferred on conversion was covered by recurrent grant funding from the ESFA together with other incoming resources. The excess of income over expenditure for the year was £13,314,090. This included voluntary income in respect of assets transferred of £12,802,531, surplus balances transferred on conversion of £902,265, depreciation charges on donated assets of £1,276,458 and FRS102 pension gains relating to the Local Government Pension Scheme of £316,000. (2016: net movement in funds of £1,658,320 including depreciation charges on land and buildings of £994,713 and FRS102 pension charges of £3,427,000).

The results for the year excluding balances transferred on conversion, FRS102 pension gains and depreciation on donated assets was a surplus of £569,752, of which £522,369 related to Middleton Technology School and the Teaching School. This is a strong performance, particularly in light of the significant cost pressures experienced within the Trust and the sector.

GREAT ACADEMIES EDUCATION TRUST
TRUSTEES' REPORT
Year ended 31 August 2017

Financial report for the year (continued)

Non-teaching staff are members of the Local Government Pension Scheme (LGPS). The deficit as at 31 August 2017 is £6.150m (2016: £6.466m). Middleton Technology School remained pooled with Rochdale Metropolitan Borough Council upon conversion and therefore employer contribution rates for MTS non-teaching staff (20.5%) differ from the rest of Great Academies Education Trust (17%).

The Academy held fund balances at 31 August 2017 of £61,858,312 comprising £2,000,000 Permanent Endowment Fund, £3,635,420 Unrestricted Fund, £60,808,041 Restricted Fixed Asset Fund, £1,564,851 Restricted General Fund and a pension reserve deficit of £6,150,000.

The Trust monitors cash flow and prepares financial forecasts to anticipate and manage financial risk and meet financial objectives.

Reserves policy

The trustees review the reserve levels of the Trust annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The trustees have determined that the appropriate level of general reserves should be equivalent to 10% of income. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance, falling student numbers or no-notice changes in schools funding methodology.

In addition, each Academy considers whether the balance of their reserves is sufficient to meet any anticipated significant investment. Areas currently identified include development of the secondary buildings (to provide adequate appropriate accommodation for the growing pupil numbers) and investment in school improvement (to accelerate improvements in attainment at Great Academy Ashton and Copley). Copley Academy has a deficit reserve position at 31 August 2017 (as a result of falling pupil numbers and three years of protected teacher pay following staff restructure) and Trust reserves are supporting Copley whilst the financial recovery plan eliminates the deficit.

The Trust's current level of free reserves (total funds less the amount held in fixed assets and restricted and endowed funds) is £3,635,420 (2016: £3,036,779). The balance on this reserve mainly comprises charitable donations received from Great Neighbourhoods and is used to fund development of the Trust.

Investment policy

The Trust has a preference for banking institutions that have strong ethical values and a low risk profile. In order to manage risk whilst maximising returns, deposits are placed with more than one institution. Only those institutions which meet the criteria set out in the Trust's Treasury Policy are used for the placing of deposits.

GREAT ACADEMIES EDUCATION TRUST
TRUSTEES' REPORT
Year ended 31 August 2017

Key Financial Performance Indicators

The Trust Board received reports on financial performance and management at each meeting. Key information monitored by the Trust Board and Governing Bodies include:

- balanced budget approved by the Trust Board and reported on throughout the year along with regular forecasts (along with assessment of reserves position to address any in-year deficit budget)
- healthy cash balance - surplus cash placed on deposit and sufficient available funds to meet operational needs
- staff costs as a percentage of total income less donations – 75% in 2016/17, 74% in 2015/16, 75% in 2014/15, 77% in 2013/14, 74% in 2012/13 and 73% in 2011/12.
- examination / key stage results
- pupil recruitment, attendance and exclusion data

Principal risks and uncertainties

The Trustees formally review the risk register and matrix on an annual basis and key risks are discussed at Trustee meetings as required. The major risks to which the Trust is exposed, in particular those relating to teaching, provision of facilities and other operational areas of the Trust and its finances have been assessed and appropriate processes and controls have been implemented to minimise and manage risk, including an effective system of internal financial control which is further detailed in the Governance Statement. The main risks identified include:

- * Financial
- * Market and Sector
- * Personnel
- * Business Continuity
- * Safeguarding
- * Health and safety
- * Legal and compliance

The key risk to the Academy Trust is the outsourced Facilities Management contract in place at Great Academy Ashton.

The Trust also monitors and manages risk through the Self Evaluation Framework (SEF) which reports key risks and challenges. Action planning to address areas highlighted and impact of actions taken is reported to the Trust Board directly or via the individual Academy Governing Bodies. The management of financial risk centres on continuing to have strong student numbers and therefore attract maximum funding. This risk is addressed by a marketing programme aimed at prospective students and by driving improvement in academic standards.

The on-going changes in funding methodology and associated reduction in grants received, combined with rising staff costs (in particular significant increases in pension costs for both teaching and non-teaching staff) and high fixed cost of the managed service charges for the building at Great Academy Ashton present major financial risk and uncertainty for the years ahead.

GREAT ACADEMIES EDUCATION TRUST
TRUSTEES' REPORT
Year ended 31 August 2017

Plans for future periods

The immediate plans for the Trust are centred on driving significant improvement in educational standards in Great Academy Ashton and Copley Academy, further improving educational standards at Silver Springs Primary Academy and sustaining the achievement at Middleton Technology School. The Trust has plans to expand in the medium term and would welcome, in particular, the prospect of suitable primary academies choosing to join, to enable Silver Springs Primary Academy to work collaboratively with other primary schools within the Trust.

The Trust will continue to strive to improve the performance of all its students and make efforts to ensure its secondary students successfully secure employment, further education or training upon leaving the secondary academies and its primary students move onto secondary education with the required numeracy and literacy skill levels upon leaving the primary academy. In addition to academic achievement, the Trust aims to ensure that when students leave, they take other life skills with them.

Auditor

RSM UK Audit LLP has indicated its willingness to continue in office.

Statement as to disclosure of information to auditors

Insofar as the trustees are aware:

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

The report of the trustees, incorporating a strategic report, was approved by the trustees, as the company directors, and signed on their behalf by:

Chair of Board: I H MUNRO

Date:

13 December 2017

GREAT ACADEMIES EDUCATION TRUST
GOVERNANCE STATEMENT

Year ended 31 August 2017

Scope of Responsibility

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

The board of trustees has delegated the day-to-day responsibility to the Chief Executive Officer, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Great Academies Education 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 four times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of possible
Ian Munro (Chair)	4	4
Ann Djordjevic	0	2
Christine Amyes	4	4
Helen Whittingham	4	4
Tony Powell	3	4
Emma Perry	2	2
Paul Stopford	0	0
Kieran Quinn	2	4
Joanne Manfred	2	3
Allison Crompton	4	4

Governance reviews

Governor and Trustee appraisals are held on an annual basis to review effectiveness across the boards. Feedback from the appraisals is used to help shape the training and development calendar for the following academic year. There is a termly training session for all GAET members on subjects such as Safeguarding, Admissions and Exclusions, plus academy specific training appropriate to each governing body. In addition, we hold an annual GAET Away Day for all members to look at Governor and Director roles, GAET's vision and objectives and hosts guest speakers. Within the development brochure Governors and Directors can find a range of information on online resources to which we are subscribing members such as the National Governors Association, Governor e-Learning and The Key. Training records are held centrally by the clerk and are reviewed at individual appraisals to ensure attendance and that Governors are playing an active part in their personal training and development needs.

GREAT ACADEMIES EDUCATION TRUST
GOVERNANCE STATEMENT
Year ended 31 August 2017

Governance reviews (continued)

The Chief Executive has concluded her review of Governance within the Trust and has taken a number of actions to strengthen it including the appointment of Trust Board members with the necessary skills to fill identified skills gaps and the replacement of the Board of Governors at Great Academy Ashton with an Interim Executive Board (IEB) to provide the required level of challenge and support to help it move out of Special Measures. Governance will continue to be reviewed annually to ensure that the arrangements meet the changing needs of the Trust.

Finance and Audit Committee

The Finance and Audit Committee is a sub-committee of the main board of trustees. Its purpose is to oversee financial reporting and review and approve the audit activity. In addition to the Finance Director, Helen Whittingham, who is a qualified accountant, is a member of the committee. Attendance at meetings in the year is as follows:

Trustee	Meetings attended	Out of possible
Ann Djordjevic	0	1
Christine Amyes	3	3
Tony Powell	2	3
Helen Whittingham	3	3
Allison Crompton	3	3

Review of Value for Money

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

The accounting officer considers how the trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where available. The accounting officer for the academy trust has delivered improved value for money during the year by:

- **Targeting resources to focus on improving educational results**

The Academy Trust regularly reviews its staffing structure to ensure that staffing levels are appropriate to support the delivery of the curriculum. The on-going reduction in funding levels has renewed the focus on ensuring that the right staff are in post to drive improvement in the key areas. Although staff numbers have reduced in response to budget pressures, more flexible and focused deployment of the remaining staff has enabled the Trust to continue driving improvement.

- **On-going review and challenge of all costs**

The Academy Trust has an established culture of challenging all requested spend – do we need to spend, is there an alternative, more cost effective way of providing, have we secured the best procurement deal? There has been a renewed focus on this in light of the funding cuts with renegotiation of all service contracts as they have come due, benchmarking and sharing cost data across the Trust and seeking ways to secure better deals Trust-wide.

There are opportunities to further expand group procurement and exploit potential economies of scale, and this will be the value for money focus for the next financial year.

GREAT ACADEMIES EDUCATION TRUST
GOVERNANCE STATEMENT
Year ended 31 August 2017

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Great Academies Education Trust for the year ended 31 August 2017 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

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

The risk and control framework

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

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

The board of trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However the trustees have appointed Susanne Dewhurst, the Finance Director of Warrington Collegiate Education Trust, to perform peer review.

The reviewer's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. In particular, the checks carried out in the current period included testing of the payroll, purchase ledger and grant income. On an annual basis, the reviewer reports to the board of trustees, through the finance and audit committee, on the operation of the systems of control.

For the year ending 31 August 2017, the agreed schedule of work was delivered as planned with no control issues arising from the work.

GREAT ACADEMIES EDUCATION TRUST
GOVERNANCE STATEMENT
Year ended 31 August 2017

Review of effectiveness

As accounting officer, the Chief Executive Officer 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 Susanne Dewhurst (peer review)
- the work of the external auditor
- the work of the directors within the academy trust who have responsibility for the development and maintenance of the internal control framework

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the Finance and Audit Committee and a plan to ensure continuous improvement of the system is in place.

Approved by order of the members of the Governing Body on 13 December 2017 and signed on its behalf by:



I H Munro
Chair



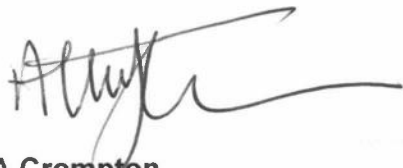
A Crompton
Accounting Officer

GREAT ACADEMIES EDUCATION TRUST
STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE
Year ended 31 August 2017

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

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

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

A handwritten signature in black ink, appearing to read 'A Crompton', with a long horizontal flourish extending to the right.

A Crompton
Accounting Officer
13 December 2017

GREAT ACADEMIES EDUCATION TRUST
STATEMENT OF TRUSTEES' RESPONSIBILITIES

Year ended 31 August 2017

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who act as governors of Great Academies Education Trust and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Academies Accounts Direction published by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

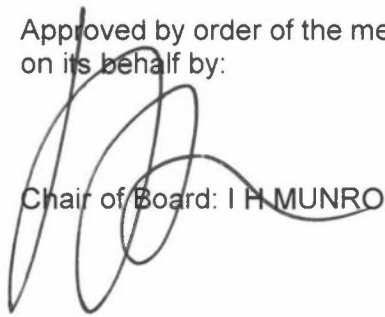
The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

Approved by order of the members of the board of trustees on 13 December 2017 and signed on its behalf by:

Chair of Board: I H MUNRO



GREAT ACADEMIES EDUCATION TRUST

Independent Auditor's Report on the Financial Statements to Great Academies Education Trust

Opinion on financial statements

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

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2017 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

Basis for opinion

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

Conclusions relating to going concern

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

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

GREAT ACADEMIES EDUCATION TRUST

Independent Auditor's Report on the Financial Statements to Great Academies Education Trust

Other information

The other information comprises the information included in the Trustees Annual Report other than the financial statements and our auditor's report thereon. The governors are responsible for the other information. 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 matter prescribed by the Companies Act 2006

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

- the information given in the Governors Report and the incorporated Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Governors' Report and the incorporated 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 the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Governors' Report and the incorporated 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 by the charity, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of governors'² remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

GREAT ACADEMIES EDUCATION TRUST

Independent Auditor's Report on the Financial Statements to Great Academies Education Trust

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' responsibilities set out on page 21, the trustees (who act as governors for the charitable activities of the charitable company are also the directors of the charitable company 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 charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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

RSM UK Audit LLP

ANNA SPENCER-GRAY (Senior Statutory Auditor)
For and on behalf of RSM UK AUDIT LLP, Statutory Auditor
Chartered Accountants
3 Hardman Street
Manchester
M3 3HF

19 December 2017

GREAT ACADEMIES EDUCATION TRUST
STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 AUGUST 2017
(including income and expenditure account)

		Permanent Endowment Fund	Unrestricted Fund	Restricted General Funds	Restricted Fixed Asset Funds	Total 2017	Total 2016
	Note	£'000	£'000	£'000	£'000	£'000	£'000
Income and endowments from:							
Donations and capital grants	2	-	108	-	74	182	4,262
Donations - transfer on conversion	28	-	571	331	12,803	13,705	-
Charitable activities:							
Funding for the Academy Trust's educational operations	3	-	-	21,328	-	21,328	14,826
Teaching schools		-	24	363	-	367	-
Other trading activities	4	-	685	-	-	685	309
Investments	5	-	52	-	-	52	73
Total		-	1,440	22,022	12,877	36,339	19,470
Expenditure on:							
Raising funds	6	-	628	-	-	628	263
Charitable activities:							
Academy trust educational operations	6 / 7	-	-	21,750	1,536	23,286	16,221
Teaching Schools	6	-	-	311	-	311	-
Transfer of pension deficit from Local Authority	28	-	-	1,857	-	1,857	-
Total		-	628	23,918	1,536	26,082	16,484
Net income/(expenditure)		-	812	(1,896)	11,341	10,257	2,986
Transfers between funds		-	(214)	(89)	303	-	-
Other recognised gains / (losses)							
Actuarial gains/(losses) on defined benefit pension schemes	24	-	-	3,057	-	3,057	(3,056)
Net movement in funds		-	598	1,072	11,644	13,314	(70)
Reconciliation of funds							
Total funds brought forward		2,000	3,036	(5,657)	49,165	48,544	48,614
Total funds carried forward		2,000	3,634	(4,585)	60,809	61,858	48,544

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

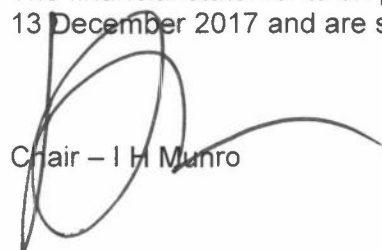
GREAT ACADEMIES EDUCATION TRUST

BALANCE SHEET

as at 31 August 2017

	Note	2017 £'000	2016 £'000
Fixed assets			
Tangible assets	12	60,809	49,165
Current assets			
Debtors	13	865	745
Current asset investments: cash on deposit		4,102	4,315
Cash at bank and in hand		4,487	3,000
		9,454	8,060
Current liabilities			
Creditors: amounts falling due within one year	14	(2,255)	(2,215)
Net current assets		7,199	5,845
Total assets less current liabilities		68,008	55,010
Defined benefit pension scheme liability	24	(6,150)	(6,466)
Total net assets		61,858	48,544
Funds of charity			
Restricted funds			
Permanent Endowment Fund	16 & 17	2,000	2,000
Restricted Fixed Asset Fund	16 & 17	60,809	49,165
Restricted General Fund	16 & 17	1,565	809
Restricted Pension Fund	16 & 17	(6,150)	(6,466)
		58,224	45,508
Unrestricted funds			
Unrestricted General Fund	16 & 17	3,634	3,036
Total charity funds		61,858	48,544

The financial statements on pages 25 to 51 were approved by the trustees and authorised for issue on 13 December 2017 and are signed on their behalf by:



Chair – I H Munro

GREAT ACADEMIES EDUCATION TRUST
Statement of Cash Flows
for the year ended 31 August 2017

	Note	2017 £'000	2016 £'000
Cash flows from operating activities			
Net cash provided by (used in) operating activities	20	623	581
Cash flows from investing activities	21	651	(611)
		<hr/>	<hr/>
Change in cash and cash equivalents in the reporting period		1,274	(30)
		<hr/>	<hr/>
Cash and cash equivalents at 1 September 2016	22	7,315	7,345
		<hr/>	<hr/>
Cash and cash equivalents at 1 September 2017	22	8,589	7,315
		<hr/>	<hr/>
Represented by:			
Cash at bank and in hand		4,487	3,000
Cash on deposit		4,102	4,315
		<hr/>	<hr/>
		8,589	7,315
		<hr/>	<hr/>

GREAT ACADEMIES EDUCATION TRUST
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2017

1 STATEMENT OF ACCOUNTING POLICIES

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

General information

Great Academies Education Trust is a charitable company. The principal place of business is noted on page three. The nature of the Trust's operations are set out in the Trustees' Report.

Basis of preparation

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

Great Academies Education Trust meets the definition of a public benefit entity under FRS102.

These financial statements are presented to the nearest £1,000, except where otherwise indicated.

Going Concern

The trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy 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.

Income

All incoming resources are recognised when the academy trust has entitlement to the funds, receipts are probable and the amount can be measured with sufficient reliability.

- Grants receivable are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of 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 year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund.

Capital grants are recognised when receivable 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 trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable, where there is certainty of receipt and it is measurable.

GREAT ACADEMIES EDUCATION TRUST
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2017

Income (continued)

- Interest income on cash balances is included in the statement of financial activities on a receivable basis or on an accruals basis where it is probable and is receivable at the balance sheet date.
- Where assets are received by the Trust on conversion to an academy, the transferred assets are measured at fair value and recognised in the balance sheet at the point when the risks and rewards of ownership pass to the Trust. An equal amount of income is recognised as Transfer on conversion within Donations and capital grant income.

Expenditure

Expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

- Costs of raising funds
These are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.
- Charitable activities
These are costs incurred on the academy trust's educational operations.

Tangible fixed assets

All assets of a capital nature costing more than £500 and with an expected useful life exceeding one year are capitalised. Tangible fixed assets are stated at cost less depreciation.

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

Leasehold land	0.8%p.a. (reflecting 125 year lease)
Leasehold buildings	2% p.a.
Furniture and equipment	10% - 20% p.a.
ICT equipment	20% - 33% p.a.

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

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

GREAT ACADEMIES EDUCATION TRUST
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2017

Financial Instruments

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

Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 16. Prepayments are not financial instruments.

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

Financial liabilities – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 14 and 15. Other taxation and social security are not included in the financial instrument disclosure definition. Deferred income does not meet the definition of a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

Operating Leases

Rentals applicable to operating leases where substantially all the benefits and risks of ownership remain with the lessor are charged to the statement of financial activities on a straight line basis over the lease term.

Taxation

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

Pensions Benefits

Retirement benefits for employees of the Academy Trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes and the assets are held separately from those of the academy trust.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 24, 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 are recognised in the period to which they relate.

GREAT ACADEMIES EDUCATION TRUST
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2017

Pensions Benefits (continued)

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

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

Fund Accounting

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

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

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

Agency arrangements

The Academy Trust acts as an agent in the administering of 16-19 Bursary Funds on behalf of the ESFA and Teacher Training Bursary Payments on behalf of the National College of Teaching and Learning (NCTL). Related payments received from the ESFA and NCTL and subsequent disbursements to students/trainees are excluded from the statement of financial activities to the extent that the Academy Trust does not have a beneficial interest in the individual transactions. A maximum allowance of 5% of the total bursary funds received from the ESFA may be recognised as a contribution to administration costs in the statement of financial activities. Where funds have not been fully applied in the year then an amount will be included within creditors for distribution to students/trainees in the following year.

GREAT ACADEMIES EDUCATION TRUST
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2017

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 24, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement

The trustees deem the key area of judgement in the accounts to be useful economic lives of assets and estimated residual value, which would impact the depreciation rates used as outlined in the accounting policies section.

GREAT ACADEMIES EDUCATION TRUST
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2017

2 Donations and capital grants

	Unrestricted Funds £'000	Restricted funds £'000	2017 £'000	2016 £'000
Capital grants	-	74	74	52
Donated fixed assets	-	-	-	4,210
Donation in kind – office space	8	-	8	-
Other donations (income from related parties: Great Neighbourhoods)	100	-	100	-
	<u>108</u>	<u>74</u>	<u>182</u>	<u>4,262</u>

3 Funding for the Academy Trust's educational operations

	Restricted Funds £'000	2017 £'000	2016 £'000
DfE / ESFA grants			
General Annual Grant (GAG)	19,283	19,283	13,334
Pupil Premium	1,531	1,531	1,190
Other DfE/ESFA grants	99	99	152
	<u>20,913</u>	<u>20,913</u>	<u>14,676</u>
Other Government Grants			
Local authority grants	415	415	150
	<u>21,328</u>	<u>21,328</u>	<u>14,826</u>

4 Other trading activities

	Unrestricted Funds £'000	2017 £'000	2016 £'000
Catering	492	492	263
Hire of facilities	16	16	3
Other income	177	177	43
	<u>685</u>	<u>685</u>	<u>309</u>

5 Investment income

	Unrestricted funds £'000	2017 £'000	2016 £'000
Short term deposits	52	52	73
	<u>52</u>	<u>52</u>	<u>73</u>

GREAT ACADEMIES EDUCATION TRUST
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2017

6 Expenditure

	Staff Costs	Non-Pay Expenditure		2017	2016
		Premises	Other		
	£'000	£'000	£'000	£'000	£'000
Expenditure on raising funds	350	-	278	628	263
Academy's educational operations:					
Direct costs	14,916	-	1,965	16,881	11,402
Allocated support costs	2,433	3,064	908	6,405	4,819
Teaching School	78	-	233	311	
	<u>17,777</u>	<u>3,064</u>	<u>3,384</u>	<u>24,225</u>	<u>16,484</u>

Staff costs reported above include FRS102 accounting for the Local Government Pension Scheme.

Net income / (expenditure) for the period includes:	2017 £'000	2016 £'000
Operating leases	33	20
Depreciation	1,536	1,229
Fees payable to auditor for:		
Audit	13	12
other services	6	5
Net interest on defined benefit pension liability	175	117

7 Charitable activities

	2017 £'000	2016 £'000
Direct costs – educational operations	16,881	11,402
Support costs – educational operations	6,405	4,819
	<u>23,286</u>	<u>16,221</u>

Analysis of support costs	2017 £'000	2016 £'000
Support staff costs	2,433	1,606
Depreciation	1,423	1,069
Technology costs	124	279
Premises costs	1,641	1,064
Other support costs	758	784
Governance costs	26	17
	<u>6,405</u>	<u>4,819</u>

GREAT ACADEMIES EDUCATION TRUST
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2017

8 Staff

Staff costs

Staff costs during the period were:	2017	2016
	£'000	£'000
Wages and salaries	12,768	8,937
Social security costs	1,235	743
Operating costs of defined benefit pension schemes	2,014	1,622
Apprenticeship levy	21	0
	<hr/>	<hr/>
	16,038	11,302
Supply staff costs	739	278
Staff restructuring costs	116	258
	<hr/>	<hr/>
	16,893	11,838
	<hr/>	<hr/>

Staff costs reported above exclude FRS102 accounting for Local Government Pension Scheme.

Staff restructuring costs comprise:

Redundancy payments	37	129
Severance payments	79	30
Other restructuring costs	0	99
	<hr/>	<hr/>
	116	258
	<hr/>	<hr/>

Non statutory / non-contractual staff severance payments

There were seven non-statutory/non-contractual severance payment included in staff restructuring totalling £79,175 (2016: £16,496). Individually, the payments were: £255, £500, £2,978, £6,800, £8,992, £15,000 and £44,650.

Staff numbers

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

	2017	2017	2016	2016
	No.	No.	No.	No.
	Actual	FTE	Actual	FTE
Teachers	234	225	167	160
Administration and support	247	196	175	138
Management	5	5	4	4
	<hr/>	<hr/>	<hr/>	<hr/>
	486	426	346	302
	<hr/>	<hr/>	<hr/>	<hr/>

GREAT ACADEMIES EDUCATION TRUST
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2017

8 Staff (continued)

Higher paid staff

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

	2017	2016
£60,001 - £70,000	6	6
£70,001 - £80,000	2	2
£80,001 - £90,000	2	0
£90,001 - £100,000	0	1
£100,001 - £110,000	0	1
£120,001 - £130,000	2	0
£160,001 - £170,000	1	0

Twelve of the employees earning more than £60,000 per annum participated in the Teachers' Pension Scheme. During the year ended 31 August 2017, pension contributions for these staff amounted to £139,245 (2016: £105,224). The other employee participated in the Local Government Pension Scheme, pension contributions amounted to £12,384 (2016: £12,715). The above employee benefits include severance payments to two staff.

Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team roles as listed on page 3. The trustees do not receive remuneration for their services. The total cost of the senior management team (including employer national insurance and pension contributions) to the academy trust was £807,854 (2016: £479,931). This includes severance payments of £59,650 (2016: £nil).

9 Related Party Transactions – Trustees' remuneration and expenses

Trustees did not receive any payments, other than expenses, from the academy trust in respect of their role as trustees. The Chief Executive Officer (CEO) is the only Trustee who is an employee of the Trust and only receives remuneration in respect of services provided in undertaking the role of CEO under their contract of employment.

The value of trustees' remuneration and other benefits was as follows:

A Crompton (CEO and trustee):

Remuneration £125,000 - £130,000 (2016: £nil)

Employer's pension contributions £20,000 - £25,000 (2016: £nil)

Total remuneration received by A Crompton during the year was £130,000 and employers pension contributions were £21,424.

During the year ended 31 August 2017, there were no claims for travel and subsistence expenses from trustees (2016 - £nil) and therefore no costs were reimbursed.

GREAT ACADEMIES EDUCATION TRUST
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2017

10 Trustees and officers insurance

In accordance with normal commercial practice the Academy Trust has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The Academy Trust is a member of the Education Funding and Skills Agency's Risk Protection Arrangement which provides cover for Governors, Officers and Trustees with a liability limit of £10m. The cost of this insurance is included in the total insurance cost.

11 Central Services

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

- Human Resources
- Finance
- Legal
- Governance
- School Improvement
- Health & Safety

The Trust charges for these services as a percentage of income and is currently charged at 3.5%. The actual amounts charged in 2017 were as follows:

	2017	2016
	£'000	£'000
Great Academy Ashton (previously New Charter Academy)	267	268
Middleton Technology School	216	0
Copley Academy	125	123
Silver Springs Primary Academy	59	52
	<hr/> 667	<hr/> 443
	<hr/> <hr/>	<hr/> <hr/>

GREAT ACADEMIES EDUCATION TRUST
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2017

12 Tangible Fixed Assets

	Land & Building £'000	Furniture and Equipment £'000	ICT equipment £'000	Total £'000
Cost				
As at 31 August 2016	51,739	1,155	739	53,633
Additions	-	166	211	377
Transfer on conversion	12,650	35	118	12,803
Disposals	-	-	-	-
At 31 August 2017	64,389	1,356	1,068	66,813
Depreciation				
As at 31 August 2016	3,538	575	355	4,468
Charge in year	1,182	148	206	1,536
Disposals	-	-	-	-
At 31 August 2017	4,720	723	561	6,004
Net book value				
At 31 August 2017	59,669	633	507	60,809
At 31 August 2016	48,201	580	384	49,165

On 1st September 2016, on transfer of Middleton Technology School, the Academy Trust entered into a 125 year lease in respect of the land and building that they occupy. The land and building were valued by a firm of Chartered Valuation Surveyors at £12,650,000 (land £2,470,000 (fair value), building £10,180,000 (depreciated replacement cost)). This value has been reflected within the accounts. In addition, furniture, equipment and ICT equipment transferred was included at written down value at date of conversion (net book value of £152,531).

13 Debtors

	2017 £'000	2016 £'000
Prepayments & accrued income	606	449
HMRC - VAT debtor	225	277
Trade debtors	31	19
Other debtors	3	-
	865	745

GREAT ACADEMIES EDUCATION TRUST
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2017

14 Creditors: amounts falling due within one year

	2017	2016
	£'000	£'000
Trade creditors	614	725
Other creditors	37	67
Accruals	1,120	1,022
Deferred Income	171	181
Other taxation and social security	313	220
	<u>2,255</u>	<u>2,215</u>
Deferred income	2017	2016
	£'000	£'000
Deferred income at 1 September 2016	181	251
Resources deferred in the year	122	136
Amounts released from previous years	(132)	(206)
	<u>171</u>	<u>181</u>

Deferred income at 31 August 2017 includes universal infant free school meals first instalment for 2017/18, Autumn 2017 Nursery funding and schools sports partnership funding.

15 Financial Instruments

The Academy Trust has the following financial instruments:

	2017	2016
	£'000	£'000
Financial Liabilities		
Financial liabilities measured at amortised cost	1,734	1,747
Financial Assets		
Debt instruments measured at amortised cost	31	19

GREAT ACADEMIES EDUCATION TRUST
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2017

16 Funds

	Balance at 31 August 2016 £'000	Incoming resources £'000	Resources Expended £'000	Gains, losses and transfers £'000	Balance at 31 August 2017 £'000
Restricted general funds					
General Annual Grant (GAG)	809	19,283	(18,821)	(89)	1,182
Pupil Premium	-	1,531	(1,531)	-	-
Other grants	-	514	(514)	-	-
NCTL (Teaching School)	-	363	(311)	-	52
Transfer on conversion	-	331	-	-	331
Pension reserve	(6,466)	-	(2,741)	3,057	(6,150)
	(5,657)	22,022	(23,918)	2,968	(4,585)
Endowment	2,000	-	-	-	2,000
Restricted fixed asset fund	49,165	12,877	(1,536)	303	60,809
Total restricted funds	45,508	34,899	(25,454)	3,271	58,224
Unrestricted funds	3,036	1,440	(628)	(214)	3,634
Total funds	48,544	36,339	(26,082)	3,057	61,858

Income generated from endowed investments, donation from related parties and Middleton Technology School Fund balance on conversion have been credited to unrestricted funds.

Restricted incoming resources must be used by the academy to deliver and improve educational provision. The restricted fixed asset fund includes the Devolved Formula Capital Grant and land and buildings.

Where assets have been purchased with a cost in excess of capital funding received in the year, funds have been transferred from the general reserve to the fixed asset reserve. In addition, where specific projects have been funded from unrestricted reserves, the value of these projects has been transferred from unrestricted reserves to general reserves.

Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31st August 2017.

GREAT ACADEMIES EDUCATION TRUST
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2017

16 Funds (continued)

Total funds analysis by academy

	Balance at 31 August 2017 £'000	Balance at 31 August 2016 £'000
Great Academy Ashton (previously New Charter Academy)	1,590	1,609
Silver Springs Primary Academy	597	365
Copley Academy	(359)	(159)
Middleton Technology School	1,323	-
Teaching School	96	-
Trust (including donations and central services)	1,952	2,030
Total before fixed assets and pension reserve	5,199	3,845
Endowment	2,000	2,000
Restricted fixed asset fund	60,809	49,165
Pension reserve	(6,150)	(6,466)
Total net movement in funds for the year ending 31st August 2017	61,858	48,544

Copley Academy is carrying a net deficit of £359k as a result of falling pupil numbers. A staff reduction programme is in place however, due to teachers pay protection, the deficit will not be eliminated until the full savings have been realised and pupil numbers improve. The Trust is supporting Copley during the recovery period.

Analysis of academies by cost:

	Teaching & Educational Support Staff Costs £'000	Other Support Staff Costs £'000	Educational Supplies £'000	Other Costs (excl Dep'n) £'000	Total £'000
Great Academy Ashton (previously New Charter Academy)	5,591	849	681	1,618	8,739
Silver Springs Primary Academy	1,409	167	130	259	1,965
Copley Academy	2,945	430	233	633	4,241
Middleton Technology School	4,249	642	494	1,160	6,545
Teaching School	78	-	164	32	274
Central Services	225	306	10	163	704
Academy Trust	14,497	2,394	1,712	3,865	22,468

Support staff costs exclude amounts relating to FRS102 pension accounting.

GREAT ACADEMIES EDUCATION TRUST
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2017

17 Analysis of net assets between funds

	Endowment Fund	Unrestricted Funds	Restricted General Fund	Restricted Fixed Asset Fund	Total
	£'000	£'000	£'000	£'000	£'000
Balance 31 August 2017					
Tangible Fixed Assets		-	-	60,809	60,809
Current Assets	2,000	3,634	3,820	-	9,454
Creditors: falling due within 1 year		-	(2,255)	-	(2,255)
Pension scheme liability		-	(6,150)	-	(6,150)
Funds	<u>2,000</u>	<u>3,634</u>	<u>(4,585)</u>	<u>60,809</u>	<u>61,858</u>

18 Capital commitments

There are no capital commitments at the year end.

19 Commitments under operating leases

At 31 August 2017 the Trust had annual commitments under non-cancellable operating leases as follows:

	2017 £'000	2016 £'000
Operating leases in respect of equipment which expire:		
Due within one year	27	13
Due between one and five years	46	26
Due after five years	-	-
	<u>73</u>	<u>39</u>

GREAT ACADEMIES EDUCATION TRUST
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2017

20 Reconciliation of net income / (expenditure) to net cash flow from operating activities

	2017 £'000	2016 £'000
Net income / (expenditure) for the reporting period (excluding cash transferred on conversion to academy)	9,355	2,986
Depreciation	1,536	1,181
Donated assets	(12,803)	(4,211)
Capital grants from DfE	(74)	(52)
Interest receivable	(52)	(73)
Defined benefit pension scheme cost less contributions payable	2,566	254
Defined benefit pension scheme finance cost	175	117
(Increase) / Decrease in debtors	(120)	(339)
Increase / (decrease) in creditors	40	718
Net cash provided by / (used in) operations	623	581

21 Cash flows from investing activities

	2017 £'000	2016 £'000
Cash transferred on conversion to academy (note 28)	902	-
Interest received	52	73
Purchase of tangible fixed assets	(377)	(736)
Capital grants from DfE/ESFA	74	52
Net cash provided by / (used in) investing activities	651	(611)

22 Analysis of cash and cash equivalents

	2017 £'000	2016 £'000
Cash in hand and at bank	4,487	3,000
Notice deposits	4,102	4,315
Total cash and cash equivalents	8,589	7,315

23 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.

GREAT ACADEMIES EDUCATION TRUST
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2017

24 Pension and similar obligations

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

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

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

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million, giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3% 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%.

GREAT ACADEMIES EDUCATION TRUST
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2017

24 Pension and similar obligations (continued)

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

The employers pension cost paid to the TPS in the period amounted to £1,390,455 (2016: £966,705), which were the contributions due for the year. Employer contributions for the financial year ended 31 August 2018 are estimated at approximately £1,505,388.

A copy of the valuation report and supporting documentation is on the Teachers Pension website. Under the definitions set out in FRS102 the TPS is a multi-employer pension scheme. The Trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The trust has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with the assets held in separate trustee administered funds. The total contribution made for the year ended 31 August 2017 was £839,492 (2016: £557,475) of which employer's contributions totalled £623,326 (2016: £401,753) and employees' contributions totalled £210,898 (2016: £155,722). Although all employees within the Local Government Pension Scheme are in the Greater Manchester Pension Fund, Middleton Technology School has remained pooled with Rochdale Metropolitan Borough Council. Consequently, the employer pension contributions included in the statement of financial activities reflect different contribution rates. The agreed employer contribution rates as at 31 August 2017 were 20.5% for Middleton Technology School members and 17% for all others and an average of 6% for employees.

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

Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2016 by a qualified independent actuary.

The major assumptions used by the actuary were:

	31 Aug 2017	31 Aug 2016
	% p.a.	% p.a.
Rate of increase in salaries	3.2	3.4
Rate of increase for pensions	2.4	2.1
Discount rate for liabilities	2.5	2.0

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The average future life expectancies at age 65 are summarised below:

	2017	2016
<i>Males</i>		
Current pensioners	21.5	21.4
Future pensioners	23.7	24.0
<i>Females</i>		
Current pensioners	24.1	24.0
Future pensioners	26.2	26.6

GREAT ACADEMIES EDUCATION TRUST
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2017

24 Pension and similar obligations (continued)

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

	Value at 31 August 2017	Value at 31 August 2016
	£'000	£'000
Equities	9,605	7,984
Bonds	2,105	1,885
Property	789	665
Cash	659	555
Total fair value of assets	<u>13,158</u>	<u>11,089</u>

The actual return on scheme assets was £1,851k (2016: £1,777k)

Amounts recognised in the statement of financial activities

	2017	2016
	£'000	£'000
Current service cost	(1,321)	(641)
Net interest cost	(175)	(117)
Benefit changes, gain/(loss) on curtailment and gain/(loss) on settlement	(12)	(22)
Total operating charge	<u>(1,508)</u>	<u>(780)</u>

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

	2017	2016
	£'000	£'000
At 1 September	17,555	11,880
Transfer in (Middleton Technology School)	3,715	-
Current service cost	1,321	641
Past service cost (including curtailments)	12	22
Interest cost	443	452
Employee contributions	209	149
Actuarial (gain)/loss	(3,782)	4,541
Benefits paid	(165)	(130)
At 31 August	<u>19,308</u>	<u>17,555</u>

GREAT ACADEMIES EDUCATION TRUST
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2017

24 Pension and similar obligations (continued)

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

	2017	2016
	£'000	£'000
At 1 September	11,089	8,841
Transfer in (Middleton Technology School)	1,858	-
Interest income	268	335
Return on plan assets (excluding net interest on the net defined pension liability)	(725)	1,485
Employer contributions	624	409
Employee contributions	209	149
Benefits paid	(165)	(130)
At 31 August	13,158	11,089

25 Related party transactions

The Academy Trust has a close working relationship with its sponsor, New Charter Housing Trust (NCHT), which is related by virtue of common directors. New Charter Housing nominate the majority of trustees (see the trustees' annual report) and have provided funding to enable the charity to carry out its charitable objectives. The Academy Trust is also related to Great Neighbourhoods by virtue of common directors.

The building in which Copley Academy resides is attached to Active Tameside (AT). Copley Academy does not have any internal sports facilities, and therefore these are hired from AT. In addition, AT have charged Silver Springs Primary Academy for swimming lessons and sports coaching during the year. Ian Munro, Chair of the Academy Trust is also a Director of AT.

Kieran Quinn is Leader of Tameside Metropolitan Borough Council. The three academies based in Tameside purchase a range of services from Tameside Council as detailed below.

Allison Crompton is a Director of Rochdale Pioneers Trust, a co-operative venture set up to ensure that all young people across Rochdale Borough have access to high quality education. Middleton Technology School continued with their membership during the year.

The following is a summary of transactions with NCHT and other related parties:

	2017	2016
	£	£
Donation from Great Neighbourhoods included as income	100,000	-
Support services invoiced by NCHT included in expenses	(131,360)	(212,456)
Premises costs and sports provision invoiced by AT	(164,234)	(169,842)
Educational services & Facilities Management charges from TMBC	(452,094)	(537,823)
Membership subscription invoiced by Rochdale Pioneers Trust	(6,000)	-

GREAT ACADEMIES EDUCATION TRUST
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2017

25 Related party transactions (continued)

There was a trade creditor balance of £31,535 (2016 £106,570) and costs within accruals of £3,000 (2016: £9,000) in respect of New Charter Housing Trust; a trade creditor balance of £11,518 (2016: £22,036) and costs within accruals of £nil (2016: £nil) with Active Tameside; and a trade creditor balance of £49,338 (2016 £23,280) and costs within accruals of £924,913 (2016 £782,346) with Tameside Metropolitan Borough Council as at 31st August 2017. There were no year end balances with Rochdale Pioneers' Trust.

In entering into the transactions, the trust has complied with the requirements of the ESFA's Academies Financial Handbook.

The charity trustees did not receive any expenses during the year (2016: nil) and no charity trustee received any emolument or payment for professional or other services.

26 Schools Sports Partnership (SSP)

Schools Sports Partnership are groups of schools working together to develop PE and sport opportunities for young people. In 2010 Great Academy Ashton became host to Tameside SSP comprising a partnership development manager, seven local secondary and thirty four primary schools. Additionally, the academy hosted other smaller community sporting projects. 2011 was the final year for this activity in its previous form, as funding streams for schools sports activities have changed. However the SSP Development Manager remains in post and accesses available funding in order to continue these activities. These sporting projects spent grants of £73,048 in the year. The associated expenditure is excluded from the academy's income and expenditure account on the basis that the Academy acts only as host to these projects.

27 Agency arrangements

The academy trust distributes 16-19 bursary funds to students as an agent for ESFA and to trainee teachers as an agent for the National College of Teaching and Learning. In the accounting period ending 31 August 2017 the trust received £24,615 and disbursed £15,345 in respect of 16-19 students and £105,342 in respect of trainee teachers. An amount of £27,582 is included in other creditors relating to undistributed 16-19 bursary funds that is repayable to the ESFA.

GREAT ACADEMIES EDUCATION TRUST
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2017

28 Conversion of Middleton Technology School

On 1st September 2016, Middleton Technology School converted to academy status under the Academies Act 2010 and the Academy Trust entered a 125 year lease in respect of land and building that they occupy. All the operations and assets and liabilities were transferred to Great Academies Education Trust from Rochdale Metropolitan Borough Council for £nil consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as a net gain in the Statement of Financial Activities as Donations – transfer on conversion.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the SOFA.

	Unrestricted Funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	Total £'000
Tangible fixed assets				
Leasehold land and buildings	-	-	12,650	12,650
Other tangible fixed assets	-	-	153	153
Budget surplus on LA funds	-	331	-	331
Budget surplus on other school funds	571	-	-	571
LGPS pension deficit	-	(1,857)	-	(1,857)
Total fair value of assets	571	(1,526)	12,803	11,848

The land and buildings are owned by Rochdale Metropolitan Borough Council and have been leased to Great Academies Education Trust for a peppercorn rent for a period of 125 years.

The above net assets include £902,265 transferred as cash. Middleton Technology School reported a surplus before fixed assets and pension reserve of £530,945 for the year ending 31st August 2017.

GREAT ACADEMIES EDUCATION TRUST
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2017

29 Prior year SOFA

	Permanent Endowment Fund	Unrestricted Fund	Restricted General Funds	Restricted Fixed Asset Funds	Total 2016	Total 2015
	£'000	£'000	£'000	£'000	£'000	£'000
Income from:						
Donations and capital grants	-	-	-	4,262	4,262	459
Charitable activities:						
Funding for the Academy Trust's educational operations	-	-	14,826	-	14,826	14,777
Other trading activities	-	309	-	-	309	299
Investments	-	73	-	-	73	67
Total	-	382	14,826	4,262	19,470	15,602
Expenditure on:						
Raising funds	-	263	-	-	263	271
Charitable activities:						
Academy trust educational operations	-	-	15,040	1,181	16,221	16,158
Total	-	263	15,040	1,181	16,484	16,429
Net income/(expenditure)	-	119	(214)	3,081	2,986	(827)
Transfers between funds	-	(175)	(510)	685	-	-
Other recognised gains / (losses)						
Remeasurement of net defined benefit obligations	-	-	(3,056)	-	(3,056)	(231)
Net movement in funds	-	(56)	(3,780)	3,766	(70)	(1,058)
Reconciliation of funds						
Total funds brought forward	2,000	3,092	(1,877)	45,399	48,614	49,672
Total funds carried forward	2,000	3,036	(5,657)	49,165	48,544	48,614

GREAT ACADEMIES EDUCATION TRUST
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2017

30 Prior year analysis of net assets by fund

	Endowment Fund	Unrestricted Funds	Restricted General Fund	Restricted Fixed Asset Fund	Total
	£'000	£'000	£'000	£'000	£'000
Balance					
31 August 2016					
Tangible Fixed Assets	-	-	-	49,165	49,165
Current Assets	2,000	3,036	3,024	-	8,060
Creditors: falling due within 1 year	-	-	(2,215)	-	(2,215)
Pension scheme liability	-	-	(6,466)	-	(6,466)
Funds	<u>2,000</u>	<u>3,036</u>	<u>(5,657)</u>	<u>49,165</u>	<u>48,544</u>

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO GREAT ACADEMIES EDUCATION TRUST LIMITED AND THE EDUCATION AND SKILLS FUNDING AGENCY

Conclusion

We have carried out an engagement in accordance with the terms of our engagement letter dated 6th July 2017 and further to the requirements of the Education and Skills Funding Agency ('ESFA') as included in the Academies Accounts Direction 2016 to 2017, to obtain limited assurance about whether the expenditure disbursed and income received by Great Academies Education Trust during the period 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Basis for conclusion

The framework that has been applied is set out in the Academies Accounts Direction 2016 to 2017 Part 9: Regularity Reporting. We are independent of Great Academies Education Trust in accordance with the ethical requirements that are applicable to this engagement and we have fulfilled our ethical requirements in accordance with these requirements. We believe the assurance evidence we have obtained is sufficient to provide a basis for our conclusion.

Responsibilities of Great Academies Education Trust's accounting officer and trustees

The accounting officer is responsible, under the requirements of Great Academies Education Trust's funding agreement with the Secretary of State for Education dated 23 August 2016 and the Academies Financial Handbook extant from 1 September 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. The accounting officer is also responsible for preparing the Statement of Regularity, Propriety and Compliance. The trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the proper conduct and financial operation of Great Academies Education Trust and appointment of the accounting officer.

Reporting Accountant's responsibilities for reporting on regularity

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2016 to 2017.

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 the procedures performed vary in nature and timing from, and are less in extent than for a reasonable assurance engagement; consequently, a limited assurance engagement does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON
REGULARITY TO GREAT ACADEMIES EDUCATION TRUST LIMITED AND THE
EDUCATION AND SKILLS FUNDING AGENCY**

We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Our work included identification and assessment of the design and operational effectiveness of the controls, policies and procedures that have been implemented to ensure compliance with the framework of authorities including the specific requirements of the funding agreement with the Secretary of State for Education, the Academies Financial Handbook 2016 published by the Education and Skills Funding Agency and high level financial control areas where we identified a material risk of irregularity is likely to arise. It also included areas assessed as presenting a higher risk of impropriety. We undertook detailed testing, on a sample basis, based on the identified areas where a material irregularity is likely to arise, or potential impropriety where such areas are in respect of controls, policies and procedures that apply to classes of transactions. Our work was undertaken with due regard to the 'Evidence to support conclusion on regularity' guidance in Academies Accounts Direction 2016 to 2017.

This work was integrated with our audit on the financial statements and evidence was also derived from the conduct of that audit to the extent it supports the regularity conclusion.

This report is made solely to Great Academies Education Trust and the ESFA in accordance with the terms of our engagement letter dated 6th July 2017. Our work has been undertaken so that we might state to the Great Academies Education 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 Great Academies Education Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

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19 December 2017

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