

Registered number: 09341839

SHINE Academies
(formerly known as Northwood Park Educational Trust)

Trustees report and financial statements

For the year ended 31 August 2018

The logo for DAINS ACCOUNTANTS features a stylized 'D' icon on the left, followed by the word 'DAINS' in a large, bold, sans-serif font. Below 'DAINS', the word 'ACCOUNTANTS' is written in a smaller, all-caps, sans-serif font.

DAINS
ACCOUNTANTS

SHINE Academies
(A company limited by guarantee)

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SHINE Academies
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Reference and administrative details
For the year ended 31 August 2018

Members	C Tagg G Bladon M McManus (resigned 8 June 2018) T Westwood K Marshall (appointed 8 June 2018)
Trustees	C Tagg, Chair C Nightingale, Vice Chair G Morris G Bladon C Pook G Gentle
Company registered number	09341839
Company name	SHINE Academies
Principal and registered office	Collingwood Road Bushbury Wolverhampton West Midlands WV10 8DS
Company secretary	G Draycott
Senior management team	G Morris, Chief Executive Officer G Draycott, Chief Operating Officer M Price, Executive Head Teacher N Boys, Head Teacher (LF) R Joannou, Head Teacher (NPPS) L Westwood, Head Teacher (V) R Cook, Acting Head Teacher (NPPS) S Field, Acting Head Teacher (LF)
Independent auditors	Dains LLP 15 Colmore Row Birmingham B3 2BH

SHINE Academies
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Trustees' report
For the year ended 31 August 2018

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

Northwood Park Primary School converted as a standalone academy on 1 January 2015. As a result of our outstanding data, ethos and ambitious plans for development, we were selected as a Sponsor for Lodge Farm Primary School (formerly Lodge Farm JMI) and together formed a Multi Academy Trust (MAT), known as Northwood Park Educational Trust, on 1 April 2016. Villiers Primary School joined the MAT on 1 April 2018. On 12 May 2018, the MAT changed its name from Northwood Park Educational Trust to SHINE Academies.

Since the Academy Trust qualifies as small under section 383, the strategic report required of medium and large companies under The Companies Act 2006 (Strategic Report and Director's Report) Regulations 2013 is not required.

Structure, governance and management

a. Constitution

The Academy Trust is a charitable company limited by guarantee and an exempt charity.

The charitable company's Memorandum of Association is the primary governing document of the Academy Trust.

The Trustees of SHINE Academies are also the directors of the charitable company for the purpose of company law.

The charitable company is known as SHINE Academies.

Details of the Trustees who served during the year are included in the Reference and administrative details on page 1.

b. 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.

c. Method of recruitment and appointment or election of Trustees

The management of the Academy Trust is the responsibility of the Trustees who are elected and co-opted under the terms of the Articles of Association.

Parent elections take place when parent Governor vacancies are available. Governors are co-opted by the Board of Trustees where skills gaps are identified.

Prior to the conversion from standalone academy to Multi Academy Trust on 1 April 2016, Trust Members carried out a skills audit to assess gaps in Trustee and Governor knowledge. As a result of the skills audit, existing Trustees were allocated roles on either the Board of Trustees or the Local Governing Body. New Trustees were appointed to ensure that any skills gaps identified during the audit were filled. Regular training and skills updates are available to all Trustees and Governors.

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Trustees' report (continued)
For the year ended 31 August 2018

d. Policies and procedures adopted for the induction and training of Trustees

The Academy Trust purchases a Governance SLA which includes a full training programme for Trustees. All Trustees receive details of the training available. New Trustees are invited to visit the school and meet with any link staff relevant to their role on the Governing Body.

e. Organisational structure

SHINE Academies has gone through a significant period of transformation in 2017–18. Formerly known as Northwood Park Educational Trust, the Trust rebranded in May 2018 and redefined its strategic direction following selection for attendance on the DfE's prestigious MAT Development Programme.

Villiers Primary School joined SHINE Academies in April 2018 after working with the team on an interim basis for 12 months.

SHINE Academies' revised name was developed by the pupils and staff across all 3 schools and stands for Shining in Harmony to Inspire, Nurture and Excel. This represents the ethos of the Trust as a whole and whilst the schools maintain their identities, the values are reflected throughout the Trust.

In November 2017, Northwood Park Primary School received its first Ofsted in 6 years, achieving a solid Good outcome.

The Trustee and Members Boards consist of highly skilled professionals, who are responsible for establishing an overall framework for the governance of the academies. The Board of Trustees has overall responsibility for setting general policy, adopting an annual plan and budget, monitoring the use of the budget, making strategic decisions about the direction of the company and senior staff appointments.

Trustees meet at least termly, often much more frequently. A review of the Scheme of Delegation for each school in the Trust was undertaken in Summer 2018 and these changes are effective September 2018. In addition, two new committees have been implemented to sit alongside the Trust Board (consisting of Trustees only). The new Audit and Risk Committee and Performance and Standards Committees are effective September 2018.

Following an independent review of the Trust leadership and strategy, a revised Leadership Structure was implemented in September 2017. Mrs Gill Morris, previously the Trust's Executive Head Teacher was appointed in a new post as Chief Executive Officer. A new post of Chief Operating Officer was also created and appointed.

The Trust's Chief Executive Officer is the Accounting Officer and the Trustees are responsible for the performance management of the Chief Executive Officer.

SHINE Academies refurbished part of Northwood Park Primary School in August 2018, creating a Head Office and Family Liaison facility.

f. Arrangements for setting pay and remuneration of key management personnel

The Board of Trustees adopts a Pay Policy which is reviewed on an annual basis. The Governing Body is involved in the recruitment process for all Leadership positions and the staffing structure is reviewed annually. A Pay Committee, made up of three independent Trustees, reviews pay for all staff on an annual basis.

g. Trade union facility time

The Trust has one employee who was a relevant union official during the year, but none of her time in 2017/18 was spent on facility time.

Objectives and Activities

a. Objects and aims

The SHINE Academies vision is to 'STRIVE in HARMONY to INSPIRE, NURTURE and EXCEL' and our clear stated ethos is to provide a high quality educational experience in a safe, creative and exciting learning environment. SHINE Academies sets high expectations for our pupils and for our staff.

b. Objectives, strategies and activities

SHINE Academies offers excellent facilities and opportunities for its pupils, many of whom come from very challenging backgrounds. The Academy Trust takes pride in offering its students the best possible support during their time in the Academy Trust and in helping them to become Secondary ready. The Academy Trust offers many varied and unique facilities for its students to help them to achieve their full potential in the future.

SHINE Academies recognises that it must constantly evolve to deliver the best possible provision in our communities. We are an outward, forward thinking organisation and must always be ready to innovate. In the same way, the Trust wants others to recognise the brand 'SHINE Academies' as a provider of excellent services.

SHINE Academies works hard to engender a sense of belonging. Whether a pupil, employee or someone involved in the governance of our academies, we want all of you to feel part of our family of schools. Like all families, we want the best but we are also there to support each other when things get tough. We have proved time and again that this works to all our advantages.

Each school has its own identity and each one makes its own valuable contribution to the organisation as a whole.

c. Public benefit

In setting our objectives and planning our activities, the Trustees have given careful consideration to the Charity Commission's general guidance on public benefit.

Achievements and performance

a. Review of activities and key performance indicators

Pupils across the Academy Trust are performing above national in most areas.

Northwood Park Primary School (NPPS) - Attainment

Phase	Subject	School	National	Difference
Foundation Stage	GLD	73%	72%	+1%
	Reading Expected Standard	80%	77%	+3%
	Writing Expected Standard	74%	74%	=
	Maths Expected Standard	82%	78%	+4%
	Science Expected Standard	91%	84%	+7%
Year 1	Phonics	84%	82%	+2%
Year 2	Phonics	97%	92%	+5%
Key Stage 1	Reading Expected Standard	78%	75%	+3%
	Writing Expected Standard	72%	70%	+2%
	Maths Expected Standard	83%	76%	+7%
	Science Expected Standard	83%	83%	=
Key Stage 2	Reading Scaled score 100+	92%	75%	+17%
	Writing Expected Standard	92%	78%	+14%
	Maths Expected Standard (TA)	69%	76%	-7%
	Grammar Scaled score 100+	97%	78%	+19%
	Science Expected Standard	90%	82%	+8%
	Combined R, W & M Expected Standard	67%	64%	+3%

a. Review of activities and key performance indicators (continued)

Lodge Farm Primary School ("Lodge Farm") - Attainment

Phase	Subject	School	National	Difference
Foundation Stage	GLD	71%	72%	-1%
	Reading Expected Standard	71%	77%	-6%
	Writing Expected Standard	71%	74%	-3%
	Maths Expected Standard	71%	78%	-7%
	Science Expected Standard	81%	84%	-3%
Year 1	Phonics	80%	82%	-2%
Year 2	Phonics	96%	92%	+4%
Key Stage 1	Reading Expected Standard	80%	75%	+5%
	Writing Expected Standard	70%	70%	=
	Maths Expected Standard	75%	76%	-1%
	Science Expected Standard	80%	83%	-3%
Key Stage 2	Reading Scaled score 100+	52%	75%	-23%
	Writing Expected Standard	82%	78%	+4%
	Maths Expected Standard	52%	76%	+24%
	Grammar Scaled score 100+	61%	78%	+17%
	Science Expected Standard	80%	82%	-2%
	Combined R, W & M Expected Standard	39%	64%	25%

Villiers Primary School ("Villiers") - Attainment

Phase	Subject	School	National	Difference
Foundation Stage	GLD	75%	72%	+3%
	Reading Expected Standard	75%	77%	-2%
	Writing Expected Standard	75%	74%	+1%
	Maths Expected Standard	83%	78%	+5%
	Science Expected Standard	80%	84%	-4%
Year 1	Phonics	81%	82%	-1%
Year 2	Phonics	93%	92%	+1%
Key Stage 1	Reading Expected Standard	79%	75%	+4%
	Writing Expected Standard	71%	70%	+1%
	Maths Expected Standard	76%	76%	=
	Science Expected Standard	83%	83%	=
Key Stage 2	Reading Scaled score 100+	93%	75%	+18%
	Writing Expected Standard	83%	78%	+5%
	Maths Scaled score 100+	75%	76%	-1%
	Grammar Scaled score 100+	83%	78%	+5%
	Science Expected Standard	85%	82%	+3%
	Combined R, W & M Expected Standard	67%	64%	+3%

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Trustees' report (continued)
For the year ended 31 August 2018

a. Review of activities and key performance indicators (continued)

Key performance indicators that all schools in SHINE Academies assess to analyse the performance of the school:

Monitoring

The monitoring of standards of attainment, pupils' progress, teaching and learning, the curriculum and all other aspects of school life is an important responsibility to which we will give high priority. An effective monitoring strategy will be a key part of our management structure that will enable us to carry out data analysis, evaluate processes and outcomes, evaluate, review, plan and set targets to enable the school to make good progress and improve and raise the standard of achievement of all its pupils.

The information from monitoring will be used by governors, working with the Head Teacher, to set the educational priorities of our School Development and Improvement Plan (SDIP). We also aim to keep governors and parents well informed about the work of the school. Monitoring leads to evaluation and planned action so that we can continually improve and develop as a school. Each year we consider how we are currently performing and from this we prioritise those areas which are to become targets within the SDIP. Each target within the SDIP is monitored and evaluated against success criteria.

For Monitoring to be effective in leading to improvement, we believe it must be set in a positive climate, include frequent and positive feedback, identify and use strengths of Staff, be set against specific targets and refer to intended outcomes including pupils' achievements and improvements in the classroom.

ASP

Scrutiny of this data published in November, along with the Inspection Dashboard, will feed into the self evaluation process and development planning. All outcomes are shared with all stakeholders.

Numbers on roll

The popularity of the schools in SHINE Academies continues to be popular choices for parents. For Northwood Park and Villiers, numbers on roll have grown and Lodge Farm has stabilised:

	2016-17	2017-18
Lodge Farm	340	338
Northwood Park	568	604
Villiers	596	626
SHINE Academies total	1504	1568

Attendance

Attendance remains an area of focus for all schools and is an area identified on all schools development plans.

	2016-17	2017-18
Lodge Farm	No data *	94.4%
Northwood Park	95.9%	95.7%
Villiers	95.52%	94.99%
SHINE Academies average	95.71%	95.03%

* Due to a stolen server no accurate data is available for this period

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Trustees' report (continued)
For the year ended 31 August 2018

b. Going concern

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

Financial review

a. Review of financial performance

Most of the Academy Trust's income is obtained from the DfE via the ESFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants from the DfE during the year ended 31 August 2018 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 and these are shown in the statement of financial activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the useful life of the assets concerned, as defined in the Academy Trust's accounting policies.

During the year ended 31 August 2018, total expenditure (before depreciation and movements on the pension reserve) of £5,522,593 was covered by recurrent grant funding from the DfE, together with other incoming resources of £6,300,658. The excess of income over expenditure before depreciation, transfers and pension reserve movements for the year was £778,065. Capital items of £695,765 were purchased from revenue funding so the in-year revenue surplus, after accounting for this transfer between funds, is £82,300.

At 31 August 2018, the net book value of fixed assets was £7,475,332 and movements in tangible fixed assets are shown in note 14 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy Trust.

The Trustees recognise that the defined benefit scheme deficit (Local Government Pension Scheme) which is set out in Note 24 to the financial statements, represents a significant potential liability. However, as the Trustees consider that the Academy Trust is able to meet its known annual contribution commitments for the foreseeable future, the risk from this liability is minimised.

Key financial policies adopted or reviewed during the period include the Finance Policy which lays out the framework for financial management, including financial responsibilities of the Board, Head Teacher, senior leaders, budgets holders and other staff, as well as delegated authority for spending.

b. Principal risks and uncertainties

The principal risks facing the Academy Trust are as follows:

- damage to Academy building, e.g. flooding/fire
- late payment of grant funding impacting on cash flow
- long-term illness of Head Teacher or key personnel
- available school places cannot meet demand
- loss of teaching staff to higher paid posts

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Trustees' report (continued)
For the year ended 31 August 2018

c. Financial risk management objectives and policies

The Academy Trust is developing a Risk Management Strategy, a Risk Register and a Risk Management Plan. These have been discussed by the Governors and include the financial risks to the Academy Trust. The register and plan will be formally reviewed annually.

The Governors have assessed the major risks to which the Academy Trust is exposed, in particular those relating to its finance, teaching, facilities and other operational areas. The Governors have implemented a number of systems to assess and minimise those risks, including internal controls described elsewhere. Where significant financial risk still remains they have ensured they have adequate insurance cover.

Whilst the Academy Trust has an adequate intake of pupils, risks to revenue funding from a falling roll are small. However, the freeze on the Government's overall education budget, and increasing employment and premises costs mean that budgets will be increasingly tight in coming years.

The Governors examine the financial health formally every term, reviewing performance against budgets and overall expenditure by means of regular update reports at the Finance, General Purposes, Site, Personnel and Audit meetings. The Governors also regularly review cash flow forecasts and ensure sufficient funds are held to cover all known anticipated commitments.

At the period end, the Academy Trust had no significant liabilities arising from trade creditors or debtors where there would be a significant effect on liquidity.

d. Reserves policy

The Governors review the reserve levels of the academies termly. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Governors take into consideration the future plans of the academies, the uncertainty over future income streams and other key risks identified during the risk review.

At 31 August 2018, the Academy Trust had free reserves of £934,918 (2017 - £852,618), fixed asset reserves of £7,419,542 (2017 - £3,067,492) which can only be realised by disposing of tangible fixed assets, and a pension reserve in deficit of £4,312,000 (2017 - £2,579,000).

The Trust will be applying for CIF funding for two projects across two schools in 2018/19 and, if successful, expects to have to make a capital contribution of £140,000 towards these projects.

Fundraising

The Trust does not have a distinct policy for fundraising. However, academies within the Trust fundraise by way of funding bids to regulators such as the ESFA, and via Parent-Teacher Association events.

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Trustees' report (continued)
For the year ended 31 August 2018

Plans for future periods

a. Future developments

SHINE Academies recognises the need to grow and does so at a sensible pace. The Trust has been recognised for transforming failing schools and having significant capacity for school improvement, family support, safeguarding and business functions.

The Trust has a detailed Development and Business Plan which are the foundation of the strategic growth plan. Each school has an individual School Development Plan which is regularly annotated and forms the basis of much of the full Local Governing Body meetings.

The Leadership Team and Trustees continually measure performance, ensuring high standards at all times.

A new financial management system has been implemented for September 2018.

The Trust has offered substantial NLE and NSS support to one other school in 2017 – 2018. There is a plan to extend this offer further in 2018–19.

A CIF bid was awarded to Northwood Park Primary School in 2018 allowing for a complete replacement of the schools heating system.

Funds held as custodian

The Trust does not hold any funds as custodian.

Disclosure of information to auditors

Insofar as the Trustees are aware:

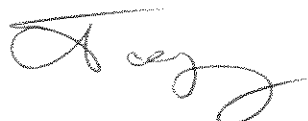
- there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Trustees have taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

Auditors

The auditors, Dains LLP, have indicated their willingness to continue in office. The Designated Trustees will propose a motion re-appointing the auditors at a meeting of the Trustees.

The Trustees' report was approved by order of the Board of Trustees, as the company directors, on 10 December 2018 and signed on its behalf by:

C Tagg
Chair of Trustees



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Governance Statement

Scope of Responsibility

As trustees, we acknowledge we have overall responsibility for ensuring that SHINE Academies 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 SHINE Academies and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' report and in the Statement of Trustees' responsibilities. The Board of Trustees has formally met 5 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
C Tagg, Chair	4	5
C Nightingale, Vice Chair	5	5
G Morris	3	5
G Bladon	5	5
C Pook	5	5
G Gentle	3	5

As part of the MAT Development Programme, SHINE Academies was paired with another Trust and this accelerated a further review of Governance for the whole Trust. The Scheme of Delegation for each school was reviewed and implemented for September 2018. Additional committees were added at the Trust Board level to ensure that significant aspects of the Trust had sufficient regular attention.

The Trust currently has three vacancies at Trust Board level and one at Member level and will be working to fill these with the skills identified in a recent skills audit in 2018–19.

The Finance, General Purposes, Site Personnel and Audit Committee is a sub-committee of the main Board of Trustees. Its purpose is to be responsible for budget monitoring, strategic health and safety, staffing matters and issues around the building.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
G Morris	5	5
C Nightingale	4	5
C Pook	5	5
C Tagg	4	5
G Gentle	2	5

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Governance Statement (continued)

Review of Value for Money

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

The Accounting Officer considers how the Trust's use of its resources has provided good value for money during each academic year, and reports to the Board of Trustees where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the Trust has delivered improved value for money during the year by:

During the last financial year, SHINE Academies has continued to take steps to ensure that children receive the best education whilst achieving best value with the funding available.

Using the Trust and School Development Plans, the Trust has ensured that there is a continued focus on key areas which has included ensuring the academies successfully work to the curriculum.

A review of the organisational structure is conducted annually, and reviewed throughout the year to ensure that our resources are used effectively. A full budget review is conducted every half term.

Income is generated from parents for school trips, dinners, breakfast club and music exams, all schools use ParentPay, ensuring that the schools are cashless and processes are robust.

Extensive refurbishment work has been undertaken at Northwood Park and Lodge Farm Primary School and an independent party managed the entire tendering and project management process to ensure value.

SHINE Academies has robust financial procedures in place and staff are fully trained and competent in the processes, which are duplicated in both academies.

The Trust has produced a detailed financial analysis of how pupil premium funding was spent and the impact of the funding for individual pupils which is available on the schools website.

The Trust has internal controls in place to ensure strict financial procedures are followed. A Responsible Officer is appointed to make independent checks. The management receives regular budget reports which are analysed to identify areas of overspend and underspend. Regular monitoring ensures the best use of resources and prevents waste. Bank balances are carefully monitored. The last statutory audit for each academy deemed processes to be outstanding.

The Trust purchases a commercial insurance package and also a staff absence insurance to ensure it has adequate cover to manage risks.

The Trust regularly applies for suitable additional funding.

There is a constant desire within the trust to improve through better systems that lead to better outcomes for pupils and achieving best value is key to our success.

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 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 SHINE Academies for the year 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Board of Trustees has reviewed the key risks to which the 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 Trust's significant risks, that has been in place for the year 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

The Risk and Control Framework

The 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, General Purposes, Site Personnel 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 M3 to perform additional checks.

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

- Payroll
- Purchasing
- Income
- Budget planning and control

The reviewer has carried out their schedule of work as planned and have not identified any material control issues.

On an annual basis, the reviewer reports to the Board of Trustees through the Finance, General Purposes, Site Personnel and Audit Committee on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

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Governance Statement (continued)

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 the external auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the Trust who have responsibility for the development and maintenance of the internal control framework.

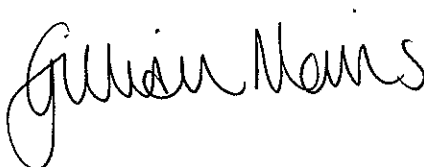
The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the reviewer and a plan to ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Trustees on 10 December 2018 and signed on their behalf, by:

C Tagg
Chair of Trustees



G Morris
Accounting Officer



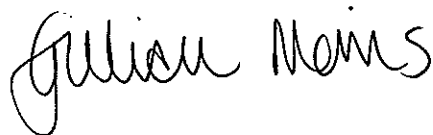
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Statement on Regularity, Propriety and Compliance

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

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2017.

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



G Morris
Accounting Officer

Date: 10 December 2018

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Statement of Trustees' responsibilities
For the year ended 31 August 2018

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.


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

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

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

Approved by order of the members of the Board of Trustees on 10 December 2018 and signed on its behalf by:

C Tagg
Chair of Trustees



SHINE Academies
(A company limited by guarantee)

Independent auditors' report on the financial statements to the members of SHINE Academies

Opinion

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

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Academy Trust'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.

SHINE Academies
(A company limited by guarantee)

Independent auditors' report on the financial statements to the members of SHINE Academies

Other information

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the Academy Trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report.

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

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

Responsibilities of trustees

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

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

SHINE Academies
(A company limited by guarantee)

Independent auditors' report on the financial statements to the members of SHINE Academies

Auditors' responsibilities for the audit of the financial statements

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

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

Use of our report

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



Julian Townsend ACA FCCA (Senior statutory auditor)

for and on behalf of

Dains LLP

Statutory Auditor
Chartered Accountants

Birmingham
10 December 2018

SHINE Academies
(A company limited by guarantee)

Independent reporting accountants' assurance report on regularity to SHINE Academies and the Education & Skills Funding Agency

In accordance with the terms of our engagement letter dated 26 September 2018 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by SHINE Academies during the year 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of SHINE Academies's accounting officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of SHINE Academies' funding agreement with the Secretary of State for Education dated 31 March 2016, and the Academies Financial Handbook extant from 1 September 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

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

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

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

SHINE Academies
(A company limited by guarantee)

Independent reporting accountants' assurance report on regularity to SHINE Academies and the Education & Skills Funding Agency (continued)

Conclusion

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



Dains LLP

Statutory Auditor
Chartered Accountants

Birmingham

10 December 2018

SHINE Academies
(A company limited by guarantee)

Statement of financial activities incorporating income and expenditure account
For the year ended 31 August 2018

	Note	Unrestricted funds 2018 £	Restricted general funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
Income from:						
Donations & capital grants:						
Transfer from local authority on conversion	2,22	245,531	(1,967,000)	3,048,398	1,326,929	-
Other donations and capital grants	2	48,537	-	759,363	807,900	66,507
Charitable activities:						
Funding for Academy's educational operations	3	101,003	5,884,491	-	5,985,494	4,427,900
Other trading activities	4	20,734	-	-	20,734	13,118
Investments	5	362	-	-	362	446
Total income		416,167	3,917,491	3,807,761	8,141,419	4,507,971
Expenditure on:						
Raising funds	7	14,599	-	-	14,599	1,280
Charitable activities		16,513	5,704,481	151,476	5,872,470	4,514,109
Total expenditure	6	31,112	5,704,481	151,476	5,887,069	4,515,389
Net income / (expenditure) before transfers		385,055	(1,786,990)	3,656,285	2,254,350	(7,418)
Transfers between Funds	18	-	(695,765)	695,765	-	-
Net income / (expenditure) before other recognised gains and losses		385,055	(2,482,755)	4,352,050	2,254,350	(7,418)
Actuarial gains/(losses) on defined benefit pension schemes	24	-	447,000	-	447,000	(286,000)
Net movement in funds		385,055	(2,035,755)	4,352,050	2,701,350	(293,418)
Reconciliation of funds:						
Total funds brought forward		188,664	(1,915,046)	3,067,492	1,341,110	1,634,528
Total funds carried forward		573,719	(3,950,801)	7,419,542	4,042,460	1,341,110

SHINE Academies
(A company limited by guarantee)
Registered number: 09341839

Balance sheet
As at 31 August 2018

	Note	£	2018 £	£	2017 £
Fixed assets					
Tangible assets	14		7,475,332		3,067,492
Current assets					
Debtors	15	1,124,209		318,299	
Cash at bank and in hand		1,200,405		892,658	
		<u>2,324,614</u>		<u>1,210,957</u>	
Creditors: amounts falling due within one year	16	<u>(1,392,760)</u>		<u>(358,339)</u>	
Net current assets			<u>931,854</u>		<u>852,618</u>
Total assets less current liabilities			<u>8,407,186</u>		<u>3,920,110</u>
Creditors: amounts falling due after more than one year	17		<u>(52,726)</u>		<u>-</u>
Net assets excluding pension scheme liabilities			<u>8,354,460</u>		<u>3,920,110</u>
Defined benefit pension scheme liability	24		<u>(4,312,000)</u>		<u>(2,579,000)</u>
Net assets including pension scheme liabilities			<u><u>4,042,460</u></u>		<u><u>1,341,110</u></u>
Funds of the academy					
Restricted funds:					
Restricted income funds	18	361,199		663,954	
Restricted fixed asset funds	18	7,419,542		3,067,492	
		<u>7,780,741</u>		<u>3,731,446</u>	
Restricted funds excluding pension liability					
Pension reserve		<u>(4,312,000)</u>		<u>(2,579,000)</u>	
Total restricted funds			<u>3,468,741</u>		<u>1,152,446</u>
Unrestricted income funds	18		<u>573,719</u>		<u>188,664</u>
Total funds			<u><u>4,042,460</u></u>		<u><u>1,341,110</u></u>

SHINE Academies
(A company limited by guarantee)

Balance sheet (continued)
As at 31 August 2018

The financial statements on pages 22 to 51 were approved by the Trustees, and authorised for issue, on 10 December 2018 and are signed on their behalf, by:

C Tagg
Chair of Trustees

A handwritten signature in black ink, appearing to read 'C Tagg', is written over a horizontal line.

The notes on pages 26 to 51 form part of these financial statements.

SHINE Academies
(A company limited by guarantee)

Statement of cash flows
For the year ended 31 August 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Net cash provided by operating activities	20	<u>813,409</u>	<u>198,121</u>
Cash flows from investing activities:			
Interest receivable		362	446
Purchase of tangible fixed assets		(1,510,918)	(66,637)
Capital grants from DfE/ESFA and other capital income		759,363	20,093
Cash transferred on conversion to an academy trust		245,531	-
Net cash used in investing activities		<u>(505,662)</u>	<u>(46,098)</u>
Change in cash and cash equivalents in the year		307,747	152,023
Cash and cash equivalents brought forward		<u>892,658</u>	<u>740,635</u>
Cash and cash equivalents carried forward	21	<u><u>1,200,405</u></u>	<u><u>892,658</u></u>

SHINE Academies
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2018

1. Accounting policies

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

1.1 Basis of preparation of financial statements

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

SHINE Academies constitutes a public benefit entity as defined by FRS 102.

1.2 Going concern

The Trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Academy Trust 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.

1. Accounting policies (continued)

1.3 Income

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

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

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

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

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

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

1.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

Expenditure on raising funds includes all expenditure incurred by the Academy Trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

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

All expenditure is inclusive of irrecoverable VAT.

1. Accounting policies (continued)

1.5 Tangible fixed assets and depreciation

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

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

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

Long-term leasehold buildings	-	2% straight line
Long-term leasehold land	-	over 125 year lease term
Fixtures and fittings	-	20% straight line
Computer equipment	-	25% straight line
Assets under construction	-	Not depreciated

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

1.6 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Academy Trust; this is normally upon notification of the interest paid or payable by the Bank.

1.7 Operating leases

Rentals under operating leases are charged to the Statement of financial activities on a straight line basis over the lease term.

1.8 Debtors

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

1.9 Cash at Bank and in hand

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

1. Accounting policies (continued)

1.10 Liabilities and provisions

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

1.11 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 15. 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 costs as detailed in notes 16 and 17. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments.

1.12 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.

1.13 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 Department for Education Group.

SHINE Academies
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2018

1. Accounting policies (continued)

1.14 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy 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 an unfunded multi-employer scheme with no underlying assets to assign between employers. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded multi-employer 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 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.

SHINE Academies
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2018

1. Accounting policies (continued)

1.15 Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

The Academy Trust 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 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Tangible fixed assets are depreciated over the useful lives taking into account residual values where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors.

2. Income from donations and capital grants

	Unrestricted funds 2018 £	Restricted general funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
Transfer from local authority on conversion (note 22)	245,531	(1,967,000)	3,048,398	1,326,929	-
Donations	15,821	-	-	15,821	10,444
Educational visits	32,716	-	-	32,716	35,970
Capital grants	-	-	759,363	759,363	20,093
Subtotal	48,537	-	759,363	807,900	66,507
	294,068	(1,967,000)	3,807,761	2,134,829	66,507
Total 2017	46,414	-	20,093	66,507	

SHINE Academies
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Notes to the financial statements
For the year ended 31 August 2018

3. Funding for Academy's educational operations

	Unrestricted funds 2018 £	Restricted general funds 2018 £	Total funds 2018 £	Total funds 2017 £
DfE/ESFA grants				
General Annual Grant (GAG)	-	4,675,890	4,675,890	3,479,343
Start Up Grants	-	25,000	25,000	-
Pupil Premium	-	613,643	613,643	491,212
Universal Infant Free school Meals Grant	-	116,534	116,534	74,728
PE Grant	-	48,865	48,865	19,515
Rates relief	-	8,446	8,446	3,285
	<u>-</u>	<u>5,488,378</u>	<u>5,488,378</u>	<u>4,068,083</u>
Other government grants				
Special needs income	-	49,922	49,922	21,284
Local authority grants	-	236,539	236,539	168,887
Pupil premium	-	-	-	3,000
Other funding	-	10,337	10,337	-
Department for Works and Pensions grant	-	-	-	29,000
	<u>-</u>	<u>296,798</u>	<u>296,798</u>	<u>222,171</u>
Other funding				
Catering income	-	46,407	46,407	35,542
Insurance claims	-	52,908	52,908	87,133
School support income	71,076	-	71,076	715
Extended school activities	29,927	-	29,927	14,256
	<u>101,003</u>	<u>99,315</u>	<u>200,318</u>	<u>137,646</u>
	<u>101,003</u>	<u>5,884,491</u>	<u>5,985,494</u>	<u>4,427,900</u>
Total 2017	<u>14,971</u>	<u>4,412,929</u>	<u>4,427,900</u>	

SHINE Academies
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2018

4. Other trading activities

	Unrestricted funds 2018 £	Restricted general funds 2018 £	Total funds 2018 £	Total funds 2017 £
Music income	2,276	-	2,276	2,754
General sales income	11,653	-	11,653	1,873
Fundraising activities	6,805	-	6,805	7,007
Rental income	-	-	-	1,484
	<u>20,734</u>	<u>-</u>	<u>20,734</u>	<u>13,118</u>
Total 2017	<u>13,118</u>	<u>-</u>	<u>13,118</u>	

5. Investment income

	Unrestricted funds 2018 £	Restricted general funds 2018 £	Total funds 2018 £	Total funds 2017 £
Investment income	362	-	362	446
	<u>446</u>	<u>-</u>	<u>446</u>	
Total 2017	<u>446</u>	<u>-</u>	<u>446</u>	

6. Expenditure

	Staff costs 2018 £	Premises 2018 £	Other costs 2018 £	Total 2018 £	Total 2017 £
Expenditure on raising funds					
Direct costs	-	-	14,599	14,599	1,280
Support costs	-	-	-	-	-
Activities:					
Direct costs	3,704,581	57,005	493,706	4,255,292	3,274,091
Support costs	581,560	266,534	769,084	1,617,178	1,240,018
	<u>4,286,141</u>	<u>323,539</u>	<u>1,277,389</u>	<u>5,887,069</u>	<u>4,515,389</u>
Total 2017	<u>3,266,185</u>	<u>349,142</u>	<u>900,062</u>	<u>4,515,389</u>	

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For the year ended 31 August 2018

7. Costs of raising funds

	Unrestricted funds 2018 £	Restricted general funds 2018 £	Total funds 2018 £	Total funds 2017 £
Cost of goods for resale	14,599	-	14,599	1,280
Total 2017	1,280	-	1,280	

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8. Charitable activities

	Total funds 2018 £	Total funds 2017 £
Direct costs		
Wages and salaries	2,817,973	2,062,051
National insurance	258,677	184,562
Pension cost	605,056	434,540
Depreciation	151,476	110,409
LGPS finance costs	85,000	45,000
Education supplies	199,692	194,366
Staff development	31,443	26,913
Technology costs	13,579	30,082
Educational consultancy	54,079	66,396
Supply teachers	22,875	112,481
Other direct costs	15,442	7,290
	<u>4,255,292</u>	<u>3,274,090</u>
Support costs		
Wages and salaries	407,391	328,954
National insurance	26,510	21,170
Pension cost	147,659	122,727
Loss on disposal of assets	-	6,937
Technology costs	31,880	15,158
Professional and consultancy services	227,578	140,824
Catering costs	250,571	214,246
Educational visits cost	53,806	35,691
Maintenance	108,110	100,014
Cleaning	20,004	18,485
Rates	15,230	12,239
Water rates	22,289	13,425
Energy	79,294	60,087
Insurance	99,767	87,886
Motor and travel costs	9,202	6,377
Postage, stationery, telephone	78,000	43,545
Governance costs	39,887	12,253
	<u>1,617,178</u>	<u>1,240,018</u>
	<u><u>5,872,470</u></u>	<u><u>4,514,108</u></u>

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Notes to the financial statements
For the year ended 31 August 2018

9. Net income/(expenditure)

This is stated after charging:

	2018	2017
	£	£
Depreciation of tangible fixed assets:		
- owned by the charity	151,476	110,408
Auditors' remuneration	10,450	8,450
Auditors' remuneration - non-audit	950	750
	=====	=====

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Notes to the financial statements
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10. Staff costs

a. Staff costs

Staff costs were as follows:

	2018 £	2017 £
Wages and salaries	3,225,364	2,391,005
Social security costs	285,187	205,732
Pension costs	752,715	557,267
	<u>4,263,266</u>	<u>3,154,004</u>
Agency staff costs	22,875	112,181
	<u>4,286,141</u>	<u>3,266,185</u>

b. Staff numbers

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

	2018 No.	2017 No.
Management	14	2
Teachers	62	42
Teaching assistants	51	39
Administration and clerical	7	5
Site staff	26	16
Lunchtime supervisors	49	23
	<u>209</u>	<u>127</u>

c. Higher paid staff

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

	2018 No.	2017 No.
In the band £60,001 - £70,000	1	1
In the band £70,001 - £80,000	1	0
In the band £80,001 - £90,000	0	1
In the band £90,001 - £100,000	1	0

d. Key management personnel

The key management personnel of the academy trust comprise the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer's national insurance) paid for the eight members of key management personnel for their services to the academy trust was £612,554 (2017 - £379,719 for five members of key management personnel).

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Notes to the financial statements
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11. Central services

No central services were provided by the Trust to its academies during the year and no central charges arose.

12. Trustees' remuneration and expenses

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

		2018 £	2017 £
G Morris	Remuneration	95,000-100,000	80,000-85,000
	Pension contributions paid	10,000-15,000	10,000-15,000
G Draycott (resigned 6 April 2017)	Remuneration		30,000-35,000
	Pension contributions paid		5,000-10,000

During the year, no Trustees received any benefits in kind (2017 - £Nil).

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

13. 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 insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2018 was included in the total insurance cost of £36,178 (2017 - £29,779).

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Notes to the financial statements
For the year ended 31 August 2018

14. Tangible fixed assets

	Long-term leasehold land and buildings £	Leasehold improvements £	Plant and machinery £	Fixtures and fittings £	Assets under construction £	Total £
Cost						
At 1 September 2017	2,965,510	72,814	104,746	131,705	-	3,274,775
Additions	-	33,939	51,062	41,428	1,384,489	1,510,918
Transfers on conversion	3,020,103	9,101	12,622	6,572	-	3,048,398
At 31 August 2018	<u>5,985,613</u>	<u>115,854</u>	<u>168,430</u>	<u>179,705</u>	<u>1,384,489</u>	<u>7,834,091</u>
Depreciation						
At 1 September 2017	116,530	7,036	43,423	40,294	-	207,283
Charge for the year	79,443	11,832	32,309	27,892	-	151,476
At 31 August 2018	<u>195,973</u>	<u>18,868</u>	<u>75,732</u>	<u>68,186</u>	<u>-</u>	<u>358,759</u>
Net book value						
At 31 August 2018	<u>5,789,640</u>	<u>96,986</u>	<u>92,698</u>	<u>111,519</u>	<u>1,384,489</u>	<u>7,475,332</u>
At 31 August 2017	<u>2,848,980</u>	<u>65,778</u>	<u>61,323</u>	<u>91,411</u>	<u>-</u>	<u>3,067,492</u>

15. Debtors

	2018 £	2017 £
Trade debtors	758	-
VAT recoverable	253,899	123,498
Other debtors	16,536	16,537
Prepayments and accrued income	853,016	178,264
	<u>1,124,209</u>	<u>318,299</u>

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Notes to the financial statements
For the year ended 31 August 2018

16. Creditors: Amounts falling due within one year

	2018 £	2017 £
Other loans	7,532	-
Trade creditors	384,969	138,000
Other creditors	19	-
Accruals and deferred income	1,000,240	220,339
	<u>1,392,760</u>	<u>358,339</u>
	2018 £	2017 £
Deferred income		
Deferred income at 1 September 2017	59,955	92,660
Resources deferred during the year	138,106	59,955
Amounts released from previous years	(59,955)	(92,660)
Deferred income at 31 August 2018	<u>138,106</u>	<u>59,955</u>

At the balance sheet date the academy trust was holding Universal Infant Free School Meals funding and devolved capital funding received in advance for Autumn 2018, and school trip income received in advance for trips occurring in the 2018/19 academic year.

Other loans is made up of an interest free "Salix" loan from the ESFA. The loan is repayable in total annual installments of £7,532 until 2026.

17. Creditors: Amounts falling due after more than one year

	2018 £	2017 £
Other loans	<u>52,726</u>	<u>-</u>
Included within the above are amounts falling due as follows:		
	2018 £	2017 £
Between one and two years		
Other loans	<u>7,532</u>	<u>-</u>
Between two and five years		
Other loans	<u>22,596</u>	<u>-</u>
Over five years		
Other loans	<u>22,598</u>	<u>-</u>

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For the year ended 31 August 2018

17. Creditors: Amounts falling due after more than one year (continued)

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

	2018 £	2017 £
Repayable by instalments	<u>22,598</u>	<u>-</u>

Other loans is made up of an interest free "Salix" loan from the ESFA. The loan is repayable in total annual installments of £7,532 until 2026.

18. Statement of funds

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Unrestricted funds						
General Funds	188,664	416,167	(31,112)	-	-	573,719
Restricted funds						
General Annual Grant (GAG)	663,954	4,684,336	(4,291,326)	(695,765)	-	361,199
Other DfE / ESFA Grants	-	804,042	(804,042)	-	-	-
Other Government Grants	-	296,798	(296,798)	-	-	-
Other income	-	99,315	(99,315)	-	-	-
Pension reserve	(2,579,000)	(1,967,000)	(213,000)	-	447,000	(4,312,000)
	<u>(1,915,046)</u>	<u>3,917,491</u>	<u>(5,704,481)</u>	<u>(695,765)</u>	<u>447,000</u>	<u>(3,950,801)</u>
Restricted fixed asset funds						
Capital surplus transferred on conversion	17,254	-	-	-	-	17,254
Assets transferred on conversion	2,962,305	3,048,398	(111,714)	-	-	5,898,989
DfE / ESFA Capital Grants	24,391	759,363	(4,878)	-	-	778,876
Assets purchased from GAG	63,542	-	(34,884)	695,765	-	724,423
	<u>3,067,492</u>	<u>3,807,761</u>	<u>(151,476)</u>	<u>695,765</u>	<u>-</u>	<u>7,419,542</u>
Total restricted funds	<u>1,152,446</u>	<u>7,725,252</u>	<u>(5,855,957)</u>	<u>-</u>	<u>447,000</u>	<u>3,468,741</u>
Total of funds	<u>1,341,110</u>	<u>8,141,419</u>	<u>(5,887,069)</u>	<u>-</u>	<u>447,000</u>	<u>4,042,460</u>

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Notes to the financial statements
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18. Statement of funds (continued)

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

Restricted general funds

This fund represents grants and other income received for the academy's operational activities and development.

Pension reserve

The pension reserve included within restricted general funds represents the academy's share of the pension liability arising on the LGPS pension fund.

Restricted fixed asset funds

This fund represents grants received from the DfE and ESFA to carry out works of a capital nature.

Transfers between funds

Transfers between funds relate to fixed assets purchased from GAG.

Analysis of academies by fund balance

Fund balances at 31 August 2018 were allocated as follows:

	Total 2018 £	Total 2017 £
Northwood Park Primary School	314,470	574,181
Lodge Farm Primary School	232,544	278,437
Villiers Primary School	387,904	-
	<hr/>	<hr/>
Total before fixed asset fund and pension reserve	934,918	852,618
Restricted fixed asset fund	7,419,542	3,067,492
Pension reserve	(4,312,000)	(2,579,000)
	<hr/>	<hr/>
Total	<u>4,042,460</u>	<u>1,341,110</u>

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Notes to the financial statements
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18. Statement of funds (continued)

Analysis of academies by cost

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciat- ion £	Total 2018 £	Total 2017 £
Northwood Park Primary School	1,722,366	428,479	213,536	611,115	2,975,496	2,844,240
Lodge Farm Primary School	1,039,034	264,565	94,348	311,800	1,709,747	1,553,803
Villiers Primary School	662,594	137,708	85,061	146,987	1,032,350	-
	<u>3,423,994</u>	<u>830,752</u>	<u>392,945</u>	<u>1,069,902</u>	<u>5,717,593</u>	<u>4,398,043</u>

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18. Statement of funds (continued)

Statement of funds - prior year

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
Unrestricted funds						
General Funds	158,373	74,949	(44,658)	-	-	188,664
Restricted funds						
General Annual Grant (GAG)	480,955	3,479,343	(3,145,823)	(150,521)	-	663,954
Other DfE / ESFA Grants	-	588,740	(514,012)	(74,728)	-	-
Other Government Grants	-	222,171	(222,171)	-	-	-
Other income	-	122,675	(301,379)	178,704	-	-
Pension reserve	(2,123,000)	-	(170,000)	-	(286,000)	(2,579,000)
	<u>(1,642,045)</u>	<u>4,412,929</u>	<u>(4,353,385)</u>	<u>(46,545)</u>	<u>(286,000)</u>	<u>(1,915,046)</u>
Restricted fixed asset funds						
Capital surplus transferred on conversion	17,254	-	-	-	-	17,254
Assets transferred on conversion	3,014,843	-	(52,538)	-	-	2,962,305
DfE / ESFA Capital Grants	11,235	20,093	(6,937)	-	-	24,391
Assets purchased from GAG	74,868	-	(57,871)	46,545	-	63,542
	<u>3,118,200</u>	<u>20,093</u>	<u>(117,346)</u>	<u>46,545</u>	<u>-</u>	<u>3,067,492</u>
Total restricted funds	<u>1,476,155</u>	<u>4,433,022</u>	<u>(4,470,731)</u>	<u>-</u>	<u>(286,000)</u>	<u>1,152,446</u>
Total of funds	<u><u>1,634,528</u></u>	<u><u>4,507,971</u></u>	<u><u>(4,515,389)</u></u>	<u><u>-</u></u>	<u><u>(286,000)</u></u>	<u><u>1,341,110</u></u>

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

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Unrestricted funds						
General Funds	158,373	491,116	(75,770)	-	-	573,719
Restricted funds						
General Annual Grant (GAG)	480,955	8,163,679	(7,437,149)	(846,286)	-	361,199
Other DfE / ESFA Grants	-	1,392,782	(1,318,054)	(74,728)	-	-
Other Government Grants	-	518,969	(518,969)	-	-	-
Other income	-	221,990	(400,694)	178,704	-	-
Pension reserve	(2,123,000)	(1,967,000)	(383,000)	-	161,000	(4,312,000)
	<u>(1,642,045)</u>	<u>8,330,420</u>	<u>(10,057,866)</u>	<u>(742,310)</u>	<u>161,000</u>	<u>(3,950,801)</u>
Restricted fixed asset funds						
Capital surplus transferred on conversion	17,254	-	-	-	-	17,254
Assets transferred on conversion	3,014,843	3,048,398	(164,252)	-	-	5,898,989
DfE / ESFA Capital Grants	11,235	779,456	(11,815)	-	-	778,876
Assets purchased from GAG	74,868	-	(92,755)	742,310	-	724,423
	<u>3,118,200</u>	<u>3,827,854</u>	<u>(268,822)</u>	<u>742,310</u>	<u>-</u>	<u>7,419,542</u>
	<u>1,476,155</u>	<u>12,158,274</u>	<u>(10,326,688)</u>	<u>-</u>	<u>161,000</u>	<u>3,468,741</u>
Total of funds	<u><u>1,634,528</u></u>	<u><u>12,649,390</u></u>	<u><u>(10,402,458)</u></u>	<u><u>-</u></u>	<u><u>161,000</u></u>	<u><u>4,042,460</u></u>

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19. Analysis of net assets between funds

	Unrestricted funds 2018 £	Restricted general funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	7,475,332	7,475,332
Current assets	573,719	1,009,392	741,503	2,324,614
Creditors due within one year	-	(648,193)	(744,567)	(1,392,760)
Creditors due in more than one year	-	-	(52,726)	(52,726)
Provisions for liabilities and charges	-	(4,312,000)	-	(4,312,000)
	<u>573,719</u>	<u>(3,950,801)</u>	<u>7,419,542</u>	<u>4,042,460</u>

Analysis of net assets between funds - prior year

	Unrestricted funds 2017 £	Restricted general funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	3,067,492	3,067,492
Current assets	188,664	1,022,292	-	1,210,956
Creditors due within one year	-	(358,338)	-	(358,338)
Provisions for liabilities and charges	-	(2,579,000)	-	(2,579,000)
	<u>188,664</u>	<u>(1,915,046)</u>	<u>3,067,492</u>	<u>1,341,110</u>

20. Reconciliation of net movement in funds to net cash flow from operating activities

	2018 £	2017 £
Net income/(expenditure) for the year (as per Statement of Financial Activities)	2,254,350	(7,418)
Adjustment for:		
Depreciation charges	151,476	110,408
Loss on disposal of assets	-	6,937
Interest receivable	(362)	(446)
Increase in debtors	(805,910)	(142,788)
Increase in creditors	1,087,147	81,521
Capital grants from DfE/ESFA and other capital income	(759,363)	(20,093)
Defined benefit pension scheme obligation inherited on conversion	1,967,000	-
Defined benefit pension scheme adjustments	-	170,000
Defined benefit pension scheme finance cost	213,000	-
Net assets and liabilities from local authority on conversion	(3,048,398)	-
Surplus transferred upon conversion	(245,531)	-
Net cash provided by operating activities	<u>813,409</u>	<u>198,121</u>

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21. Analysis of cash and cash equivalents

	2018 £	2017 £
Cash in hand	1,200,405	892,658
Total	<u>1,200,405</u>	<u>892,658</u>

22. Conversion to an academy trust

On 1 April 2018 Villiers Primary School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to SHINE Academies from Wolverhampton City 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 incorporating income and expenditure account as Donations - transfer from local authority 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 Statement of financial activities incorporating income and expenditure account.

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets				
- Freehold/leasehold land and buildings	-	-	3,020,103	3,020,103
- Other tangible fixed assets	-	-	28,295	28,295
Other assets	245,531	-	-	245,531
LGPS pension surplus/(deficit)	-	(1,967,000)	-	(1,967,000)
Net assets/(liabilities)	<u>245,531</u>	<u>(1,967,000)</u>	<u>3,048,398</u>	<u>1,326,929</u>

The above net assets include £245,531 that were transferred as cash.

23. Capital commitments

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

	2018 £	2017 £
Contracted for but not provided in these financial statements	<u>266,947</u>	<u>-</u>

24. Pension commitments

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

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

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

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

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

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

The employer's pension costs paid to TPS in the period amounted to £314,000 (2017 - £221,000).

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

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24. Pension commitments (continued)

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £387,000 (2017 - £211,000), of which employer's contributions totalled £319,000 (2017 - £166,000) and employees' contributions totalled £68,000 (2017 - £45,000). The agreed contribution rates for future years are 17.7% and 20.3% for employers and 5.5% - 12.5% for employees.

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

Principal actuarial assumptions:

	2018	2017
Discount rate for scheme liabilities	2.67 %	2.60 %
Rate of increase in salaries	3.80 %	4.20 %
Rate of increase for pensions in payment / inflation	2.30 %	2.70 %

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

	2018	2017
Retiring today		
Males	21.9 years	21.8 years
Females	24.4 years	24.3 years
Retiring in 20 years		
Males	24.1 years	24.0 years
Females	26.7 years	26.6 years

	At 31 August 2018	At 31 August 2017
Sensitivity analysis	£	£
Discount rate +0.1%	(146,000)	(83,000)
Discount rate -0.1%	150,000	85,000
Mortality assumption - 1 year increase	173,000	106,000
Mortality assumption - 1 year decrease	(167,000)	(103,000)
CPI rate +0.1%	127,000	67,000
CPI rate -0.1%	(122,000)	(64,000)

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24. Pension commitments (continued)

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

	Fair value at 31 August 2018 £	Fair value at 31 August 2017 £
Equities	639,000	445,000
Gilts	73,000	52,000
Corporate bonds	38,000	27,000
Property	81,000	52,000
Cash and other liquid assets	38,000	36,000
Other	142,000	94,000
	<u>1,011,000</u>	<u>706,000</u>

The actual return on scheme assets was £9,000 (2017 - £89,000).

The amounts recognised in the Statement of financial activities incorporating income and expenditure account are as follows:

	2018 £	2017 £
Current service cost	(447,000)	(291,000)
Interest income	21,000	12,000
Interest cost	(106,000)	(57,000)
Deficit inherited on conversion	(1,967,000)	-
	<u>(2,499,000)</u>	<u>(336,000)</u>
Total	<u>9,000</u>	<u>89,000</u>

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

	2018 £	2017 £
Opening defined benefit obligation	3,285,000	2,553,000
Current service cost	447,000	291,000
Interest cost	106,000	57,000
Employee contributions	68,000	45,000
Actuarial (gains)/losses	(459,000)	347,000
Benefits paid	(91,000)	(8,000)
Liabilities inherited on conversion	1,967,000	-
	<u>5,323,000</u>	<u>3,285,000</u>

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24. Pension commitments (continued)

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

	2018 £	2017 £
Opening fair value of scheme assets	706,000	430,000
Interest income	21,000	12,000
Actuarial gains/(losses)	(12,000)	61,000
Employer contributions	319,000	166,000
Employee contributions	68,000	45,000
Benefits paid	(91,000)	(8,000)
	<hr/>	<hr/>
Closing fair value of scheme assets	<u>1,011,000</u>	<u>706,000</u>

25. Operating lease commitments

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

	2018 £	2017 £
Amounts payable:		
Within 1 year	17,746	16,922
Between 1 and 5 years	30,381	24,053
	<hr/>	<hr/>
Total	<u>48,127</u>	<u>40,975</u>

26. 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.

27. Related party transactions

No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 12.